Advances in Corporate Branding

Edited by

JOHN M.T. BALMER, SHAUN M. POWELL, JOACHIM KERNSTOCK & TIM OLIVER BREXENDORF

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1
Introduction: Current State and Future Directions for Research on Corporate Brand Management

John M.T. Balmer, Shaun M. Powell, Joachim Kernstock and Tim Oliver Brexendorf

1.1 Corporate brands in context

1.1.1 Preamble

In this opening section, entitled “Corporate brands in context,” the nature of corporate brands and the fundamentals of corporate brand management are succinctly delineated.

This section is principally informed by the foundational literature relating to corporate brands and is primarily informed by Balmer’s scholarship on the territory. As such, this introductory segment details the nature, management, and supra-level approaches (*vis-à-vis* corporate marketing and identity-based views of the firm approaches). As such, this represents the orthodox marketing approach to the domain which is somewhat different from the heterodox co-creation perspective which will be discussed later in this chapter. The approach adopted in this section aims to guide the novice to the corporate brand field by addressing a number of fundamental questions associated with corporate brands and their management.

1.1.2 Why have corporate brands come of age?

Today, the widespread effusion of the strategic significance and worth of corporate brands belie the fact that the corporate brand notion is a comparatively recent one. Even after its formal introduction (Balmer, 1995) the corporate brand idea was widely disregarded by scholars and practitioners for many years. For this reason, the historiography of the field is often misunderstood with the references of some academic articles giving the impression that it was introduced by scholars of

organisational behaviour (and not marketing) in the early 2000s: see Balmer (2010a).

In part, this book challenges this dubious/contentious narrative which disregards the pre-2001 literature; marginalises the marketing approach to the territory; and sidelines the contributions made by British scholars and practitioners. As such, the publication of this compendium on corporate brands is both felicitous and propitious coming as it does in the wake of the twentieth anniversary of the formal introduction of the corporate brand notion in 1995 (Balmer, 1995).

Whereas in the mid-1990s the corporate brand notion was seen as a somewhat avant-garde, outlandish, if not decidedly revolutionary notion, through the advocacy of Balmer (1995, 2001a) and via the writing of marketing consultants such as Nicholas Ind (1997, 1998), the corporate brand idea gradually entered mainstream marketing and management thought. Seemingly, it first took hold in the UK, then spread to Continental Europe and to Commonwealth nations, and finally was recognised in North America. Presciently, Balmer (1995, 1998) foretold that corporate brands would emerge as an important and mainstream concern: it is patently obvious that his prophecy has come to fruition.

We should not, perhaps, be surprised how, today, the corporate brand notion is widely viewed as a vital, ubiquitous, and moreover, as a global, strategic imperative. Unquestionably, it is a mainstream concern for corporate marketing scholars. Uncontestably, too, the corporate brand notion has a firm hold within the senior management vernacular and mind-set.

Arguably, the notion that organisations, whether large or small, can be brand-like is on reflection, quite an ancient one. As John Balmer explains in his lectures, the very roots of the brand notion are associated with entities/organisations rather than with products. Thus in ancient China, Persia, and Rome family-owned businesses (bakers, potters, wine-merchants) would, via their names and marques, become associated with levels of quality and thus these marks and names were not only identifiers but were, moreover, marques of assurance. The product brand notion took hold much later on and came to prominence in the aftermaths of both the first industrial revolution in Britain and the second in the USA. As Balmer often muses, some of the world's oldest greatest brands are corporate brands viz: the Catholic Church, the British monarchy; Oxford University are cases in point.

As this book attests, many academic articles have been written on the area and the *Journal of Brand Management* (JBM) has published notable, cornerstone, articles on the field.

Today, it is common for postgraduate students to take PhDs in corporate brand management; for master's students to pursue degrees on corporate brand/corporate marketing management and to take electives on corporate brand theory and practice as part of MSc degrees in marketing; and for final year undergraduates to read corporate branding as part of their bachelor's degrees. Academics are appointed to chairs, readerships, and lectureships in corporate brand management (John M.T. Balmer was appointed to the first chair in corporate brand management in the early 2000s at Bradford University School of Management). For their part, the corporate brand concept has become a facet of the CEO and senior management strategic deliberations and company reports are peppered with references to the corporate brand. Notably, too, there is a whole field of consultancy devoted to the area. There can be few organisations that, in recent years, have not retained a corporate brand consultant.

1.1.3 When was the corporate brand notion formally introduced and what was said?

Formally introduced by Balmer (1995), in his *Journal of General Management* (JGM) "*Corporate branding and Connoisseurship*" article (to reiterate an earlier point) it took another 10 years or so before the concept became a mainstream academic, management, and consultancy concern.

In this cornerstone article, Balmer (1995) noted the importance of corporate brands and, moreover, advanced the idea that corporate brand management was a senior management imperative. Moreover, in this article he articulated some of the key fundamentals and differentials of corporate brands. Importantly and significantly, he asserted that:

- corporate identity (an organisation's distinctive and differentiating attributes) provided the foundations for a corporate brand;
- a corporate brand required organisation-wide commitment from employees;
- corporate brand required not only a customer but, moreover, a stakeholder focus;

- corporate brand management was multidisciplinary in scope; and
- corporate brand management warranted ongoing responsibility from senior managers – especially the CEO.

Other notable scholars evident during this period include Ind (1997) and Hatch & Schultz (2001). Ind (1997) noted a corporate brand is far more than a name or logo but was concerned with an organisation's corporate values. Hatch & Shultz (2001) asserted that a corporate brand was fundamentally concerned with mission, culture, and image. Curiously, however, the importance of the corporate brand "promise"; the significance of corporate identity and, the foundational marketing articles on corporate brands are studiously ignored.

1.1.4 What is the corporate brand covenant?

The corporate brand covenant is an important – arguably critical – dimension of the corporate brand notion. In essence, a corporate brand represents a powerful covenant (an informal contract often having a religious like quality akin to religious covenant) between a firm and its stakeholders (Balmer & Gray, 2003). The covenant is based on customers' and other stakeholders' expectations associated with the corporate brand name and or marque. A corporate brand covenant represents a quasi bi-lateral contract between the corporate brand and stakeholders. Whilst this covenant is not legally binding it can all the same be powerful and a failure to live up to the covenant can be damaging for organisations associated with corporate brand.

1.1.5 Why are corporate brand and corporate identity bi-lateral relationships essential?

According to Balmer (1995, 2001a, 2008, 2012a, 2012b) and Balmer & Gray (2003) understanding, the bi-lateral relationships between corporate identities and corporate brands is fundamental to the corporate brand notion. Six years after the formal introduction of the corporate brand notion (Balmer, 1995) Balmer re-emphasised in his second *Journal of General Management* article "The three virtues and seven deadly sins of corporate brand management" the importance of corporate identity apropos the corporate brand. He stated:

A corporate brand involves the conscious decision by senior management to distil and make known the attributes of the organisation's identity in the form of a clearly defined branding proposition (Balmer, 2001a; p. 281).

For instance, it is a corporate identity which informs a corporate brand. When a corporate brand is established a corporate identity is critical since it is the corporate identity (an organisation's distinctive and differentiated attributes, behaviours, and performances) which delivers the corporate brand covenant (Balmer, 2012a).

The above might be usefully elaborated on further. According to Balmer (2008) a corporate brand needs to be viewed as a distinct identity type. Thus, although derived from a corporate identity, once established, a corporate brand is separable and divisible from the originator corporate identity (Balmer, 2008). As Balmer (2012a) noted, a corporate brand covenant can be bought, sold, or borrowed. Invariably only the marque and name is bought, sold, or borrowed: BMW only bought the Rolls Royce car brand but did not acquire the factory or the staff. Thus, a corporate brand is a marque of assurance but the realisation of this assurance is dependent on an organisation's corporate identity (what a corporate makes, does, and how it behaves) delivering the brand promise (Balmer, 2012a, 2012b). The real value of a corporate brand is derived from its emotional ownership on the part of customers and other stakeholders in contrast to legal ownership which is vested in the corporation (Balmer, 2012a, 2012b).

1.1.6 In what ways do corporate brand differ from product brands?

One significant way of comprehending the importance of corporate brands/corporate brand management is to consider how these differ from traditional, product-focused, brand management. These differences were initially detailed in Balmer (2001a) and were further expanded in Balmer and Gray (2003). They can be delineated as follows:

- Whereas a brand manager has responsibility for a product brand, *a corporate brand manager is the Chief Executive*.
- Whereas the functional responsibility for product brands falls within the remit of the marketing directorate, *the functional responsibility for corporate brands covers most/all departments*.
- Whereas general responsibility for product brands resides among marketing personnel, *general responsibility for corporate brands resides with all personnel*.
- Whereas the disciplinary roots for product brands is marketing, *a corporate brand has multidisciplinary roots*.

- Whereas a product brand can be formed over a short period (short gestation), *a corporate brand is formed over a medium to long period (long gestation).*
- Whereas a product brand has primarily a customer focus, *a corporate brand has a stakeholder focus.*
- Whereas a product brand's values are mainly contrived, *a corporate brand values need to be real ("authentic").*
- Whereas a product brand is primarily known via the marketing communications mix, *the corporate brand is known via the total corporate communications mix (primary communications – performance of products and services and organisational policies; secondary communications – controlled communications such as corporate brand advertising and corporate brand PR; tertiary communications – the effect of word of mouth, media commentary; and, today, discourses on the web and associated Internet and digital channels).*

1.1.7 Taking account of a corporate marketing philosophy, what is corporate brand alignment and why is it important?

The corporate brand notion is an integral part of a corporate marketing philosophy (Balmer 1998, 2009, 2011; Balmer & Greyser, 2006). The corporate marketing philosophy notes that organisations and also their attendant brands (corporate brands) – and not just products and services as per traditional marketing – can be highly powerful and meaningful vehicles for bi-lateral company – customer/stakeholder relationships. Unlike traditional marketing it takes account of the omni-temporal dimension (past, present, and future) of the organisation and in particular multi-generational company–stakeholder relationships; accords importance to corporate social responsibility; and is underpinned by a suite of critically important corporate-level constructs such as corporate identity, corporate brand, corporate communication, corporate image, and corporate reputation.

Significantly, the corporate brand alignment approach is, in part, informed by the above corporate marketing perspective and also the identity-based views of the firm perspective (Balmer, 2008). According to the corporate brand alignment methodology (apropos the ACID test of corporate brand management), the corporate brand covenant acts as a dynamic cornerstone and therefore other identities should be in meaningful alignment with it. These other identities being an organisation's corporate identity (actual identity); corporate reputation (conceived identity); senior management vision (desired identity); corporate

strategy (ideal identity); corporate communications (communicated identity) and an organisation's culture (cultural identity). For the original AC3ID test of corporate brand management of Balmer (which did not include cultural identity) see Balmer & Greyser (2003, p. 251). For the latest version of the AC4ID test of corporate brand management see Balmer (2012a, 2012b).

1.1.8 What is corporate brand orientation and how does it differ from brand orientation?

Of note, too, is the corporate brand orientation perspective. Formally introduced in 2013, the corporate brand orientation notion (Balmer, 2013) marshalled insights from the general brand orientation notion (Urde, 1999; Urde et al., 2013). The brand orientation concept which accords importance to brands per se rather than, specifically, to corporate brands: thus the need for the corporate brand orientation doctrine.

As such, corporate brand orientation recognises and accords a central role to corporate brands to institutions and to organisational life. Building on and adapting insights from the brand orientation canon and applying the aforementioned to corporate brands, a corporate brand orientation means corporate brands are key focus of corporate strategy; inform corporate culture; and require senior managers to accept the theory and practices of corporate brand management (Balmer, 2013). Significantly, Baumgarth (2010) noted the significance of the brand orientation notion in B2B contexts.

1.1.9 What are the imperatives of corporate brand management?

Custodianship, credibility, and calibration can be considered as three imperatives underpinning the management of corporate brands (Balmer, 2012a) which can be explained as follows:

1. The corporate brand custodianship imperative: the CEO and senior managers need to ensure the corporate brand maintenance and stewardship is *their* (a senior management) concern.
2. The corporate brand credibility imperative: it is the task of senior managers to ensure the corporate brand covenant (promise) is bona fide (credible).
3. The corporate brand calibration imperative: it is the task of senior managers to ensure the corporate brand covenant is meaningfully and dynamically calibrated (aligned) with the identities forming the corporate brand constellation (see the ACID test of corporate brand management discussed earlier).

1.2 Current state of research in corporate brand management

As this anthology partially documents, there has been an explosion of interest in the branding of organisations since the 1990s, as well as an increased importance bestowed to corporate brands by senior managers in industry and from strategy and marketing/branding consultancies. Universities have also pioneered innovative MBA/MSc electives or entire MSc courses in these areas as noted a decade ago by Powell et al. (2007). For instance, amongst others the Brunel Business School (UK), Bradford School of Management (UK), University of Essex (UK), University of St. Gallen (Switzerland), and University of Wollongong (Australia), currently represent some of the leading centres of learning in the area.

In the preceding section, it was noted how much of the pioneering work on the field dates back to the mid-1990s (for a further discussion of this point see Balmer, Brexendorf, & Kernstock (2013)) and articles on corporate brand management can be found in leading journals on strategic management, marketing, and communications, including *California Management Review, Harvard Business Review, European Journal of Marketing, International Studies of Management and Organization, Corporate Communications: An International Journal, Management Decision, The International Journal of Bank Marketing, Corporate Reputation Review*, and last but not least the JBM.

Significantly, articles relating to corporate brand management rank among the most downloaded in the JBM to date (Powell, 2014).

We note some of the characteristics of the corporate brand canon below:

1.2.1 Whilst the corporate branding literature is broad in scope it sometimes lacks clarity

For instance, some authors – along with some managers and some consultants – regard corporate identity and corporate brand as analogous terms, while many others fail to make a distinction between product brands and corporate brands. This collection helps to re-direct and re-focus on corporate brand management, what it is, what it is really about, and what it is for.

1.2.2 As the economic and commercial benefits of global corporate brands become more apparent, questions about the nature of corporate brand management have intensified.

Of course, the formative literature on the domain advanced the view that a strong corporate brand *is* a strategic issue and is a senior

management concern (Balmer, 1995, 2001a, 2012a). At the same time, the literature also acknowledges the role of the employee in corporate brand management, delivery, and maintenance, therefore, concluding that it is not only a marketing concern but of importance to strategists and HR managers: a point made by Balmer in his early work (Balmer, 1995, 2001a). Also see Chapter 6. In short, the foundational literature has asserted that corporate brands are multidisciplinary in scope (Balmer, 1995).

1.2.3 Co-creation: challenging corporate brand orthodoxy

Recent scholarship relating to brand co-creation, both internally and externally, has in some quarters been gaining wide currency (Campbell et al., 2014; Dean et al., 2016; Hatch & Schultz, 2010). The co-creation perspective somewhat eschews the top-down, strategic approach, to corporate brand management and argues that individuals and not organisations and their managers "create brands." For some, this perspective appears to challenge the role of senior management vis-à-vis corporate brand management and seemingly, disregards the importance of an entity's corporate identity in corporate brand formation, maintenance, and saliency.

From orthodox marketing and strategic perspectives, the notion that senior managers should regard themselves as observers rather than as initiators of the corporate brand covenant is likely, for some, to be contentious. Although some will conclude that the co-creation perspective needs to be taken into account by senior managers, the related issue of corporate governance may lead them to conclude that senior managers have no option other than to be prominent players in managing and maintaining the saliency of their firm's corporate brand. The arguments of Iglesias, Ind, and Alfaro in Chapter 9 may help the reader to co-create their own position.

What is clear to us is the question of the degree of involvement of stakeholders in the co-creation and development of a corporate brand remains open and inchoate – but may well be an important development.

1.2.4 Corporate brand management: challenged by many tasks

Indeed in our view Corporate Brand Management is challenged by many management tasks, which to highlight a few include: its contribution to stakeholder management; its relationship to corporate identity and values; its role in positioning; its relevance for corporate reputation including corporate responsibility; its constitution related to mission and vision of the company; its visibility in the corporate brand

architecture and definition of roles of different brands; its economic potential in mergers and acquisitions and its role in the post-merger integration process; its contribution to employer brand positioning; its relevance to attract new employees and engage the workforce; its role for word of mouth and customer promotion; its contribution to corporate communications and investor relations; its inspiration for steering the customer experience; its integrative force over all touchpoints; its ability to create brand alliances; and last but not least performance and measurement. The collection which follows in this book might help us to start to see through the fog (Balmer, 2001b).

1.2.5 Brand orientation approaches

The first access to orientate us in this fog might give a structure to different paths of research within our discipline. This orientation provides to the readers the symptomatic schools of thought, which are philosophical, strategic, marketing, behavioural, performance, omni brands, hybrid, cultural and finally corporate brand schools (Balmer, 2013; also see Chapter 10). These schools of thought deliver different frameworks and access to the topic of corporate brand management. And at the same time, they serve as source for future research. Research work has not finished in any of these schools, hence new questions in the field of corporate brand management could be related to one of these schools in almost all cases.

1.2.6 Addressing pressing issues apropos corporate brand management

The good news is that based on prior research we can at least propose answers to some issues on corporate brand management. For example, there are solutions to increase stakeholder involvement and how corporate brand management is able to contribute to it (see Chapter 8). Relations and interactions to specific stakeholder groups, such as employees, can be emphasised and targeted (see Chapter 6). Even corporate brand management itself can be managed as its own business model (see Chapter 4). In many cases the corporate brand management is the driving force behind the development of a definite customer experience throughout all customer touchpoints (see Chapter 7).

To summarise the achievements of more than 20 years of research and practice so far, we can say that the global community of researchers and practitioners working in the field of corporate brand management, is now able to build on a stable of fundamental publications via the JBM and elsewhere as partially delineated in this chapter. In the next section we move to an outlook on future research avenues and areas.

1.3 Future directions of research in corporate brand management

It is not our intention in this chapter to attempt to summarise all published articles in the domain. Instead we here derive several implications for future research to further investigate the debate on corporate brand management.

So far we have determined that research on corporate brand management has gained a lot of attention over the past two decades and some future research directions have already been identified. Especially within the last five years, several articles have debated further research implications for corporate brand management (e.g., Abratt & Kleyn, 2012; Fetscherin & Usunier, 2012; Melewar et al., 2012). For example, Melewar et al. (2012) highlighted three fundamental tensions that include normative versus social constructionist approaches, organisational versus individual level research, and static versus dynamic perspectives.

We believe that various research directions show promising avenues in the field that may contribute to a deeper understanding. We are also convinced that in order to understand, study, and manage corporate brands there is a need to take a broad, holistic, and boundary-spanning view. Hence in the following text, we offer some additional research topics pertaining to corporate brand management which we think are important avenues for further research.

Holistic perspective of corporate brand management. There is little agreement in the literature of what a corporate brand constitutes. Research on corporate brand management suffers from highly fragmented perspectives (Abratt & Kleyn, 2012; Biraghi & Gambetti, 2015). Gyrd-Jones et al. (2013) argue that the complexity in corporate brand management especially results from its multidisciplinary roots, its broad scope, and the need to address multiple stakeholders.

Multidisciplinary roots. Corporate brand management as a field has its roots with notable contributions from the areas of marketing and brand management, strategy, organisational studies, corporate communication, human resource management, and public relations (Balmer, 1995, 2001a; Balmer & Greyser, 2006; Gyrd-Jones et al., 2013). The integration of perspectives and theories from these various research areas might help to enhance our understanding in the field. Converging multidisciplinary perspectives not only improves theory building but would also enhance the managerial impact of concepts for management (see also Kernstock and Brexendorf, 2009). Further research needs to integrate and link insights from these various areas.

Multiple stakeholders and perspectives. Corporate brand management includes considering all stakeholders of the corporation (Balmer, 1995, 2001a). Corporate brand management balances the relationship to stakeholders like shareholders and employees with the relationship to customers (Brexendorf and Kernstock, 2007). A corporate brand evokes for products or services which are endorsed or marketed with the corporate brand. As such, corporate brands can be perceived and interpreted from a variety of perspectives. We argue that further progress in corporate brand management research should therefore be driven by several perspectives: how different are the perspectives of internal and external stakeholders to the corporate brand? How do stakeholders perceive the corporate brand when they are part of different stakeholder groups (e.g., employee and customer, employee and shareholder, etc.)? *Considering the diversity of these various stakeholder groups: Is building and sustaining a coherent corporate brand possible*?

Managing from a co-creation perspective. In addition, and to revisit an earlier and perhaps contentious issue, discussions about brand co-creation (e.g., Brexendorf, Kernstock and Powell, 2014; Hatch & Schultz, 2010; Iglesias et al., 2013) add a further dimension. Also, Bickerton (2000) for example has discussed and proposed an initial framework combining a "top-down" organisational perspective versus a "bottom-up" customer market perspective for corporate branding. In summary, the question if a corporation should let stakeholders participate (and to what extend) in the creation and development of a corporate brand, currently remains open. There is little information about how management should handle the challenge of "open" brand management. Some groups of stakeholders might be interested in getting involved in creating the corporate brand where others are not interested. And if integrating stakeholders, which are the most important stakeholders? How far should they be integrated into the corporate brand development? Does open brand management require more leadership or will leadership be substituted by participation? Major global corporate brands have literally millions of stakeholders and there are likely to be a bewildering variety of corporate images held amongst stakeholders. How are these multiple co-creation perspectives to be accommodated and managed? What are the implications for corporate brand communications? What are the implications for other tasks of management? The co-creation perspective is just one of many interesting debates within the corporate brand management domain at present and in this collection.

The role of leadership in corporate brand management. As the emphasis on and the attendant economic benefits of corporate brands increase,

decisions about their management become of paramount importance, raising also the question of leadership in brand management. A strong corporate brand needs the involvement of the top management team as it requires the engagement of all employees. The corporate brand might help to align employees and organisational subcultures across functional and geographic boundaries. In our view further research in corporate brand management also needs to focus on the role of the top management in building and sustaining the corporate brand – internally and externally. Other questions like how a corporate brand can be created and managed most efficiently and successfully are important (Balmer et al., 2013).

The role of the corporate brand within the product brand portfolio. Brand growth on all levels requires a well-thought-out brand architecture in which every brand has a defined role and fits with goals of all other brands in the entire brand portfolio. Building and managing corporate brands need to consider the firms' brand architecture. Furthermore, strong corporate brands have an impact on extension of product brands (Brown & Dacin, 1997; Brexendorf & Keller, 2016; Keller & Aaker, 1998). The corporate brand takes in an embracing role, gives direction to the products, and underlines the synergy and clarity of the whole brand portfolio (Brexendorf & Keller, 2016). Firms need to manage the association transfer and potential trade-offs between the corporate brand (corporate-level) and their products and services brands (market- and product-level).

In line with this increased importance, many multi-national corporations like Unilever or Procter & Gamble have pruned their product brand portfolios in favour of supporting their corporate brands. Although managers have recognised that the corporate brand represents the products/services of the organisation and can been seen as a symbolic umbrella that enhances synergy and clarity of the product and services brand portfolio, the intertwined relationship between the corporate level and the product/service level of brands needs further conceptual and empirical investigation.

The relevance and impact of corporate social responsibility and/or ethical fit. Another useful line of enquiry would be in relation to corporate social responsibility and corporate brand management. In addition, further research is warranted on whether various levels of alignment (or fit) between individual ethical orientations of employees and organisational climates generate positive or negative attitudes and behaviours, in relation to ethical corporate identity, ethical corporate marketing, and the corporate brand. For example some prior research exists that may be built upon within industries particularly vulnerable to reputational

issues or crisis, such as the finance industry, especially since the global financial crises, or oil industries due to concerns for environmental and community impacts (e.g. see Balmer 2010b; Balmer et al., 2011; Powell et al., 2009, 2013; Powell, 2011; Vallaster et al., 2012).

The need for more empirical research on corporate brand management. Research on corporate brand management is primarily focused on conceptual articles on the topic. Some empirical research does exist for example case based research within creative industries as well as the finance and oil industries (Powell, 2007; Powell et al., 2009, 2013). Balmer and Liao (2007) have also undertaken exploratory case study research within higher education to investigate student corporate brand identification towards three closely-linked corporate brands: a UK university, a leading UK business school and an overseas collaborative partner institute in Asia. More recently the perceptions of South African supplier – buyer relations and its effect on the corporate brand are delineated via case study research by Flax et al. (2016), as well as how corporate brands act as catalysts in times of change in a South African bank (McCoy & Venter, 2016). Additionally, Balmer and Wang (2016) have investigated senior business school managers' cognitions of corporate brand building and management within top Financial Times (FT)-ranked British business schools.

Other empirical studies exist in corporate brand management but in our view they remain relatively scarce in the corporate brand management canon. No matter if considering the companies' perspective of managing a corporate brand or the stakeholder perspective (including employees) on how they perceive or interrelate to the corporate brand, relatively little empirical research has been undertaken overall. To progress research on corporate brand management, we agree that further investigation via empirical studies is deemed necessary (Pillai, 2012). Mukherjee & Balmer (2007) have noted how, given the strategic importance of corporate brand, the theoretical foundations of the territory are underdeveloped. Melewar, Gotsi, & Andriopolous (2012) also usefully call for a further investigation of longitudinal studies in the field. We also see the necessity for further research in cross-industry studies.

1.4 Further reading

An important stakeholder is the consumer or customer. Not very few might consider the customer as primus inter pares among all stakeholders. De la Paz Toldos-Romero & Orozco-Gómez (2013) analysed the effects of brand personality dimensions on purchase intention. If the consumer is a frequent user of a brand, they will rate the value and

personality of a brand higher than a non-user. Purchase intention of a consumer is positively influenced by the hipness, success, sincerity, and sophistication of a brand personality, whereas domesticity, emotionality, and professionalism influence purchase intention in a negative way. Therefore, it is important to adapt business models continuously to changing conditions of the market to maintain hipness, hence success. Not only the above-mentioned indicators but also the brand name is decisive for the purchase intention.

Nhat Hanh Le et al. (2014) explain the importance of brand name attitude compared to product expertise when observing changes of consumer brand preferences in the context of corporate rebranding. The research contributes significantly to the contemporary literature on corporate rebranding. The comprehension of the applications of two types of rebranding strategies either with minor or radical changes in terms of corporate brand positions and marketing aesthetics is very useful for a firm to continuously survive and remain desirable in a long run. Considering a repositioning, the results indicate the following: given a pleasant original brand name attitude, it is favourable to use the initial brand. On the other hand, given a less pleasant attitude towards the original brand name, it is preferable to perform a rebrand repositioning.

Next to the brand name, the brand image is another decisive key factor following An Tran et al. (2015). Nowadays consumers are careful to invest their hard-earned money and demand more transparency and honesty. To develop their perceptions stakeholders rely on the key role of corporate image. An Tran et al. (2015) define corporate image as follows. Corporate communication and corporate personality consist of seven dimensions: visual expression, positive feelings, environments expression, online appearance, staff/employees appearance, attitude/behaviour, and external communications. These seven dimensions lead to corporate image and highlight its importance. This forms a conceptual model, which highlights how corporate image is defined in peoples' minds and includes five levels: awareness, familiarity, favourability, trust, and advocacy. Furthermore, An Tran et al. (2015) uncover the importance of prioritising specific dimensions and that online appearance has increased in importance, as well as the importance of the consistency of employees' appearance and attitude, as they represent what the company stands for.

1.5 Introduction for remaining chapters

In *Chapter 2* John M.T. Balmer reflects on his foundational article of 1995 where he formally introduced the corporate brand notion entitled 'Corporate Branding and Connoisseurship'. In this historiography of

the area he recites the extraordinary developments in corporate brand management and scholarship from 1995 through to the end of the first decade of the twenty-first century. He outlines how developments in the period impacted on our understanding of identity and identification and heightened the need to further investigate the relationships between organisations, customers, stakeholders, employees, and society. His overview stresses the marketing roots of the field and presents a striking counter-narrative to some of the corporate brand canon which studiously ignores pre-2000 developments and which risks presenting a distorted mirror on the field.

In *Chapter 3* Kevin Lane Keller and Keith Richey relate the success of a company directly to its attention to corporate brand management and its personality which must be carefully managed in order to be successful. Therefore, three main dimensions of corporate brand personality are highlighted in this chapter: "heart," "mind," and "body." The *heart* equates to being passionate and compassionate. As such, employees must be passionate about the company, its brands, and their jobs. The *mind* equates to being creative and disciplined. As such, firms must possess creativity to overcome the trade-offs inherent in virtually all aspects of business. The *body* equates to agility and collaborations. As such, organisations must possess the agility to capture and deliver value to consumers in the face of challenging market dynamics and must also adapt its business model to changing conditions.

In *Chapter 4* Leyland Pitt, Julie Napoli, and Rian van der Merwe investigate corporate brand management from a franchise organisations perspective to produce an instrument to measure and evaluate the brand management practices within a franchising situation. They also identify opportunities for further research and practical application in this specific context.

In *Chapter 5* Hong-Wei He and John M.T. Balmer discuss what alliance brands are and outline some of their implications for corporate brand management by utilising a case study of the well-known airline industry brand 'Oneworld' (whose members include American, British Airways, Cathay Pacific, Quantas, and JAL among others). The many insights provided by their research lead up to the conclusion that this corporate branding category goes beyond the organisational boundaries that often characterise corporate brands. As such they advocate that corporate brand management needs to adopt a multidisciplinary perspective while accommodating cross-cultural issues in order to achieve consistency and success.

In *Chapter 6* the delivery of corporate brand personality on the part of employees is investigated by Khanyapuss Punjaisri and Alan Wilson. Increasingly, within the services industries, greater focus is accorded to corporate-level marketing and there is an attendant need to build a strong corporate brand in order to gain competitive advantage. To ensure that employees behave in ways that support the brand promise, internal branding has become of great importance to academia and practitioners. The study underlines the significant influences of internal communications and training on employees' attitudes and behaviours. Results show that the internal communication and training can predict employee performance significantly and therefore corporate brand managers need to liaise with their Human Resources colleagues.

In *Chapter 7* Nicholas Ind outlines the need for clearly articulated and communicated values along with the integration of internal and external messages with the aim of integrating the actions of employees with marketing strategy, in order to be a successful corporate brand. His research also delineates some of the barriers that may undermine effective communications which includes unsympathetic cultures and disinterested leaders.

In *Chapter 8* Richard Jones outlines the importance of relationships beyond that of the firm and consumers to also include relationships between businesses in Business-to-Business markets and other stakeholders. He goes on to present a model of stakeholder equities as a tool for brand managers to assess the value of multiple stakeholders in relation to the co-creation of the brand. The chapter concludes by suggesting future research which can usefully be developed along at least two lines of enquiry.

In *Chapter 9* Oriol Iglesias, Nicholas Ind, and Manuel Alfaro propose brand value is conversationally co-created by many different stakeholders in a fluid space subject to constant negotiation and often develops beyond the strategic aims set by brand managers. The co-creation of brand value primarily occurs in the conversational space between the organisation and individual consumer, where they interact through brand interfaces and frontline employees. They contend that therefore managers will need to develop a new leadership style that is more humble, open and participatory, willing to trust others, and empower their staff.

In *Chapter 10* John M.T. Balmer concludes this collection by formally introducing and explaining the 'corporate brand orientation' notion – which refers to a category of institution which specifically calls upon

its corporate brand as a cornerstone and which helps to inform and guide the organisation on strategic and operational levels. His work also notes the omni-temporal perspective of the notion and is mindful that corporate marketing is underpinned by societal and corporate social responsibility tenets. The chapter also identifies three corporate brand management precepts that may help inform senior management responsibilities vis-à-vis corporate brand orientation in terms of custodianship, credibility, and calibration.

1.6 Conclusion

This chapter highlights that there remains much to learn about and to contribute to corporate brand management. The editors of this first book in the '*Journal of Brand Management* – Advanced Collections Series' therefore encourage further innovative and rigorous research in the various pillars of the corporate brand management field. The discussion above and the chapters that follow will help by providing advanced insights, perspectives, and inspiration for brand students, brand academics, and brand practitioners alike. It is our hope that you enjoy reading this compendium as much as we have enjoyed compiling it, written by renowned researchers and colleagues.

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2

Explicating Corporate Brands and Their Management: Reflections and Directions from 1995

John M.T. Balmer

Introduction: corporate brands come of age

To me, and I would conjecture to a good many other corporate marketing scholars, policymakers and consultants, one of the most exciting, stimulating and intellectually challenging developments in the corporate world since the mid 1990s has been the stupefying ascendancy of corporate brands as a distinctive institutional-identity type. It is an identity category that enjoys a prominent place in corporate marketing and strategic management owing to their ability to create corporate and shareholder value. In addition, it is an identity category that can be highly meaningful to stakeholders including groups and individuals. Why? Because corporate brand can help individuals define who they are.

Not surprisingly, therefore, corporate brands increasingly engage the minds of policymakers, practitioners, professors and preceptors from the old, new and emerging business worlds – from Auckland to Azerbaijan, from New York to New Delhi and from Peking to Paris.

As noted by Erdogmus *et al* (2010), brands are a key dimension of internationalisation. For instance, Hamel and Prahalad (1985), two decades ago, made the prescient observation that in international business contexts a key corporate aim was to achieve brand dominance. In similar vein, Craig and Douglas (2000) concluded that the establishment of global brands represented one of the biggest challenges facing contemporary corporations.

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Increasingly, there is a realisation that modern organisations – Tata, Microsoft, Nokia and Lenovo – and not so modern institutions – The British Monarchy, The Catholic Church and Harvard University for instance – not only need to be understood in terms of their identity anchors (*corporate identity)* but, importantly and additionally, in terms of individuals and groups' cognitions of the expectations and associations of the institutional brand (*corporate brand identity).*

This is why, for me, adopting an identity-based view of the firm and, importantly, an *identity-based view of corporate brands* (including identification in its various permutations) is of such pivotal importance. Our comprehension of the modern organisation is, to me, greatly assisted by taking account of corporate brand identity along with corporate identity (Balmer, 2008a).

In broader contexts, the corporate branding construct can be seen to have an applicability not merely to entire corporations (McDonalds, HSBC Bank), but also to subsidiaries (Opel and Vauxhall are subsidiary brands of Ford); to nation states (Italy, Scotland, Canada and Singapore); cities (Shanghai, Sydney and Stockholm); to alliance brands (the airline alliances of OneWorld, Star Alliance and so on) and to supra-national organisations (The United Nations, the Olympics and so on).

Importantly, and to reiterate an earlier observation, corporate brands are marshalled by individuals and groups to define who they are – and who they are not – and in ways that sometimes augment, and sometimes supplant, the 'official' corporate brand positioning and promise promulgated by entities.

To me, corporate brand identities – although derived from an institution's identity anchors – are quintessentially a perceptual (cognitive) construct: corporate brand identities exist in our minds; corporate identities inhabit organisations. For instance, although we might view Cadburys, Rolls Royce and Jaguar as quintessential English brands, they are, respectively, owned by a US (Kraft), German (Mercedes Benz) and Indian (Tata) corporation. Thus, although US, German and Indian influences might be found within the corporate identities of the above, the Englishness of these brands is, to me and I suspect to most consumers and many stakeholders, of paramount importance.

As I have argued for many years now, whereas *legal ownership* of corporate brands resides with organisations, *emotional ownership (and thereby its real value)* is owned by customers, employees and other stakeholder groups. I will return to this observation again.

In broader contexts – and drawing on the notion of identity-based views of the firm – this has led to a development of marketing thought

and the advent of corporate marketing as an organisational rather than product/service *philosophy* (Balmer, 1998, 2008a, 2009).

Of course, we will all be aware that the construct of the corporate brand has entered the management lexicon with considerable vengeance and with good reason. This is because senior managers – and organisations *per se* – view the institutional brand as something of especial strategic significance. It is no surprise therefore that a corporate branding perspective forms a veritable *leitmotif* in many CEO speeches and statements; in business commentary and in academic research, debate and scholarly discourse. Academic interest is not only confined to those in marketing, but also to those in management and organisational studies generally, and more broadly scholars within the social sciences.

Increasingly, and encouragingly – and in international contexts – organisational brands are the focus of doctoral research, taught business school degrees, MBA courses and case studies in international contexts. And, we should not forget that this heightened interest in organisational brands is international in scale; increasingly, it is interdisciplinary in scope.

This being said, there is often considerable confusion as to what corporate brands *are* and what they *are not;* how they differ from product brands and how corporate identity consultancy and management. It has also been observed that quasi schisms can surface among certain branding scholars who do not see the need to categorise corporate brands as a distinct branding type (Abimbola, 2004).

Significantly, corporate brands are also of saliency to both medium and small-scale organisations along with not-for-profit entities. Studies by Abimbola and Kocak (2007) and Abimbola and Vallaster (2007) also noted much of the same.

In this commentary, I hope to contribute to our comprehension of the above. The approach adopted by her is a very personal one, and I draw heavily on my individual and collaborative work/publications relating to corporate brands, which dates from the early 1990s and which represents a very personal odyssey (Balmer, 1995, 2001a, b, 2005a, b, 2006; Balmer and Gray, 2003; Balmer and Liao, 2007; Urde *et al,* 2007; Balmer *et al,* 2009).

This being said, I am *highly mindful* of the critical contributions that marketing, branding and other scholars have made in terms of our understanding of corporate brands: the following list is an indicative, and organisational marketing scholars will wish to explore this literature in considerable depth of course: Aaker (2004); Argenti and

Druckenmiller (2004); deChernatony (2002); Elliott and Wattanasuwan (1998); Einwiller and Will (2002); Gotsi and Andriopolous (2007); Greyser (2009); Harris and deChernatony (2001); Gylling and Lindberg-Repo (2004); Hatch and Schultz (2001, 2003); Hatch and Rubin (2006); He and Balmer (2004); Hulberg (2006); Kapferer (2002, 2004); Kay (2006); Keller and Richey (2006); Kernstock and Brexendorf (2009); Knox and Bickerton (2003); Knox (2004); Lawer and Knox (2008); Leitch and Richardson (2003); Leitch and Devenport (2008); Lomax and Mador (2006); Ohnemus and Jenster (2008); Merrilees and Miller (2008); Morsing and Kristensen (2001); Mukherjee and Balmer (2008); Roper and Davis (2010); Schultz and Hatch (2003); Schultz and deChernatony (2002); Urde (2003, 2009).

To me, as my students of long standing will recall, there are three strategic benefits of corporate brands in terms of being a *currency, language and navigational tool:*

Currency: The worth of corporate brands – corporate brand value – can be reflected in the goodwill element of the corporate brand name; for customers in terms of the preference towards a corporate brand vis-a-vis other; employees in terms of a preference to be associated with a corporate brand via employment and for business partners in terms of a desire to be allied with a corporate brand in the context of business to business marketing. Of course organisations and shareholders can derive economic value in terms of financial brand power, but this form of hard power is complemented by soft power in terms of the emotional response that institutional brands can evoke.

Language: Corporate brands are 'known and understood' among specific groups and communities; brand names have meaning. It can be global in scope such as Coca Cola or specific to a small town such as the loyalty shown to local institutional brand such as a local fish and chip shop, bakery or cafe. In certain regards, corporate brands are a form of *lingua franca* for twenty-first century global brands and a patois for more local ones.

Navigational tool: In cognitive terms, a corporate brand not only defines what a brand is, but, importantly, what it is not, as such it can help individuals, groups and managers to navigate between and among brands. In marketing terms, this aspect of branding has a certain similarity to the central marketing notions of positioning. Of course, individual and groups reference to brands as navigational tools will not be uniform, and in certain instances can be markedly different among groups and individuals.

Corporate brands: a hot topic

Scrutinising the contents of leading marketing journals including *The Journal of Brand Management,* there is clear evidence to see that corporate brands are very much a 'hot topic'. For policymakers, corporate marketers and branding consultants, institutional brands are accorded importance owing to their utility, economic value and, of course, strategic importance. In broader contexts, we can note that scholars view corporate brands to be of sociological, psychological and anthropological significance; institutional brands represent a powerful lens through which we can comprehend contemporary organisations, the business environment and, importantly, our modern world.

Historical perspectives: intrinsic and extrinsic corporate brand/identity relationships

Intrinsic: Before the industrialisation of markets and, in our own time in small market towns and in city 'villages', companies (local shops for instance), issues of corporate brand identity/corporate identities were/are *intrinsic* feature of bilateral relationships between organisational – customer/stakeholder relationships. Typically, with the above, there is closeness among those who produce goods and services and those who consume them/local stakeholders. As such, there was less need for small companies to manage and communicate the corporate brand and identity (I am not saying no need, however). This is because the touch-points vis-a-vis the corporate brand/identity were immediate and tangible: there was little in the way of spacial-temporal distance. In such situations, there is often a considerable local awareness of the *corporate brand identity* (the key attributes and associates with a corporate brand name and/or marque) and also a heightened understanding of its innate *corporate identity* (what it does, how it does it, quality of products and services, ethos and so on).

Anyone who has lived in a market town/city village is likely to have a wide corporate brand/identity repertoire, and will be able to differentiate in branding terms (in terms of expectations) between various bakers, butchers, cafes and pubs, and, moreover, is likely to have knowledge about their corporate identity (more indepth company/organisational knowledge).

Extrinsic: Taking a historical perspective, during the British industrial revolution for instance, we can observe that when organisations grow and significantly broaden their geographical reach, the relationship between a producer, consumers and others in terms of its innate

identity becomes increasingly more distant: spacial-temporal issues become much more salient. Increasingly, third parties provided the key interface with end-users. As such, the bilateral relationships between organisations and their customers and stakeholders become progressively more *extrinsic*. For some (but not all) producers, a critical strategic imperative as a result leads them to reach end-users by communicating its corporate brand/identity through various touch-points and creating value through recognised and sought-after brands (both product, service and corporate).

Of course, brands have the ability to leverage an organisations' financial position through the ability to charge more for well-known and sought-after brands. This phenomenon characterised the British Industrial Revolution, and, in our own times, can be seen in rapidly developing nations such as China and India – who increasingly appreciate the strategic value of brands, and have, over recent years, been building their own brands and acquiring corporate brands from the west. In another analogous context, reference can be made to the Intel inside campaign that resulted in greater brand connectivity and visibility: take a look at your computer/other computers for evidence of this.

Contemporary/critical branding perspectives

In recent times, critical and postmodern marketing thought has begun to meaningfully inform our comprehension of brands (Elliot and Percy, 2007). The latter, for instance, noted that brands are consumed not merely in terms of their functional value, but their symbolic value; in addition, this represents, perhaps, an augmentation of the work of Levy (1959). For example, brands are appropriated by individuals in order to convey to others a desired personal identity (*social-symbolism*). Brands may also serve a role in terms of self-definition and the creation of individual identity (*self-symbolism*). The realisation that brands (and corporate brands) are appropriated by individuals and groups for a variety of ends has caused marketing scholars to consider issues relating to corporate communication, and have argued that corporate brands create meaning rather than messages (Leitch and Richardson, 2003).

Drawing on the above, it is also apparent that groups do much of the same as do organisations. For instance, Brunel University has appropriated the brand identity of the legendary British engineer, Isambard Kingdom Brunel, as a means of conveying its identity to prospective students, faculty, stakeholders and other organisations, and as a means of forging its own identity: to me, these are examples of *corporate social symbolism and corporate self-symbolism?*

Practical and cerebral challenges of corporate brands

Corporate marketing academicians, and others, are increasingly attracted by the practical and cerebral challenges of the field. Increasingly, they are mindful of the penetrating and important insights on corporate brands offered by various scholars. These include cultural historians, economists, human resources scholars, organisational behaviourists, sociologists, among other disciplines.

One corporate marketing challenge is to keep abreast of such developments.

On reflection we can see that there is an enviable provenance within marketing scholarship of being open to penetrating insights from other disciplines. After all, marketing is and always has been broad in scope. One of its strengths is its ability to fuse theoretical and normative insights from a variety of disciplines to inform our comprehension of marketing as a philosophy, function and orientation; this is especially so in relation to the nascent domain of corporate marketing (Balmer and Greyser, 2006).

Of course, organisational marketers are faced with the cerebral challenges vis-a-vis the burgeoning research agenda in terms of explicating corporate brands. Scholars, in addition, are faced with the challenges of explicating the role of corporate brands vis-a-vis identity creation for individuals, groups, other organisations, nations and supra-national organisations.

Among the corporate branding issues requiring further elaboration include their nature, formation, management, maintenance, value and saliency; how they are co-created and consumed by customers, employees and stakeholders; how organisations align multiple identity types; how individual corporate brands are marshalled and underpinned by multiple institutions/corporate identities; how corporate brands are communicated by traditional and non-traditional modes of corporate communications; and through total sensory communication and how institutional brands create value in economic and in other terms.

The institutional branding concept has a clear practical applicability ranging from the multi-national corporation: the small, family, business; no-for-profit organisations, public sector entities and industry and sectoral alliances (airline alliances for example) among others. The utility and strategic importance of corporate brands will also need to be a key focus of organisational marketing scholars and others; we have an obligation to engage the cerebral and practical perspectives of this vital branch of corporate marketing.

Corporate brand inflation and vagueness

As an aside, it should be noted that reference to corporate brands can occasionally be used as a smoke screen. Corporate brands are not a management or organisational panacea; for instance, where there is lack of strategic focus or where a corporate marketing (stakeholder and societal) philosophy has not taken hold. Sometimes, for instance, the ardour shown by some CEOs, consultants and scholars in their reference to corporate brands occasionally results in the institutional brand being used as *a* – and perhaps *the* – metaphor for the organisation: it should be remembered that corporate brands are a distinct identity type that inhabits the minds of individuals and groups; it is a cognitive construct and some organisations are, in branding terms, weak. (To me, all organisations have a corporate identity – those organisational traits that make one institution distinct from another, but not all institutions have a clear and valued corporate brand promise.)

Such equivocation by organisations and senior managers may render a powerful, cognitive, corporate marketing construct – corporate brands – hollow and valueless. Fortunately, a clearer counterpoint is given by others who regard the organisational brand as a powerful perspective through which we can more fully comprehend a dimension of the business environment; more fully appreciate the multiple identities associated with organisations, and the way that institutional brands are created by organisations and individuals.

To me, along with corporate and organisational identity, it affords an additional, although powerful and highly meaningful, lens through which we can perceive and comprehend an important aspect of the corporate marketing domain.

Corporate brands: back to the future – the legacy of the 1990s

In the remainder of this article, I draw on a good deal of my own work on the territory (both individual and collaborative) dating back to 1995 when my first article – and musings – on institutional brands entitled *Corporate Branding and Connoisseurship* appeared in *The Journal of General Management* (Balmer, 1995).

At that time, reference to corporate brands was – or so it seemed to me then – in British contexts, was not/very occasionally mentioned in management parlance; received fleeting attention in branding books and for strategic and design consultancies; was ignored or viewed

as a dimension of an organisation's corporate identity. For the main, the branding domain was primarily concerned with the important marketing areas of product and services brands.

Of course, there were honourable exceptions: those consultants and writers who presaged the academic work in the territory, which appeared from the 1990s onwards and included Wally Olins (1978); and, importantly and to me, the late and greatly missed Stephen King (1991). Of note, too, are the contributions of the English branding consultant and writer Nicholas Ind (1997).

In a seminal and elegantly written paper by Stephen King in 1991, he argued that marketing scholars and practitioners should note the rise of importance of the corporation vis-a-vis product and services, and that, as a consequence, we should go back to the drawing board in terms of our comprehension of marketing. He also argued that we should focus on a new branding category, which he termed *company brands*.

Reflecting on my own work almost two decades after Stephen King's article, I can see how Stephen King's insight has greatly informed my own work in the early 1990s and continues to do so. We stand on the shoulders of giants such as King. Stephen King's work has been formative not only in terms of my work on corporate brands, but additionally in relation to my advocacy of what I consider to be a logical development of marketing thought: corporate marketing (Balmer, 1998, 2001a; Balmer and Greyser, 2006).

Stephen King (1991), to me, is a seminal/prophetic figure from the world of practice in the corporate brand domain as is Wally Olins (1978) in terms of his influential and highly insightful book 'The Corporate Personality: An Inquiry into the Nature of Corporate Identity'.

Enduring problems: corporate brand/corporate identity relationships and their links with verbal and visual identification

One of the problems of the period – and one that continues to endure – is the relationship between corporate identity and corporate brand identity and the role of verbal and visual identification in communicating a corporate identity and a corporate brand.

Of course, whereas some identity scholars are concerned with comprehending the nature and utility of identities and modes of identifications, some practitioners, understandably, regard discussion about the nature and links between corporate identity and corporate brand identity to be an arcane academic concern.

To me, corporate identity refers to the defining identity attributes of every organisation. Every organisation, therefore, has a corporate identity. Corporate identity is – to a large degree – based on *fact*. It is an institutional, economic and legal identity type.

Corporate brand identity refers to a distillation of corporate identity attribution into clearly defined perceived attributes and associations that are linked to a corporate name and, secondary, to an institutional marque. Corporate brand identity is a *perceptual/cognitive* identity type. It is an identity type that has especial meaning to groups and to individuals.

Institutional brands represent a distinct identity type that, over time, may be divorced from the original company identity and can have a value and life of their own.

Corporate brands are born out of corporate identities, but *live in the minds of groups and individuals*.

Verbal and Visual identification (company logos, house style and so on) have an important role in communicating *both corporate identities and corporate brand identities*. Thus, the Rolls Royce name and logo are identifiers for the Rolls Royce brand. In addition, it serves as the identifier for two corporate identities/organisations, namely the large British-owned Rolls Royce aero engine/engineering/ services corporation and the German-owned Rolls Royce automotive manufacturer.

Revisiting 'corporate branding and connoisseurship' (1995)

Back in 1995 I opined – both explicitly and implicitly – the following in relation to corporate brands and their management (Balmer, 1995):

a. The *de facto* corporate brand manager is the CEO, who will increasingly need to show their *connoisseurship of corporate brand management.*
b. Personnel are critical vis-a-vis corporate brand management. Whereas the CEO has ultimate responsibility for the corporate brand (he is the *de facto* corporate brand manager), everyone has a responsibility for the corporate brand. It is in effect an organisational-wide philosophy (such a perspective has informed my understanding of corporate marketing).
c. Corporate brand management is broad and clearly multidisciplinary in scope; *corporate strategy, corporate communications,* and, most importantly, *corporate culture* underpin and inform the aforementioned.

d. Corporate brands and corporate identities *are inextricably linked* (by inference, there is a bilateral relationship between the two identity types).
e. Corporate brand management is of strategic importance; policymakers needed to take account of this.
f. Corporate brand management was likely to emerge as a new management responsibility and by implication a cognate management activity.
g. Increasingly, institutions will find it *difficult to hide behind their product brands* with a more astute public wishing to know more about corporations, including their ethical policies.
h. The ascendancy of corporate brands was inexorable.

The article also noted a number of trends vis-a-vis the corporate branding as noted by two legendary figures in the field: Alan Siegel and Michael Peters. The former noted that policymakers at Proctor and Gamble increasingly viewed their corporation as a brand and, progressively, viewed their institution as, in effect, *'the ultimate corporate product'*. For his part, Michael Peters opined that in a world where products and services are rapidly imitated, *emotional attachment to the corporate brand* would emerge as a key institutional asset and would give corporations a competitive advantage (Balmer, 1995, p. 25).

More recently, (see Balmer, 2005b) I argued that corporate brands (vis-a-vis the AC^{4}ID Test of Corporate Brand Management) required the meaningful and dynamic alignment of *seven, key,* identity types namely: the *actual* (corporate) identity; *corporate brand* identity (the corporate brand promise); *cultural* identity, *communicated* identity, *conceived* identity, *ideal* (strategic) identity and *desired* identity (the CEO's vision).

A key aspect of established corporate brands is that they are separate and divisible from the institution from which they evolved; one reason why they should be regarded as a distinct identity type.

Of course, identities are not static and as the corporate brand covenant/promise changes over time so should the corporate identity so that actions reflect the promise; in short, they need to be in dynamic alignment: a failure to focus on the latter will mean that the corporate brand and the corporate identity are loosely coupled, and this can cause difficulties as our examination of the eponymous Hilton hotel brand revealed (Balmer and Thompson, 2009).

The corporate brand: what is it?

For me, the following articulates some of the key precepts of corporate brand and their management in that corporate brands are:

a. A distinct identity type and differs from corporate identity

A corporate brand is a distinct identity type (Balmer, 2001a) and, as such, corporate brands have a life of their own in that they can be bought, sold and borrowed (Balmer, 2005c, p. 41). Corporate brands as a distinct identity type 'have a life of their own' (Balmer, 2005c).

b. Derived from corporate identity

Corporate identities provide the foundation on which corporate brands are formed and that they are inextricably linked (Balmer, 1995, 2001a, b; Balmer and Thompson, 2009). As defined here, corporate identity refers to those organisational characteristics that anchor an organisation in a given period of time (Cornelissen *et al,* 2007). Within the literature, a number of authors assert that corporate brands and identities are interlinked Balmer (1995); Balmer and Gray (2003); Harris and deChernatony (2001).

c. Requires alignment with key identity types

Once established, a corporate brand identity requires alignment between diverse identity types. This approach, which is informed by what I have termed identity-based views of the firm (Balmer, 2008a), recognises the importance of diverse identity types. It is the task of policymakers to ensure that there is a meaningful and dynamic alignment between them. The latest version of the AC^4ID Test of corporate brands encompasses seven identity types: actual, communicated, conceived, covenanted, cultural, ideal and desired identities (Balmer, 2005c). An explanation of these identity types was provided earlier on.

The 2001 version of corporate brand management for instance (Balmer in Balmer and Greyser, 2003, p. 251) includes the covenanted identity (the identity associations relating to the corporate brand identity), and this was used as the basis for an examination of British Airway's corporate brand development (Balmer *et al,* 2009). This is shown in Figure 2.1.

The 2005 (Balmer, 2005c) version of the model includes corporate culture as a distinct identity type, but to date comparatively little reference has been made to this framework.

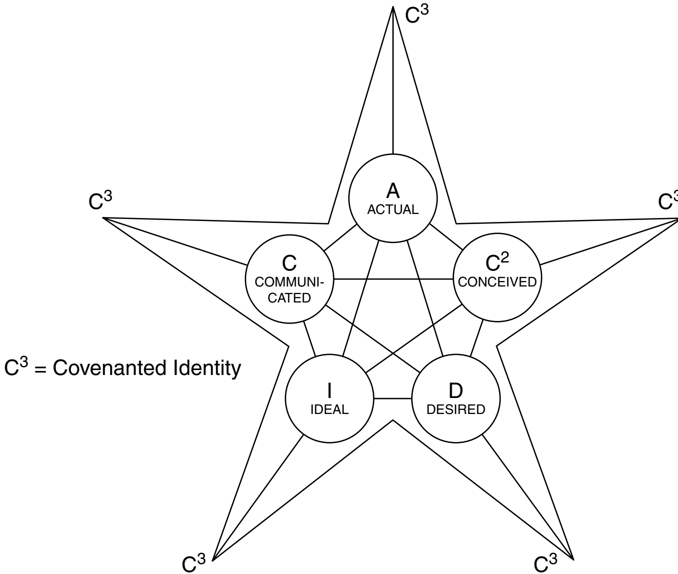

Figure 2.1 Balmer's AC^{3}ID Test of Corporate Brand Management^{TM}
Source: Balmer in Balmer and Greyser (2003, p. 251).
Note: Subsequently, an additional identity type – cultural identity – was incorporated into the framework: See Balmer (2005c), vis-á-vis the AC^{4}ID Test.

Where several or many organisations share the same corporate brand, it is imperative that corporate identities are meaningfully aligned with the corporate brand identity. For many years, the Hilton corporate brand was shared by two corporations and they worked to achieve a degree of synchronisation between the two institutions so that they more closely reflected the Hilton corporate brand promise (Balmer and Thompson, 2009).

It should be noted that the most recent version of the ACID test framework has a considerable provenance and draws on a long line of scholarship relating to identity alignment (Balmer and Soenen, 1999; Balmer, 2001c; Balmer and Greyser, 2002).

d. Is markedly different from product brands

Although there are key similarities between product and services brands, there are also key differences and these should be understood. This can be seen in terms of their *raison d'être,* disciplinary roots, management and communication.

By means of context, the notion of *brand touch-point* (Davis and Longoria, 2003; Elliot and Percy, 2007, p. 208) provides one means by which we can differentiate between product and institutional brands. Brand touch-points refer to the variety of brand interfaces and the resulting impressions that are formed: touch-points need to be managed by policymakers in order to create a *touch-point chain* (Hogan *et al,* 2005). To me, in the context of this commentary, *corporate brand touch-points* are broader and deeper in scope; impact on a variety of groups and are of especial significance to organisational members.

The difference between corporate and product brands has attracted my attention, as my initial interest in the area in the area (Balmer, 1995), and Table 2.1 details my understanding of these key differences.

e. Underpinned by a corporate covenant (the corporate brand 'promise')

At the heart of corporate brand management is an informal contract between the organisation and its customers, employees and stakeholders. This bilateral corporate brand covenant – or what is more colloquially termed 'a promise' – goes to the essence of corporate branding (Balmer, 2002; Balmer and Gray, 2003, p. 982). The maintenance of this covenant based on the promise of a bilateral relationship between the organisation and stakeholders *viz:* what is promised (from the corporate side) and what is expected (from the customer and stakeholder side) needs to be at the forefront of an organisation's deliberations. However, the nature of the covenant is evolutionary; can change with the passage of time and may differ among individuals, groups and in different contexts (*viz:* the perception of and, importantly, the consumption of corporate brands may differ between individuals, groups and cultural/national contexts).

Although individuals and groups can consume and create brand meaning – a meaning that may be different from the espoused brand promise conveyed by an organisation/s – the corporate brand promise is critical as it provides *a sounding board* by which individuals and groups can adopt, adapt – or indeed reject – the official corporate brand promise: corporate brand consumptions, relations and refutations do not easily take place in a vacuum.

f. Making a distinction between legal and emotional ownership of corporate brands

I have long argued that whereas legal ownership of corporate brands resides with one or more entities, the real value of corporate brands is

Table 2.1 A comparison between product and corporate brands

	Product brands	**Corporate brands**
Management responsibility	Brand manager	Chief executive
Functional responsibility	Marketing	Most/All departments
General responsibility	Marketing personnel	All personnel
Disciplinary roots	Marketing	Multidisciplinary
Brand gestation	Short	Medium to long
Stakeholder focus	Consumers	Multiple stakeholders
Values	Contrived	Real
Communications channels	The marketing communications mix	Total corporate communications Primary: Performance of products and services; organisational policies; behaviour of CEO and senior management; experience of personnel and discourse by personnel Secondary: Marketing and other forms of controlled communication Tertiary: Word of mouth
Dimensions requiring alignment	Brand values (covenant), product performance	Brand values (covenant) Corporate identity (corporate attributes/sub cultures) Corporate strategy vision (as held by the CEO and senior management)
	Communication Experience/image and reputation	Communication Experience/image and reputation
	Consumer commitment	Stakeholders' commitment (internal and external constituencies)
	Environment (political, economic, ethical, social, technological)	Environment (political, economic, ethical, social, technological)

Balmer (2001b).

to be found in the emotional ownership of institutional brands by individuals and groups both outside and inside the organisation (Balmer, 2005c).

These groups include not only customers, employees, suppliers, governments and many other stakeholder groups. It is the emotional ownership of brands that gives them considerable value.

g. The importance of personnel and of brand communities and cultures

Personnel are at the heart of the corporate branding process (King, 1991; Balmer, 1995, 2001a; Ind, 2001; Balmer and Gray, 2003; Schultz *et al,* 2005). This viewpoint is understood to inform the branding policies of a number of leading brands such as Virgin whose espoused branding mantra is to accord primacy to employees, then customers and thirdly shareholders. The realisation that employees are important is significant in terms of the theoretical development of corporate branding as increased focus was accorded to internal/organisational concerns, and this marketing insight opened up a dialogue between marketing and scholars or organisational behaviour and, to a lesser degree, human relations academicians. Sometimes the label *The employee brand* is used vis-a-vis corporate brands in terms of attracting and motivating personnel: employees being a key touch-point for the corporate brand.

To reiterate an earlier point, to me, the real value of corporate brands comes from the fact that emotional ownership/s resides with brands users and, moreover, with corporate brand cultures and communities. These brand communities can be of major importance in contributing to an individuals sense of identity: consider supporters of major football brands such as Arsenal, Liverpool or Real Madrid. The importance of this importance aspect of branding has attracted the attention of marketing scholars over recent years (Cova and Cova, 2001, 2002; Muniz and O'Guinn, 2001; Mc.Alexander *et al,* 2002; Schroeder and Salzer-Morling, 2006; Kozinets *et al,* 2007).

h. Multidisciplinary in scope

Traditionally, product and services brands have fallen within the purview of marketing and rightly so. In terms of corporate brands, it becomes apparent that as a distinct identity and branding type they have a far greater breadth and depth; for these reasons, corporate branding scholars need to marshal a much wider palette of disciplines in order to comprehend institutional brands. The nascent domain of corporate marketing affords one means by which this broad perspective can be achieved.

The multidisciplinary nature of the territory was articulated as follows (see Balmer in Balmer and Thomson, 2009):

- Corporate brands have their origins in an organisation's corporate identity (*ergo corporate identity management*).
- Require the coordination of management, marketing and organizational communications to ensure consistency in brand promise via

the association with the corporate name/logo (*ergo corporate communications management*).
- Impact upon many external/internal stakeholder groups where *emotional* ownership of the brand resides (*ergo stakeholder management*).
- In the delivery of brand promise requires consistency in product/service performance, brand heritage (where appropriate) brand ethos style, visual/design identification (*ergo integrated identity and identification management*).
- Are strategic in orientation, and therefore are a senior management concern (*ergo strategic management/leadership*).
- Require commitment from all personnel (*ergo human resource management/employee branding);*
- Impact on organisational structure as well as on other branding types (*ergo brand management and the management of organisational structure*).
- Can evoke strong emotional responses from stakeholders (*ergo the understanding and 'management' of brand tribes and cultures*).

i. Are key strategic resources as a currency, language and navigational tool

The notion that corporate brands are strategic resources is reflected in terms of them deriving value in terms – according to my comprehension – of being

- *a currency* (having financial value as a guarantee of quality);
- *a language* (strong brand names are readily understood;
- *a navigation tool* (as a means by which corporate brands are positioned).

See Balmer (2005c).

Marketing scholars have noted the strategic nature and importance of corporate brands are important, strategic, resources (Balmer and Gray, 2003; Knox and Bickerton, 2003). It has been concluded that institutional brands are major drivers of corporate value (Haigh, 2003, p. 32); are a magnet for investment (Barwise, 1993; Gregory and Sellers, 2002) and cushion a corporation in times of crisis (Greyser, 1999) and have a critical role in both attracting and retaining key staff (Einwiller and Will, 2002). They contribute to stronger corporate profits (Keller, 2003).

Balmer and Gray (2003) adapted the economic theory of the resource-based view of the firm to corporate brands, and this has, additionally, been applied to the British Monarchy in order to conceptualise its worth as an institutional brand (Balmer, 2008b).

j. Have a broader branding architecture (the significance of bilateral, tripartite and complex corporate branding relationships)

The strategic nature of corporate brands and the fact that they have a meaning not only to individual organisations, but also to groups of organisations has meant that traditional notions of brand architecture had to be reappraised and redefined. Table 2.2 reflects my earlier work in this regard (Balmer in Balmer and Gray, 2003).

k. Consumed in different ways by different individuals and groups

I have noted that corporate brands can be consumed by individuals and groups in a variety of ways (Balmer in Shroeder and Salzer-Morling (2006, p. 35).

Of course, along with positive associations towards brands, there may also be negative associations of course. As with any identity type, corporate brand identities and associations are characterised not only by what they are, but also by what they are not; by what individuals and groups like and what they detest. Thus, in British contexts some of the most loved and hated corporate brands include football clubs such as Manchester United.

To reiterate, some corporate brands are disliked and in some cases abhorred.

- Consumer consumption (the preference given to one corporate brand over another viz: Ford vis-a-vis Fiat).
- Employment (the status accorded to an individual through an association – through work – with a corporate brand (working for the BBC, Interbrand or for a town's most prestigious secondary school).
- Endorsement (the conferment of a Royal Warrant – 'By Appointment to the King of Spain' – to a company or, in industrial contexts, the winning of a contract to supply foodstuffs to Harrods Departmental Store in London).
- Association (the prestige accorded to a spouse whose partner is a University Don at Oxford University).
- Acquisitions (the purchase by Carnival Cruise Lines of heritage corporate brands such as Cunard, Costa Cruises and so on).

- Aspiration (the opening of a private bank account by individuals of modest means, who seek the status and service afforded by such institutions).

Table 2.2 The new corporate branding architecture typology

Monolithic – the use of a single verbal and visual identification across the organisation and its products and services. An example of this is the BBC.
Endorsed – this is where a subsidiary or business unit makes reference to the holding company's visual identity: products and product-services also do this. An example is *Royal Holloway College, London*, which is endorsed by *The University of London* and at the product level by *Shredded Wheat*, which is endorsed by *Nestle*.
Branded – these are stand-alone corporate, service or product brands that make no visual reference to the holding company. Examples (at the corporate level) include *Bentley* vis a vis *Volkswagon* (the parent corporation) and, at the product level, *Lea and Perrins Worcestershire Sauce vis a vis Heinz* (the parent corporation).
Familial – describes the sharing or adoption of the same corporate brand by two identities within the same industry. An example of this is the *Hilton organisation*, which was until recently shared by two separate organisations, one in the United States and one based in the United Kingdom.
Shared – this describes the same situation as above but with the organisations operating in distinct and sometimes related markets but under separate ownership. The UK-owned *Rolls Royce* brand operates both in the aero-engineering sector and in the automotive market: the *Rolls Royce* car marque is owned by *BMW*.
Surrogate – describes a franchise arrangement where one organisation's products or services are branded as that of another. This is quite common in the airline industry, for example*, British Regional Airways use of the British Airways brand*.
Federal – is the creation of new corporate brand by separate companies that pool resources in joint venture to, in effect creating a new identity/company. Examples of these are the Airbus Consortium and Eurofighter.
Supra – this is a relatively new phenomenon, and, again, is common within the airline industry. A supra brand is derived from several as opposed to a single corporate entity, and it is characterised by ethereal and virtual qualities. Examples of this are Alliance (corporate) Brands *viz*: the *One World Alliance and the Star Alliance*, both of which include numerous other airlines as 'affiliate members'.
Multiplex – describes a situation where there are multiple uses and possibly multiple ownership/rights of a corporatebrand among a variety of entities in a variety of industry sectors. *The Virgin and Easy* (Group) brand is an excellent example of this phenomenon. Richard Branson's empire exists across many sectors including airlines, finance, cosmetics, rail, soft drinks and many more.

Adapted from Balmer in Balmer and Gray (2003).

l. Not only corporate brand adherents, but also corporate brand detractors as well as terrorists

Although a good deal of the literature details the benefits of corporate brands, there are also disadvantages, and scholars familiar with identity theory will appreciate that issues of difference and of groups that are 'in' and 'out' are central to our association to various identity types (Balmer, 2008a). For instance, some of the most hated corporate brands in Great Britain are Manchester United Football Club, McDonalds and the supermarket chain Lidl (Balmer, 2005c). Of course, many people also like these brands. The degree of brand antipathy can vary between brands and among different groups. For instance, in the United Kingdom some ethnic communities resent the so-called 'Coca-Colonisation', and this has led a minority of Muslim shopkeepers to offer Islamic alternatives to Coca-Cola such as Mecca Cola, Quibla Cola and Zanzam Cola (Balmer, 2005c and *The Economist,* 2004).

Discussion: the new identity and brandscape

As we have seen, since the mid 1990s, the ascendancy of corporate brands has permanently altered our comprehension of the brandscape, challenged traditional approaches to marketing, and has given rise to a new branch of marketing thought: corporate marketing.

Theoretical, conceptual and normative insights associated with the construct and management of the corporate brand may be seen to have provided a meaningful foundation for the nascent domain of corporate/organisational marketing.

The corporate marketing philosophy, as with our comprehension of corporate brands/corporate brand management, shares certain similarities. This is because both have an explicit institutional as well as a stakeholder foci; both, to me, are central to our comprehension and management of other, key, corporate-level concepts including corporate communication, corporate reputation and, importantly, the centrality of corporate identity to both.

In addition, we can observe that institutional as well as corporate brand identification in its various manifestations are highly meaningful to our comprehension of both *viz:* identification *from* organisations/the corporate brand; individual and group identifications *to* corporate identities/corporate brands; individual and group identifications *with* organisational as well as corporate brand cultures at both the level of the group as well as at the individual (Balmer, 2008a, b).

To me, these developments have broadened and heightened our understanding of identity and identification; have caused us to reappraise the relationships between organisations, customers, stakeholders, employees and society at large. It has also caused us to reflect on how individuals, groups, societies and national polity of nations *use, consume and repudiate* corporate brands.

As our comprehension of corporate brands evolves, we are likely to segment corporate brands into various categories such as business-to-business; public; not-for-profit; international; local; educational; financial; pharmaceutical, religious and ethical.

Of course, scholarships on the above areas have already begun: collaborative and individual work on monarchies as corporate brands is a case in point, and one critical insight from this study was the identification of *corporate heritage brands* as a distinct category of corporate branding (see: Balmer *et al*, 2006). Subsequently, we explored this category in greater detail (see: Urde *et al*, 2007).

Finally, what is clear to me is that corporate brands have made me – and I believe many others – to reflect on the nature of the modern organisation and its associated identities along with the mix of bilateral identity relationships among brands, institutions, customers, employees and stakeholders.

Importantly, and to reiterate, it has caused us to reflect on the key precepts of marketing and has led to the identification of an institutional/identity-based stakeholder-focussed marketing philosophy: corporate marketing.

In bringing this commentary to a close, to me, the past 15 years has witnessed extraordinary developments in the corporate branding domain, and we now more fully understand the nature of corporate brands and their management. The next 15 years are likely to be at least equally so. For corporate branding scholars, policymakers and consultants, these are indeed exciting times.

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3 The Importance of Corporate Brand Personality Traits to a Successful 21st Century Business

Kevin Lane Keller and Keith Richey

Introduction

As markets continue to mature and competition within industries grows fiercer, companies will not succeed purely on the basis of what products or services they offer. Although these core functions of the business are unquestionably still crucial, other aspects such as company culture and corporate citizenship have increased in relative importance in determining a company's ability to compete.[1–3] As a result, the success of a 21st century business will be defined as much by *who* it is as *what* it does.[4,5] Historically, the identity of a company resulted solely as the consequence of what that company did. Increasingly, the reverse will be true, and the former will impact the latter.

What a company is and how it presents itself to the consumer are defined by its corporate brand personality. *Corporate brand personality* is a form of brand personality specific to a corporate brand. Brand personality is understood as the human characteristics or traits that can be attributed to a brand.[6] The way brand personality is commonly explored in consumer research is by asking questions such as: 'If the brand were to come alive as a person, what would it be like? What would it do? Where would it live? What would it wear? Who would it talk to if it went to a party (and what would it talk about)?'

Although the concept of brand personality is relevant to both product brands and corporate brands, there is an important distinction that can

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be drawn between the two types of brands that affects how the brand personality concept should be applied. A corporate brand is distinct from a product brand in that a corporate brand can encompass a much wider range of associations.[6] For example, a corporate brand may be more likely to invoke associations based on people and relationships; programs and values; and corporate credibility; as well as on common products and their shared attributes or benefits. Procter & Gamble is an example of a corporate brand that has a more broadly defined and differently composed set of associations than those associations of the product brands it owns (eg Tide, Pringles, Mr Clean, Pantene, Iams, etc.).

Consequently, corporate brands will typically have a set of personality traits that is broader and differently composed than the set of personality traits for each product brand owned. By its nature, a product brand is defined by what it does and represents, whereas a corporate brand is defined as much by who it is as what it does. Unlike a product brand personality that typically relates to consumers and user imagery for a specific product brand, a corporate brand personality can be defined in terms of the human characteristics or traits of the employees of a corporation as a whole. A corporate brand personality will therefore reflect the values, words and actions of employees, individually and collectively.

Importantly, a successful 21st century firm must carefully manage its corporate brand personality. The corporate brand personality should reflect the corporate values held by the organisation. For example, if environmental stewardship is one of a company's core values, then attributes such as 'responsible' and 'caring (for the environment)' would be reflected in its set of brand personality traits. In this way, the corporate brand personality is shaped by the corporate values. A company's corporate brand personality traits as seen by consumers and the general public should be aligned with the company's internally espoused values.

Only once a corporation solidifies an appropriate set of personality traits that are consistent with its values and drive employee behaviours can it attain sustainable success against its competitors. In this paper, a perspective on corporate brand personality traits is offered. Specifically, it is contended that there are three key sets of traits that collectively define corporate brand personality. Maximising performance of the organisation on these three sets of traits is therefore crucial for business success in the 21st century.

Corporate brand personality traits

Externally, corporate brands can establish a number of valuable associations in the minds of customers and other key constituents that can help to differentiate the brand, such as common product attributes, benefits or attitudes; people and relationships; programmes and values; and corporate credibility.[7–10] Regardless of how it is constituted, a corporate image will depend on a number of factors, such as the products a company makes, the actions it takes, and the manner in which it communicates to consumers.

A key component of the corporate image is the corporate brand personality. In the past, brand personality has been studied at the product level. Aaker[11] examined the brand personality attributed to 60 US product brands and found they fall into five main clusters: (1) sincerity, (2) excitement, (3) competence, (4) sophistication and (5) ruggedness (see also Aaker *et al.*, 2001).[12] Product brand personality is strongly defined in terms of user imagery—characteristics of consumers who use or are intended to use a brand. Brand personality is seen as a means for consumers to express their actual or idealised self-image.

Corporate brand personality, however, is much more about perceptions of employees—both senior management and customer-facing—that make up the company as well as the organisation as a whole. Corporate brand personality reflects the values, actions, and words of all employees of the corporation. In a business-to-business setting, corporate brand personality is often determined by direct contact with a wide range of employees. As a result of the different focus, corporate-level traits transcend individual products that the firm sells and the five product brand personality dimensions.

One useful means to characterise corporate brand personality dimensions is in terms of the tripartite view of attitudes,[13] which consists of affective (feelings), cognitive (thoughts) and conative (actions) dimensions. Specifically, we believe that the corporate personality traits of a successful 21st century business can be grouped into three dimensions related to the 'heart,' the 'mind' and the 'body' (see Figure 3.1). These dimensions reflect three distinct sets of personality traits that can guide employees in the organisation and influence how the company will be viewed by others.

– The 'heart' of the company is comprised of two traits: *passionate* and *compassionate*. The company must be passionate about serving its

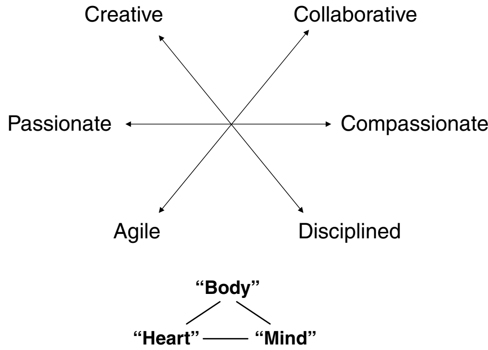

Figure 3.1 Corporate personality traits

customers and competing in the market and must have compassion for employees, stakeholders, and members of the communities in which it operates.

- The 'mind' of the company contains two traits: *creative* and *disciplined*. A successful company must be creative in its approach to serving its customers and winning in the market, while also adopting a disciplined approach that ensures appropriate and consistent actions across the organisation.
- The 'body' of the company is made up of two traits: *agile* and *collaborative*. The successful company must possess the agility to profitably react to changes in the market and also employ a collaborative approach that ensures it works well together inside and outside the company toward common goals.

Note that the identification of these three core dimensions of corporate brand personality is broadly consistent with earlier academic work that empirically analyzed approaches to corporate identity research and identified three core dimensions of the 'Corporate Identity Mix:' Soul, Mind and Voice.[14,15]

Next, we discuss these three corporate brand personality dimensions in detail. For each of the three dimensions, two additional sub-dimensions are identified that capture the primary corporate personality traits within these dimensions.

Heart: passion and compassion

The 'heart' of the organisation involves passion and compassion. Employees of successful 21st century firms must be passionate about

the company, its brands, and their jobs.[16,17] If they do not feel strongly about what they do, then it will be difficult to motivate them to adopt other vital corporate personality traits. The passion felt by employees for their specific roles in the company must extend to their business, the industry in which it competes, and the products and services it offers customers. It is especially imperative that employees be passionate about what they do for their customers. As customers are the core asset of any company, every employee must have a strong desire to assist the company in its commitment to the customer. For example, GE ensured that the customer's interests would remain a top priority internally by establishing the 'Voice of the Customer' process for identifying what matters most to customers and allocating resources accordingly.

The 21st century firm must care deeply about all its stakeholders, from its customers to its employees to the members of the communities in which it does business. Customer care, for example, can be demonstrated with customer rewards programs, enhanced customer service, or by responding to customer needs with new products and services. Citibank's 'Thank You' rewards program for its banking customers is a recent example of a customer care initiative. Employee care can be manifested by enhanced benefits, employee recognition programs, or profit participation and shareholding schemes such as Starbucks 'Bean Stock' program, which gives every Starbucks employee shares in the company. Community care can be demonstrated by corporate social responsibility initiatives or cause-related marketing efforts such as Avon's Walk for Breast Cancer. Additionally, the firm must show care for the environment, which can be shown through efforts to use clean energy sources in manufacturing or programs to reduce the pollution produced by the finished products themselves. Ben & Jerry's demonstrated its care for the environment by splitting the traditional financial bottom line into a 'double' bottom line, which included a measurement of the environmental impact of their products and processes.

Passion provides the internal drive for employees, but it must be tempered by a concern for others via compassion.[18] Nike is an outstanding example of a company whose passion for athletics and athletes has fuelled great marketing success, but is compassionate to others in many different ways. Nike exhibits compassion to society as a whole through their various community initiatives such as the NikeGO program to 'get kids moving and give them a means to do it' and Zoneparcs in the UK to transform playtime at UK primary schools; environmental initiatives such as Nike Considered, which uses different footwear materials

and construction to minimise waste and toxic substances, and the Nike Reuse-A-Shoe recycling program; and corporate responsibility initiatives through best practice methods in supply chain management and involvement with the Global Alliance.

Mind: creativity and discipline

The 'mind' of a successful business must be creative but disciplined. In particular, 21st century firms must possess creativity to overcome the trade-offs inherent in virtually all aspects of business. In many ways, the most fundamental challenge of management is how to reconcile or address the many potential tradeoffs that can exist in making marketing and other decisions. Figure 3.2 lists a number of the different possible trade-offs or conflicts that can occur in making strategic, tactical, financial, or organisational decisions for a company.

For example, a strategic tradeoff occurs between building product performance and crafting an appealing brand image, since these strategies typically require different competencies and skills. Financially, sales-generating and brand-building activities are often in conflict. One of the surest ways to increase sales is to reduce the price, but sustained price

- **Strategically**
  - Retaining customers vs. Acquiring customers
  - Brand expansion vs. Brand fortification
  - Product performance vs. Brand image
  - Points-of-parity vs. Points-of-difference
- **Tactically**
  - Push vs. Pull
  - Continuity vs. Change
  - Classic vs. Contemporary image
  - Independent vs. Universal image
- **Financially**
  - Short-run vs. Long-run objectives
  - Sales-generating vs. Brand building activities
  - Accountable/Measurable tactics vs. not
  - Quality maximization vs. Cost minimization
- **Organizationally**
  - Global vs. Local
  - Top-down vs. Bottom-up
  - Customization vs. Standardization
  - Internal vs. External

Figure 3.2 Some marketing trade-offs

reductions may lead to consumer perceptions of the brand as 'discount' or 'cheap,' which would detract from brand strength. Additionally, the organisational tradeoff of customisation versus standardisation reflects the fact that increasingly customers desire products and services that are tailored to their specific needs, but it is typically more cost-efficient for companies to produce a standardised version than a customised one. Clearly, trade-offs are pervasive and must be made in the context of constrained – and often fairly limited – resources.

But marketers do not want to necessarily sub-optimise and emphasise one dimension or the other. A better approach would be to 'finesse the difference' and achieve synergy between the two dimensions. Marketing balance in this way could occur by shrewdly reconciling the decision trade-offs – that is by finessing the conflicting dimensions There is virtually no way to do so, however, without creative, imaginative solutions.

For example, creative advertising can be designed that both entertains *and* sells products, as was the case with the California Milk Processor Board's Got Milk? campaign. Brand equity-building promotions that also move product can be devised, as was the case with Procter & Gamble's promotion for Ivory soap that reinforced a key attribute of 'floating' and a key benefit of 'purity' while also increasing sales. Robust brand positions can be established that stake out unique competitive territory by simultaneously creating points-of-party and points-of-difference, such as was the case with Apple's 'The Power to Be Your Best' ad campaign in the mid-1980s which reconciled the seemingly negatively correlated benefits of 'easy to use' (a point of difference) and 'powerful' (a point of parity) in the minds of consumers.

In each of those cases, creativity and innovative approaches overcame tough marketing dilemmas. Innovations must go beyond solving trade-offs, however, to also address other organisational issues. Firms must demonstrate the ability to find new solutions to old problems. For example, Procter & Gamble, consistently among the most innovative packaged-goods companies, recently created a more efficient way to clean persistent bathroom stains with the launch of the Mr Clean Magic Eraser, which contains a specialty chemical foam made by BASF.

A successful firm must also be disciplined in its approach to growing its business, which in itself at times can present a trade-off with creativity. While it is necessary to encourage and maintain creativity in the organisation, this creativity must be focused to a certain degree. A successful firm must concentrate on leveraging its core competencies and

maintaining focus on its core business, rather than pursuing any new business opportunity that arises. This can be best achieved by setting appropriate priorities that provide clear direction to all members of the organisation as to what its business goals are and how they can be met.

If firms are to compete successfully in today's rapidly changing marketplace, they must transcend the current status quo and find creative ways to systematically deliver differentiated and unexpected value to consumers. For example, 3M encourages a culture of innovation by requiring its scientists to spend 15 per cent of their time pursuing research that interests them outside their specific role in the company. As a result, 3M consistently delivers innovative, creative, and, importantly, differentiated products that bring value to consumers.

With the '15per cent rule,' the company manages the creativity of its employees so that this creativity augments its core business, rather than distracting from it.

To further maintain discipline, the 21st century firm must resist following the latest management fads, since frequently reorganising or restructuring a business to follow untested management philosophies can be distracting and even damaging. Similarly, the firm must avoid the 'grass is greener' syndrome, in which the firm de-emphasises some existing businesses and markets in favour of building new businesses and/or competing in new markets that seem more attractive for reasons such as that they are growing faster or have fewer competitors. Then, a few years later, the firm repeats the move, shifting again into another new business or market. The firm affected by the 'grass is greener' syndrome overlooks the fact that success cannot be sustained by continually chasing business trends.

Body: agile and collaborative

Finally, the 'body' of the firm involves being agile and collaborative. A successful 21st century firm must possess the agility to capture and deliver value to consumers in the face of challenging market dynamics. Many changes have occurred in the marketing environment in recent years. Undoubtedly, the marketing environment will continue to evolve and change, often in very significant ways, in the coming years. Shifts in consumer behaviour, competitive strategies, government regulations or other aspects of the marketing environment can profoundly affect the fortunes of a firm. Besides these external forces, the firm itself may engage in a variety of activities and changes in strategic focus or direction that may necessitate minor or major adjustments in the way that its brands are being marketed.

Consequently, effective brand management requires proactive strategies designed to at least maintain—if not actually enhance—brand equity in the face of all of these different forces. The firm must be able to move forward quickly to take advantage of new opportunities in the market. Google is currently capitalising on its agility to move rapidly into new markets such as IP telephony, wireless internet access, and video content provision as well as challenging entrenched competitors in established markets such as e-commerce, publishing, desktop software and classified ads.

The 21st century firm must also adapt its business model to changing conditions. As noted above, it is important to apply the appropriate level of discipline to ensure that these changes do not dilute the strength of its core business. To be truly successful in the long term, the 21st century firm must be proactive, rather than reactive. Being proactive requires that a firm anticipate what changes will be necessary in the future and proactively address them. Innovation and relevance in all that it does will require much agility by the firm as it ensures that it continually moves forward, but does so in the right direction.

Finally, the successful 21st century firm must encourage collaboration among its employees and seek a closely collaborative atmosphere with its business partners. Increasingly, a key goal of marketing is to develop deep, enduring relationships with all people or organisations that could directly or indirectly affect the success of the firm's marketing activities.

Internally, the firm must foster a culture of inter-departmental teamwork. Only when employees willingly seek opportunities to collaborate can a firm develop the agility to overcome business challenges. Externally, the firm must develop a network of partners that offer complementary assets and competencies, have common corporate values and beliefs, and jointly create synergistic effects. For example, Wal-Mart invites close collaboration from its biggest suppliers by requiring them to permanently staff teams at the retail giant's Bentonville, Arkansas headquarters.

Successful collaborations result from relationship marketing that cultivates the right kind of relationships with the right constituent groups. Four key constituents for marketing are customers, employees, marketing partners (channels, suppliers, distributors, dealers, university scientists, agencies, etc.); and members of the financial community (shareholders, investors, analysts). Relationship marketing builds strong economic, logistical and social ties among all these relevant parties.

Successful relationship marketing offers the potential of smoother operations and superior customer solutions. The ultimate outcome of

relationship marketing is the building of a marketing network—the company and all its supporting constituents and stakeholders with whom it has built mutually beneficial relationships.[19] Marketing networks are invaluable company assets. Increasingly, competition is not between companies but between marketing networks. Winning companies will be those that build better net-works, in part through a strong spirit of collaboration.

Developing strong relationships requires understanding the capabilities and resources of different groups, as well as their needs, goals and desires. Each party must be treated differently. Rich, multifaceted relationships with key constituents create the foundation for a mutually beneficial arrangement for both parties.

Conclusions

A whole greater than the sum of the parts

A corporate brand personality is defined in terms of three main dimensions, each of which can be defined in terms of two key traits: the 'heart' (passionate and compassionate), the 'mind' (creative and disciplined) and the 'body' (agile and collaborative). Importantly, the effects of these three pairs of corporate personality traits are enhanced by each other. In other words, corporate personality traits can have a multiplicative or interactive effect, not an additive effect.

For example, passion can be the engine for creativity. Employees who live the brand and are close to their customers are more likely to energetically pursue new solutions. Creativity, in turn, facilitates agility, as firms are better able to respond and react appropriately. As another example, being disciplined allows for more productive collaborations as the rules of the game are clearly established between partners. In short, a corporate personality that maximises these three dimensions and six traits should be better able to create valuable synergistic effects.

One profitable direction for additional research study is to profile the conditions favouring these synergistic effects. What circumstances must prevail to maximise these interactions? It will also be useful to relate these corporate personality dimensions to other corporate image dimensions, for example corporate credibility and associated perceived expertise, trustworthiness and likeability.

In closing, it is important to emphasise that the corporate personality starts with the company's employees, who bring this personality to life and actually determine who a company is. A company can instill

the right values and personality attributes in its people by establishing corporate-wide values for everyone to live by, investing in recruiting and training, communicating objectives openly and listening to its employees. For many firms, the employees are the face of the company to the consumer and it is therefore imperative that they embody the corporate personality the firm aspires to build. If everyone in a company acts with 'heart,' 'mind' and 'body,' then the company will be in a better position to succeed in the 21st century.

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4
Managing the Franchised Brand: The Franchisees' Perspective

Leyland Pitt, Julie Napoli and Rian Van Der Merwe

Introduction

Brands and their management have become a focal point of marketing practice and academic study in recent years. There has been a great deal of controversy and discussion regarding what brands are, what they do, how they can be valued and how they should be managed.[1,2,3] As observers such as Tom Peters[4] admonish one to 'Brand, Brand, Brand!', some corporations are questioning the wisdom of entrusting what may be their most critical assets to anyone but senior managers.[5] The future of brands has been questioned by some authors,[6,7] but others have sought to reaffirm their centrality,[8–10] implicitly asking, 'What is the point of marketing without brands?' Managers are admonished in an astonishing range of articles and popular texts to manage brands, yet most of these exhortations focus on important, but relatively isolated, aspects of overall brand management.

As senior executives have become imbued with the shareholder value philosophy, the importance of intangible assets has become apparent. The potential for harming shareholder value through inappropriate management of brands is immense, however. Research in this area has predominantly drawn attention to the need for developing brand identities,[11] designing brand portfolios,[12] managing brand extensions,[13] developing integrated marketing communication activities[14] and, of course, measuring the value of the brand.[15] Moreover, there seems to

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be a general agreement that successful brand management leads to successful brands, which, in turn, contributes to high brand equity. While such discussions have certainly identified critical areas to be considered by brand managers, these studies are largely academic in nature and, in some ways, provide limited guidance to practitioners on the specific tasks required to be effective brand managers. This is often further compounded in situations where responsibility for the management of a brand is diffused, such as in franchise arrangements and international licensing agreements. This issue has, in part, been addressed by Keller[16] who has developed a comprehensive checklist of the salient activities that organisations should address in managing their brands. His brand report card not only consolidates many of the varying perspectives on brand management, but also offers a simple way for managers to gauge the effectiveness of their brand management activities.

This paper explores the use of the brand report card in a franchising situation. The authors briefly review the literature on brand management, and also the unique situation that prevails in a franchise environment. They then describe a study that incorporates the brand report card as a simple but powerful instrument for the measurement of perceptions of brand management in a franchise situation. The paper concludes by offering some prescriptions on the management of brands in a franchise environment and also identifies opportunities for further research and practical application.

Brand management: the need for an integrated perspective

Developing and managing a strong brand in today's marketplace is becoming an increasingly difficult process. Brand proliferation,[17,18] media fragmentation,[19] the influx of information technology,[20] increased competition and costs,[21–23] retailer power and changing consumer values[24–26] have all contributed to the mounting pressures placed on brands and the brand management system. This has resulted in a diversity of perspectives proffered on the salient dimensions of brand management. For instance, Park *et al.*[27] propose three stages of brand management, which require the implementation of different brand positioning strategies. Similarly, Keller[28] suggests that the brand management process entails maintaining brand consistency, protecting sources of brand equity, fortifying or leveraging a brand and adjusting its marketing programme. Ultimately, the practices and philosophies adopted by an organisation should be driven by the single strategic purpose of creating a difference.[29]

Several researchers have focused on specific elements of the brand management process. Some, for instance, have touted brand identity as an issue of cardinal importance, suggesting that a brand should be clearly differentiated, offer superior value compared to rival offerings[30,31] and resonate with a target audience.[32] This involves clearly delineating the brand's purpose or vision,[33,34] its tangible and intangible characteristics and benefits, and the type of relationship sought with a consumer.[35,36] Some proponents argue that devising an appropriate brand identity is, in fact, the critical first step in maintaining customer loyalty and earning profits[37] and should drive the entire brand-building efforts of the organisation.[38]

Other observers have primarily considered brand architecture.[39,40] For many organisations, brand portfolios have become increasingly complex and detailed. With this has come the need to devise a coherent brand architecture that clearly designates the role and function of individual brands within that structure.[41] In contrast to the more traditional approach of mapping relationships between brands in a portfolio, Leder and Hill[42] suggest that corporations should direct their efforts towards creating what they call a 'brand molecule'. A brand molecule is a graphical representation of the interconnections that consumers make between all the brands owned by an organisation, as well as those owned by competitors. Its power rests in its ability to show all the forces that impact on a brand in a clear, graphical way. When such brand structures are in place, an organisation can critically assess the wisdom of a proposed brand extension, addition or deletion, thus avoiding potentially costly mistakes.[43,44]

Attention has also been given to the need for developing effective communication strategies for a brand that support its identity and positioning.[45,46] These researchers emphasise that efforts should be directed towards creating a unique and positive message about a brand and developing synergy and consistency across all communication efforts.[47,48] Finally, marketing scholars have highlighted the need to measure brand performance and monitor changes in brand equity. Instituting an effective feedback mechanism can help clarify a brand's meaning, capture consumers' reactions to tactical and strategic changes to a brand and monitor a brand's ability to stay relevant to consumers.[49] This is vital to the long-term success and viability of a brand.

Within the modern business landscape, there is an incessant need to take a more holistic perspective of brands and their management. Only recently has a consolidation of the salient brand management practices transpired. Keller[50] develops a brand report card that integrates many of the themes discussed above and provides a checklist for managers to assess their performance along these dimensions.

Brands and franchising

Obtaining feedback on the overall performance of brand management is important to any branded and branding organisation, regardless of the industry or market in which it operates. It is especially true, however, when the business structure of an organisation is such that the organisation itself has limited control over the management of its brands, as is the case with franchise operations. The process of brand management presents a unique challenge to franchises in that:

- responsibility for developing and managing a successful brand rests with all parties involved in the agreement
- neither the franchiser nor franchisees has complete control over the brand management process
- all parties are mutually dependent on one another.

This co-dependence suggests that to achieve success, the branding activities of franchise organisations should be well coordinated and integrated between all parties involved in the management of the brand. Furthermore, franchise partners need to be aware of the brand management activities for which they are responsible and ensure that these activities are carried out accordingly.[51] While this seems intuitively logical, few studies have explored this issue in any depth. As such, the main objective of this paper is to identify the brand management practices commonly adopted within franchise organisations and explore the relationship to brand performance. Specifically, this study seeks to:

- construct a simple, yet robust and reliable scale for the measurement of overall brand management effectiveness, based on Keller's[52] brand report card
- determine the underlying dimensions of such a scale
- establish basic indications of the validity of this scale by correlating scores on it with overall measures of brand management effectiveness and the perceived value of the franchise.

The brand report card

Based on the characteristics or dimensions that the world's strongest brands share, Keller[53] constructed a brand report card that provides a systematic way for managers to assess their brand's performance along each of these dimensions. The ten attributes that comprise the brand report card include:

1. The brand excels at delivering the benefits customers truly desire.
2. The brand stays relevant.
3. The pricing strategy is based on consumers' perceptions of value.
4. The brand is properly positioned.
5. The brand is consistent.
6. The brand portfolio and hierarchy make sense.
7. The brand makes use of and coordinates a full repertoire of marketing activities to build brand equity.
8. The brand's managers understand what the brand means to consumers.
9. The brand is given proper support that is sustained over the long run.
10. The company monitors sources of brand equity.

Within each of these ten dimensions, Keller[54] raises further questions that managers should address in the management of their brands. Focusing just on the ten general brand management statements, however, rather than the sub-statements, allows for a quick, yet effective way of assessing an organisation's overall brand management approach. For this reason, Keller's brand report card forms the basis of this study.

The research: instrument conceptualisation, sample and methodology

In conceptualising an instrument to measure the perceptions of franchisees of the overall effectiveness of the management of a brand, the authors focused on the ten attributes of strong brands identified by Keller.[55] These items were summarised into statements that could then be scored on a Likert-type scale anchored on 1 (I strongly disagree) through to 9 (I strongly agree). In addition, an overall statement on the firm's management of its brand compared to competitors was used to assess the overall quality of brand management, and to act as an independent measure of the construct of brand management effectiveness. Finally, a statement assessing the respondent's perception of the values of the brand franchise they had bought into, relative to other franchise alternatives, was included. Both of these items were measured on the same nine-point scale referred to previously. The questionnaire is shown in Table 4.1.

A large national franchiser granted permission for franchisees to complete the questionnaire, on the understanding that the data would be made available to the company. The questionnaires were distributed

Table 4.1 Descriptive statistics and alpha coefficient for the brand report card

Item		Mean	Std. Dev.
1	The brand excels at delivering the benefits customers truly desire.	6.48	1.16
2	The brand stays relevant to what customers want under current market conditions.	6.33	1.18
3	The way we price our services under this franchise is based on customer perceptions of value.	6.03	1.47
4	The brand is properly positioned against competitors in our marketplace.	6.40	1.18
5	The brand is consistent in the marketplace – we don't send out conflicting messages to customers.	6.42	1.18
6	The brand portfolio and hierarchy make sense – every product and service we market is there for a reason and makes sense in our mix.	7.00	1.15
7	The brand utilises and coordinates a full repertoire of marketing tools and activities to build brand equity.	6.66	1.17
8	Those responsible for managing the brand understand what the brand means to customers.	6.97	1.37
9	The brand is given proper support and that support is sustained over the long run.	7.04	1.24
10	In this franchise all the sources of brand equity are monitored.	6.78	1.14
11	Overall, the brand is managed better, compared to our competitors.	7.33	1.21
12	For the same amount of money, a franchisee could not buy a better franchised brand than this one.	7.38	1.31

Alpha = 0.87.

to the 172 participants (out of a total of 195 franchisees) who attended the annual conference for franchisees, an explanation of the project was given, and their participation requested. On collection of the questionnaires, seven had not been completed, and six were only partially completed, which meant that 159 questionnaires were used in the subsequent analysis. This represents 81.5 per cent of the total holders of the franchise.

Data analysis

Descriptive statistics, in terms of a mean and standard deviation, are shown for the brand report card in Table 4.1. The alpha coefficient for

the ten-item scale was also calculated, and this was 0.87. This indicates that the scale used possesses acceptable internal consistency, as the alpha exceeds the generally accepted commercial cut-off of 0.7. In general, franchisees perceive the brand to be well managed on items 6 (the brand portfolio and hierarchy make sense) and 9 (the brand is given proper support), and less effectively managed on item 3 (pricing according to perceived value), with all the other items somewhere in-between. Overall, respondents generally agreed that their franchised brand was well managed, and that for the same money one could not purchase a better franchised brand.

In order to obtain a better understanding of the underlying structure of the brand report card, the ten items were subjected to a principal components factor analysis, with varimax rotation and employing the eigenvalues greater than one cut-off rule. The results of this analysis are reported in Table 4.2. Two factors emerged, explaining 60.5 per cent of the total variance. From Table 4.2 it is clear that the ten items of the brand report card split quite neatly into two components, which seems to make intuitive sense. The first five items load together, and all seem to tap into an external marketing environment composed of customers and competitors. This dimension was labelled the *external* dimension of brand management. The last five items all relate to factors within the organisation, and this factor was labelled the *internal* dimension of brand management. The mean performance on these dimensions (aggregated across the nine-point scale) is 6.34 and 6.89 respectively, seeming to indicate that franchisees perceive that the brand is being better managed internally than externally.

In order to establish the effects of the internal and external dimensions of brand management on franchisees' overall perceptions of brand management effectiveness compared with competitors' brand management, as well as to provide an indication of the convergent validity of the brand report card, the dimensions were regressed onto item 11 in Table 4.1. The results of this procedure are reported in Table 4.3.

As can be seen in Table 4.3, the R^2 of 0.415 is significant at $p < 0.05$, indicating that a significant proportion of the variation in overall perceptions of brand management effectiveness versus competitors' brand management is accounted for by the dimensions of brand management contained in the brand report card. It should, however, also be noted from the analysis that it is only the *internal* dimension that is a significant predictor. The significance of the regression does provide a good indication of the convergent validity of the brand report card checklist.

Table 4.2 Factor analysis of the brand report card scale

Rotated components matrix

	Component initial eigenvalues			**Extraction sums of squared loadings**			**Rotation sums of squared loadings**		
	Total	**% of variance**	**Cum.%**	**Total**	**% of variance**	**Cum.%**	**Total**	**% of variance**	**Cum. %**
1	4.74	47.37	47.37	4.74	47.37	47.37	3.28	32.79	32.79
2	1.32	13.15	60.52	1.32	13.15	60.52	2.77	27.72	60.52

	Component	
	1	**2**
1 The brand excels at delivering the benefits customers truly desire.	0.723	
2 The brand stays relevant to what customers want under current market conditions.	0.757	
3 The way we price our services under this franchise is based on customer perceptions of value.	0.833	
4 The brand is properly positioned against competitors in our marketplace.	0.739	
5 The brand is consistent in the marketplace – we don't send out conflicting messages to customers.	0.758	
6 The brand portfolio and hierarchy make sense – every product and service we market is there for a reason and makes sense in our mix.		0.600
7 The brand utilises and coordinates a full repertoire of marketing tools and activities to build brand equity.		0.746
8 Those responsible for managing the brand understand what the brand means to customers.		0.652
9 The brand is given proper support and that support is sustained over the long run.		0.766
10 In this franchise all the sources of brand equity are monitored.		0.749

Extraction method: Principle component with varimax rotation.
For clarity of interpretation, factor loadings of < 0.4 are suppressed.

Table 4.3 Multiple regression – Dimensions on overall perceptions of brand management versus competitors

Model	***R***	***R*²**	**Adjusted *R*²**	**Std. error of the estimate**
1	0.644	0.415	0.407	0.93

Model		**Unstandardised coefficients**		**Standardised coefficients**		
		B	**Std.**	**Beta**	***t***	**Sig.**
1	Constant	1.369	0.595	–	2.301	0.023
	External	0.0431	0.091	0.035	0.474	0.636
	Internal	0.825	0.099	0.623	8.349	0.000

Further evidence of the convergent validity of the brand report card checklist, as well as insight into the effects of brand management on perceptions of franchise value, are provided in the multiple regression shown in Table 4.4. The dimensions of the brand report card are regressed on item 12 in Table 4.1 (whether for the same money a franchise could purchase a better franchisee than the one under consideration). The R^2 in this instance is 0.28, significant at $p < 0.05$, which indicates that the dimensions of the brand report card checklist are important determinants of franchisees' perceptions of brand value versus alternatives. Further evidence of the convergent validity of the brand report card checklist is provided by this analysis. Again, however, it is only the *internal* dimension of the brand report card that is a significant predictor, and not the external dimension.

These results suggest that activities within the direct control of franchisees play a more significant role in shaping their perceptions regarding how well the brand is managed and its relative value. This may be indicative of their belief that the organisation not only needs to 'get the basics right' in terms of pricing, positioning and so forth, but also tactical and day-to-day brand management activities are equally, if not more, important for sustaining long-term brand value. Further research in this area may reveal whether this situation arises within other franchise organisations and, if so, why internal factors are the more important predictors of brand performance.

Conclusions and directions for future research

In this brief paper the authors have demonstrated the application of a simple checklist based on Keller's[56] brand report card in a franchised

Table 4.4 Multiple regression – Dimensions on overall perceptions of franchise value compared to alternatives

Model		***R***	**R^2**	**Adjusted R^2**	**Std. error of the estimate**	
1		0.529	0.280	0.271	1.12	
		Unstandardised coefficients		**Standardised coefficients**		
Model		***B***	**Std.**	**Beta**	***t***	**Sig.**
1	Constant	1.968	0.717	–	2.744	0.007
	External	0.091	0.110	0.068	0.826	0.410
	Internal	0.702	0.119	0.487	5.889	0.000

brand environment. The checklist has been shown to possess good internal consistency or reliability, as well as convergent validity. It could be used with reasonable confidence to assess the effectiveness of brand management practices in a franchised brand environment in particular, but may also be equally applicable in other brand management situations. Keller[57] has developed a more detailed approach to the evaluation of the ten issues covered in the short checklist, but the authors argue that the short checklist can provide a reliable brief snapshot of the effectiveness or otherwise of brand management practices.

The brand report card checklist could be used to assess the perceptions of a large group of franchisees of brand management effectiveness and, in a more general application, it could be used to gauge the perceptions of large groups of managers in sizeable organisations. It may then be possible to identify unique clusters of franchise organisations based on the brand management practices and philosophies that are adopted. From the perspective of both researchers and practising managers, it would also be valuable to use the checklist both as an outcome variable in the assessment of those issues that lead to effective brand management, and as a predictor variable that is an antecedent to other important organisational variables, such as market share, customer satisfaction and various measures of financial productivity.

It is perplexing that the findings of this study indicate that it is only the internal dimension of brand management that is a significant predictor of overall brand management effectiveness and overall franchise value. Further research will need to be undertaken to establish whether this is perhaps due to some kind of internal focus or marketing myopia among the franchisees studied here, or whether, indeed, this situation manifests itself in organisations generally.

There are several limitations to be noted with this study. First, data were collected from only one franchise organisation and based on a convenience sample. Thus findings cannot be generalised to other franchise organisations. Secondly, respondents may be less objective in their assessment of how well the franchise brand is managed, both internally and externally, and its relative value, given that they are 'part owners' of the business. In spite of its limitations, this study offers some empirical insights into the brand management practices of a franchise organisation. With increasing pressures from the external and internal environment, it is clear that long-term survival will require continued effort towards building, managing and measuring brand success.

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5

Alliance Brands: Building Corporate Brands through Strategic Alliances?

Hong-Wei He and John M.T. Balmer

Introduction

The last two decades have witnessed most major airlines entering into alliances with other carriers. In part, this strategy is seen as an alternative to a formal merger or acquisition. This is because a formal merger or acquisition can be fraught with difficulties. There can be problems relating to national pride[1] and in terms of regulatory restraint. These obstacles, more often than not, are insurmountable. This helps to explain why airline alliances have become prevalent: they are an attractive substitute to a formal merger and acquisition.

The principal beneficiaries of such alliances are the airlines themselves. Alliances offer advantages in terms of economies of scale, access to landing slots and a doorway to foreign markets.[2] Their existence allows airlines to pool personnel, aircraft, technologies and the development of route networks, including global freight services. Other attractions include the reduced costs relating to the servicing of aircraft. Airlines also acquire greater leverage in terms of alliances, securing advantageous terms with regard to the purchase of aircraft and fuel.[3] From the above, it would appear that in terms of competitive advantage, airline alliances rather than airlines on their own are becoming important discriminators and strategic assets. In terms of customer benefits, airline alliances habitually claim to offer passengers

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benefits in terms of seamless travel and service support and increased opportunities for accruing air miles underpinned by a shared marketing effort.[4]

Part of the new weaponry of alliances has been according alliances the status of brands. Within the airline sector, airline alliances have become a very attractive strategic option for the reasons cited above. Moreover, the downfall in air travel after the September 11 catastrophe, the deregulation of many markets in Asia, Europe and North America and the rapid rise of low-cost carriers have resulted in airline alliances being seen as a necessity for most well-established airlines. The largest airline alliances are as follows: oneworld, Star, SkyTeam, Wings and Qualiflier. The emergence of such branded alliances (alliance brands) poses significant challenges and opportunities for scholars in exploring the newly emerged concept of corporate brand and corporate-level marketing.[5,6]

The introduction of the embryonic branding category of an alliance corporate brand represents unchartered territory in the field of brand management. This is because most attention to date has focused on product and service brands, whereas little attention has been accorded to corporate brands, let alone alliance brands. Yet the importance and profile of alliance brands within the airline industry is a crucially important development. Moreover, the importance of alliance brands, as articulated above, would indicate that branding at the corporate level has more in common with strategic planning than with marketing planning. As such, it would appear that a good deal of the extant literature on brands and brand management is only partially useful when applied to corporate-level branding; no more so is this the case than with alliance brands.

What is apparent is that alliance brands and corporate brands specifically represent one of the most fascinating phenomena of the business environment in the 21st century. They appear to be adored, venerated and coveted by both customers and organisations.

This paper begins with an overview of the nascent literature on corporate brands. This is followed by an outline of the study and an examination of the principal findings. Finally, the implications that flow from the study are examined.

Alliance brands in the context of corporate brands

Before reviewing the concept of corporate brands, the paper first presents a cursory review of brand management. Brand research has

been prolific for decades with the works of Aaker,[7] de Chernatony,[8] Kapferer[9] and Keller[10,11] being of particular note. It has become more salient and robust recently for many reasons. Only a few examples are provided here. First, brands, especially global brands, have been targets of anti-globalisation and anti-capitalist criticism. Thus brand champions/advocators have attempted to address such spreading sceptical attitudes by reiterating the economic, social and political values of brands. Secondly, the concept of brand has been applied to a much broader boundary, which includes place brand, political brand, national brand, service brand, corporate brand, non-profit brand, etc. Thirdly, there has been the remarkable progress of quantitatively measuring the value of brands, which in turn has spawned the dramatic proliferation of positivist empirical research on brand management, eg brand equity, brand image, etc. Finally, and probably most importantly, new branding techniques have emerged, such as brand extension, co-branding, brand alliances and, most recently, alliance branding. Of these, alliance branding is the least researched area. On the other hand, alliance branding can be examined in the context of corporate branding and corporate-level marketing, given the fact that alliance brands have closer linkage with corporate brands than product or service brands. Moreover, alliance brands also can be examined in the context of brand alliances, given that alliance brands are primarily based on alliances among different brands, but go beyond brand alliances by being accorded brands for the alliances. Alliance branding is becoming popular in service sectors. One example is the alliance brands in the airline industry, such as oneworld and Star etc. Another example is loyalty cards, eg Nectar and Air Miles.

Corporate brands

Corporate branding is currently generating considerable excitement from management scholars, as recent special editions on corporate brands illustrate.[12,13] Moreover, account is being taken of the protestations made by King,[14] Balmer[15] and more recently by Kapferer[16] for scholars and managers to face up to the changes presented by what are now called corporate brands but were at one time simply known as 'company brands'. Curiously, corporate brands represented a missing dynamic in management thought and practice until quite recently. Corporate brands are applicable not only to corporations and subsidiaries, but to other organisations and entities, including countries, cities and regions.

They are also applicable to certain types of alliances such as those that inhabit the airline sector.

This review of the literature suggests that the following issues relating to corporate brands are of particular interest to both academicians and practitioners: character, benefits, relationships, management, brand architecture and explanations for their increased salience.

Character

At the core of the corporate brand/corporate brand management is an explicit covenant between an organisation and its key stakeholder groups, including customers.[17] The notion of the covenant does of course carry religious overtones and this can be seen to be indicative of the power of brands. Indeed, Kapferer[18] notes that strong brands can be compared with religions. In the literature this covenant is more usually referred to in terms of 'a promise' which does not capture the emotional and transcendent nature of brands – a relationship that is enduring, and immutable. In contrast, notions of 'promise' appear to be transitory in nature, even though this is widely referred to within the literature.[19–21]

Typically, the corporate brand covenant is defined by an organisation's senior management often in terms of a clearly articulated corporate-branding proposition. It is promoted through multiple channels of communication and is experienced through the organisation's products and services and, most importantly, through staff behaviour.

Benefits

Scholars and others note that multiple benefits are associated with corporate brands. Research undertaken by MORI (the British opinion research consultancy) among senior managers found that a corporate brand had a perceived value in terms of increased profile, customer attractiveness, product support, visual recognition, investor confidence, as well as encapsulating organisational values and providing employee motivation.[22] Others have made similar observations.[23,24] It has been found also that branded companies have an edge in finding venture partners.[25] Corporate brands often accrue real financial value, for example, the $12.6bn buyout of Kraft by Philip Morris (six times its book value) being directly attributed to the goodwill associated with its corporate brand.[26] It has also been estimated that 59 per cent of Coca–Cola's, 61 per cent of Disney's, and 64 per cent of McDonald's capitalisation is attributable directly to the value associated with the corporate brand.[27]

Relationships

A corporate brand may be viewed as an *informal contract*, in that the company needs to articulate its accord with its key stakeholders by demonstrating, unceasingly and over time, that it has kept true to its corporate branding pledge. As such, the brand name and/or logo play an important part in creating awareness and recognition, and also as 'signs' of assurance. However, a number of authorities have cautioned against seeing branding as a one-way process that affects the image of those engaged in some form of branding partnership, such as customers and employees. This is because these groups also have a key role in defining a brand's image.[28] Such groups are, in effect, corporate brand communities, and it is their loyalty to a particular brand that helps to explain the real value of corporate brands. Whereas legal ownership of a corporate brand resides with one or more entities, emotional ownership of a corporate brand is to be found within a corporate brand community.

Management

Within the literature, there is a growing consensus that corporate brand management is markedly different from traditional brand management, in that it is far more complicated, has a strategic imperative (the brand manager being none other than the CEO) and is multidisciplinary in scope.[29–32] There is wide consensus that personnel are important in corporate brand building and maintenance. Research undertaken by Einwiller and Will[33] found that not only senior but also middle management commitment is a prerequisite for successful corporate branding; a perspective supported by Van Riel and van Bruggen.[34] It has also been argued that a corporate brand should be championed by organisational members.[35] In addition, coherence and consistency are presumed necessary for corporate branding.[36–39]

Brand architecture

The recent literature relating to corporate brands has revealed the complex set of relationships that characterise corporate brands or what is sometimes referred to as 'corporate brand architecture'. Complexity reveals itself in the myriad of relationships in terms of ownership and use of the corporate brand; the latter giving rise to an increased interest in questions relating to corporate brand architecture.[40–42] Brand architecture also refers to the relationships among and between corporations and subsidiaries, but it can also boundary-span organisations and

industries. In addition to the traditional tripartite conceptualisation of brand architecture in terms of the sole use of the corporate brand name (monolithic), the endorsement by individual product brands with the corporate brand name (endorsed), and standalone product or subsidiary brand names without reference to the corporate brand name (branded) as identified by Olins,[43] Balmer and Greyser[44] identified six, additional types. These are: *familial* (where two organisations in the same industry sector share the same corporate brand such as Hilton); *shared* (where two or more organisations share the same brand but operate in different sectors such as Rolls Royce cars/aero engines companies); *surrogate* (where the corporate brand is licensed through franchise arrangements as with McDonald's and the Body Shop); *supra* (a corporate brand as pertaining to entities such as the United Nations, the Commonwealth or to a business alliance); *multiplex* (a corporate brand used in multifarious sectors and where there can be shared ownership, as with the case of Virgin, eg Virgin Atlantic, Virgin Megastore, Virgin Financial Services); and *federal* (a distinct business entity and corporate brand that is underpinned by a federal business arrangement as with Airbus, eg EADS and BAE systems).

Explanations for increased salience

The increased salience of corporate brands is also attributable to factors within the business environment. There are at least five environmental forces underlying the growing importance of corporate branding: the growing importance of capital markets; shortage of high-calibre personnel; creating synergy between brands; as a means of nurturing consistency throughout multinational corporations; and as a response to growing demands for transparency.

Alliance brands: the case of oneworld

This paper has previously argued that alliance brands can be examined and understood by placing them in the context of the existing framework of corporate branding. As such, alliance brands have the potential to enrich an understanding of corporate brand issues, such as benefits, architecture, management and salience. This section will present a case study of one major and highly visible alliance brand within the airline sector: oneworld.

Methods

As the above overview of the corporate branding literature illustrates, the literature on the field is developing apace. However, corporate

brand management and formation is still an emerging field of inquiry. Moreover, there has been a dearth of empirical work. In relation to alliance brands there has been a lack of both empirical and theoretical contributions within the literature.

The lack of empirical work on the phenomenon of airline alliance brands was instrumental in the decision to utilise the case study method. Both Yin[45] and Eisenhardt[46] have argued that the case study method is appropriate for explorative research into a previously unexplored occurrence.

Multiple methods of data collection were used for this study, with the authors drawing on a substantial amount of secondary data from within the public domain. In addition, primary data were also obtained through contact with a variety of senior managers within the alliance (both the alliance company and within individual airlines). The data were analysed using the principles of content analysis.

The findings generated from the case study are not meant to be generalisable, but to be explorative and explanatory. oneworld, as a case study, meets Yin's[47] criterion of a unique/rare case for exploration of a new type of brand architecture. However, the findings from case studies are transferable and modifiable[48] to similar contexts. For example, the findings might be transferable and modifiable to other airline alliances and/or alliances in other sectors or cross-sectors. The oneworld airline alliance was selected as it is one of the most successful alliances, and one of the founding airlines of the alliance (British Airways) is based in the UK, as are the researchers. The alliance was formed in September 1998 by British Airways and American Airlines. Canadian Airlines, Cathay Pacific Airways and Qantas joined shortly afterwards. At the launch of the alliance the Chief Executive of American Airlines gave the following rationale for its formation:

> 'We started this alliance effort by recognising it's all about people. We want to enhance the travel experience for our customers, improve the competitive position of our respective airlines and thus provide opportunities for our employees, as well as create value for our shareholders by building the world's premier airline network. We're prepared to set the standard for the industry by being the best and we think we have all the tools to make that happen.' [quoted at Weblink: http://www.oneworld.com/pressroom/releases/details.cfm?ObjectID=1550 (27/March/2006)]

The alliance is underpinned by the oneworld management company having its base in Vancouver (Canada). The company is governed by a

board that comprises the CEOs of eight member airlines. The oneworld company generates income by charging a small percentage of its fees. However, ownership of the oneworld brand resides with the airlines rather than with the management company. The size of equity in the brand mirrors the relative size of each airline.

Issue 1: oneworld branding

The current brand-building activities of oneworld focus on vision, brand promise and delivery, corporate visual identity, corporate advertising and sponsorship. In essence, a somewhat simplistic and narrowly conceived conceptualisation of corporate brand management has characterised oneworld's brand-building activities.

Vision, brand promise and delivery

The creation of a distinct identity and a clear statement of vision were key elements in the brand-building activities for the alliance (see Table 5.1). Two key stakeholder groups were identified as being of importance for the brand, namely, customers and member airlines. This strategy appears to have certain logic. oneworld's brand promise appears to be encapsulated in the brand's strapline: 'oneworld revolves around you'. This core message appeared to be a key component of the airline's communications strategy. The rationale for the brand was explained as follows in the media:

> 'The oneworld brand is about bringing people together: The name oneworld and the oneworld logo represent togetherness and unity. They reflect who we are and what we are doing – airlines working together to bring the peoples of the world closer together.' [quoted at weblink: http://www.oneworld.com/pressroom/releases/details.cfm?ObjectID=1548 (27/March/2006)]

Table 5.1 Oneworld's vision

Making global travel smoother, easier, better value and more rewarding.
Offering travel solutions beyond the reach of any airline's individual network.
Providing a common commitment to high standards of quality, service and safety.
Creating a world where customers always feel at home, wherever their journey may take them.
Delivering its airlines with savings and benefits greater than any can generate by itself.

The alliance has recognised how critical it is to achieve congruency so that service delivery, communications and reputations support and reflect the brand promise encapsulated around the oneworld theme and logo. For instance, the creation of a global network of flight travel is an indispensable element. Finnair, for example, is seen to contribute to the oneworld brand vision in terms of its Nordic coverage and good reputation.

As one manager remarked:

> 'Gradually the member airlines are committed to certain common principles which will ensure consistency in these aspects mentioned above. Also the chosen airlines (oneworld members) have committed to common product delivery requirements and without fulfilling those you cannot be a member. The selection process of new carriers covers various aspects regarding quality, service, brand etc.'

The alliance has also recognised, and accommodated, diversity and the particular strengths of individual airlines in that each member airline has its own vision in relation to the alliance. For example, Finnair's oneworld vision is, 'Value Creation and Competitive Advantage by being the Champion of oneworld's Nordic Dimension'.

Corporate visual identity

The creation of a distinctive visual identity is a prerequisite for most brands and the alliance has invested a good deal of time in its development. Although simple in design, the logo was designed to be easy to spot in crowded airports, and was seen to have an important role in terms of worldwide support for oneworld customers. In crafting the logo, the designers took care that the logo could function as a standalone marque or be used alongside the logos of the partner airlines. They also wished the logo to reflect a key tenet of the brand's positioning in terms of simplified travel. As a senior member of oneworld's management company commented:

> 'As far as the logo is concerned, it must reflect the logos of the five founder airlines, something that is appealing around the world. And a lot of research has been carried out. Something that reflects the spirit of oneworld. We want to make the travel simple, so the logo is pretty simple and works well with each of the airline's logos.'

Corporate advertising

Considerable effort has gone into creating awareness and a distinct positioning platform for the brand in terms of customer benefits,

membership of the alliance and awareness of the brand name and logo. Substantial sums have underpinned such strategies, with $35m having been dedicated to the integrated global marketing communications campaign of 2000. The alliance's 1999 advertising won the 'Best International Campaign' award from the leading advertising industry magazine *Media Week*.

Sponsorship

The oneworld message has also served as a guide to the sponsorship activities engaged in by the alliance brand. The most notable of these is its collaboration with UNICEF, begun in 1999, which has the objective of raising funds of US$25m in a five-year period. There is an obvious synergy in terms of global reach between the United Nations and the oneworld alliance.

The above branding activities suggest that oneworld, backed by a oneworld management company, is managed as a corporate brand in its own right by a range of conventional corporate-level marketing tools, eg corporate identity, corporate advertising and corporate sponsorship. However, oneworld's position as a brand is more complex than might at first be appreciated due to the fact that the oneworld alliance brand is inextricably linked with the corporate brands of its member airlines, not only institutionally but also from the perspectives of both customers and employees.

Issue 2: oneworld brand status

From the data collected and in the context of extant definitions of brands/corporate brands the authors are ambivalent regarding the status of the oneworld alliance as a corporate brand. Taking the most rudimentary definition of a brand in terms of a mark of ownership, identification and differentiation, then oneworld is incontrovertibly a brand, especially a corporate brand. The oneworld marque is distinct, enjoys high visibility, and appears to have high awareness. However, this represents branding *at its most elementary*. It is clear that oneworld meets the criteria of an image-building device as noted by Galbraith,[49] in that the notion of an international alliance (and of a closer world in travel terms) clearly underpins the brand name and logo (a roundel signifying the world) with the 'one' depicted in a bold logotype. In terms of being a symbol that represents brand values,[50] a means by which individual identities are constructed[51] and a conduit by which pleasurable experiences may be consumed[52] the oneworld brand remains a relative adolescent.

One explanation for oneworld's relatively underdeveloped status as a corporate brand is that it has not achieved full maturity. This may be an important insight, as the next stage of the corporate brand's development ought to entail the imbuing of the brand with clear values: values that are of benefit to individuals and values that have a value in the creation of individual identities, associated with pleasurable experiences.

The case study provided further insights. Although it has been argued that airline alliances have the elements of being suprabrands that endorse individual airline brands, the research revealed that respondents viewed the alliance brand as a sub-brand, which is endorsed by airline brands. This is because the alliance does not provide the services itself and because corporate brand communication is still very much focused around the brand positioning of individual airlines. One senior manager of the oneworld alliance voiced that 'oneworld has been a sub-brand of all the individual brands. For example, the oneworld sign is always adjacent to carrier logos except advertising for oneworld.'

Figure 5.1 illustrates the current status of the oneworld brand in relation to the airline brands within the alliance. It reflects the finding that the corporate brands of individual airlines are stronger than the alliance brand. Moreover, in terms of relationships between airline brands and the alliance brand, these were found to be mutually endorsing, although not as strongly as for endorsed brands. As such, this challenges the vertical branding architectural structures developed by Olins[53] and Balmer and Greyser,[54] but suggests that horizontal relationships might require more attention than has hitherto been the case.

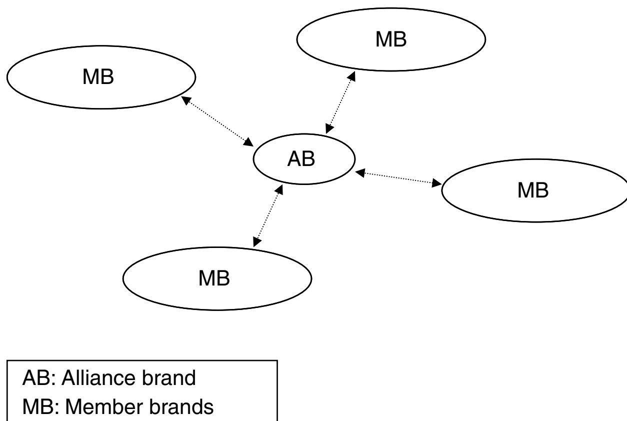

Figure 5.1 The current status of the oneworld brand

Discussion

As a relatively unexplored field of inquiry, the alliance brand presents opportunities as well as challenges for corporate brand management. Two research questions were proposed for this study. What are alliance brands? And what are the implications of alliance brands for corporate brand management? This preliminary study offers some tentative answers to these two questions. It was found that whereas a great deal of emphasis had been accorded to recognition, awareness and promotion of the alliance as a corporate brand, comparatively little had been done with regard to the development of distinctiveness in terms of brand values. This is a core tenet of branding. As such, it appears that a narrow conceptualisation of branding has informed those having responsibility for the brand; consequently, the oneworld brand is in an adolescent stage of development. It is difficult to conceive the oneworld brand as having very much in the way of brand equity.

However, some evidence was found to show that both the alliance brand and individual airline brands benefited to some degree from mutual endorsement. Looking at the long term, it also seems apparent that if the widely predicted consolidation in the airline sector materialises, then an alliance brand such as oneworld has the potential to provide the brand foundation for the establishment of a large international airline that will emerge as a result. In this sense, airline alliance brands might have a more considerable strategic role than has hitherto been realised.

This study revealed that alliance brands are more complicated than was originally thought, and offer challenges in terms of management (the management of the alliance brand in the context of the strong corporate brands of its members). Although this paper is concerned with airline alliances, it is believed that this represents an important study in terms of alliances as brands.

As an explanatory study, this work is not without its limitations in terms of focus on one airline alliance. (The Star Alliance, for example, appears to enjoy greater distance from its member airlines and as such different insights from the oneworld study are likely to be revealed as a result.) Moreover, branded airline alliances are relatively recent phenomena and are still in their early stages of formation and as such there is a temporal limitation.

In contrast to these limitations this appears to be one of the first studies examining airline alliances as corporate brands. To date, the nature and management of alliance brands has received little attention. In part, this is understandable, as corporate branding studies are

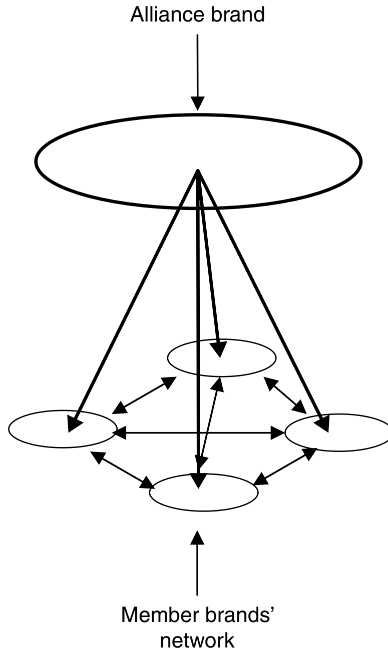

Figure 5.2 The hypothetical status of a strong oneworld brand in the future

a nascent area of management scholarship. In terms of future research, longitudinal studies of individual alliances such as oneworld and the sector in its entirety are likely to be revelatory, especially with regard to the shifting relationships within the alliance. Over time, the relationships as depicted in Figure 5.2 might possibly come to fruition, with the alliance brand being the dominant brand and having an important role in endorsing individual airlines. For this to happen, however, the alliance brand needs to grow in maturity and to acquire values that are not only flexible enough to endorse the plethora of airline brands, but which have a value that offers real benefit to customers and airlines alike.

Further issues

The most significant contribution of this paper probably lies in the various research questions and managerial challenges it raises.

Research issues

From the research point of view, this study suggests various research questions that need to be addressed. First, comparative case studies should be undertaken to examine longitudinally the evaluation of alliance brands, such as oneworld, Star, Nectar, AirMiles etc. Such in-depth case studies can offer a more comprehensive understanding of the current practices of alliance branding, how it is different from conventional branding, and what benefits it can offer to corporate branding.

Secondly, studies relating to the measurement of alliance brands are badly needed. Brand equity measures have been used widely for valuing product brands. However, due to the huge differences between product brands and alliance brands, can the measures (especially the dimensions of the construct) of brand equity be applied to alliance brands? This is both a theoretical and an empirical question. Theoretically, it is suggested that alliance brand equity is different from product brand equity, as quality and price are probably the most fundamental dimensions of product brands. For alliance brands, however, this is not the case. Even if both brand equity measures are similar, the weights of various dimensions might be different. Empirically, inductive and theory-building research is desirable to identify the possible dimensions of alliance brand equity. This study can be followed by quantitative surveys to verify and refine the alliance brand equity measures. By such means, the similarities and differences between product brand equity and alliance brand equity can be explicated empirically. Such a process can also be applied to alliance brand image measures.

Thirdly, establishing and verifying measures for alliance brand equity and image is only the first step to understanding more profound issues, such as the added value of alliance brands for corporate brands, the interplay between alliance brands and corporate brands, and the interplays between alliance partners' corporate brands. As the creation of alliance brands poses a new cognitive, affective and conative object for customers who probably already have cognitive, affective and conative attachments to corporate brands, it is extremely important to examine how these different but inextricably linked brands interplay in the minds of customers (and/or other stakeholders). For example, will alliance brands reinforce or dilute corporate brands, and vice versa? Will different alliance partners' brands reinforce or dilute each other due to the fact that they are bound together by not only a strategic alliance, but also an alliance brand? Empirical consumer brand research into this could follow a combination of employing both fictitious alliance brands and real alliance brands as external stimuli to trigger subjects'

response to alliance brands (and/or corporate brands) in terms of brand equity or brand image. Such research design could be replicated to other stakeholders, especially organisational employees, as the corporate brand influences not only customers, but also organisational employees in terms of their psychological attachment to the organisation, such as organisational identification.[55,56]

Managerial issues

From the managerial perspective, there are significant issues for brand management. These issues are based on the assumption that companies have already made the decision to form a brand alliance.

For example, with whom do firms form brand alliances? Decision on this issue should be guided by both functional and operational considerations, but also brand perception/positioning considerations. In the case of oneworld, flight geographic coverage (from a global strategy perspective) was the driving force to form the brand alliance, while the selected partners also strictly considered their corporate brand image.

Whether to brand the alliance? Most brand alliances do not have a brand name for themselves. To brand an alliance is a long-term strategic issue, because once the new alliance brand is established, it requires long-term commitment from all alliance partners to build and maintain the alliance brand. Moreover, the new alliance brand can have strong interplay (positively or negatively) with the existing corporate brands.

Alliance brand management is a new challenge for brand managers. The following questions are also exceptionally important for alliance branding.

- How to build up the alliance brands and how far an alliance brand should be built?
- How many brand alliances (or alliance brands) to participate or establish?
- Is conventional (corporate) brand management applicable to alliance brands?
- What are the extra considerations for alliance brand management?
- How to manage consistency (or diversity, whichever is applicable) among the different corporate brands and alliance brands?
- How to manage different stakeholders from the perspective of brand equity and image?
- How to manage reputation risk of the alliance brands?
- How to repair the relationship rift, if there is any, between different corporate brands and alliance brands?

Conclusion

This paper investigated the relatively recent international phenomenon of airline alliances from a corporate branding perspective. Although this is a preliminary inquiry, it appears to be one of the first of its kind and, as such, it is believed to be of greater significance than might otherwise appear to be the case.

The study suggests that branded airline alliances are different from traditional airline alliances in that alliance brands have the potential to assist individual airline brands by drawing on the positive associations/ brand values associated with the corporate brand. The branding of an alliance involves a plethora of traditional corporate brand activities, such as vision, brand promise, brand values and the establishment of a strong visual identity. It was also found that the oneworld brand is currently viewed as a sub-brand by the airlines themselves. However, the paper argues that the oneworld brand might eventually become a suprabrand and, as such, have an important role with regard to the endorsement of individual airlines. This could only happen when the oneworld brand is underpinned by distinctive values and is characterised by a distinctive brand promise/corporate brand covenant.

It also became apparent that alliance brands present managerial and organisational challenges. As an interorganisational phenomenon, this branding category transcends the organisational boundaries that traditionally characterise corporate brands. As such, achieving consistency in customer experience, reputation, recruitment and training, and accommodating cross-cultural issues represent major challenges. Moreover, the insights from the initial study appear to support the extant view that corporate brand management needs to adopt a multidisciplinary perspective. This is because corporate brands, and particularly alliance brands, are increasingly being viewed not only as a marketing but, moreover, as a strategic tool. Finally, the preliminary findings reported here have led to the identification of various research and managerial issues that need to be addressed. This study advocates that more attention should be directed to the new brand management phenomenon that is the alliance brand.

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6

The Role of Internal Branding in the Delivery of Employee Brand Promise

Khanyapuss Punjaisri and Alan Wilson

Introduction

The rise of corporate marketing and corporate branding has raised awareness of the crucial role that employees play in corporate marketing and the corporate branding process. The historical analysis of corporate-level constructs since the 1950s by Balmer[1] reveals a number of concepts such as corporate image, corporate identity, corporate branding and corporate reputation. All these different corporate-level perspectives and concepts are synthesised under the 'corporate marketing vortex'.[2] The corporate marketing mix of Balmer as shown in Figure 6.1 outlines how the aforementioned concepts can possibly be orchestrated. Table 6.1 also gives a brief summary of each element of the corporate marketing mix. The focus of this paper is on the '*covenant*' element of the six corporate marketing mix elements. Covenant looks at corporate marketing from the perspective of corporate branding.

As corporate branding is about multiple stakeholders interacting with the organisation's employees, its success largely relies on employees' attitudes and behaviours in delivering the brand promise to external stakeholders.[3] To be recognised as highperforming rather than mediocre, firms have to understand and orchestrate their employees. Under this light, internal branding has emerged as a key process to align the behaviours of employees with the brand values.[4,5]

Despite the growing interest in internal branding, there has been limited research conducted into the processes required to encourage

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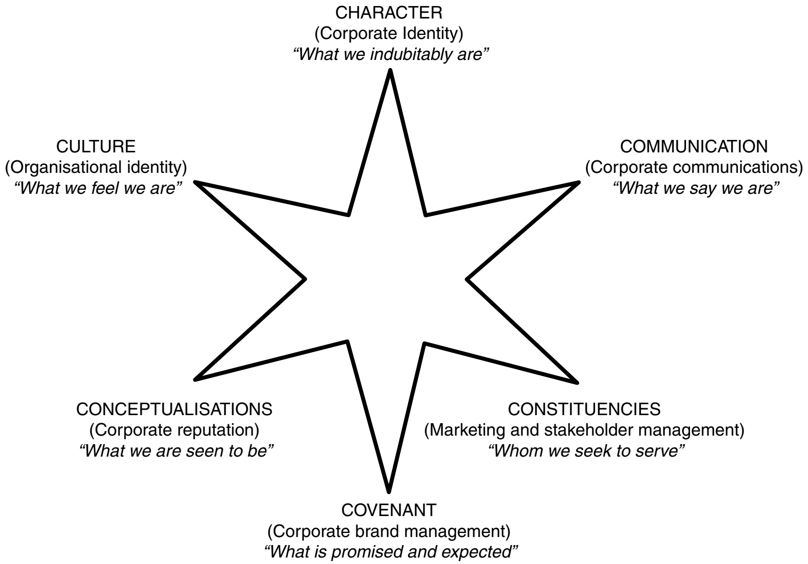

Figure 6.1 Six elements of Balmer's corporate marketing mix
Source: see Balmer's corporate marketing mix in Balmer and Greyser[2] (p. 735).

brand-supporting behaviour.[6] Moreover, paradoxical to the need to understand employees, the existing insights have generally stemmed from research with management, brand practitioners' and even customers' perspectives. Therefore, this paper aims to unearth the perceptions of the employees who deliver brand values to the customer. It does this through undertaking multiple case studies in 4- and 5-star hotels in Thailand to reveal customer-facing employees' perceptions regarding their role in corporate marketing through the delivery of the brand promise. To help management to orchestrate their employees, the study further assesses the key tools in the internal branding process that employees consider relevant and influential to their brand attitudes and brand performance.

Employees: the company's most tenuous and vulnerable asset

The increased competition in services industries has resulted in many companies focusing on corporate marketing and building a strong corporate brand to gain competitive advantage.[7,8] Whether the positioning

Table 6.1 Explanation of the 6Cs of corporate marketing mix[2]

Corporate marketing mix	**Explanation**
Character	The factors (ie tangible and intangible assets of the organisation, organisational activities, markets served, corporate ownership and structure, organisational type, corporate philosophy and corporate history) that make the organisation distinctive from another.
Culture	Employees' collective feeling (ie values, beliefs and assumptions) about the organisation.
Communication	The various outbound communications channels (including employee behaviour, word of mouth and media/competitor commentary) that an organisation uses to communicate with customers and other constituencies.
Conceptualisation	The perceptions that customers and other key stakeholder groups hold of the corporate brand.
Constituencies	Corporate marketing needs to meet the wants and needs of customers as well as other stakeholder groups.
Covenant	An informal contract that underpins a corporate brand.

of their corporate brand is successful remains dependent on the employees' behaviours in producing and delivering the service.[9] As such, service corporations have begun to realise the importance of encouraging their employees to enact the key characteristics of the corporate service brand. Branding, however, does not immediately allow service organisations to surpass the disadvantages intrinsic in their characteristics. Service organisations remain vulnerable to variability because of their reliance on their employees.

Being at the interface of the internal and the external world of the brand, customer-facing employees exert a certain degree of influence on customers' and other stakeholders' perceptions about the brand and/or the organisation,[10] which determines the success of brand positioning.[9] Their distinctive skills can create a company's competitive advantage that may be difficult to be matched.[11] Such a differential advantage reduces the risk of being perceived as commodities.[12] However, 'as much as the human factor is the company's most tenuous competitive feature, it can also be the most vulnerable one'.[13] That is, they are as much a valuable asset as they are a challenge to a service organisation. This is because people are heterogeneous. During the service delivery process, customers

have to interact with different service providers, whose attitudes and behaviour may vary from one to another. This is an issue as one of the three themes identified as critical to the successful service brand is consistency.[14] Thus, employees who are responsible for fulfilling the brand promise[15] are required to deliver the service in a consistent manner to attain and maintain the desired identity, a coherent corporate image,[16] and a corporate reputation.[17]

To ensure that employees behave in ways that support the brand promise, internal branding has become of great importance to academia and practitioners.

Internal branding

Internal branding is considered as a means to create powerful corporate brands. It assists the organisation in aligning its internal process and corporate culture with those of the brand.[18–21] Management and brand consultants have been key figures in providing valuable insights to the concept of internal branding. Little research has, however, been devoted to exploring the perceptions of the employees. As the concept underlines the role of services employees, their views may be important if management is to implement the most appropriate internal branding programmes. This paper focuses on the perceptions of employees at the interface between the organisation and customers. Rather than focusing on what internal branding and internal marketing (IM) means to the participants, the present paper attempts to answer what methods should be applied based on employees' perceptions of relevance.

The objective of internal branding is to ensure that employees transform espoused brand messages into brand reality for customers and other stakeholders. A number of publications have identified that successful internal branding engenders employees' commitment to,[22] identification with[22] and loyalty to[23] the brand. When employees internalise the brand values, they will consistently deliver on the brand promise across all contact points between the company and its stakeholders.[16] To implement successful internal brand building, IM has been suggested as a key instrument. Although IM is regarded as an appropriate approach for communicating the brand internally, communication is not the sole method to ensure the success of the internal branding campaign. Machtiger[24] remarked that one of the six pitfalls in internal branding is to rely largely on internal communications (ICs). In fact, internal branding requires a broader integrative framework across corporate marketing, corporate management and corporate human resource

management. Marketing functions as a link between communication, service and quality. Both service and quality could in part be enhanced by understanding techniques used by the HR function, as it is involved in developing the human asset to enhance the organisation's economic performance[25] and its brand's success.[26] If management can understand and orchestrate marketing and HR theories, it is argued that employees will better accept and internalise the brand values and align their attitudes and behaviour, accordingly.[16,27] This will result in the brand promise being delivered to the organisation's clients, providing it with customer satisfaction, customer preference and loyalty.[28]

ICs aim to influence employees' brand knowledge, attitudes and behaviours. The outcomes of ICs include employee commitment, shared vision, a service-minded approach, loyalty and satisfaction.[29] While ICs operate with the current members inside the organisation, the role of the HR department begins with selecting and recruiting the right prospects. With the rise of the concept of 'person–organisation fit', de Chernatony[4,30] underlines the value congruence between the candidates, the organisations and the brand. As values are hard to change, staff recruitment based on the level of value congruence is sometimes more viable than emphasising merely on their technical/ operational skills. Then, training and development programmes are essential to enhance employee performance and to bring consistency to the external brand experience. Therefore, HR should be led by marketing and incorporate the brand concept[31] into all employee development programmes. To maintain brand standards, an organisation should reward employees accordingly.[32] Effective reward and recognition schemes can enhance employee motivation and commitment. When the right employees are kept satisfied, the organisation tends to retain the best people facilitating superior performance.[33] Therefore, incorporating the wisdom from HR practitioners, ICs move beyond merely distributing brand information through media towards creating shared brand understanding.

Although a number of publications have addressed how to implement a successful internal branding process, most of these insights have been acquired from a management's and brand consultant's perspective. Few studies have been done to unearth the perceptions of employees who are considered as the 'internal customers'. Therefore, the overall aim of the paper is to assess the key instruments in internal branding required to engender employees' on-brand behaviours. It will also determine the role of employees' attitudes in the process of internal brand building to ensure consistent brand promise delivery.

Research methodology

To address this aim, a case-study approach was selected with a mix of qualitative and quantitative research. First, the qualitative research was performed, utilising semi-structured interviews with senior managers and customer-interface employees in six major Thai hotels. The qualitative research led to the development of the quantitative phase of the research with customer-interface employees. The research instruments were tied in with the findings from the literature review for external validity and for rigorous analysis.[34] Undertaking the literature review, a programme of qualitative research and a programme of quantitative research created a form of data triangulation overcoming any shortcomings of the case-study research, such as a lack of rigour.[35]

The selection of hotels was based on their quality standards signified by stars. 4- and 5-star hotels were selected as it was felt that they would make efforts to protect their corporate brand and reputation. Moreover, they were likely to have an adequate number of customer-interface employees for the quantitative phase. Finally, due to their location, the hotels provided international-level services to international customers. As they operate in a multinational market, this should counter against the criticism of examining so-called Western philosophy in a non-Western (Thailand) context. Apart from hotel selection, key informants needed to be identified. As argued by Vallaster and de Chernatony,[16] leaders or senior management are key drivers that support internal brand building particularly in an international environment. As such, it was felt that people at a senior level had the best overview of the internal branding programmes in the organisation. To gain access to these senior bodies, the General Manager or Vice President of each hotel was contacted and informed about the research. Due to the nature of the research focus, they suggested that the interviews be undertaken with directors from HR, Food and Beverage (F&B), Front Office (F/O) and Housekeeping departments. Then, the directors assigned one or two customer-interface employees from three departments (F & B, F/O, and Housekeeping) for an interview. In total, 20 senior and middle management and 30 customer-facing employees were involved in the in-depth interviews, each of which lasted one to one hour and a half. All interviews were taped and transcribed to reduce the risk of observer bias.[36] Content analysis was applied to analyse the data. Following Miles and Huberman's[37] framework, the transcripts were produced and studied several times to identify common themes and statements as appeared in the interviews. This led to the generation of notes in a

matrix format, which identified the constructs along one axis and the respondents' statements on the other.

The quantitative research was necessary to measure the identified constructs and clarify the links between them.[38] A survey with customer-facing employees was conducted. Questionnaires were posted to the hotels participating in the first stage. One out of six hotels was unable to grant access. The qualitative findings, however, suggested no major differences between that hotel and the other five hotels. Employees from three departments, namely F&B, F/O and housekeeping ($n = 747$) participated in the survey by taking a questionnaire prior to their shift. To guard against social desirability behaviour, respondents were assured by their leaders that their answers would remain anonymous and genuine answers were necessary to improve internal branding initiatives. Of the 747 questionnaires handed out, 699 individuals completed the survey giving a response rate of 94 per cent.

The questionnaire used a 5-point Likert scale as it is one of the most common ways of measuring attitudes.[39] The measurement items were selected based on previous empirical research[37–43] and verified thorough extensive discussion in the qualitative interviews to fulfil the face validity of predictor scales.[44] To assess the internal consistency of the scales used in the present research, Cronbach alpha reliability coefficients were calculated for each predictor item. Reliability estimates ranged from 0.71 to 0.87 (Table 6.2). Because reliability values between 0.6 and 0.8 are generally considered sufficient for research purposes,[45] the scales used in this study can be regarded relatively reliable.

Research findings and analysis

The perceptions of management and employees are in agreement regarding the crucial role of customer-facing employees in fulfilling the brand promise. They also underlined the necessity of consistency of guests' experiences with the brand. Interestingly, the study revealed that employees are aware of the importance of their behaviour alignment with the brand and the consistent service delivery: 'We have to align ourselves with the brand. It is uncertain which staff will encounter guests so every single member of staff, including those at back of the house, have to express the brand accurately in the same way'.[46]

Training programmes and IC tools were identified as the major mechanisms in internal branding. While management used the term 'internal communications', employees enumerated different tools (eg daily briefings, newsletters, notice boards and logbooks) that they

Table 6.2 Reliability coefficients (Cronbach alpha) for scales used in the research

Scale	Reliability coefficient (α)
Internal communication	0.79
Training	0.8
Brand performance	0.81
Brand identification	0.87
Brand commitment	0.78

regarded as giving them the relevant and essential brand information. While training was mentioned by management and employees as important to develop and reinforce employees' brand-supporting behaviour, other HR strategies (eg recruitment and reward mechanisms) were not raised. While management contended that personality was another critical factor to the recruitment of employees, it was difficult to assess whether employees' values fit with the organisation's and the brand's. To overcome any possibilities of recruiting the wrong people, orientation was designed for new employees as their first training programme to educate them to the organisation's mission and the brand vision. Also, there was a specified period of time before potential candidates could be classified as the employees of the brand. Management regarded rewards as a factor to enhance employee commitment to the delivery of the brand promise. No employees, however, referred to rewards as proving a guide to correct brand behaviours.

While the practice of internal branding aims to create on-brand behaviours, management believed that to ensure that employees behave accordingly, 'their head needs to accept the brand'.[47] According to management, when employees identify themselves with and are committed to the brand, they will behave in ways that support the brand identity.[27] The interviews with employees added brand loyalty as another important attitude. By expressing their intention to remain with the brand, employees are aware that they need to work up to the brand standards. As such, the qualitative findings suggested that ICs and training have an influence on the extent to which employees can fulfil the brand promise. The strength of the relationship is, however, mediated by the attitudes employees hold towards the brand.

To determine the mediator effects of each brand attitude, a series of mediated regression analyses were conducted as outlined by Frazier *et al.*[48] The first step required the predictor (ie ICs and training) to have a

significant relation with the outcome (brand performance). The second relationship between the hypothesised mediator and the outcome has to be found to exist. Finally, the fully mediated model between the predictor, the mediator and the outcome were calculated. To state that there is a mediational effect, the strength of the relationship between the predictor and the outcome needs to be significantly reduced. When the strength of the predictor–outcome relationship becomes nonsignificant, there is complete mediation.

Focusing first on the relationship between ICs and employees' brand performance, three hypothesised mediators (brand identification, brand commitment and brand loyalty, respectively) entered a separate series of the analysis. As Table 6.3 shows, the relationship of each step was statistically significant. There was, however, a significant drop of coefficients for ICs as the *z*-score of mediated effect[49] is 7.84. Thus, brand identification was a significant partial mediator. In addition, about 32 per cent of the total effect of IC[50] on employee performance is mediated by brand identification.

Similar to brand identification as a mediator, employees' brand commitment was not a complete mediator. Table 6.4 reveals that although all relationships were significant, there was a decrease in the beta-weights for ICs of step 1 ($B = 0.615$, $p \leq 0.001$) and step 3 ($B = 0.423$, $p \leq 0.001$). The *z*-score of 3.92 suggested that the drop was significant. Also, 31 per cent of the influence of ICs on employee performance was mediated by their brand commitment.

Table 6.5 reveals that brand loyalty is another factor mediating the IC–performance relationship. Similar to other attitudes, brand loyalty does

Table 6.3 Mediator effects of brand identification on the internal communications – employees' brand performance relationship

Testing steps in mediation model	*B*	SE *B*	95% CI	β	Sig.
Testing Step 1					
Outcome: Brand performance					
Predictor: Internal communications	0.615	0.046	0.525, 0.704	0.458	0.000
Testing Step 2					
Outcome: Brand identification					
Predictor: Internal communications	0.784	0.045	0.697, 0.872	0.558	0.000
Testing Step 3					
Outcome: Brand Performance					
Mediator: Brand identification	0.25	0.038	0.176, 0.325	0.262	0.000
Predictor: Internal communications	0.418	0.053	0.314, 0.523	0.312	0.000

Table 6.4 Mediator effects of brand commitment on the internal communications – employees' brand performance relationship

Testing steps in mediation model	*B*	SE *B*	95% CI	β	Sig.
Testing Step 1					
Outcome: Brand performance					
Predictor: Internal communications	0.615	0.046	0.525, 0.704	0.458	0.000
Testing Step 2					
Outcome: Brand commitment					
Predictor: Internal communications	0.759	0.042	0.677, 0.842	0.569	0.000
Testing Step 3					
Outcome: Brand performance					
Mediator: Brand commitment	0.253	0.040	0.174, 0.333	0.252	0.000
Predictor: Internal communications	0.423	0.054	0.317, 0.529	0.315	0.000

Table 6.5 Mediator effects of brand loyalty on the internal communications – employees' brand performance relationship

Testing steps in mediation model	*B*	SE *B*	95% CI	β	Sig.
Testing Step 1					
Outcome: Brand performance					
Predictor: Internal communications	0.615	0.046	0.525, 0.704	0.458	0.000
Testing Step 2					
Outcome: Brand loyalty					
Predictor: Internal communications	0.662	0.059	0.546, 0.778	0.392	0.000
Testing Step 3					
Outcome: Brand performance					
Mediator: Brand loyalty	0.138	0.029	0.082, 0.195	0.174	0.000
Predictor: Internal communications	0.523	0.049	0.428, 0.619	0.390	0.000

not completely mediate the relationship. The statistically significant drop of the beta-weight of ICs (z-score = 4.55) supported the finding that the relationship was partially mediated by the employees' loyalty towards the brand. The amount being mediated was approximately 15 per cent.

Three brand attitudes were entered into another mediated regression analysis with training as the predictor to determine whether the training–performance relationship was also influenced by employees' brand attitudes. Table 6.6 depicts that while all relationships reach statistical significance, the unstandardised beta-weight of training reduced from 0.434 in step 1 to 0.247 in step 3. The z-score was 8.5, suggesting that the drop was significant and there is a partial mediation of 43.1 per cent.

Table 6.6 Mediator effects of brand identification on the training – employees' brand performance relationship

Testing steps in mediation model	***B***	**SE *B***	**95% CI**	**β**	**Sig.**
Testing Step 1					
Outcome: Brand performance					
Predictor: Internal communications	0.434	0.038	0.359, 0.508	0.398	0.000
Testing Step 2					
Outcome: Brand Identification					
Predictor: Internal communications	0.667	0.036	0.555, 0.698	0.549	0.000
Testing Step 3					
Outcome: Brand performance					
Mediator: Brand Identification	0.298	0.038	0.223, 0.373	0.312	0.000
Predictor: Internal communications	0.247	0.044	0.161, 0.333	0.226	0.000

Table 6.7 Mediator effects of brand commitment on the training – employees' brand performance relationship

Testing steps in mediation model	***B***	**SE *B***	**95% CI**	**β**	**Sig.**
Testing Step 1					
Outcome: Brand performance					
Predictor: Internal communications	0.434	0.038	0.359, 0.508	0.398	0.000
Testing Step 2					
Outcome: Brand commitment					
Predictor: Internal communications	0.605	0.034	0.528, 0.672	0.558	0.000
Testing Step 3					
Outcome: Brand performance					
Mediator: Brand commitment	0.305	0.041	0.225, 0.386	0.304	0.000
Predictor: Internal communications	0.249	0.044	0.162, 0.336	0.228	0.000

Another mediated regression analysis also suggested that the link between training and employees' brand performance is partially mediated by employees' brand commitment. As Table 6.7 reveals, all relations are statistically significant at $p < 0.001$ level; the unstandardised coefficient for training decreases from 0.434 ($p < 0.001$) in step 1 to 0.249 ($p < 0.001$) in step 3. The calculation of the *z*-score of the mediated effect (2.15) supports that the drop was significant. Forty-three per cent of total amount that the influence of training has on employees' brand performance was mediated by vbrand commitment.

Likewise, the link between training and employees' brand performance was found to be partially mediated by their brand loyalty. According to Table 6.8, the relationship of each regression step is statistically significant. There is, however, a decrease of the beta-weight

Table 6.8 Mediator effects of brand loyalty on the training – employees' brand performance relationship

Testing steps in mediation model	*B*	SE *B*	95% CI	β	Sig.
Testing Step 1					
Outcome: Brand performance					
Predictor: Internal communications	0.434	0.038	0.359, 0.508	0.398	0.000
Testing Step 2					
Outcome: Brand loyalty					
Predictor: Internal communications	0.556	0.048	0.463, 0.650	0.405	0.000
Testing Step 3					
Outcome: Brand performance					
Mediator: Brand loyalty	0.157	0.030	0.099, 0.216	0.198	0.000
Predictor: Internal communications	0.346	0.041	0.266, 0.426	0.317	0.000

for training. In step 1, the unstandardised regression coefficient associated with the training–employee performance was 0.434 ($p < 0.001$). In step 3, the coefficient became 0.249 ($p < 0.001$). The z-score of 4.83 indicates that there is a partial mediation; the proportion of the influence of training on employee performance being mediated was 20 per cent. Hence, the study suggests that brand attitudes that employees hold improve the relationship between ICs and their performance as well as the training–performance relationship. IC and training still exert a direct influence on the employee performance. Moreover, these tools affect the three brand attitudes as well as employees' brand performance.

Finally, the regression analysis was carried out between brand performance as a dependant variable and IC and training as independent variables. This is to directly assess their relative influences on the extent to which employees perform to match brand standards and/or expectations. As revealed in Table 6.9, ICs and training can predict 22.2 per cent of variance in employee performance. The ANOVA test supports their statistically significance [$F(2, 685) = 97.72$, $p < 0.001$]. The effect ICs has over employee performance is much stronger than training does. Although the standardised regression coefficient for training (0.153) is significant at the conventional level 0.05 (0.001), it is smaller than ICs (0.352, $p = 0.000$).

Discussion

Although the 'internal branding' concept places an emphasis on employees, the literature has been largely driven by the insights

Table 6.9 Internal communication and training influence employees' brand performance

Model	Unstandardised coefficients		Standardised coefficients	*t*	Sig.	Collinearity statistics	
	B	**Std. error**	**Beta (β)**			**Tolerance**	**VIF**
1 (Constant)	1.465	0.176		8.318	0.000		
Internal communications	0.472	0.063	**0.352**	7.498	**0.000**	0.515	1.941
Training	0.166	0.051	0.153	3.25	0.001	0.515	1.941

from management and consultants. This study expands the existing knowledge by introducing the customer-facing employees' perspective. At the same time, it provides management with an integrated understanding to help orchestrate an internal branding campaign to create and reinforce on-brand behaviours. Within this case study, customer-facing employees are in agreement with their management in relation to their crucial role in living the brand by delivering on brand promise, which is also in accordance with the literature.[3,13,14] They were enthusiastic about representing the brand values through maintaining what the brand has promised to its client. Not only did they perceive themselves as significant, but they also regarded back-of-the-house employees also as a key component in fulfilling the brand promise. Although those at the back of house are virtually invisible to customers, they are regarded as significant components of seamless brand promise delivery. One observation is that to ensure that employees can enact brand values to fulfil the brand promise, management have to put an effort in to translating these values into daily activities with which they can then associate.

Furthermore, the study assists management in devising the right tools that will effectively and efficiently establish the shared understanding of the right pattern of brand-supporting behaviours. The study reveals that the involvement of expertise from Marketing and HR is necessary.[25,31] However, ICs appear to have a stronger effect on how employees perform their promise-keeping role than training does. One cannot deny the influence that training exerts on reinforcing the right understanding of the brand-supporting behaviours because the study shows that most of the influences that training has on employees' performance are through its effects on the employees' brand attitudes. While management can influence employees' behavioural changes to support the brand promise

delivery by the practice of IC and training, the study also suggests that their performance is enhanced when they have positive brand attitudes, namely brand identification, brand commitment and brand loyalty. Yet, management can also influence their attitudes with the application of IC and training in internal branding process.[16,18–20] It is, however, noted that brand loyalty has the least impact on their performance. This may be due to the nature of the hotel industry, as it is characterised by a high turnover of staff.[51] Still, future research is needed to better understand the role of employee loyalty in relation to branding literature. Overall, as represented by Figure 6.2, management should encourage the coordination of HR and Marketing to orchestrate the consistent brand messages to leverage the influences their practices have on employees. When employees receive coherent and well-orchestrated brand messages, their understanding is constantly reinforced and in harmony with their colleagues.

Another implication from this study concerns the process of selecting the right candidates. It is reasonable that employees did not mention the recruiting process as relevant to the internal branding campaign as it relies on management to be responsible for selecting and recruiting the right applicants. Although management contended that the ideal situation was to recruit the employees whose values fit with the organisation's,[4] they found that it is often difficult to realise this. As a result, new employees have to pass the 'probation period' after they are employed. To support their brand understanding, the interviews revealed that all participating hotels provided their new employees with an orientation

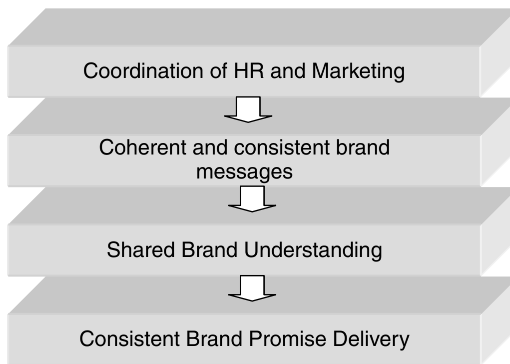

Figure 6.2 Coordination of HR and marketing to influence brand promise delivery

programme. In addition, when discussing the key tools to engender their brand understanding and the on-brand behaviours, employees rarely mentioned reward mechanisms and recognition schemes. The depth interviews suggested that the reward system was established to induce employees' commitment rather than attempting to directly influence their behaviours. This is an area that needs to be explored further in future studies. Management's perceptions about the importance of recruitment process and reward mechanisms and recognition schemes are, however, congruent with previous research.[32,52] In summary, the study underlines the significant influences of ICs and training on employees' attitudes and behaviours. This suggests a significant need for the coordination of Marketing and HR activities within an organisation to establish and reinforce the alignment of employees' behaviours with the brand values.

Finally, as the corporate marketing and corporate identity literatures have recognised the involvement of the organisation's members at all levels, there is a need for future research to assess if back-of-house employees perceive their role differently from their front-of-the-house counterparts. Whether they perceive their role differently, there should be a research to understand whether the different perceptions necessitate different managerial mechanisms to get the brand message through to obtain person–organisation alignment.

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7
An Integrated Approach to Corporate Branding

Nicholas Ind

Introduction

The danger of a paper with 'integrated' in its title is the automatic assumption it will contain a polemic on the virtues of direct marketing, advertising and public relations working together. Although it is agreed that there are benefits in co-ordinating external communications, this paper is actually concerned with values; with integrating the actions of employees with marketing strategy. The rationale for this is simple and has long been recognised, intellectually, by marketers and their advisors: the reputation of a corporate brand is a result of all forms of interaction with an organisation. Consequently, there is little point in delivering an advertising campaign that bears little relation to the reality of an organisational culture or cannot be supported by the actions of employees. Intellect, unfortunately, has little to do with reality. The world abounds with advertising, and for that matter design and direct marketing, that suggest certain attributes which are all too rarely delivered by the organisation. In contrast, excellent corporate brands marry communications and operations in a credible way, not by employing integrated agencies, but through clearly stated values that unify the way they think and behave. The benefit of this approach is an image of the corporate brand, which recognises our desire for clarity and understanding. As Iris Murdoch says:

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> 'We see parts of things, we intuit whole things. We seem to know a great deal on the basis of very little ... we fear plurality, diffusion, chaos, we want to transform what we cannot dominate or understand into something reassuring and familiar.'[1]

Values

Many organisations talk about how much they value their employees, but how many go beyond words? The 1997 British Social Attitudes survey found that people are increasingly worried about employer power and are suspicious of big business, that they think managers behave unfairly and that employees lack an effective voice at work. As companies have exploited downsizing, outsourcing (projected to double in growth from 1996 to 2000) and teleworking and shown a lack of loyalty, so employees have responded in turn. Although, the average length of tenure has not changed radically for those in full time employment, uncertainty has increased and job security is poor when compared with places like Japan. The average Briton stays in a job for just over five years, while in Japan the figure is 14. Why should this matter? It has been argued that Britain's flexible employment patterns have provided it with a competitive advantage over other nations. This seems largely a political argument without real substance. Research by management consultants, Bain & Co, shows that there is a correlation between length of employment and productivity. The research also found that where employees stay longer so does the customer. And customer loyalty is one of the best predictors of profitability:

> 'The longer employees stay with the company, the more familiar they become with the business, the more they learn and the more valuable they can be ... It is with employees that the customer builds a bond of trust and expectations, and when those people leave the bond is broken.'[2]

Employees have the potential to make or break the corporate brand. If they stay with an organisation they can provide exceptional knowledge and commitment and act as an advocate for the brand. Alternatively they can be negative, undermine relationships and leave the organisation for a competitor having acquired valuable skills. Effective corporate brands earn their employees' trust by involving them with the values of the organisation. As Bartlett and Ghosal note:

> 'Traditionally, top level managers have tried to engage employees intellectually through the persuasive logic of strategic analyses. But clinically framed and contractually-based relationships do not inspire the extraordinary effort and sustained commitment required to deliver consistently superior performance. For that, companies need employees who care, who have a strong emotional link with the organisation.'[3]

For telephone-based providers, such as insurers and banks, the problem is how to engage employees in this way. A company such as the bank, First Direct, would not outsource its service to a call centre, because of its desire to ensure that employees are committed to the corporate brand. It tries to recruit people who have the potential to be resilient and professional and then employs rigorous training methods to deliver the required quality of service. As Matthew Higgins, Market Planning Manager, says, 'PR, advertising, direct marketing are a relatively small part of how we communicate. The voice of our people is our brand.' For organisations that eschew involvement with the means of brand delivery, there is undoubted potential for damage to the corporate brand. Call centres, after sales providers and franchisees, are, to relative degrees, outside of a brand's control. Outsourced employees may represent an organisation, but it is not where their loyalty lies. Franchises, for example, provide a fast way to develop a brand, but the potential loss of consistent quality and impact on image, sometimes provides a subsequent incentive for franchisers to buy them back.

Waterstone's

An example of a company that does engage its employees is the bookseller Waterstone's. It has achieved the active support of its people by defining an idea of itself and remaining committed to it for fifteen years. When Tim Waterstone opened the first branch in 1982, he had a simple vision based on the sort of bookshop he liked: a wide range, knowledgeable staff who shared the customer's passion for books and an ambience which had the feel of a traditional library that encouraged browsing. This vision, in spite of Tim Waterstone's departure in 1989, has steered the development of the company. An average Waterstone's carries 50–60,000 books, more than three times the number held by a large WH Smith. Martin Lee, Marketing Director at Waterstone's, notes that consultants have challenged the need to keep such a comprehensive range, suggesting that the 20 per cent of stock that sells poorly should be discarded. However, this ignores what the comprehensive stock says about Waterstone's as a brand.

In terms of employees, 75 per cent of Waterstone's booksellers are graduates and in a staff survey 98 per cent said that reading was either a passion or a consuming passion. Considerable attention is paid to the recruiting process. Lee argues, 'recruitment is a branding exercise, it's part of the management of the corporate brand.' Attracting the right people and nurturing them is at the heart of the brand. The appeal for people is the sense of participation. Employees exercise their love of books by writing reviews for Waterstone publications and providing recommendations to customers, while each branch manager orders their own stock and delivers service in their own way. This empowerment brings rewards. Branch managers are very loyal and leaving for a competitor is almost unheard of. Sales staff are retained because they too are closely involved with the company. If people want to remain in sales rather than progressing to management they are still rewarded as their knowledge and skills develop. This is due to the recognition by Waterstone's of the productivity benefits of longer serving employees. The culture of the company is maintained at head office which is largely populated by ex-branch staff who share the passion for books and have grown up with a culture of empowerment. The strength of the Waterstone's brand is that managers and employees intuitively know the right way of doing things and would not sacrifice the long-term brand values for short-term gain (such as cutting 20 per cent of the titles).

The quality of service provided by employees is supported by more overt communication mechanisms. Martin Lee calls the approach 'under-branding'. The nature of the customer relationship and the nature of the core customer – inner directed bookaholics – means the audience for communications is resistant to marketing that is too overt. Consequently promotions, advertising and book recommendations are focused on conveying the idea of a shared passion for books. This integration – all based around a clear sense of values – cements the relationship between retailer and customer and helps deliver a consistent and relevant image.

Simplicity

One of the surprising things about the Waterstone's example is the simplicity of the company's positioning. Creating a distinctive corporate brand should not be complex, but it does require sincerity. Values cannot be created simply by wishing them into existence or by management proclaiming them in a mission statement. Rather, values develop

over time through the beliefs and experience of the participants. The American department store group, Nordstrom, is successful because it has adhered to the principles defined by its founder some hundred years ago: best service, selection, quality and value. These are, of course, such startlingly obvious ideas for a retailer that they could easily be adopted by a competitor. The reality is that Nordstrom delivers on the promise; it believes in the principles. Anyone who has had direct experience of shopping at Nordstrom will appreciate the benefits of the exceptional service provided by sales staff. How do they achieve this? Not by training, because they do not do any. Instead, in their own words, 'they try to hire nice people who want to work hard'. Not by a detailed set of guidelines on how people should behave, instead they have one employee rule, 'use good judgment in all situations'. Nordstrom is a genuinely empowered organisation that sticks to its ideals. Its annual report states, like many other organisations, that its employees are the source of its success. Unlike other organisations, there are no smiling photographs of the board of directors – only employee photographs and stories. Similarly, employees are keen to do local community work and over 70 per cent of them take part in community involvement programmes. Nordstrom is not an organisation for everyone. It suits people who like responsibility – these are the employees who grow and develop and in turn help embed the founding principles.

The notable aspect about Waterstone's and Nordstrom is that managers and employees do not need to think how they should react to any given situation. Through repetition and habituation, values become absorbed and action becomes instinctive. Simon Ingman, Head of Brand and Corporate Reputation at BT, notes that although BT has ten tips for 'being on brand', the real measure of success is when employees only need the tenth on the list: 'Do you feel it's really right for us?' This instinct helps Virgin transcend industry boundaries yet maintain a consistent image, and it is also to what Johnson & Johnson employees attribute their laudable handling of the Tylenol crisis in the eighties, when they reacted promptly and effectively to product tampering. In both these companies the defining organisational traits are the beliefs of the founder. Johnson & Johnson's values are determined by the all pervasive credo which was written and then institutionalised by founder Robert Wood Johnson. The credo is not a pithy mission statement – it runs to a full page of text – but the principles it contains are a goal and a source of inspiration for individuals. The inherent danger of the credo is that it could become anachronistic, but Johnson & Johnson overcomes this through regular employee reviews of the principles it

contains and adaptations of its ideas. In similar vein, Virgin's values are defined by its founder Richard Branson. His views about quality and service pervade the organisation and determine how employees react to ongoing events. People do not have to be told what they do, they know intuitively. This is how Branson defines Virgin's priorities:

> 'We give top priorities to the interests of our staff; second priority to those of our customers; third to our shareholders. This is not only a refection of the importance of our people, it is also the most positive way of fitting together these three priorities. Working backwards, the interests of our shareholders depend on high levels of customer satisfaction ... which depends on high standards of service from our people, which depends on happy staff who are proud of the company they work for.'[4]

By focusing on internal audiences and disseminating consistent values through words and actions, employees come to share a sense of purpose and collective destiny. People know where they are going and how they are going to get there. C. K. Prahalad says, 'companies need to have a strategic intent – to have an aspiration that is widely shared, to have a goal which is clear and to have an obsession with winning – that is the fuel that drives the engine.'[5]

Prahalad's view is supported by research among 490 British manufacturing companies, which concluded that successful company strategies: 'do not necessarily follow the text-book models of strategic planning, as espoused by business schools on both sides of the Atlantic. It is more to do with having strong convictions about where the business ought to go and building the necessary capability to act on them.'[6]

Integration

One of the most valuable mechanisms for articulating the process of integration is a model developed by Russell Abratt. This was first presented in a paper called 'A New Approach to the Corporate Image Management Process' in 1989.[7] Abratt argued there are three aspects to image management: corporate personality, corporate identity and corporate image. Personality encompasses such areas as corporate philosophy, values and strategy that influence the identity, which Abratt sees as concerned with communication objectives and structures. The identity then interfaces with an organisation's various audiences to form an image based on organisational reality. Abratt's model was further developed by an Australian academic, Helen Joyce Stuart, who based her judgment on

research into the identity and image of 44 accountancy firms. She found that the separation of corporate identity into its communication aspects and personality/cultural attributes was artificial. She also stated that:

> 'whereas Abratt (1989) includes employees as one of the stakeholder groups that are influenced by corporate image, I consider them to be a special group who are impacted upon by corporate identity, and with a successful marketing program are an effective means of communicating the corporate identity, synergistically with an effective marketing communications strategy. The interface is then defined as the point at which communication of the corporate identity takes place, converting it into a corporate image, or perhaps several corporate images.'[8]

Stuart's adaptations of the model are useful, but perhaps because of her focus on corporate image and perhaps also because of her focus on a service industry, the model misses out a key box, which is a key determinant of a corporate brand image: the products and services provided by an organisation. (see figure 7.1). The impact of the product or

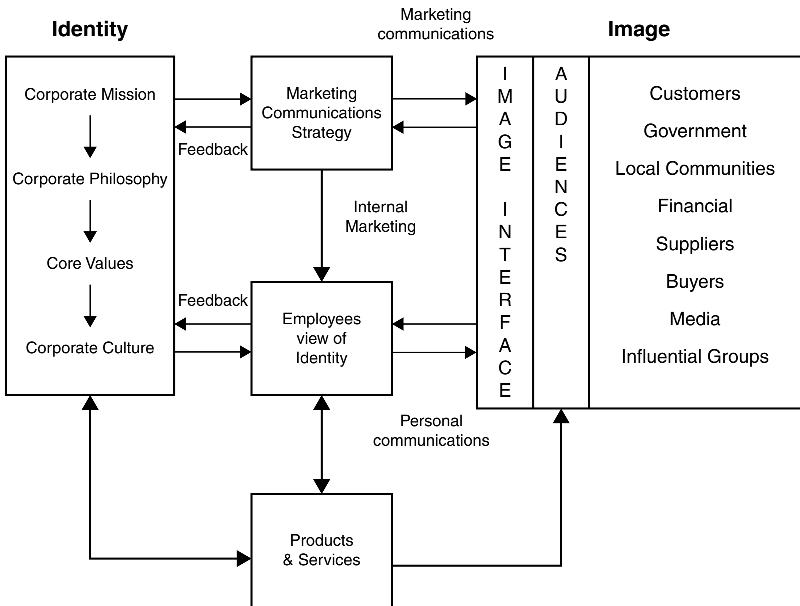

Figure 7.1 An integrated approach to communications
Source: ind.associates.

service on the image will vary depending on the nature of the interaction. In the case of an automotive manufacturer, such as BMW, our consumer image is strongly defined by the cars themselves, while in the case of a company such as Orange, advertising and literature assumes a greater importance. For BT, one of the core determinants of image is the bill.

Even though elements may vary in importance, the key benefit of the model is the recognition of inter-relatedness; that effective corporate brands achieve a unity between all forms of communication in the delivery of a tonally consistent message. Notably this requires the internal marketing of external communications, so that employees recognise, understand and take pride in what the organisation stands for. This suggests that at the very least advertising and other forms of overt communication should consider the impact of messages on employees. At best, employees will be a primary audience involved in the process of communication development. The other important aspect of the model that should be noted are the feedback loops which help ensure organisational learning takes place. Formalised research as well as the inputs of customer facing employees help ensure that, outside of a core set of values, the organisation can adapt to changing circumstances. First Direct, for example, was founded on the idea of delivering excellent standards of service. As the quality of service in high street banks has improved, so the organisation has had to look at ways of further enhancing service levels and different methods of delivering its service. Key to this has been its ability to listen to its customers, and importantly, to act on what it has learned. In particular, the ability to target customers at the right time through the right media has ensured that messages are delivered to consumers in ways that encourages both empathy and responsiveness. This requirement for adaptability is supported by the thinking of management writer, Henry Mintzberg who has shown that strategy is not a static process, rather it is emergent and flexible. Rather than a 'top down' idea of planning and management, organisational feedback helps amend strategies as they evolve.

The barriers

Outside of the idealised world which some excellent corporate brands inhabit, there are undoubted barriers to integration. As organisations grow, communications tend to become more fragmented. Often there are several departments with communication budgets – corporate affairs, human resources, marketing – and devolution of spend to regions and

business units. Even if there is relative uniformity in external communications, the actions of individuals cannot be proscribed. To help overcome this problem requires a willingness to work at horizontal and vertical communications so that people have a broad perspective of organisational goals and a willingness to put together cross-functional teams, especially in marketing communications.

Reflecting the narrow focus of organisations' departments are discipline-led agencies. Although there has been a move to broader-based agencies who deliver solutions that integrate several disciplines, few agencies look at issues in terms of communications. This suggests there is a vital role to be played by communication consultants who are aware of but independent of the outputs, such as advertising and PR and enlightened clients who work at melding different viewpoints together.

However, the biggest barrier to integration is unsympathetic cultures and disinterested leaders. Values will only be adopted if leaders are willing to share their vision and prove they are genuine in their commitment. The values have to be such that people will buy into and be motivated by them. Warren Bennis says:

> 'What effective leaders are going to have to do is to create not just a vision, but a vision with meaning ... The vision has to be shared. And the only way that it can be shared is for it to have meaning for the people who are involved in it.'[9]

Conclusion

Leaders not only need to demonstrate their sincerity to a vision, they also need to help create conducive cultures. In organisations where communications is a low priority it is impossible to achieve widespread support for the idea of corporate branding. The process of integration then becomes undermined and communications can all too easily become contradictory and cosmetic. There are no easy solutions to these problems. Consultants can be catalysts for change, but there has to a belief in the importance of communications internally for it to be effective. Recalling the examples of Virgin, Waterstone's and Nordstrom, the values that guide the corporate brand do not need to be particularly profound, but they do need to focus on the organisation's source of competitive advantage and they do need to be delivered to all relevant audiences both in thought and deed. This does not mean slavish devotion to uniformity, rather it enables the organisation to allow diversity of expression around a consistent vision.

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8

Finding Sources of Brand Value: Developing a Stakeholder Model of Brand Equity

Richard Jones

Introduction

Discussion of brands and brand equity have, up until now, been almost solely concerned with consumer markets.[1,2] A number of recent publications have, however, begun to seriously look at the application of the brand concept and that of brand equity to business-to-business (B2B) markets.[3–6] These works reflect the growing consensus that the branding concept is not only useful, but also powerful, in examining and explaining relationships and value creation in all business relationships.

These developments reflect two important trends in business in general and brand management in particular. First, the importance of relationships, not just relationship between the firm and consumers but also the relationships between businesses in B2B markets[7] and other stakeholders. Secondly, that brand equity in particular, and brand value in general, is not just created through a dyadic relationship, be it between the brand and the consumer or the industrial brand and the customer, but is a multifarious construct that is affected by, or the sum of, a gamut of relationships.[8]

These developments are occurring within the context of a more stringent requirement on managers to document the value of their activities and their contribution to the bottom line. There is a clear indication that financial performance is the key measure of success today. Firms need to be able to justify their activities and investments

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to shareholders in terms of value creation.[9,10] Indeed, industry appears to be moving into an era of economic marketing or value-based marketing.[11]

Brand managers are thus being challenged on two fronts. First, to broaden their view of brand relationships to consider a range of different stakeholders where brand value is created. Secondly, to be able to assess and put a value on the worth of these relationships.

Following the argumentation proposed by Vargo and Lusch[12] that marketing is principally concerned with the co-creation of value and relationships, and linking this to a stakeholder perspective on brand value, this paper develops a model for brand managers that helps them to answer the two fundamental questions asked of all brand managers:

1. Where does our brand value lie?
2. How is this value (co)created?

The paper begins by considering the challenges brands face today. It then looks at the relationship between the concepts of brand value and brand equity, where it is argued that brand value concerns the study of how value is created, whereas equity is concerned with the measurement of this value. The paper argues for a stakeholder approach to the conceptualisation and measurement of total brand equity. The process of identifying stakeholder value relations is presented as a way of understanding and prioritising stakeholders in relation to the development of a model of stakeholder-brand value. This is then used as a basis for suggesting a multiple approach to brand equity. Considerations for managers and implications for future research are presented. The model is holistic and attempts to incorporate a variety of current strains of thought in brand equity literature; the paper is conceptual in its approach, and is intended to stimulate further research into the development of a framework for the assessment of total brand equity.

Some preliminary considerations

Before looking in depth at the questions posed above, it is worth dwelling on some of the challenges that face branding today.

First, while there is some discussion about whether brands are losing their power in the marketplace,[13] and of their relatively poor financial performance,[14] it is clear that established brands are facing great challenges to maintain their dominant position – challenges that come from newly emerging brands, private labels and the increasing

eclecticism or fragmentation of the consumer, from more stringent competition and expectations from financial markets for increased brand performance, and finally from consumer backlash against highly visible brand symbols. Brands may never have been stronger (at least in terms of brand equity valuations), but this is also true of the forces that are working against them.

Secondly, one of the responses to these challenges is the increasing focus on corporate brands.[15,16] In a market situation where product differentiation becomes more difficult, many companies are turning to their own identity as a way of building up brand personality – the brand promise becomes the firm promise.[17] In such a situation brand equity becomes more closely aligned with the overall performance of the company. Equally significant is that measures of brand equity must move to encompass considerations and measures of corporate reputation; in such a situation brand equity encompasses more that just consumers or customers, but a wider stakeholder base.

Thirdly, stakeholder theory tells us that the firm is reliant on a network of relations where the firm is obliged to the members of this network (legally, contractually and morally). Why, when talking about brand equity, is only the customer discussed? As Doyle points out, customer satisfaction is a very poor measure of profitability.[18] Surely companies' competitive advantage and profitability are often reliant on the many other relationships that develop inside and outside the firm. One of the current paradoxes in the branding literature has emerged since the co-option of the resource-based approach to understanding and developing brand;[19] this approach moves the firm away from an explicit customer orientation to a more introvert activity of identifying core competencies. Indeed, Porter argued quite cogently that competitive advantage is achieved through quasi- (or real) monopolistic conditions;[20] in other words competitive advantage is achieved through the marginalisation of the customer. While one should perhaps be more circumspect, one can question whether brand equity is only concerned with customer perceptions. Emerging ideas about channel equity shed some light on this area.[21]

Lastly, while one can attempt to identify the main source of brand equity, be it through customer loyalty, market domination or whatever, it soon becomes apparent that this equity is reliant on a range of 'external' factors – external, that is, to the traditional way of conceiving brand equity. Consider for a moment the effect of the news story that Royal Dutch/Shell had been consistently overestimating its oil reserves since at least as far back as 2001 and possibly 1997. Its 'equity' with

the media, never being strong, took a nose-dive, as did its credit rating with Standard & Poor's. Another example is the current consumer backlash against Europe's largest dairy concern, Arla. Arla has established a strong market position in the regional markets of Denmark and Sweden, with very strong brand awareness and loyalty (in terms of repeat buying), positive associations with its roots in the co-operative movement and high perceived quality. A consumer backlash, however, against its threatening monopolistic behaviour in relation to dairy farmers, spurred on by media coverage, is threatening the Arla brand name. In these two examples brand equity is directly affected by the actions of two stakeholders that are not usually associated with the calculation of brand equity: in Shell's case the media and credit-rating organisations; in Arla's case, the media and consumers.

These factors point to the need for the branding literature to adopt more holistic ways of approaching brand equity;[22] ways that incorporate an understanding of the relationships in which the firm is involved, and which create value for the brand. In this respect it is necessary to focus on where value is created, but also to incorporate an understanding of the nature of these relationships, ie how value is created. The attempt to develop ways of assessing the sources and outcomes of brand equity is already underway in theory[23,24] and in practice through value-based brand management systems; these represent the vanguard of attempts to better understand how brands create value. The question remains, however, as to what sort of value is being measured and for whom? In order to answer this question it is necessary to understand what is meant by value: how it is created and for whom; and how this value is measured. This prompts a discussion of brand value and brand equity.

Brand value and brand equity

In the following section it is suggested that brand value considers the role of relationships in value creation and brand equity considers the assessment of the value that is created through these relationships. It is generally recognised that brands are important assets for firms.[25,26] In a survey of the top 3,500 companies in the USA, *Fortune* magazine noted that intangible assets accounted for 72 per cent of market value (compared with only 5 per cent in 1978). Ambler presents a similar analysis where he notes that brand value accounts for an average of 50 per cent of market value for major fast-moving consumer goods (FMCG) multibrand companies (and 81 per cent for Nestlé).[27] Indeed the value of the brand (as opposed to tangible assets) has been included in profit and

loss statements of UK and Dutch firms since 2001. This fact often takes us away from the real issue around brand managing, however: it is not the present value that is relevant for the manager, but the future value and the securing of that value. As Ambler points out, many 'confuse the asset, brand equity, with what the asset is worth, the brand's valuation' (p. 45).[28] Thus considerations of the current financial value of the brand take us away from the issue of what creates that value.

For Ambler, value creation is a much more diffuse process which is focused particularly on the value that the brand creates for a range of stakeholders. This he calls the 'total equity' of the brand (p. 49).[29] For Ambler, the issue is also the lack of adequate measurement of the brand's equity, but here he clearly distinguishes the brand valuation (in financial terms akin to Interbrand's valuation) and the brand as an asset. Indeed he is adamant that there is too much focus on cash flows and too little on the identification of the source of the brand's value. This is similar to other calls for more holistic approaches to the measurement of brand valuation,[30,31] and also in line with current stakeholder thinking[32,33] where company performance is linked directly to a multiple stakeholder approach. The difficulty of this approach is that it makes the measurement of brand equity uncertain, and takes away from a clearly defined success criterion: the bottom-line. Thus, when considering brand value, it is necessary to focus on long-term brand value and the sources of that value, rather than the here-and-now value of the brand. Doyle[34] (p. 21) is right in stating that 'Top managers nowadays do not hold their jobs long if they do not increase the financial value of the firm. Strong brands, customer awareness, market share and satisfied customers are not goals in their own right, but means to create shareholder value.' The development and survival of the brand (and the creation of shareholder value) is, however, dependent on an understanding of the value the brand creates for its stakeholders and the (often turbulent) context within which the brand exists. Thus brand value must concern itself with looking at the sources of the creation and co-creation of value for both the firm and its stakeholders. Once an understanding of brand value is achieved, then specific measures of this value can be examined.

Brand equity is used to define the value of the brand. Its specific definition, however, varies considerably in the literature. The most common approach to brand equity is as a measure of customer franchise,[35] that is, the value of the brand from the point of view of the customer and the long-term financial consequences of this for the company. Broadly, the existing literature can be divided into three categories:[36] mental brand equity, that is, the impact of the brand on the consumer's

consciousness; behavioural brand equity, that is, the consumer's behavioural response to the brand (or that which can be directly attributable to the brand); and, thirdly, financial equity, that is, the financial impact of the brand as expressed through return on investment, profit, turnover, price-to-earnings ratio etc.

Major research streams in relation to brand equity are concerned with: brand recognition and recall;[37] loyalty, perceived quality, perceived quality and associations;[38] brand image;[39,40] and purchase intention/ commitment.[41] Brand equity is seen both in business-to-consumer and B2B markets in relation to rational and emotional responses to the brand,[42] that is customers' beliefs about and attitudes to brand attributes. While attributes lie within the brand, the brand equity concept attempts to translate these attributes in terms of the associations of the brand in the minds of the customer. This paper contends, however, that these measures of brand equity do not adequately incorporate new notions of the value of interaction and the co-creation of value. In recent years there have been attempts to examine brand equity across the entire value chain.[43] Brand equity measures, such as those outlined by the authors above, may encourage brand managers to overly concentrate on the surface of the brand, and not look at how the brand creates long-term value for its customers. Approaches to brand equity need to go beyond end customers and their knowledge of the brand. Thus, for example, customer awareness is a prerequisite for brand success, but does it give value in its own right? The online retailer Boo! had a high level of brand awareness, but this apparently did not contribute to brand value, and ultimately was not a source of brand equity. Current brand associations can be positive, but what about next year or even next month? Shell had a triple-A financial credit rating, but the revelation that it had manipulated estimates of its oil reserves sent its credit rating nose-diving. Loyalty, as measured in terms of propensity to re-buy, may on paper look good, but does loyalty measure real commitment to the brand and, again, what will the situation be in a year's time?

Theory and practice present a series of challenges to traditional approaches to brand equity. There is a growing awareness of the need to consider customers' overall experience with the brand.[44,45] This includes not only direct relations with the brand, but also those through other channels such as service experience through retailers, communication experiences through media coverage and market experience through market response to the brand. This has led some scholars to look at other relational aspects of the brand that contribute to brand equity.[46,47] Given the challenges outlined at the beginning of this paper,

the prevalent approaches to brand equity need to be re-examined. In particular many of the assumptions behind brand equity need to be re-thought.

First, the assumption that brand managers create responses among consumers is under fire. Interpretative work in this field[48,49] suggests that consumers interpret brands to create their own social identity, far apart from the meaning that the brand manager had intended.[50,51] Additionally, for many brands, consumer involvement is so low that it is difficult to argue for the prevalence of consumer brand equity.

Secondly, therefore, the main sources of brand equity for many FMCG goods often lie outside the brand-consumer relationship. For instance, for FMCGs, channel relations are often the critical factor. While premier brands such as Coca–Cola and Heinz are often categorised as 'essential to have' by supermarkets, most brands are reliant on supermarkets to give them the necessary access and exposure to the market. Indeed, even brands such as Coca–Cola are just as reliant on the 'push' factor of channel equity as on the 'pull' factor of brand equity.

Channel relations, including control in the distribution channel (either through direct ownership, franchise or contractual agreement), but also including social and relational aspects, act to ensure the proper channelling of the brand from the firm to the consumer. The use of the word 'proper' is intentionally vague, as it must encompass characteristics that are peculiar to the brand, such as service quality agreements, in-store placement and displays, knowledgeable sellers, and so on. These ideas have been developed by a number of other writers under the terms customer, channel, reseller and marketplace equity.[52,53]

There are, however, many other relations that are identified as being significant in the creation of brand value. Brodie *et al.*[54] highlighted the increasing interest in relational aspects of brand equity. Much of this research has focused on the marketing of services,[55] but also includes consideration of relationships in consumer packaged goods markets.[56] Newer work looks at the value of corporate brands for both employees, customers and investors,[57,58] and reputation for customers and wider stakeholders.[59,60]

Brodie *et al.*[61] point to three broad areas of research into equities: consumer-based, financially-based and relational equities.

There is clearly an increasing awareness of the importance of different relations in brand equity literature; relations that have previously been overlooked. There is room for the consideration of more relations. When we talk, for instance, of channel equity, ie the role of the brand in influencing the channel and vice versa, we could also look

at issues such as reputation: is not reputation a viable equity? Likewise, employees, especially in service companies, have long been recognised as an important corporate asset.[62] Similarly the increasing interest in corporate branding builds much of its argument on a human resource perspective of the firm, where external marketing communication is used to build up and maintain a consistent organisational identity. Is employee equity therefore not a relevant concept?

There is clearly a need to develop a better understanding of brand performance and the factors that affect it. In this respect the developments in improved corporate governance are central. Trends towards openness in decision making, and accountability both internally and to external stakeholders, is creating the climate for stricter administrative and financial control within firms. They are, however, also exacerbating the trend towards greater external interference in the affairs of companies. Stakeholder theory has emerged as a challenge to traditional conceptualisations of the model of the firm,[63] and introduces the idea that the firm exists within a complex network of stakeholders. This challenge also faces brand management literature. Adopting a stakeholder approach to brand equity may allow better understanding and monitoring of brand performance against each stakeholder.

A stakeholder approach

What can stakeholder theory tell us about equity? Stakeholder theory challenges the notion that firms exist only to serve the needs of the shareholders. It ascribes responsibilities to the firm to a range of people and organisations outside the narrow range of institutionalised business relationships that normally define a firm's sphere of interest. These responsibilities are defined in many ways based on legal, fiduciary or moral claims by the stakeholders.[64] Stakeholder theory is often lauded as an important step towards corporate citizenship.[65] Regardless of whatever moral responsibilities may exist between the firm and its stakeholders, however, a clear understanding is emerging that these 'non-fiduciary' relationships can have a profound impact on company performance.[66,67]

In relation to brand equity, the stakeholder concept gives a much richer picture of sources of brand value and equity. It forces us to examine the range of relationships in which the brand is engaged, and to recognise that brand equity is created through multifarious relationships. The stakeholder approach gives an important tool for managing these relationships, but also a tool for providing an overview

and prioritising those relationships that are strategically important. In terms of existing branding literature, stakeholder equities allow a move away from an exclusively consumer or customer orientation.

Take, for instance, the performance apparel manufacturer Helly Hansen. The brand, established in 1877, has traditionally been a wholesaler to international and local sports and outdoor clothing retailers, where 90 per cent of its turnover lies. Its market position as premium manufacturer of technologically advanced waterproof clothing and other apparel connected with outdoor sports and activities has established it as a leading, though classic brand in its field. Recent trends in the clothing industry, and the breakdown of traditional boundaries between 'fashion' fields, mean that the brand's position is threatened by brand extensions from brands such as Porsche and Hugo Boss.[68] Its reaction has been a major brand repositioning strategy, launched in 2003, whereby the firm is attempting to broaden its customer base and move into the mass 'lifestyle' category. Part of this strategy has been the relaunching of the brand's homepage and the use of market communication techniques that appeal directly to the fashion-conscious consumer. While this strategy has had a positive effect on the brand and countless positive reviews, the company's business remains within the performance apparel category: it has been unable to effectively reposition itself into the mass markets. Using a stakeholder approach, it is apparent that the main barrier is the attitude of retailers: while consumers and the media are positive about the repositioning, retailers are not. The brand equity, expressed in terms of brand associations, is tied to the brand as a sports brand. While competing mass market brands such as Adidas and Nike have effectively expanded outside this category, Helly Hansen has difficulty in persuading its retailers about its new position. The stakeholder approach gives the manager a tool to assess brand equities across all its stakeholders to identify conflictual brand association and suggest where effort needs to be focused.

More specifically, stakeholder theory encourages the identification of which stakeholders 'can affect or are affected by the achievement of the corporation's purposes'.[69] A cornerstone of the stakeholder literature is that organisational performance is linked to stakeholder relations.[70–72] In brand equity terms this invites consideration of the range of stakeholders who affect the creation (and destruction) of brand value and the nature of these relationships. As the above indicates, the value of a brand can lie in a range of relationships, many of which have a synergistic relation to each other. The challenge for the brand manager is to be able to effectively identify these and to understand and build up an overall picture

of the sources of brand value. In their recent work, de Chernatony *et al.*[73] note that a triangulation of methods of measuring brand success provide a more powerful understanding of the sources of brand equity. It is necessary to move away from the dyadic approach to looking at brand equity, ie between brand and consumer, by incorporating multiple stakeholders' orientations in consideration of brand equity.

A stakeholder model of brand equity

The stakeholder model suggests two things. First, that multiple stakeholder relations are important sources of equity for total brand equity. In relation to each stakeholder group a specific measure of equity can be identified. For customers this is how brand equity is traditionally conceived; in relation to public opinion and government it is often referred to as social capital, and so on. The performance of each relation becomes particularly relevant for the firm when it is assessing the value of each of these relations and whether to devote more or fewer resources to them. Secondly, the stakeholder model suggests that there are relations between these stakeholders, and therefore between the individual equity equations. Figure 8.1 presents what has been called the daisy-wheel model of stakeholder equities as it illustrates the interconnectivity between stakeholders and between equities. A daisy wheel – the printing head of the old electronic typewriters – consists of a central hub with each letter, number and symbol on the end of a lever, such that the overall effect is of a daisy. The point here is that while it is possible to look at each relation independently, in reality they are all connected, in terms of brand equity, through the 'hub' of the brand. Thus a brand might build up strong customer equity, but this can be undermined by negative media coverage, as with Arla. Likewise a brand might have poor customer equity, but if it has strong channel relations where it can dominate the distribution chain then who is to say that it has poor total brand equity? If one is to know anything about overall brand equity, then one must be able to make an assessment of these relations in terms of stakeholder equities.

As an example, consider the equity relations that are relevant for a hypothetical electricity-generating company in a newly liberalised market. Traditionally the company has seen its major stakeholders as government and suppliers. In a nationalised market, output was determined by the national energy plan, and thus predictable and secure. The industry was reliant otherwise on suppliers of heavy equipment, for example, generating machinery, cables and transmission equipment.

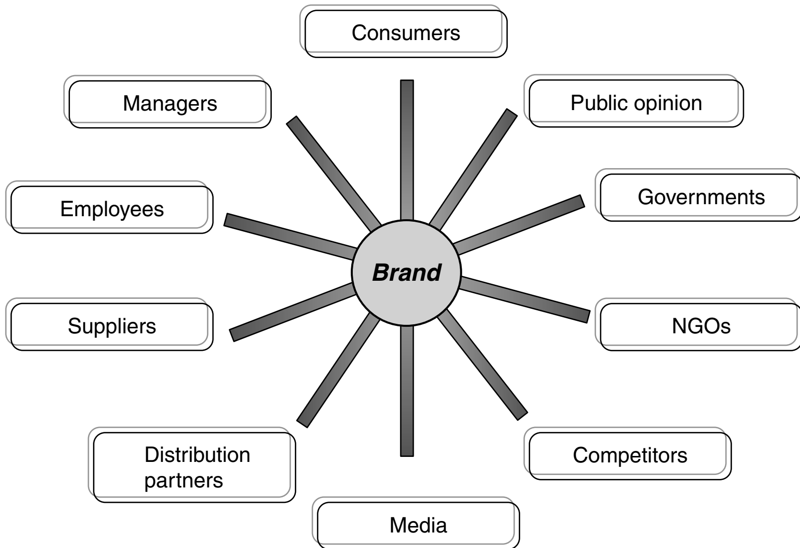

Figure 8.1 Daisy-wheel model of brand equities

Today the situation is radically different. Here there is still a great deal of focus on government, as the industry remains highly regulated. In addition, suppliers remain as stakeholders, but a new strategic focus on competitors and customers has emerged. The company not only competes in a free market for the sale of its product, but it is also threatened by hostile takeovers. Likewise its customers (the distribution companies) are now free to choose their suppliers.

Beyond these primary stakeholders there are a number of important secondary ones.[74] In the newly liberalised market, it is important for the firm to create a strong image, in order to create a market position, to attract and retain employees, to bolster its share price to avoid takeover, and to maintain a good image with government, which can provide protection for the firm (legally or not) in the event of takeover threats and instability. This image is reliant on the maintenance of direct relations with these stakeholders, but is also affected by the image of the firm in broader society – among non-government organisations (NGOs), which might launch attacks on the firm's sourcing policy (eg the use of coal-fired power stations, for their adverse affect on the environment), and among the broader public and the media.

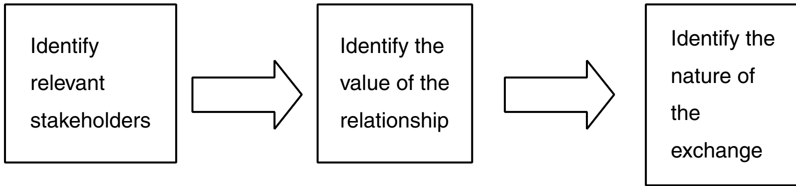

Figure 8.2 The process of identifying stakeholder value relations

Having identified key stakeholders, it is necessary to begin to assess their strategic significance according to their contribution to brand value. This process considers stakeholder value relations and has three stages: stakeholder identification, stakeholder prioritisation and identification of the nature of the exchange (Figure 8.2).

Stakeholder identification

Primary and secondary stakeholders should be identified as outlined above – in other words which stakeholders contribute to brand value generally and which other stakeholders emerge in relation to specific issues.[75]

In the case of the electricity-generating company, brand value is created through a strong customer franchise. Here the newly privatised companies' develop strong brand image: moving from zero-branding budgets to developing highly visible brand identities in order to achieve a strong market-positioning presence. But these strategies are not limited to customers; they are also explicitly directed at the range of stakeholders listed above. To ensure adequate funding for new investment the firm needs to build up equity with its investors: investors need to feel that their investments are worthwhile and will give an adequate long-term return. Here the role of the brand in building up investor trust has been traditionally underestimated in the literature in favour of focus on buyers. Another relationship prioritised by the electricity-generating company is with government. Its continual operation in a regulated market means that it is directly affected by government regulation and legislation. Building up good relationships with government authorities at the national and European level are prioritised.

Beyond these continual efforts to promote the brand to a range of primary stakeholders, the firm may be involved from time to time with other, secondary stakeholders. These will usually emerge around specific issues. In this example, these can be issues regarding competition and

competitive practices, proposed and actual changes to legislation, environmental effects, and so on. Around these issues new stakeholders may emerge. For the brand manager, brand equity may be reliant on having effective access to these stakeholders through established relationship channels (eg lobbying channels or stakeholder dialogue forums); often brand equity in these circumstances will be in the form of goodwill or social capital that is specifically linked to the (often corporate) brand and can be used to provide leverage in relation to the specific issue.

Stakeholder prioritisation

Then next step is to prioritise these stakeholders in terms of their contribution to brand value. Mitchell *et al.*[76] suggest that three variables are relevant in relation to the identification of stakeholder salience: power, legitimacy and urgency. Power is defined as the ability of the stakeholder to make the firm carry out an action against its will. Legitimacy is the social construction of a legitimate platform of action in relation to the firm by the stakeholder. Urgency is the degree to which stakeholder claims call for immediate attention. This model can be usefully employed in relation to the present problem. It is suggested that these can be translated into dependency, strategic significance, actuality and a further variable, attractiveness.

– **Dependency:** Rather than considering overt power, it is more useful to identify dependency when considering relationships. This is in line with the resource dependency approach to the firm,[77–79] where the firm is considered as a constellation of resources based on its internal core competencies,[80] but also on external resources upon which it is dependent. While some key resources may be held by external stakeholders (eg suppliers may be in posession of unique technologies, or retailers may have access to a customer base), other internal resources may be dependent on cooperation with external stakeholders (eg suppliers, a well-educated labour force, etc). In relation to the earlier example of Helly Hansen, many retail wholesalers have highly dependent relations with retailers, and are faced with the choice between accepting this dependence or developing their own retail outlets at the risk of alienating their existing retailers. Dependency is highly linked to the second variable, strategic significance.
– **Strategic significance:** Dependency is naturally determined by the strategic thrust of the firm. Here one is concerned with the alignment of strategic stakeholders to the core competencies of the firm,

but also to the wider issues of value creation. This goes beyond a singular focus on core competencies to consider, for example, customer orientation,[81] but goes even further to consider the value generated through a network of stakeholders. Doyle[82] argues, 'sustained success depends upon more than merely identifying market opportunities; more critically it depends upon having the special capabilities to deliver at low cost or higher quality than the competition'. We argue here that success depends on securing key stakeholders as resources for the firm, and aligning them to the strategic thrust of the organisation. For instance, if the strategic thrust of the firm is based on a value strategy (as with IKEA) then the most significant stakeholders will be the suppliers. Thus it is necessary to build and maintain relationships with suppliers. In IKEA's case the novel use of alliances with suppliers helps to maintain these relationship and ensure high quality while reducing costs.

– **Actuality:** The third variable incorporates the fact that, as discussed above, some stakeholders emerge around special issues at specific times. In times when stakeholders are latent, then investment in the relationship will be low. The brand manager needs to assess when a relationship is 'active' and when it requires an active investment. For many firms, relationships are seen as long-term, and investment in the relationship is seldom questioned. The pharmaceutical industry has traditionally invested highly in the relationship between the firm and doctors through powerful sales forces.[83] Changes, however, in the macro environment (legislation, increasing generic competition, slower product innovation) may force the industry to reassess the value relationship in favour of adopting branding strategies that appeal to a broader range of stakeholders, including end users. It is clear that the importance of these relationships varies over time; the model in Figure 8.1 presents a snapshot view at a given point. The importance, or salience, of many stakeholders increases in relation to specific issues: for example, NGOs and government may be especially active around legislative issues, customers may be acquired by competitors offering a better package making competition an issue, or general changes in the brand's macro environment may pose an issue for the maintenance of brand equity. Stakeholders can be categorised as latent, current or critical.[84] On this basis an assessment can be made as to how the relationship should be managed and how acute that relationship is: latent customers should be captured, while relations with potentially disruptive stakeholders need to be managed, perhaps in the hope that they become latent or to prepare for the time they become critical.

– **Attractiveness:** the final variable is specific to brand management (as opposed to stakeholders management) and reflects a more qualitative assessment of the relationship between stakeholders and the brand. Attractiveness seeks to incorporate considerations of brand image as a driving variable in the prioritisation equation, and includes the impact of reputation. A supplier, for instance, may seek to reach preferred supplier status with a highly reputable company in order to improve its own brand image. Likewise the development of relationships with NGOs may achieve significant image benefits that can be passed on to consumers.

On the basis of these variables the brand manager should make an assessment of the salience of each stakeholder group to the creation and maintenance of long-term brand value. Salience can then be used to compare expected band performance with actual performance in relation to each stakeholder group. In Figures 8.1 and 8.3 the arms of stakeholder relations are graduated in order to reflect the need for differential focus on each stakeholder group; prioritisation of stakeholder groups will thus be a reflection of their strategic salience for the total brand equity.

Identification of the nature of the exchange

In the final stage of the process, the brand manager needs to develop an understanding of how brand value is created through the exchange process. It is possible to distinguish between three types of exchange: functional, symbolic and hedonic. Functional exchange refers first and foremost to the transfer of products and services between buyers and sellers, but can also refer to monetary exchange between the firm and investors. Functional exchange refers to the exchange of utilitarian value between the brand and its relationship partners. Functional benefits relate to the price–quality relationship in terms of an (often implicit) cost–benefit calculation on the part of the customer and whether the brand can be used to solve a functional problem for the customer. Symbolic exchanges have been considered primarily in consumer markets,[85] but are equally relevant in business markets where reputational and image concerns are increasingly seen driving these relationships. These concern the transfer of meaning between the brand and the customer.[86] Hedonic aspects of consumer behaviour have been explored in relation to the role of consumption activities and use of brands.[87] Many brands elicit hedonic responses of nostalgia, comfort, pleasure, and so on, which appeal to the consumer's sense of self.

It is possible to look at exchange in terms of relationships between the firm and its stakeholders.[88] Here exchanges can be, for example, product, financial, information, service or, communication exchanges. Exchange is always two-way, so we need to be aware of the nature of the exchange back to the firm. Normann and Ramirez[89] argue that interaction between the firm and the customer is central to value creation, rather than being a one-way process. This type of negotiated exchange demands that the firm be aware of expectations of the stakeholder as to the nature of this exchange. For instance, if services are being exchanged, what are the stakeholder's expectations regarding the level of service? How is the service created? What contextual factors are important? Likewise, in the more diffuse case of reputation, here one is arguably looking at the exchange of image: what factors are important for a good reputation? The CEO?[90] The company name?[91] Or company values?[92] The determination of these aspects is central to creating value for the stakeholder and the firm.

This part of the model considers the concerns of the stakeholders and the communication context. Each stakeholder group will have different primary concerns and objectives in relation to the brand. For example, employees will be concerned with the status of the brand externally (ie is this a respected company to work for?) and consistency of the brand internally (ie do I experience the brand as they tell us it is?). Investors will be looking for a sound financial performance, while suppliers or distributors may be looking for transfer effects of brand reputation. Thus for each stakeholder a list of primary concerns should be made. These will aid the brand manager in sorting the stakeholders, but also in grouping them together. As Doyle points out, in relation to each stakeholder's concerns the firm cannot, and should not, hope to fulfil them all, but seek to reach a compromise in a so-called tolerance zone for each primary stakeholder, or secondary stakeholder in relation to specific issues.[93] Thus the stakeholder model might look like Figure 8.3. Note that the expectations given in this figure are indicative only.

The usefulness of Figure 8.3 lies in the way in which it compares the results of the prioritisation of stakeholders with the types of exchange that the firm would need to enter into in order meet the expectations of each stakeholder, ie the strategic potential of the relationship from the point of view of the firm, with the value potential from the point of view of the stakeholder. This moves the brand manager away from solely focusing on the firm's concerns towards a mutual model. Thus the focus shifts from looking at brand equity in terms of what the brand manager does to the consumer, and to including an understanding

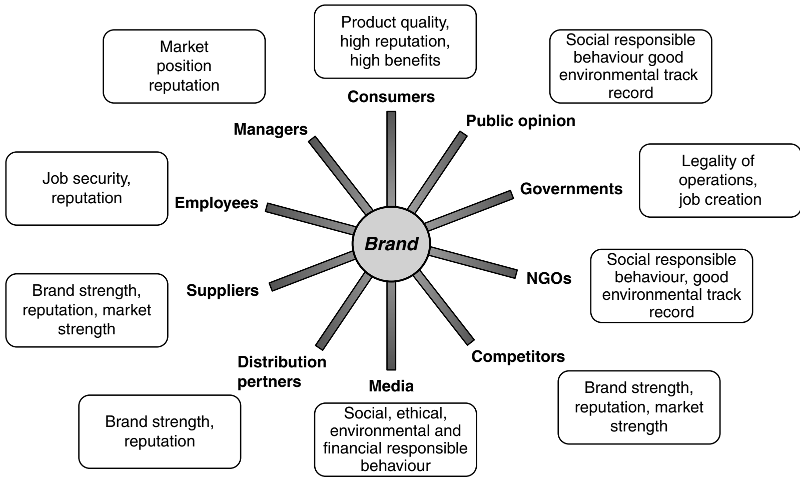

Figure 8.3 Identifying key stakeholder expectations

of how value is created for the stakeholders (consumer, customer, channel representative, suppliers, etc) and how this can be translated into value for the firm. This can be financial value, legitimacy, power, trust, etc. For the investor, it may be financial value in terms of dividends or increased share-price that is being sought. Equally, it might be maintaining a buoyant share price for financial stability or to prevent a hostile takeover.

Value is a multiple construct, in that it can be defined according to many measures. Here this paper moves away from the simple equation:

$$\text{value} = \{\text{costs}\} - \{\text{benefits}\}$$

to one where value is the fulfilment (or partial fulfilment) of expectations of the outcomes of a relation. As value creation is considered as a consequence of a relational interaction (co-creation), so it must be considered for the firm and for the consumer.

Sources of brand value

The final part of this paper considers how relationship performance contributes to brand value. There are two aspects to this. First, that brand value is created through a series of stakeholder relationships, and

that this value needs to be assessed on the basis of each individual relationship. Secondly, that value is created together with the stakeholder through a mutual, dialogical relationship. These will be examined in turn.

Stakeholder equities as a basis for brand value creation

Brand value is created through the interface between the brand and multiple stakeholders. There are two points worth stating here. First, that brand value is not just dependent on a single relationship, for example that between the brand and the consumer, but is reliant on a network of relationships that support the value-creation processes for both the firm and the customer. For example, the value created by a consumer brand directly for the consumer (ie in the form of brand awareness, for example. through the firm's own advertising) is also reliant on support from marketing channels (ie retail outlets and distributors). It goes without saying that if the consumer cannot access the brand then brand value is lost. This simple fact is, however, a major concern for brands, particularly in the case of brand extensions where entrenched channel views of the brand's position need to be addressed as much as those of the end users. Channel equity is thus an essential element building brand equity. In B2B situations, the network approach has long been recognised as a significant creator of competitive advantage.[94,95] These relationships can be seen in terms of brand value – for example, major capital investments needed to maintain market advantage and brand value are reliant on sound investor relations; the access to adequate and flexible financial backing can be vital in highly competitive situations.

The second point concerning the creation of brand value through the interface between the brand and multiple stakeholders is that value is created through some form of interaction between the brand and the individual stakeholder. In the case of consumers, this is usually in the form of marketing communication and service experiences as described by traditional brand equity models. Work on corporate branding suggests that brand relationships with employees are a major source of value in that they can improve motivation and productivity.[96] Corporate brands create meaning and identity for employees, which gives a sense of purpose to their work.[97] Channel interactions are typified by promotional relationships that emphasise cost factors. In their famous work, Stern and El-Ansary noted, however, that these relationships contain strongly political features, where power, in particular, is an important variable.[98] One only has to look at the channel relations that Coca–Cola or Carlsberg have to see the value of power in ensuring

brand value. The elements of these brand-stakeholder relationships cannot be generalised, but are specific to the relationship.

Each relationship has its own logic, which determines: (a) what is important; (b) how value is measured; and (c) how value is communicated. Thus marketing messages need to be adjusted to suit the particular characteristics of each stakeholder. But this is not just a matter of adjusting communication; different stakeholders have different expectations about the outcome of their relationship with the brand. These, often conflicting, expectations need to be assessed in terms of whether the firm can accommodate them through compromise, or whether the firm must prioritise certain stakeholder relations over others. As Doyle[99] argues, 'Marketers need a more sophisticated understanding of when brand-building investments make sense' (p. 21), but they also need to understand which investments are necessary. This takes us to a consideration of the nature of the relationships between the brand and its stakeholders.

The stakeholder–brand value model

A number of scholars have proposed that more attention should be focused on the role of marketing and branding in value creation.[100–102] Doyle,[103] for instance, argues for a Shareholder Value Assessment model as an alternative to the limitations of conventional accounting, and as a proactive response from marketing's side to more fully document the value-creation activities of marketing for shareholders. Likewise, Keller[104] developed the brand value chain model that highlights the relationship between marketing inputs, consumer reactions (or mindsets), market performance and shareholder value. The model, like many others, is linear in approach, and focuses on the impact of brand management efforts on the customer.

Major drawbacks of these models are that they focus on narrow definitions of stakeholders, normally the customers, and that they are linear (almost cause-and-effect) models. As has been argued here, relations between the brand and its stakeholders are far from one-way, but are typified by interaction and co-creation. Day,[105] for instance, argues for a cyclical model of value creation. He argues that value creation is a self-reinforcing process that cycles through value defining, developing, delivering and maintaining. 'Interactivity represents a sea change in the way companies relate to their markets. The essence of interactive marketing is the use of information from the customer rather than about the customer' (p. 71). This applies equally to all stakeholders, not just customers. While the model presented here reflects this new focus, it goes

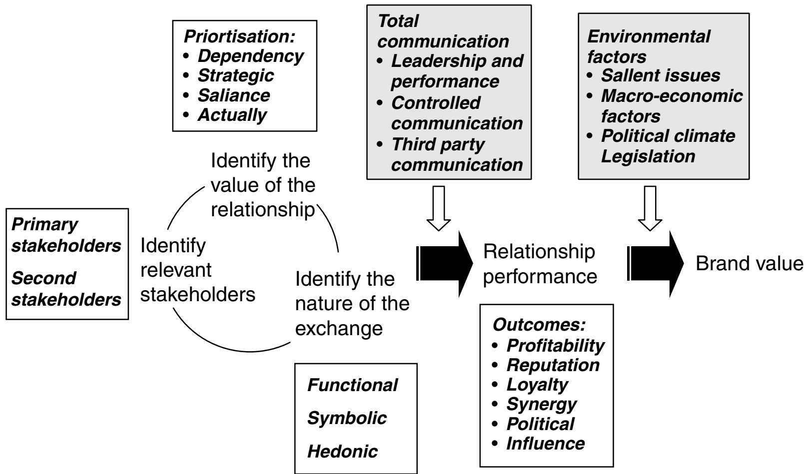

Figure 8.4 The stakeholder – brand value model

a step further by differentiating stakeholders according to their salience. (Figure 8.4) It is based upon the following assumptions:

– Value creation resides in the interaction between the brand and its stakeholders.
– Value is created through the meeting of stakeholders' expectations be they in the form of functional, symbolic or hedonic exchanges and outcomes.
– Managers' actions in relation to the brand affect stakeholders' perceptions of the brand, but that the overall perception of the brand is also affected by the actions of other stakeholders.

The model takes an overtly management focus in that it identifies the processes behind brand-value creation from the manager's point of view. It can be applied to all organisations, but naturally suffers from the limitations of any general model in that it does not describe detailed factors in relation to specific firms and their stakeholders. Its aim is to enable the development of a comprehensive overview of the classes of factors that affect brand-value creation.

The model builds from the stakeholder identification and prioritisation procedure outlined earlier. Rather than being the linear model as presented in Figure 8.2, it is now wrapped around on itself to reflect

the continual process in identifying stakeholders and assessing the value that they contribute to brand value. Relationship performance, which is assessed during this process, is influenced by the communication context within which the relationship is developed. Figure 8.4 refers to the total communication of and around the organisation, which consists of leadership behaviour and company performance, controlled forms of communication and PR, and third-party communications, including media coverage.[106] The communication context gives important signals about the overall evaluation and, either explicitly or implicitly, the performance of the organisation as judged by a range of stakeholders. It is communication about the brand that provides the source of goodwill, trust and reputation that is an important source of a brand's value. It is this communication that is influential on other stakeholders' evaluations of the value of the brand.

Perhaps the most significant aspect of the model is the way in which performance outcomes are conceived. The model lists such outcomes as reputation, synergy and political influence, in addition to profitability. This reflects the fact that the model is not focused on a single measure of outcome, but is focused on identifying relevant outcomes (for the brand) in relation to the brand's salient stakeholders. These relationship performance outcomes in turn influence the overall brand value. The effect they have on overall brand value depends on a range of environmental factors, the most obvious being macro-economic factors. A stakeholder-brand relationship may perform highly according to the model, but if the macro-economic environment changes, then the value of the relationship may be adversely affected. For example, a change in the euro/dollar exchange rate, and consequent fall in exports, may negate a highly favourable investor relationship; the stakeholder–brand relationship may be performing well, but overall brand value will fall.

Considerations for brand managers

This model provides an insight into the brand-value management system. It invites the brand manager to take a holistic approach to determining the sources of brand value, and helps identify the main stakeholders in relation to brand value creation. The essence of the model is that it gives the manager a basis for analysing and ultimately measuring where brand value is created (the latter is the subject of future research). This then forms a vital input to the brand management system. The model emphasises the mutuality in the brand–stakeholder relationship and identifies the basis for brand value creation in these

relations. More specifically it raises a number of considerations for the brand manager:

- **Who are our brand's stakeholders?**
  Using the daisy-wheel model, the firm is able to identify its salient primary and secondary stakeholders. Primary stakeholders are those with whom there is regular interaction and are stable – they are those who fulfil the requirements for dependency and strategic significance upon which brand value is dependent. Secondary stakeholders are those who become relevant around specific issues; they fulfil the requirements for actuality and attractiveness at a given time.
- **Which relations are significantly contributing to brand-value creation**?
  The brand manager needs to prioritise stakeholder relations according to their possible impact on brand-value creation. Here the manager needs to be aware of all the possible stakeholders and identify those who contribute strategically to the brand's value and strategic position in the market. The brand manager needs to assess each relation in terms of three variables: dependency, strategic significance and actuality. In terms of dependency the relationship can be described as being: dependent (who is dependent on whom?), independent (no dependence) or mutual (a two-way, synergistic relationship). In terms of strategic significance, the manager needs to assess the relationship in terms of the strategic thrust of their own brand, ie which relations are important for the brand (eg reputation alliances)? Lastly, actuality considers the range of stakeholder relations that become activated in relation to specific issues. In the case of the electricity-generating company: is the brand linked in some way to energy issues? What are the relations with energy stakeholders (eg government, NGOs, etc)?
- **How is value created in these relationships?**
  Having identified strategic stakeholder, the brand manager should identify the nature of the value–exchange relationship. Is the exchange based around products, financial flows, information flows, services, or communication? What is the nature of the exchange relationship: is it functional, symbolic and/or hedonic? How involved is the stakeholder and what are their expectations? In answering these questions the manager is then in a position to determine whether and to what extent stakeholders' expectations can be met. Value for the stakeholders is created by the fulfilment of their expectations.

- **How does out total communication support these relationships?**
  The brand manager needs to be aware of the total communication experience of each strategic stakeholder, including direct, paid for market communication and public relations, the strategic actions of the firm in relation to the brand, as well as indirect communication about the brand via third parties.
- **What are the outcomes of our relations?**
  The brand manager needs to set up a checklist of successful outcomes in relation to each stakeholder as a way of monitoring relationship performance.

Conclusion and future research

In this paper an outline of a stakeholder–brand value model has been presented. The model reflects an emerging movement in the branding literature away from an overriding consumer focus to more holistic approaches that seek to identify other relationships that provide important sources of brand value. While a number of other equity relations have been explored in the literature, as indicated in this paper, up until now there has been no attempt to provide an overall framework for conceptualising and analysing these multifarious relationships. This paper does this in terms of the concept of brand value. The stakeholder–brand value model offers an attempt to provide an overarching model for assessing brand value and linking the different streams of thought within the literature. A number of important points arise from the model:

- First, that brand value is dependent on a number of stakeholders, and that these function as a network supporting (or working against) brand value. Achieving high brand value normally requires achieving synergy between these different relationships – increasing the value of positive relationships and minimising the impact of negative relationships.
- Secondly, stakeholders other than customers are vital sources of brand value. They perform more than simply a supportive role as suggested by other models.
- Thirdly, brand value does not equal the sum of the value of each relation. In brand equity terms one cannot simply sum the individual positive equities and subtract the negative ones. In this respect, each individual relationship should be considered separately because,

as the model stresses, the basis for value creation is different for each stakeholder in terms of their expectations of process and outcomes.
– Fourthly, each relationship has its own logic, which determines the nature of the interaction and how outcome performance should be measured. The brand manager should identify the variables that are important in this regard: for example, is the stakeholder looking for financial return on investment or are they looking for dialogue and compromise (eg on an environmental issue)?
– Lastly, brand value is co-created through the relationships between the brand and its stakeholders. The brand manager needs to prioritise which relationships are most salient for the success of the brand. While there is no one solution as to which relationships the brand manager should prioritise, this model should act as an aid in determining who and what really matters.

The model presented here opens up the possibility for a good deal of research into the nature and outcomes of brand relations, other than those focused on consumers. There are already many streams of work looking at specific relations; for example, a number of researchers are exploring branding in B2B markets, and there are already established lines of research into customer and channel equities. Additionally, more general work on relational equity and on social capital is promising here. More work needs to be done, however, on identifying the different relations and their contribution to total brand equity.

Research can usefully be developed along two lines: looking in more detail at ways in which the brand creates value for its stakeholders, and translating this into operative measures of brand equity. In relation to the first strand, there needs to be more focus on identifying relevant outcomes of relationship performance for brand value. What types of outcome are desirable and how should they be measured? The great challenge here is to begin to quantify these relationships in relation to multiple stakeholders. There remains to be carried out any research that takes a holistic approach, and brings together these emerging lines of research by defining their relevance for the brand. This might specifically identify synergy effects across stakeholder types, for instance between employees and shareholders, where research into corporate reputation may provide valuable insights[107] or between NGOs and governmental agencies, where research into strategic bridging and alliances may be useful. Research into strategic bridging and alliances may be useful here. Additionally, work needs to be carried out on looking at contextual factors that affect the ability to achieve these outcomes.

For example, under what conditions would it be relevant to develop a corporate branding programme? Once the overall understanding of the role of the brand in value creation is understood, specific measures of brand equities can be developed. This would first examine critically the usefulness of traditional measures such as awareness and loyalty and identify new, complementary measures of equity. Secondly, it would attempt to develop measures of the interrelationship between equities in terms of the critical marketing relations that contribute to the value of the brand. Once developed, this model could offer a powerful tool to marketing managers to argue for the relevance of their long-term relational investments in the light of increasing pressures to demonstrate financial performance.

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9 The Organic View of the Brand: A Brand Value Co-creation Model

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Introduction

Brand management has evolved from its original focus on product differentiation (for example, Aaker, 1996) to new perspectives that include service brands (for example, Berry, 2000) and corporate brands (for example, Balmer, 1995). This represents the emergence of a new approach that understands brands as social processes that involve multiple stakeholders. This also creates the need to better understand how brand value is co-created together with other stakeholders (Brodie *et al*, 2009; Hatch and Schultz, 2010; Frow and Payne, 2011). In this respect, there is an opportunity to build an integrated brand value co-creation model (BVCC) (Merz *et al*, 2009) that can be used in different business settings (Wallström *et al*, 2008; Payne *et al*, 2009; Pillai, 2012).

This article presents an organic view of the brand (OVB); a BVCC model. The OVB argues that brands are organic entities because they are built together with various stakeholders and many parts of this process are beyond the control of the organisation. From the OVB, brand value is conversationally co-created by multiple stakeholders in a fluid space subject to constant negotiation. This calls into question many of the traditional assumptions of brand management and demands a new managerial style. The OVB challenges the traditional ideas of the value proposition and the brand covenant and instead suggests that while managers need to provide direction for the brand, they must also be willing to accept that brand

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meaning is constantly negotiated with many other stakeholders (Round and Roper, 2012; Ind *et al*. 2013). Thus, managers will need to accept a loss of control and be willing to share if they want to build a relevant brand image. The implication is that managers will need to develop a new leadership style that is more humble, open and participatory.

This research is qualitative and exploratory in nature (Creswell, 2007), due to the lack of empirical research in this area (Pillai, 2012). The fieldwork consists of 20 in-depth interviews with marketing directors of companies in the fields of fast moving consumer goods (FMCG), business-to-business (B2B), and services – as well as directors of brand consultancies, and a workshop with eight of the previous interviewees.

Brands as social processes that involve multiple stakeholders

From the product branding perspective, a brand is a name as well as a set of perceptions based on functional and emotional values and benefits (de Chernatony *et al*, 2006) that help to differentiate a product (for example, Aaker, 1996). As such, brands work to guarantee product quality (Dawar and Parker, 1994) and simplify consumer purchase decisions (Jacoby *et al*, 1977). Traditional product branding practices dedicate most resources to building the brand's outward image (Morrison and Crane, 2007) through diverse communication initiatives.

However, the growing importance of the service sector in developed economies, as well as the emergence of the concept of service-dominant logic (Vargo and Lusch, 2004), are challenging the traditional view of brands. According to this line of thinking, customer interaction with company employees (for example, Berry, 2000) and the value-in-use (for example, Grönroos, 2011) largely determine the overall experience, and consequently, brand value. When an experience is positive, consumers are more likely to establish long-term relationships with the brand (Brakus *et al*, 2009). This new current of thought attaches greater importance to the broad integrative role of the service brand as an interface between consumers and employees, as well as between the company and numerous other stakeholders (Dall'Olmo Riley and de Chernatony, 2000; Davis *et al*, 2000; McDonald *et al*, 2001; Brodie *et al*, 2006, 2009).

Parallel to the service brand literature, the corporate branding literature has also been gaining attention since the mid-1990s (for example, Balmer, 1995; Harris and de Chernatony, 2001; Hatch and Schultz, 2002; Balmer and Gray, 2003; Golant, 2012; Balmer, 2012a,b). In fact, several authors in academia and the professional world (for example, Wallström *et al*,

2008) have stressed that there is a clear move from product and service brands towards corporate brands. In the same way, Merz *et al* (2009) argue that brand literature has evolved from focusing on output (the product) to the conceptualisation of brands as social processes in which multiple stakeholders are involved in the co-creation of brand value.

The primary difference between product and corporate brands is that, while the fundamental objective of product brands is to achieve customer satisfaction, corporate brands incorporate a broader view and scope (Gylling and Lindberg-Repo, 2006; Roper and Davies, 2007). Corporate brands take into account the needs of multiple stakeholders (Balmer, 1995; de Chernatony, 2002; Hatch and Schultz, 2002) while aiming to improve the overall brand experience (de Chernatony, 2002). Accordingly, the corporate brand has a fundamental role in the creation of sustainable relationships between an organisation and its multiple stakeholders (Schwaiger and Sarsted, 2011). Balmer and Gray (2003, p. 982) claim that 'the core of a corporate brand is an explicit covenant between an organisation and its key stakeholder groups'. This is an essential bilateral contract between the organisation (s) behind a brand and clients and other stakeholders (Otubanjo *et al*, 2010; Balmer, 2012b). Corporate brand stakeholders include clients, employees, investors, suppliers and citizens (Morsing and Kristensen, 2001; Schultz, et al, 2005; Davies *et al*, 2010). The brand covenant or brand promise is defined by the senior managers and is expressed as a value proposition of the corporate brand (Balmer, 2012b).

Several authors have tried to build conceptual corporate brand models. Balmer and Soenen (1999) developed the ACID test that differentiates between four types of identity and provides structure for better planning and benchmarking of corporate identity strategies. The four identity types are the actual identity, the communicated identity, the ideal identity and the desired identity. The model allows managers to identify and minimise gaps among all these types of identities. This model was later on refined and three more identity types were added to complete the AC4ID test (Balmer, 2012b). This later version allows for better calibration of the brand identities with the covenanted corporate brand identity. Another interesting model is that of Knox and Bickerton (2003). They identify six conventions that serve as guiding practices to diagnose the management, and nurturing of, the corporate brand. Finally, Hatch and Schultz (2003) proposed a model that claims that to get the most of a corporate branding strategy three essential elements should be aligned: vision, culture and image. Their model

allows managers to analyse and diagnose the existing gaps among these three elements.

One of the main threats to a corporate brand is a gap between stakeholder perceptions of a corporate brand and the brand promise made by the corporation (Roper and Davies, 2007; Anisimova, 2010). A gap may cause consumers and stakeholders to reject or be ambivalent to the brand promise (Balmer, 2012a, b). If consumers and stakeholders can reject a brand promise, then this implies a clear transfer of power from the organisation to consumers and stakeholders (Cova *et al*, 2011). Consequently, while corporations retain simple legal ownership of their brands, various stakeholders share a major part of the emotional ownership of corporate brands (Balmer, 2012a, b).

Managers must accept that they are losing control of their brands and that controlling every aspect of a brand is impossible in this new environment. According to Haarhoff and Kleyn (2012, p. 112), 'They can guide, influence and inspire consumers to co-create brand meaning, but unilateral identification and building of all aspects of brand positioning [...] is no longer possible'. From this perspective, building a brand is an interactive process in a conversational environment (Vallaster and Lindgreen, 2011) where brand value is co-created by multiple stakeholders (Merz *et al,* 2009). In this conversational space consumers use their experiences to construct meaning and value together (Baker *et al,* 2005). Instead of imposing a vision, the role of a brand manager should be to negotiate and communicate with the various stakeholders (Golant, 2012) so as to understand the meanings they attach to the brand – and then reinterpret, adapt and reinforce the brand's value proposition accordingly (Iglesias and Bonet, 2012).

While managers have a crucial role, personnel – and especially front-line employees – are at the heart of service and corporate brands (Brodie, 2009; Balmer, 2010). The behaviour of employees can make or break a brand (Roper and Davies, 2007). Their levels of commitment and empowerment will largely determine the success of a brand (Aaker, 2004). When employees understand and share the brand vision then their actions can be easily aligned with brand. Of course, this means that managers must persuade employees of the need to be aligned with the values of the brand so that employees reflect this belief in their interactions with clients and other stakeholders (de Chernatony, 2002; Golant, 2012). This is the main challenge facing brands – transferring brand values to the daily behaviour of employees (Wallström *et al,* 2008).

The similarities between the literature on corporate and service brands (Balmer and Gray, 2003) have led some authors to use the terms interchangeably (de Chernatony *et al,* 2006). Both corporate and service brands have multiple interfaces that involve diverse stakeholders (for example, Balmer and Gray, 2003; Brodie *et al*, 2009) and emphasise internal policies and the key role of the employee (for example, Harris and De Chernatony, 2001; McDonald *et al*, 2001). Other common elements include the emphasis on co-creation involving different stakeholders (for example, Brodie *et al*, 2009; Cova and Dalli, 2010), and mechanisms to create outstanding experiences (for example, Berry, 2000; de Chernatony, 2002) that enable the development of long-term trusting relationships (for example, Dall'Olmo Riley and de Chernatony, 2000; Veloutsou and Moutinho, 2009). Empirical research by Rahman *et al* (2009) shows that brand management practices for goods and services may not be as different as previously thought. Dall'Olmo Riley and de Chernatony (2000) also suggest that product, services and corporate brands fulfil the same basic functions. Thus, it seems that there is a growing convergence in the branding literature, that is consistent with the stakeholder-focus brand era presented by Merz *et al*, 2009 and that is characterised by viewing brands as social processes in which multiple stakeholders are involved in the co-creation of brand value.

This points towards the need to better understand brand value co-creation processes by multiple stakeholders (Brodie *et al*, 2009; Hatch and Schultz, 2010; Frow and Payne, 2011) and develop an integrated brand value co-creation framework that can be relevant in various business settings (Merz *et al*, 2009; Payne *et al*, 2009).

Brand value co-creation

Van Durme *et al* (2003) were among the first researchers to face some of the above challenges. In their model, they integrate the 'three promises' framework, also known as the value triangle with the idea of triadic brand relationships.

Subsequent research, although acknowledging that brands allow the making, enabling and facilitating of promises, differs from Van Durme *et al* (2003) in two respects. Firstly, employees are not only involved in keeping promises, but also play a key role in making promises (for example, salespeople, receptionists, and so on) (for example, Ind and Bjerke, 2007). Secondly, there are stakeholders other than consumers and employees involved in co-creating value (for example, Davies *et al,* 2010).

Brodie *et al* (2006) developed a conceptual model known as the service brand-relationship-value (SBRV) triangle that expands the works of Berry (2000), Grönroos (2006), Prahalad and Ramaswamy (2004), and Van Durme *et al* (2003). The model also seeks to overcome the limitations of the works of Berry (2000) and Van Durme *et al* (2003) by incorporating 'network relationship experiences, rather than just consumer experiences' (Brodie *et al,* 2006, p. 371). The SBRV triangle underlines the central role of the service brand and the importance of experiences between the brand and its multiple stakeholders to co-create value.

The SBRV model is an enlarged view of the brand (not only service brands) that was developed in response to the theoretical paradigm shift instigated by Vargo and Lusch (2004). The SBRV triangle, like the model of Van Durme *et al* (2003), stresses the importance of employees in brand experience co-creation processes, but unlike the Van Durme model, the SBRV triangle acknowledges the existence of many other stakeholders – along the same lines as Prahalad and Ramaswamy (2004) and Grönroos (2006). However, one significant shortcoming of the model is that it only considers employee-stakeholder interactions as a possible source of creation of meaning and experience, and so neglects the role that other brand interfaces play (Batey, 2008). These other interfaces include the brand's symbols (McDonald *et al,* 2001) and physical manifestations (Dall'Olmo Riley and de Chernatony, 2000), such as decoration, in the case of a hotel or a store brand (Schmitt, 2003).

Brodie *et al* (2006) also place the brand at the centre of their model – yet according to a vast literature, brands only exist in the minds of consumers, which suggest their centrality (for example, Keller, 1993). Lastly, it seems inconsistent that 'the company' appears twice in their model (at one of the vertices of the SBRV triangle; and at the same time, at the centre of the model as an entity that can be similar to a brand). Therefore, although the SBRV triangle solves some of the shortcomings of previous models, such as the Van Durme *et al* model (2003), it still suffers some incoherencies and certain limitations as it does not take into account all sources of meaning and value creation.

Payne *et al* (2009) integrate co-creation and branding to diagnose and develop customer relationship experiences. The main components of their model are: the value creation processes (involving customers); the supplier's value creating process (which refers to the mechanisms related to the design and co-creation of a brand relationship experience); the encounters and interactions that co-create experiences; and lastly, other additional sources of brand knowledge. This model is interesting because it integrates the processes of value co-creation,

experiences, interactions and relationships, in a context (business-to-consumer goods) other than that of the service brand. The model also overcomes one of the principal limitations of the SBRV triangle of Brodie *et al* (2006), by incorporating other additional sources of brand knowledge (Keller, 2003) and brand meaning (Batey, 2008), as well as employees, customers and other stakeholders. Although their model provides interesting insights, Payne *et al* (2009) recognise the limitation of their business-to-consumer focus and encourage future research to investigate different business settings.

Merz *et al* (2009) discuss a stakeholder framework that illustrates the last stage of their evolving brand logic. Under this framework, which is in line with the proposals of other authors such as Ind and Bjerke (2007) and Ballantyne and Aitken (2007), brand value is the result of dynamic social interactions among multiple stakeholders.

The framework of Merz *et al* (2009) recognises that the creation of value largely depends on interactions between the firm and customers, and that these interactions depend in turn on the interactions established among the various employees of the company. Furthermore, brand value is also built on the interactions between an individual customer and other stakeholders in this process, such as in brand communities.

While recognising the usefulness of the Merz *et al* (2009) proposal, many other authors (for example, Keller, 1993) argue that brand value is subjective and unique to each individual. The second criticism of the model is that, in contrast to other proposals such as that of Payne *et al* (2009), it does not explicitly include sources of value creation within the company other than employees. Finally, the brand appears as a simple interface between the firm, customers and other stakeholders. According to the argument supporting the model, if any brand is built from multiple social interactions that contribute to the generation of value, then it seems that all these agents should be part of the brand.

Research objectives

The emerging branding perspective focuses on brands as social processes and claims that brand value is co-created by multiple stakeholders. Although several authors have attempted to conceptualise the process of brand value co-creation (Van Durme *et al*, 2003; Brodie et al, 2006; Merz *et al*, 2009), the field of study is still developing and fragmented. According to Cornelissen *et al* (2012), these models should

take into account that brands are built through continuous interpretations and negotiations with multiple stakeholders. Similarly, Vallaster and Lindgreen (2011) claim that very few researchers have explored and described the relationships between the main actors involved in building the brand. From this perspective, the question remains unanswered as to whether brands are mostly built internally, externally or in cooperation (Roper and Davies, 2007; Vallaster and Lindgreen, 2011).

There is a fundamental need to study and better understand how brand value is co-created with other stakeholders (Brodie *et al*, 2009; Hatch and Schultz, 2010; Frow and Payne, 2011; Vallaster and Lindgreen, 2011). Empirical research is also needed in this field as most existing research is purely conceptual (Wallström *et al*, 2008; Pillai, 2012). In addition, no study has yet compared brand building processes and strategies in different industries (Pillai, 2012). This research deficit is especially evident in B2B (Vallaster and Lindgreen, 2011). Payne *et al* (2009) also recognise that it would be worthwhile studying the brand value co-creation process in different environments – ranging from FMCG, to services and B2B – to discover if relevant similarities exist.

The objective of the present research is to build an integrative BVCC model from empirical fieldwork in different business settings.

Method

Owing to the lack of relevant empirical research, this study applies a qualitative and exploratory approach to develop a new BVCC model (Creswell, 2007). To overcome the limitations of previous studies that focused on one area of economic activity (for example, Payne *et al*, 2009), this study includes in the sample a variety of marketing managers for leading international brands from various sectors (FMCG, B2B and services), as well as directors of globally recognised brand consultancies. The data collection comprises 20 in-depth interviews, with five respondents from each of the four profiles – at which point the saturation criterion was reached (Marshall and Rossman, 1999). The diverse profiles of the respondents enable the use of constant comparisons that form the main pillar for the construction of a robust conceptual model (Creswell, 2007). The in-depth interview guide tried to cover the view of the interviewees on the evolving role of brands, the degree of control that managers have on brands, they key actors on the brand value co-creation process, and the differences in the processes of creating brands in differing environments (see Table 9.1). Finally, to review the model

Table 9.1 In-depth interview guide (subjects covered)

- Evolution in the role of brands
- Key actors, elements and processes to be taken into account when building brands
- Key actors, elements and processes for brand sustainability
- Impact of new technologies on brand building
- Intellectual property–brand control
- Co-creation of brand value
- Role of employees in co-creating brand value
- Role of customers in co-creating brand value
- Role of senior managers in co-creating brand value
- Other roles in co-creating brand value
- Differences in the processes of creating brands in differing environments (FMCG, Services, B2B)

emerging from the fieldwork, eight of the above respondents (two from each profile) participated in a workshop, in line with the proposal by Payne *et al* (2009).

Data were analysed and interpreted using NVivo 10.0 software. The 20 interviews were transcribed – and then analysed and interpreted line by line using a coding process to identify concepts and properties (see Figure 9.1). These concepts were then grouped using constant comparisons into higher order concepts – such as categories and subcategories (see Figure 9.2). Finally, these categories were integrated to build a conceptual model that was then reviewed against the literature and opinions of the experts who participated in the workshop (see Figure 9.4).

Data analysis and interpretation

From the analysis and interpretation of the in-depth interviews and workshop, a BVCC model emerges – the OVB. According to the OVB, brand value is conversationally co-created by many different stakeholders and brands are organic entities that can often develop outside of the strategic aims set by brand managers. The following sections further discuss the theoretical framework that has emerged from the fieldwork.

Conversational space: where organisations and individual consumers meet

The co-creation of brand value primarily occurs in the conversational space between the organisation and individual consumer (Figure 9.3).

Marketing Manager, Services 2
In the online connected world we live in, ("*connected world*") that very quickly all of that investment, all of that work, all of that association that you might have done over 30, 50, 100, 300 years around some values can be changed ("brand associations change") very, very quickly ("quick change"). I'm not just talking about reputational damage ("*reputational damage*"), I'm just talking about people starting to use your brand name, your product ("people using brand assets") in a particular way that you had not anticipated and, in fact, didn't want it to go in but you just can't stop it ("brand hijack"). The word spreads so quickly ("word of mouth") that actually before you realise it your entire proposition is starting to be shifted in the marketplace ("brand proposition shift"). Can you control it? ("potential lose of control")

Figure 9.1 Illustration of concepts-codes
Note: Conceptual names are in italic. *In vivo* codes are in brackets.

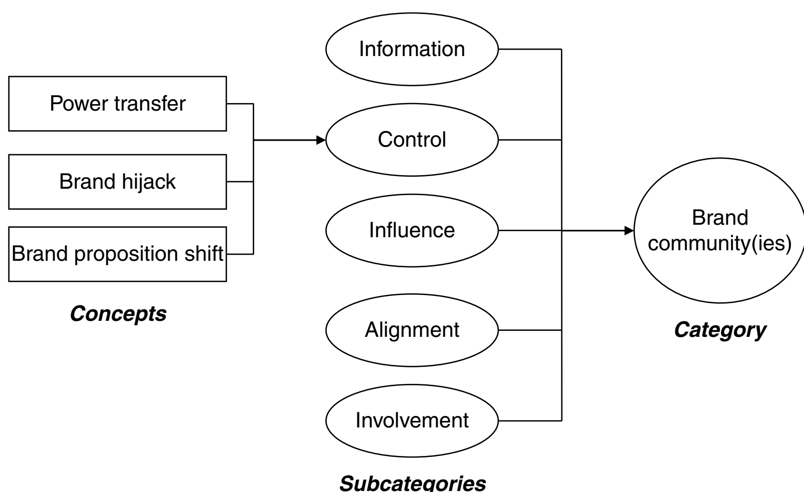

Figure 9.2 Illustration of emerging subcategories and categories

In this space, the consumer and organisation interact through brand interfaces and frontline employees.

> Brands do not create value unilaterally. Brand value is created when consumers see that their experience at the various contact points are positive. (Consultant 1)

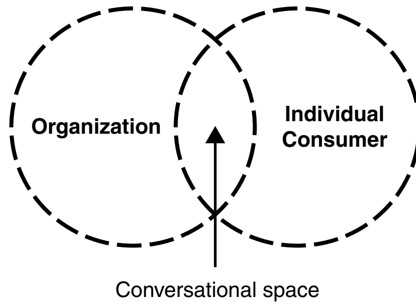

Figure 9.3 The conversational space

> We are very aware that the value of a brand depends on how consumers interact with it and their evaluation of these interactions. We have to develop the best possible experience using the tangible elements that we can offer – such as the decoration of the common areas, the rooms, the food, and above all, through the efforts of frontline staff such as receptionists and waiters. The definitive moment when a valuable brand is produced – or not – is when the client interacts with the elements of the brand and evaluates the experience. (Services 5)

Therefore, the creation of brand value depends on the interactions established between consumers and the organisation that manages the brand – through frontline employees and brand interfaces. The role of the organisation is to understand the needs and desires of consumers in order to facilitate a satisfactory brand experience.

It must also be emphasised that each consumer has a unique perception of a given brand. The meanings that a consumer derives from a brand are subjective and the result of individual experiences and perceptions. As a result, the model that emerges from the fieldwork starts in the conversational space between the organisation and each individual consumer.

> Each consumer has a specific image of a brand and this may sometimes be completely contrary to the image held by other consumers. The perceptions of a brand and its value depend on individual experiences. (FMCG2)

In the OVB (Figure 9.4) we adopt a bird's eye view that focuses on the connected space where an individual consumer and the organisation come together. In this space brand interactions take place (both

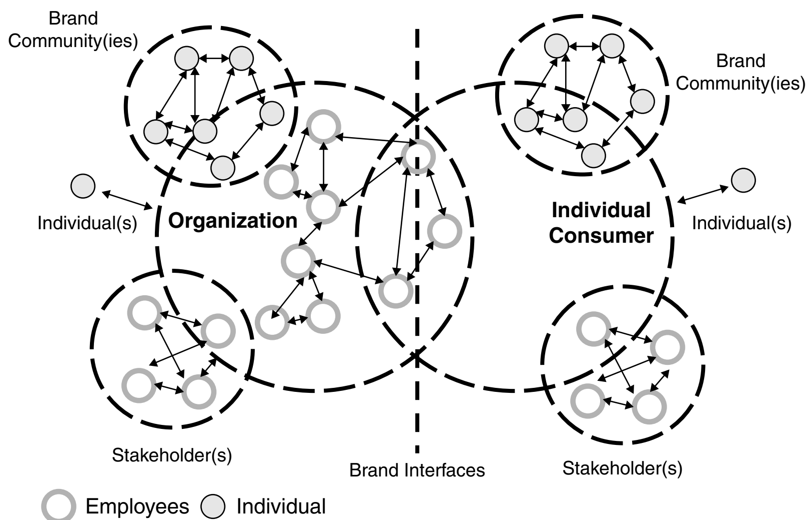

Figure 9.4 The organic view of the brand

planned and unplanned), which can be absorbed back into the organisation and shared with others if there is a willingness to learn. Equally, the consumer can also take those brand interactions and share the experiences with other stakeholders, such as brand partners and consumers, and even participate in naturally occurring communities beyond the purview of the organisation. Thus the model emphasises two important issues. First, the brand space where the meaning and value of the brand is determined is fluid and subject to constant negotiation. Second, while brand owners still have influence over the meaning of the brand they are no longer able to control brand experiences to the same extent as in the past.

Brand interfaces

The construction of a leading brand requires consistent management across a number of interfaces. Brand interfaces include all the many non-human interfaces through which consumers interact with a brand and which are essential for potentially building brand value – including the product, packaging, visual identity and points of sale.

> I believe that it is the product that largely makes the brand. (FMCG 4)
>
> The functionality must be very clear. If you do not have the best laptop in the world then you will not have a brand like Apple. Again,

> if you don't have a fantastic design then you will not have an Apple. Some of the brand promise is undeniably tangible. (Consultant 2)

The final perception of consumers will largely depend on those brand interfaces that make the brand promise tangible. This point is evident with FMCG, but it is also important for service and B2B brands.

> On the basis of the brand, we build a language that is applied to everything – the design of new offices, the visual identity, photographic style, artwork and communications. We unfold this language at all our points of contact. (Services 3)

Unlike other models, the OVB that arises from the fieldwork suggests that all the brand interfaces can make and keep promises. Products, packaging and store design communicate and make promises. In addition, each of these interfaces should be able to fulfil promises made and so contribute positively to brand value co-creation. Brand interfaces have been the traditional levers of brand building because brand managers can more easily control them.

> If my product cannot fulfil the promises we communicate, then we cannot stay long in the market. For this reason, one of our obsessions is the control of every manufacturing process to ensure compliance with brand standards. (FMCG 2)

Employees

Despite the importance of brand interfaces in building a brand, employees remain essential. The multiple interactions and contacts that occur between frontline employees and clients largely determine the brand value co-creation and this is especially evident in services and B2B.

> You need to understand that internal employees are probably the most important stakeholders. [...] We are an experiential brand, with multiple touchpoints, and that means that our employees are the brand. (Services 4)

Within FMCG, marketing managers also highlight the key role of employees, even if there are fewer direct employee-customer interactions, because they are responsible for listening to consumers and then developing and implementing strategies that project the values of the brand at every brand interface. Thus, employees facilitate brand value co-creation.

> A company such as ours cannot compete successfully without a team that lives and breathes the brand values and fights for these values for every product we introduce. (FMCG 3)

This is an important point, as many FMCG companies underestimate the key role of their employees in the brand building process and this leads to a high turnover among brand managers within companies and damages brand value.

> Job rotation is an important factor that many people forget about. It is impossible to significantly advance a brand – even if you are marketing genius – if you stay in the job for less than two years. (FMCG 1)

Creating a team of employees who show high levels of commitment to the brand is one of the greatest challenges for any manager who wants to develop a strong competitive position over the long term.

> This is like a theatre in which the actors are the employees and the customers are the audience. We raise the curtains each morning in 8000 shops worldwide. How can we ensure that the same play is performed and that the actors perform their roles and participate with real feeling? (Services 3)
>
> I believe that the role of employees is fundamental in our markets to communicate the love. An employee who is not connected with the company or the brand is unlikely to fight for the brand. Having employees who feel involved with the brand makes a real difference to the bottom line. (FMCG 4)

To achieve this level of employee engagement it is essential to have the right people and know how to listen to them, build their trust, and enable them to develop and grow within the company. Consequently, from the organisational perspective it is essential to align recruiting, training and compensation policies with the brand identity. When a brand has an internal culture of support and development and institutionalises these management mechanisms, it is then much easier to communicate the brand values to the customer with naturalness and consistency.

> If the employees do not firmly believe in the values that the company projects, then there will be schizophrenia between what the company says and what the company does internally. The image of

> the company will sooner or later be damaged. Therefore, employees must be completely involved and committed to the values the brand transmits. (Consultant 2)

Finally, note that for employees to competently perform their roles they need to have an excellent understanding of all the brand interfaces.

> It freaks me out when I see a five-person team managing a top detergent brand when not one of them has ever loaded a washing machine. (Consultant 1)

External stakeholders

In the current competitive environment, the role of stakeholders in building a brand is increasingly important. In this model, external stakeholders include all those external agents who have a decisive influence on brand value co-creation, as for instance suppliers, distributors, business partners, shareholders and journalists.

> It is unimaginable that a modern brand could be built without developing close relationships with many external stakeholders. We need reliable suppliers that enable us to optimise production processes. We must also work very closely with distributors to achieve the desired penetration. It is also vital that we develop trusting relationships with market research agencies and media agencies to help us understand what consumers want, how to make the brand promise, and then communicate and keep that promise. (FMCG 3)

Some of these stakeholders play a key role in the processes of facilitating value creation as they take on part of the role traditionally performed by the organisation owning the brand.

> If a sub-contracted business partner responsible for maintaining our machines fails to meet the expectations of our end client then the client complains directly to us – and our brand value is affected. (B2B 3)

In this way, the interactions produced in the conversational spaces between these external stakeholders and the organisation and the brand consumers decisively affect the process of co-creating brand value.

There is another type of external stakeholder whose impact on brand value is less direct, but who still has great influence on consumer perceptions of a brand – the media. Finally, the perceptions of an

individual consumer may also be affected by the possible inputs that he or she may receive from other individuals, such as friends or family. Moreover, the level of credibility that consumers attach to these positive and negative recommendations is considerable.

Brand communities

New information technologies have given consumers much more access to information about the brands they use and consumers can now share their opinions with people that they have never met. This emerging reality is greatly affecting the process of brand value creation and is calling into question the ways in which brands should interact with consumers.

> Outside there is a million times more knowledge than inside – and in this highly connected world you must relate with these sources of information or you are missing part of the script and will remain a follower. This is the result of various factors: firstly, the consumer is better informed and more involved; secondly, consumers want to hear opinions; and thirdly, technology makes the first two points possible. (B2B 4)

Conversations that a consumer has with other individuals in a community affect the perception of a brand, and so alter subsequent interactions with brand interfaces and employees.

> We have to offer outstanding experiences to our customers because many of them will share their experiences with others on social networks. And their opinions will have a major influence on the buying decisions of these consumers and determine *how* they approach us – or *if* they approach us. (Services 4)

Managers must accept an inevitable loss of control over the brand-building process and in this new environment, they must be able to identify the key external stakeholders and invite them to participate in this process.

> Brands must work in a more ambiguous environment and they will partially lose control of the message as stakeholders increasingly use social networks. (B2B1)
>
> Our view is to say to companies, people are talking about you in naturally occurring communities so you can't just say you are not

> interested. Instead why not leverage these communities and invite a few of them into a closed garden where we can create a community and talk to people and ask them to help to build the brand. (Consultant 4)

At the same time, it is also essential to have a clear strategy of influencing these areas of discussion – without attempting to impose the company view – by providing information that may be relevant for various stakeholders.

> We are creating a proactive approach to explain what we are doing so that others can tell our story. The point is that you lose credibility when you talk about yourself – others must tell your story for you. (Services 3)

Final considerations

The fieldwork shows that there is unanimous agreement that brands cannot be only understood from the point of view of consumers or the company – there needs to be a stakeholder approach to brand management.

> Today it is very complex to create a valuable brand. Brand value is created jointly by employees of the brand, the products and services it offers, the work of its partners, customer feedback, and so on. This requires a consistency of brand experience and recognition that, in a sense, the final result does not only depend on the work of the brand managers and employees, but that many agents are involved in the brand building process. (Services 2)

The interviewees also argue that consumer-brand interactions and the overall brand experience are key in building brand value and developing long-term trusting relationships between the brand and its consumers.

> It's about the day by day ... that is where the interaction and experiences can be created. That's probably the major shift now if you look at branding then and now. (Services 4)
>
> A brand is above all a sum of experiences and a relationship with the consumers and many other stakeholders. (FMCG 4)

Recognising the call of Payne *et al* (2009) and Pillai (2012), this study also explores whether there are significant differences in the processes

of co-creation of brand value in different environments (FMCG, B2B, services).

> In all fields, fast moving consumer goods companies, service companies, or industrial corporations, a brand is a promise made to various stakeholders. These promises must be kept if you want to build a trusting relationship. (FMCG 1)
>
> I believe there are no significant differences, because what you are trying to do is firstly build a series of homogeneities or coherences of expression … and secondly, build a series of coherences of experience. (Consultant 3)

The interpretation of the data reveals that there are no significant differences between brands in different business settings, regarding brand value co-creation. Moreover, there also seems to be an agreement on the critical importance of having a multi-stakeholder approach to brand management, keeping brand promises, emphasising the importance of interactions and managing the brand experience, and maintaining trusting relationships with stakeholders. So, even if the most natural area of application of the OVB is the corporate brand, due to its very intrinsic multi-stakeholder nature, it also applies to service and product brands.

Another important point of contact is that all interviewees, including FMCG marketing managers, defend the key role of employees. Traditionally, the role of employees has been particularly valued in the areas of B2B and services. However, interpretation of the in-depth interviews seems to suggest that a lack of commitment from employees will lead to a loss of brand value – the main difference in FMCG is that the impact is seen to be less immediate.

> For a service brand it is very important to take care of employees, especially those in direct contact with the client, so that they understand the brand promises and deliver the promise. However, it can be seen that a lack of commitment by employees also damages the bottom line in the world of fast moving consumer goods. Therefore, if your employees are not engaged with the brand, the only difference is the time it takes for the consequences to appear. (Consultant 5)

According to the interviewees, the basic processes of brand value co-creation are essentially the same for any economic environment

(FMCG, services and B2B). Consequently, the organic view can explain these processes in all of these environments. However, the interviews also reveal that there are certain operational tools that may be specific to a particular type of branding.

> I think they are pretty much the same … they all have to keep the brand promises to stakeholders … however, it is true that some tools might be different … for instance we use service blueprints, which are not so common for product brands… (Services 4)

Discussion

The traditional BVCC models place at their heart either the consumer (Van Durme *et al*, 2003) or the organisation (Brodie *et al*, 2006). In contrast, the organic view argues that brand value is built in the conversational space where the organisation and the consumer meet. This perspective coincides with the claims made by Vallaster and Lindgreen (2011) and Golant (2012) that brands are built by interactive processes in conversational environments. This approach also aligns with Grönroos (2011) and Grönroos and Voima (2013) who state that brand value co-creation only takes place in direct interactions between the firm and customers.

Proposals by Payne *et al* (2009) and Merz *et al* (2009) place greater emphasis on a dual consumer and organisational perspective and highlight the key role of interactions between them in the process of co-creating brand value. However, both models are somewhat inorganic in the sense that they suggest a major organisational capacity to design, organise and implement brand experience. The traditional corporate brand management models (for example, Balmer and Soenen, 1999; Hatch and Schultz, 2001; Knox and Bickerton, 2003; Balmer, 2012b) are also inorganic, as they present frameworks that allow managers to analyse gaps in the corporate branding strategy while presupposing managers have the capacity and ability to address them. The OVB questions the traditional idea of a value proposition defined exclusively from the organisational perspective. In the same way, the OVB questions the idea of the brand covenant because the covenant implies that the organisation is able to make proposals about what a brand means, what a brand does and how it operates (Otubanjo *et al* 2010). In other words, a brand covenant suggests that an organisation has a high degree of control over what a brand means and how its promise is

implemented – despite the fact that Balmer (2012a, b) recognises that consumers may accept or reject a brand covenant. Thus, even if managers have an ideal and desired brand identity and a clear covenanted and communicated identity, due to the organic nature of the brand, stakeholders can divert the identity in a different direction. Moreover, as consumers and many other stakeholders co-create the brand, they have the capacity to influence the actual identity and to force managers to reconsider their ideal brand identity. So, even if there is fit between what is promised and what is delivered stakeholders can persuade managers to change or adapt their view.

The OVB suggests that what is actually needed is a sense of direction that is constantly negotiated and adapted together with many other stakeholders. This view is in agreement with Jones (2012, p. 78) who claims that 'brands need instead to think about purpose'. Jowitt and Lury (2012) have also stated that rather than rigid positioning, brands need a long-term consistent core that is combined with various short-term and flexible propositions. In accordance with the OVB, brands in an environment of constant conversation with multiple stakeholders must become more flexible. This means that instead of proposing rigid brand and value covenants, brands must have a well-defined proposition that provides a sense of direction but also facilitates the flexibility needed for constant reinterpretations of meaning and experience.

The OVB thus recognises the key role that various stakeholders play in the process of defining a brand's sense of direction. The OVB argues that brands are organic entities because they are built together with various stakeholders – and many parts of this process are beyond the control of the organisation. This perspective is recognised in the literature (Cova and Dalli, 2010; Cova *et al,* 2011; Muniz and O'Guinn, 2001) and especially in the case of naturally occurring brand communities.

The managerial approach to branding has long stressed the importance of control, but as brands become increasingly fluid due to the active involvement of consumers, the approach is becoming less viable (Kornberger, 2010). As Merz *et al* (2009) note, 'the logic of brand and branding is also evolving and has shifted from the conceptualization of brand as a firm-provided property of goods to brand as a collaborative, value co-creation activity of firms and all of their stakeholders'. This perspective suggests that brands evolve in an organic way as they adapt to new realities that are determined through continuous interactions

with consumers and others. This builds on the idea of organisations as organic, whereby change occurs constantly through an 'evolving symbiotic relationship' between an organisation and its stakeholders (Ind, 2009, p. 10). This does not deny the potential of organisations to influence the brands they own, but it does indicate a shift in power and the emergence of greater fluidity and heterogeneity.

If that is the case, a company can only seek to influence some of the many actors involved in the process of co-creating a brand. From the OVB, brand interfaces are the levers of value creation most easily handled by brand managers. Ensuring that employees align with the vision of the brand by using simple control mechanisms is impossible. Possibly the most difficult task managers face is to bring alive the brand values in the everyday behaviour of employees (Wallström *et al*, 2008). When employees are engaged they can come to realise their crucial role in building brand value. Finally, brand managers do not have any real control over many of the multiple external stakeholders who are involved in this process and this is especially evident in the case of naturally occurring brand communities.

Therefore, the OVB calls into question many of the classic assumptions of management and challenges traditional power structures, as well as traditional leadership styles. From this perspective, instead of reinforcing control mechanisms, the brand must be capable of implementing mechanisms, processes and platforms that enable consumers and other stakeholders to provide their views, suggestions and ideas. As stated by Golant, (2012, p. 125), 'this re-inforcement lies more in moderating, rather than seeking to impose and dictate, the conversational contexts in the organization'. This approach therefore presents significant challenges regarding self-disclosure for organisations. In any event, it must be clear that this approach does not excuse managers from their ultimate responsibility for defining the proposition and sense of direction of the corporate brand. Moreover, the ease of interconnection between the various stakeholders requires brands to emphasise consistent management of the brand experience and to manage relationships with stakeholders as a strategic imperative.

The OVB requires that managers develop a leadership style that is humbler, empathic, participatory and transparent. Moreover, persuasion and the ability to influence should replace an obsession with control. This is similar to the concept of 'Open Leadership' proposed by Li (2010) that emphasises the need to stimulate conversation and encourage participation. Moreover, techniques of influence must be found. However, this influence should always be accompanied by an

alignment with the interests of stakeholders (Christodoulides, 2008), thereby ensuring the activities of brand managers are seen as useful and relevant rather than intrusive. In this respect, a stream of research that has been called 'persuasive brand management' (Iglesias and Bonet, 2012) claims that key activities for brand managers include the interpretation of meanings for strategic decision making and the persuasion of a wide range of stakeholders (internal and external) to align brand value co-creation.

Conclusions

From the academic point of view this research is relevant because it attempts to answer the calls for studies of the processes of brand value co-creation in multiple stakeholder networks (Brodie *et al*, 2009; Hatch and Schultz, 2010; Frow and Payne, 2011). It also responds to the recommendations made by Merz *et al* (2009) for fieldwork on an integrated brand value co-creation framework.

This study also provides empirical evidence regarding the processes of brand value co-creation. According to Pillai (2012), more empirical research is needed in this field as most existing research is conceptual. Because the sample includes marketing directors from companies in FMCG, services and B2B (as well as consultancy directors), it has been possible to develop a model that is useful for all of these business environments – as called for by Pillai, (2012), Payne *et al* (2009) and Wallström *et al* (2008).

There are four relevant points for managers and consultants to absorb from this research. Firstly, the traditional paradigm of brand management is based on control; yet the OVB shows that brands are organic entities that emerge and develop in a space where multiple interactions occur and multiple conversations among different stakeholders take place. As Roper and Round observe (2012, p. 948) in their critique of brand equity as a corporate-led process, '... it appears problematic to reconcile a position that regards ownership of a brand as exclusively that of a corporation with one where the corporation is not exclusively responsible for the creation of the brand equity'. Therefore managers need to recognise that although they have responsibility for shaping a brand's identity, the process will evolve with the participation of many other stakeholders. Our fieldwork shows that managers increasingly recognise this loss of control and the greater influence of consumers and other stakeholders. This does create a risk for organisations in that the world outside defines the brand to a greater degree, sometimes in opposition

to the desire of managers (Hatch and Schultz, 2010, p. 603), yet it also affords the opportunity of closer consumer involvement in the development of products and services, if managers are willing to be transparent and more receptive to the ideas of others.

Secondly, in recognising the loss of control and the heightened influence of stakeholder, the OVB offers a new alternative understanding of what a brand is, This perspective is especially relevant for corporate brands, because of the multi-stakeholder nature and the links with corporate marketing philosophy. However, it also applies to service and product brands, because according to the OVB, all types of brands are built through organic social processes. The implication of this view is that managers can no longer only define from the organisational perspective a value proposition or a brand covenant. Instead, the OVB suggests that what is needed is a purpose and a sense of direction that is constantly negotiated and adapted together with multiple stakeholders.

Thirdly, managers need to be willing to share if they want their brands perceived as authentic in a connected, participative and transparent environment. Rather than asking what information managers dare share with people outside the organisation, they must ask if there are good reasons for holding information back. The more individuals know, the more they can contribute to the brand-building process so that the brand is relevant to them and aligned with their expectations.

Finally, this approach to brand building requires senior managers to develop new management techniques and leadership styles. Managers must learn to be more humble in order to recognise and value opinions expressed by various other stakeholders in the brand-building process. As Hatch and Schultz also observe in their interview with the CEO of LEGO, consumer involvement opens up the organisation and enables outsiders to define brand credibility, such that, '... to the old inside-out thinking you can just say – totally forget it' (Hatch and Schultz, 2008, p. 162). Consequently managers must develop the ability to listen actively and adapt their points of view and brand strategies in order to align these with inputs from other stakeholders. Moreover, they also need to be willing to trust others and empower their staff. When brands are built through multiple conversations, then managers have to listen and help to provide the most relevant and consistent experience across all touchpoints.

Limitations and further research

The construction of the OVB has been the result of research based on in-depth interviews with managers. However, while this approach

enables very useful insights to be gained it does suffer the limitation of not including the opinion of consumers. A line of future research will consist of in-depth interviews with consumers in order to complement the vision of managers – and so obtain a dual view of the process of brand value co-creation. Furthermore, the main limitation of this study is that the conclusions are not generalisable. Owing to the qualitative nature of the research, the OVB focuses on trying to better understand the processes and agents involved in brand value co-creation, but without proposing testable hypotheses. Another interesting research opportunity would be to deepen our understanding of the influence of each of the model's components when building a brand in a specific business setting (FMCG, services and B2B). Finally, various lines of research can be opened regarding the loss of control by managers; the activities that may affect various stakeholders; as well as the leadership style that managers must develop to effectively manage a brand in this new environment.

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10
Corporate Brand Orientation: What Is It? What of It?

John M.T. Balmer

Introduction

This article advances the brand orientation notion as it applies to corporate brands *via* the introduction and explication of what the author calls *corporate brand orientation*. A corporate brand orientation represents a logical development, if not a logical *dénouement*, of the brand orientation notion introduced by Urde (1994).

A corporate brand orientation refers to a category of institution in which the corporate brand specifically acts as the cornerstone – and, moreover, the centripetal force – that informs and guides the organisation, especially in relation to its core philosophy and culture.

Whereas a *centripetal* perspective informs the corporate brand orientation perspective – where the corporate brand serves as an organisation's key touch-point – some organisations are likely to have a *centrifugal* corporate branding approach. In this instance, a corporate brand is viewed as *one* of several, albeit significant, organisational imperatives.

Approach and rationale

Although the corporate brand and brand orientation literatures both date back to the mid-1990s – as various reviews attest (see Balmer and Gray, 2003; Balmer 2010; Evans *et al*, 2012; Urde *et al*, 2013) – to date, there has been an oversight in explicitly linking brand orientation to corporate brands within the annals of both brand orientation and corporate brand management. Within the brand orientation literature,

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there are resemblances with the corporate brand orientation notion, as espoused in this article. However, the links between brand orientation and with corporate brands have, for the most part, been implicit and embryonic.

The main tenor of this article is to further shed light on the significance of the brand orientation notion, specifically, as it applies to corporate brands. In this article, the corporate brand orientation perspective *is* made explicit, *is* given intelligibility, and *is* afforded significance *via* the introduction and explication of the corporate brand orientation designation.

Another of its ambitions is to recognise and celebrate extant scholarship in the brand orientation field and, in particular, the seminal work of Urde (1994) on the eve of the twentieth anniversary, in 2014, of his groundbreaking work.

Coincidentally, 2015 marks the twentieth anniversary of the first major article specifically devoted to corporate brands (Balmer, 1995).

Curiously, brand orientation has only received intermittent attention in the *Journal of Brand Management* (*JBM*) – see Gromark and Melin (2011) – and it is hoped that this article will also rekindle interest in the territory among the readership of *JBM*.

The perspectives and viewpoints advanced in this commentary are primarily informed by the author's own reflections of the corporate brand orientation domain. For the sake of expediency, many of the references given in this commentary are those of the author and his co-authors.

Readers of this commentary will of course wish to apprise themselves of the literatures relating to brand orientation, corporate brands, corporate brand identification and corporate marketing. A list of further reading has been included to this end.

Corporate brand orientation: a logical development

As such, the formal introduction of a corporate brand orientation doctrine not only broadens but, arguably, also adds a degree of nuance and significance to the brand orientation field.

For the author, the espousal of the corporate brand orientation – which explicitly links the brand orientation notion to corporate brands – represents an entirely logical development of the original brand orientation perspective articulated by Urde (1994) in his *Journal of Consumer Marketing* article entitled 'Brand orientation – A strategy for survival'.

This being noted, this article airs the author's assessment that the brand orientation as it pertains to corporate brands is qualitatively different from the brand orientation as it applies to brands *per se*.

In addition, the formal introduction of the corporate brand orientation notion may advance the general discernment of the brand orientation territory by providing sharper and firmer theoretical/instrumental bases for brand orientation at the corporate level.

Brand orientation perspectives

Significantly, and building on the above, there is also a logic in categorising other brand orientation perspectives. As a first step towards this aim, the brand orientation nomenclature is seen to encompass the following:

- *Corporate brand orientation*
  (an organisation's centripetal force based on a corporate brand).
  (NB: A corporate services brand orientation will need to take cognisance of the particularly important role of employees).
- *Product brand orientation*
  (an organisation's centripetal force based on its product brands).
- *Service brand orientation*
  (not at the corporate level) (an organisation's centripetal force based on its noncorporate service brands).
- *Omni-brand orientation*
  (an organisation's centripetal force based on the firm's brands in their totality).

Corporate-level orientation perspectives

It should be remembered that there are a number of possible orientations *at the corporate level*. These include corporate brand, corporate identity, corporate marketing and total corporate communication orientations. Such perspectives are not necessarily mutually exclusive and multiple orientations are possible.

- *Corporate brand orientation*
  (the corporate brand as an organisation's centripetal force based on a corporate brand's value and covenant/'promise'. This viewpoint informs this article).
- *Corporate identity orientation*
  (the corporate identity as an organisation's centripetal force based on an organisation's innate characteristics that define and differentiate an entity; Balmer, 2008).
- *Corporate marketing orientation*
  (the corporate marketing philosophy as an organisation's centripetal force based on a corporate-level marketing philosophy that regards

the organisation – including both its corporate brand and corporate identity – as the main interface with its customers and importantly its other stakeholder groups. See Balmer, 2011).

- *Total corporate communication orientation*
(total corporate communications as an organisation's centripetal force/s based on the view that total corporate communication provides a critical and strategic lens grounded in the precept that everything an organisation says makes or communicates. See Balmer, 1995, 1998). Total corporate communications comprise primary communications – the communication effects of products, services, management, staff and corporate behaviour; secondary communications – the communication effects of controlled forms of communications such as advertising, PR and so on; and tertiary communications – the communication effects of communications given by third parties (see Balmer and Gray, 1999; also see Illia and Balmer, 2012).

The corporate brand and corporate identity orientations, for some, may appear to be comparable, but there are significant differences. It has been previously argued that both identity-based views of the firm and identity-based views of corporate brands (see Balmer, 2008, pp. 893–984) afford salient and legitimate, *but different*, corporate-level perspectives. This was explained as follows:

> Whereas a corporate identity draws on the complex mix of institutional traits, the essence of corporate branding is to be found from the values which are associated with the (corporate) brand and which represent an informal contract (sometimes called a covenant) between the institutional brand and its various stakeholders. (Balmer, 2008, p. 894)

As such, an orientation grounded in a corporate identity focuses on the organisation's *raison d'etre*: what it does, its ethos, operating style, size, markets covered and mode of stakeholder engagement.

In contrast, a corporate brand orientation is grounded in the core promises and stakeholder expectations with which the corporate brand is associated.

Moreover, a corporate identity orientation is broader and more complex in scope than a corporate brand orientation. This being said, the two *are linked* as the promises and expectations linked to a corporate brand are delivered by the corporate identity. It is important to note,

however, that the corporate identity/ corporate brand orientation axis can be tightly, firmly or loosely coupled.

Corporate brand orientation and a corporate marketing logic

Importantly, linking corporate brand orientation to a corporate/organisational marketing logic[1] is, from the author's perspective, a key tenet of the corporate brand orientation.

Whereas extant discussions of brand orientation (Urde *et al*, 2013) have been explored in the context of the traditional marketing logic (the latter, typically, has a customer focus and product/services foci), it has *not* been discussed from the perspective of a corporate marketing logic (this has a stakeholder and institutional foci).

Reprising the key points of this introduction, the author holds that Urde's (1994) brand orientation perspective is especially salient apropos corporate brands. As such, this requires a new approach to brand orientation: *corporate brand orientation*.

Brand orientation and corporate brand orientation: Progress, problems and prospects

Progress

Recent, insightful reviews of the brand orientation canon have advanced the general comprehension of the domain. This includes the elucidation and comparison of various brand orientation and marketing perspectives (Urde *et al*, 2013) and the identification of philosophical, behavioural and hybrid approaches to the field (Evans *et al*, 2012).

Problems

Significantly, Evans *et al* (2012) note that within the brand orientation canon there has been a failure to build on extant work on the territory. As a consequence, this has impeded the development of the brand orientation construct.

These authors (Evans *et al* 2012) also observed a lack of clarity in terms of the focus of brand orientation. To reiterate, sometimes the notion appears to refer to the corporate brand and at other times to brands in their totality. Clearly, an organisational-wide philosophy and culture grounded in a corporate brand is markedly different from a philosophy and culture that focus on brands *per se*.

Consider the following explanations of brand orientation that, respectively, reveal the lack of clarity in terms of whether brand orientation

should refer to the corporate brand or, more generally, to a company's brands in their totality:

> (*brand orientation is*) 'the degree to which the organisation values brands and its practices are oriented towards building brand capabilities.' (Bridson and Evans, 2004, p. 404)
>
> (*brand orientation is*) the extent to which organisations regard themselves as brands and an indication of how much (or how) little the organisation accepts the theory and practice of branding. (Hankinson, 2001b, p. 231)

Prospects

For his part, the writer has noted four opportunities through which the brand orientation can be advanced:

- the efficacy in explicitly linking the brand orientation notion to corporate brands/ the corporate brand literature *per se*;
- the efficacy in clearly linking brand orientation to the literature on corporate marketing;
- the efficacy in fully linking brand orientation to the literature on corporate brand identification, especially as it relates to employees/ organisational members;
- the efficacy in fully discriminating between corporate brand orientation categories

(*this has already been detailed earlier*).

The brand orientation canon

Today, the brand orientation notion has, unquestionably, become a conspicuous *leitmotif* within the branding canon. The notion that organisations should orient themselves around their brands (or as the author advances in this article their corporate brands), can be viewed as pervasive are powerful perspectives.

The brand orientation domain has an enviable and enduring provenance. Scrutinising the canon, it is clear that the field that has attracted the attention of a significant number of scholars (for example, Urde, 1994, 1999; Hankinson, 2001a, b, 2002; Bridson and Evans, 2004;

Ewing and Napoli, 2005; Reid *et al*, 2005; Wong and Merrilees, 2005, 2008; Napoli, 2006; Baumgarth, 2009, 2010; Gromark and Melin, 2011; Evans *et al*, 2012; Lanauze and Aurier, 2012; Urde *et al*, 2013).

The brand orientation canon in context

Space does not permit a detailed overview of the literature. This being noted, the breadth and depth of the brand orientation domain in terms of its (i) disciplinary roots, (ii) breadth of foci and (iii) sectoral foci of the domain can be seen in Table 10.1.

In terms of the importance of brand orientation, scholars have variously noted its importance. This includes its role in affording corporate-wide interaction, market sensing and orchestration (Ewing and Napoli, 2005) and its conferment of organisational distinctiveness, functionality, augmentation and symbolism (Evans *et al*, 2012).

The brand orientation canon: symptomatic 'schools of thought' and brand orientation as a portmanteau term

Within the brand orientation canon, a variety of perspectives can be discerned. These are characterised by the author as symptomatic 'schools of thought' (see Figure 10.1 and Table 10.2). The above being observed, the wide and, sometimes, indeterminate application of the brand orientation by scholars can sometimes, unwittingly, bestow a good deal of complexity to the territory.

As such, the brand orientation can be characterised as a portmanteau term.

Bases of corporate brand orientation

By means of recapitulation, a key aim of this commentary is to introduce and particularise the corporate brand orientation doctrine.

The corporate brand orientation notion – in the author's estimation – is, primarily, quadripartite in nature (see Figure 10.2) and marshals insights from the following literatures:

a. *The brand orientation literature* (Urde, 1994)
   (the recognition of brand orientation as an organisational-wide culture and philosophy focusing on 'the brand/brands').
b. *The corporate brand literature* (Balmer, 1995)
   (the recognition of the corporate brand as a distinct category of brand and one that is profoundly different from product brands on

Table 10.1 The brand orientation canon in context

Breadth and depth of the brand orientation domain in terms of its (i) disciplinary roots, (ii) breadth of foci and (iii) sectoral foci	
(i) Brand orientation: Disciplinary roots	
Behavioural economics and strategy (implicit)	Urde (1994)
Marketing and marketing strategy	Wong and Merrilees (2008)
Institutional-wide concern	Hankinson (2001a, b, 2002), Ewing and Napoli (2005), Evans *et al* (2012)
Economics	Gromark and Melin (2011)
(ii) Breadth of foci	
Creation, development and management	Urde (1994), Ewing and Napoli (2005), Simoes and Dibb (2001) Wong and Merrilees (2005, 2008)
Internal importance	Hankinson (2001a, b, 2002)
Significance for institutional performance	Napoli (2006)
Economic and fiscal advantages	Gromark and Melin (2011)
Consumers attitudinal loyalty (*perceived brand relationship*)	Lanauze and Aurier (2012)
Reflections on integrated marketing communication, market orientation and brand orientation	Reid *et al* (2005)
Reflections on brand orientation versus marketing orientation	Baumgarth *et al* (2011), Urde *et al* (2013)
(iii) Industry/sectoral foci	
Multi-sectoral	Urde (1994), Urde *et al* (2013)
Charities	Hankinson (2001a)
International companies	Wong and Merriliee 2007, Evans *et al* (2012)
Museums	Evans *et al* (2012)
Not-for-profit organisations	Ewing and Napoli (2005)
Packaged goods	Lanauze and Aurier (2012)
Retailing	Bridson and Evans (2004)
Small and medium enterprises	Wong and Merrilees (2005)

many dimensions. Corporate brands can be viewed as a distinct identity type and also have an economic value applying the economic theory of the resource-based view of the firm; see Balmer and Gray, 2003; Balmer, 2010).

c. *The corporate marketing literature* (Balmer, 1998)
(the precepts of marketing are not only applicable to products and services but are also germane at the corporate level. As such,

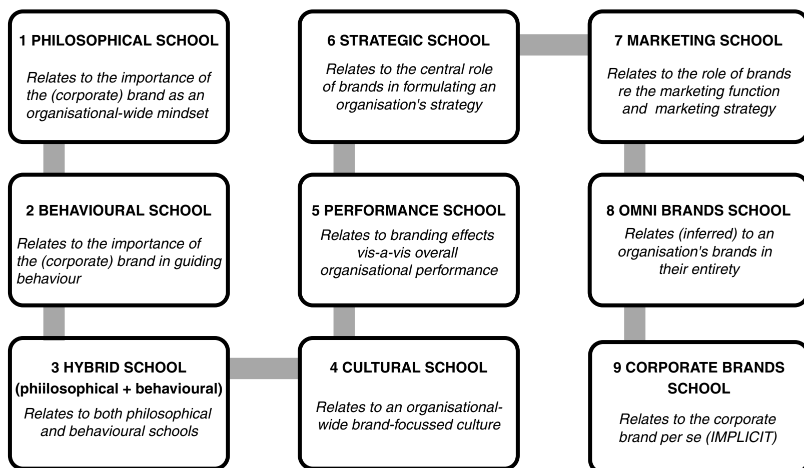

Figure 10.1 Brand orientation: symptomatic schools of thought

Table 10.2 Brand orientation: Symptomatic schools of thought – indicative sources and explanations (it should be noted that these symptomatic schools of thought should not necessarily be viewed as mutually exclusive)

1. Philosophical school*: Brand orientation relates to an organisational-wide philosophy that accepts the organisation as a brand (Hankinson, 2001a, b, 2002; Ewing and Napoli, 2005; Evans *et al*, 2012).
   **this school was identified by Evans et al (2012)*
2. Behavioural school*: Brand orientation relates to how the brand guides behaviour (Urde, 1994; Bridson and Evans, 2004).
   **this school was identified by Evans et al (2012)*
3. Hybrid school* (behavioural and philosophical): Brand orientation relates to a brand-focussed organisational-wide philosophy and organisational behaviours (Evans *et al*, 2012; Ewing and Napoli, 2005).
   **this school was identified by Evans et al (2012)*
4. Cultural school: Brand orientation relates to an organisational-wide culture (Urde *et al*, 2013).
5. Performance school: Brand orientation is associated with improved corporate performance (Urde *et al*, 2013).
6. Strategic school: Brand orientation is viewed as a starting point for corporate strategy (Urde, 1994).
7. Marketing school: Brand orientation is viewed as component of the marketing function (Wong and Merrilees, 2008).
8. Omni-brand school: Brand orientation relates to a philosophy and culture that focuses on an organisation's brands in their entirety (Bridson and Evans, 2004).
9. Corporate brand school: Brand orientation as it specifically relates to a corporate brand (*made explicit in this article*).

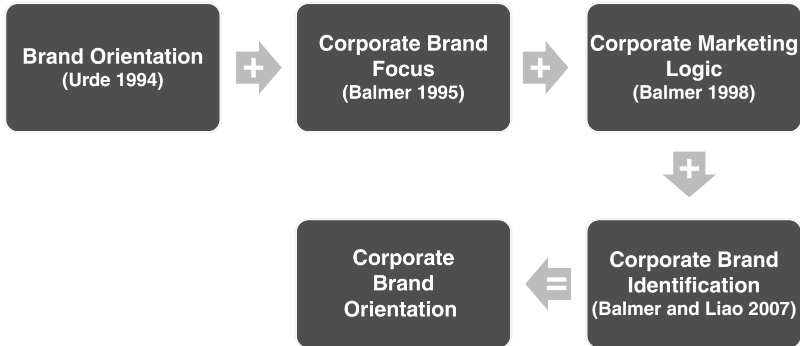

Figure 10.2 The quadripartite bases of corporate brand orientation: brand orientation, corporate brand focus and a corporate marketing logic

corporate marketing accords importance to corporate brands and corporate identities. Both can be the major points of distinctiveness, differentiation, competitiveness and attractiveness for a corporation. Whereas orthodox marketing approaches focuses on customers, the corporate marketing logic aims to meet the wants, needs and desires not only of customers *but of other stakeholders too*. It is informed by identity-based views of the firm, corporate social responsibility (CSR) and ethics, and an omni-temporal perspective *vis-a-vis* stakeholders. A corporate marketing logic is underpinned by key corporate level constructs viz: corporate brand, corporate identity, corporate communications, corporate image and reputation, corporate culture and so on. Arguably, corporate marketing represents a quasi 'critical' approach to the marketing domain).

d. *The corporate brand identification literature* (Balmer and Liao, 2007) (the recognition that customer, employee and other stakeholder identification not only applies to corporate identities but, importantly, applies to corporate brands too. In the context of this article, *vis-à-vis* corporate brand orientation, the focus is on employee/organisational member identification with the corporate brand. It should be noted that an individual's sense of identity can be informed by a corporate brand. In addition, in order for an organisation to have meaningful corporate brand orientation, it is a requisite for organisational members to have a strong sense of identification with both the corporate brand identity and the corporate brand culture. See the

identity-based views of corporate brand perspective in Balmer, 2008 for the latter).

Table 10.3 provides definitions/explanations for these four perspectives.

Brand orientation and corporate brand: parallel worlds

Considering the foundations, trajectories and prominence of both the brand orientation and corporate brand domains, it seems curious why these two areas have not been integrated.

Moreover, when the early literatures on both areas are compared (covering the period from the mid-1990s to the early 2000s) – see Table 10.4 – it is apparent how, by the early 2000s, the corporate brand construct had already achieved considerable purchase among scholars. The prediction that corporate brands would emerge as a prominent area of concern (Balmer, 1995, 1998) has evidently come to fruition.

As such, given the wide interest in corporate brands, some may find it inexplicable why the brand orientation canon has *not* accorded greater and sharper prominence to corporate brands.

Of course, by the same token, much the same can be said about the failure on the part of corporate brand scholars who have *equally failed* to marshal perspectives from the brand orientation canon.

Tentative moves towards integration: a recent meeting of minds

Given the author's long-standing interest in corporate brands, he has been greatly encouraged and heartened by the recent observations and conclusions of the work of (i) Evans, Bridson and Rentschler in 2012 and (ii) the more recent work of Urde, Baumgarth and Merrilees in 2013.

For instance, the explanation of brand orientation by Evans *et al* (2012) is, in many regards, similar to the author's own explication of the corporate brand in the same year (see Table 10.5).

Furthermore, the recent conclusion of Urde *et al* (2013) is clearly in alignment with the author's firmly held convictions *vis-à-vis* the inexorable link – and efficacy – between brand orientation *via* a corporate brand perspective. The short aside contained in the above article and the stance adopted in this commentary represents the first tentative steps in terms of a greater integration of brand orientation in the context of corporate brands.

Table 10.3 Definitions and explanation of brand orientation, corporate brands, corporate marketing and corporate brand identification

Explicating brand orientation
Urde (1994) and Urde *et al* (2013) "An approach in which the processes of the organisation revolve around the creation, development, and protection of brand identity in an on-going interaction with target customers with the aim of achieving lasting competitive advantage in the form of brands". (Urde, 1994, p. 117)
"Brand orientation emphasises the significance of the brand identity (mission, vision and values) as a guiding light and hub for organisational culture, behaviour and strategy. The internal aspect of the brand-the organisation-is seen as vital in the brand-building process. The perspective is from the inside out, while the needs and wants of consumers are recognised, the integrity of the brand is paramount". Urde *et al* (2013, p. 16)
Explicating corporate brands
Balmer (2001a) and Balmer and Greyser (2003) "A corporate brand involves, in most instances, the conscious decision by senior management to distil and make known, the attributes of the organisation's identity in the form of a clearly defined branding proposition. This proposition underpins organisational efforts to communicate, differentiate, and enhance the brand *vis-à-vis* stakeholder groups and networks. The proposition may be viewed as the organisation's covenant with its customers, stakeholder groups and networks. As such, a corporate brand proposition required total corporate commitment from all levels of personnel. It particularly requires CEO and senior management fealty as well as financial support". (Balmer, 2001a, p. 15)
"Corporate brands are found in organisational bodies of every category. While the construct in equally applicable to countries, regions, cities, etc., it is more usually applied to corporations and their subsidiaries. Corporate brands also boundary-span organisations. The corporate branding philosophy, at its core, represents an explicit covenant between an organisation and its key stakeholder groups including customers. The covenant is set forth by senior management in terms of a clearly articulated corporate branding proposition. It is professed via the multiple channels of communication. It is experienced through corporate and staff behaviour, and, importantly, through the organisation's products and/or services.

A corporate brand, although it creates awareness and recognition via a name of logo, needs to articulate its accord with key stakeholders by demonstrating, unceasingly and over time that it has kept its corporate branding pledge. As such it became a mark of assurance.

What of visual and verbal identifiers? A clever design has little intrinsic value of its own. However, it can achieve significant leverage when the promise explicit in the corporate brands has been kept and has been experienced consistently and over time. Only then will such verbal and visual identifiers potentially have enormous intrinsic worth". (Balmer and Greyser, 2003, p. 246)

Comparing corporate and product brands (Balmer, 2001a)

Product brands		**Corporate brands**
Management	Middle manager (brand manager)	CEO
Responsibility	Middle manager (brand manager)	All personnel
Cognate discipline(s)	Marketing	Strategy/multidisciplinary
Communications mix	Marketing communications	Total corporate communications
Focus	Mainly customer	Multiple internal and external stakeholder groups and networks
Values	Mainly contrived	Those of founder(s) + mix of corporate + other sub-cultures
Brand gestation*	Short	Medium to long

Source: The above is slightly adapted from Balmer (2001a, pp. 1–2), in that the *brand gestation dimensions were added latter on (see Balmer and Gray, 2003).

Explicating corporate marketing (Balmer, 2011)

"Corporate marketing is a customer, stakeholder, societal and CSR/Ethical focussed philosophy enacted via an organisational-wide orientation and culture. A corporate marketing rational complements the goods and services logic. It is informed by identity-based views of the firm: this is a perspective which accords importance to corporate identities and corporate brands. The latter provide distinctive platforms from which multi-lateral, organisational and stakeholder/ societal relationships are fostered to all-round advantage.

(*continued*)

Table 10.3 Continued

Whilst its primary focus is on mutually advantageous multi-lateral organisation and customer/stakeholder partnerships of the present and future, a corporate marketing logic also has sensitivity to the institution's inheritance. The corporate marketing orientation is also mindful of its corporate responsibilities in societal, ethical and in CSR terms. All employees share responsibility for the corporate marketing orientation, but senior managers and the CEO in particular have ultimate stewardship of the corporate marketing orientation. The espoused benefits of a corporate marketing logic include the establishment of ongoing and bilateral positive organisational/customer-stakeholder relationships; the establishment and maintenance of trust, and the acquisition of meaningful and positive corporate reputations; the creation of shareholder and/or stakeholder value via the establishment of strong, salient and appealing corporate brands; institutional saliency in its markets (corporate survival and profitability); and the license to operate in terms of the organisation's societal, ethical and CSR by virtue of the organisation's responsibilities and sensibilities in terms of the aforementioned". (Balmer, 2011 pp. 1345–1346)

Corporate marketing in the context of extant marketing models (Balmer and Greyser, 2006)

Assumption about	**The manipulative model (product orientation)**	**The transactional model (orthodox marketing)**	**The service model (services marketing orientation) orientation)**	**The corporate model (corporate marketing orientation)**
Power balance in the marketplace	Marketers dominate	Consumer–market balance	Consumers dominate	Consumers and (other) stakeholders dominate
Origin of consumer needs/ desires	With marketers	With consumers and marketers	With consumers	With consumers and stakeholders
Type of consumer power	Forces consumer choice	Consumer choice	Consumer sovereignty	Consumer and stakeholder sovereignty
Marketplace warning	*Caveat Emptor* (Buyer beware)	*Caveat Omnes* (All beware)	*Caveat Venditor* (Seller beware)	*Caveat Societas* (Company beware)

Role of marketer	To persuade/seduce consumers	To work with consumers	To service/cater to consumers	To work with consumers and stakeholders
	The consumer's adversary	The consumer's partner	The consumer's servant	The stakeholder's servant

Source: Slightly adapted from Balmer (2006) and from Balmer and Greyser (2006, p. 733). The above represents a development of the work of Owens and Greyser in Greyser (1997) whose earlier model made reference to the manipulative/transactional/service but did not make reference to the corporate model.

Explicating corporate brand identification

Balmer and Liao (2007), Balmer (2008) and Balmer *et al* (2010)
"Customer and stakeholder identification, broadly speaking, relates to the degree to which an individual's, or group's, affinity with an organisation mirrors the distinctive characteristics of an organisation... It is not difficult to see how this perspective is applicable to corporate brands". (p. 361)
"... we believe our research is distinctive in that it focusses on corporate brand identification". (P. 362)
"The first finding revealed there to be three types of corporate brand identification. Identification, brand member, brand supporter and brand owner". (p. 363)
"The study revealed that in corporate brand identification terms there were three modes of corporate brand identification:
a corporate brand *member* had a *quasi-legal relationship* with the corporate brand
a corporate brand *supporter* had a *trusting relationship* with the corporate brand and
a corporate brand *owner* had an *emotional relationship* with the corporate brand".
(Balmer and Liao, 2007, p. 368)

"Increasingly, as a consequence of the hollowing out of the corporate shell caused by the outsourcing of production and service support, identification occurs at the level of the corporate brand rather than to (at the level of) the corporate identity". (Balmer, 2008, p. 891)

"This article reveals an a priori link between the effective management of corporate brands and the strength of corporate brand identification ..." . (Balmer *et al*, 2010, p. 77)

Table 10.4 Corporate brands and brand orientation: Comparing the formative, symptomatic literature of both domains

A key antecedent vis-à-vis both of the above territories can be found in the germinal work of the celebrated English brand and advertising consultant King (1991)

Corporate brands (*shows the rapid growth of interest, and moreover rapid global interest, in corporate brands. Rapid global interest. Most scholarship is from a marketing perspective. Seven years after its introduction, scholars from an organisational behaviour also contribute to the canon*. Increasingly, the post-2002 literature and sometimes the non-marketing literature is, mystifyingly, accorded a privileged status. The references of some scholars give the view that the corporate brand construct emerged around the mid-2000s,some 10 years later than was actually the case*)	*Brand orientation* (*shows the more-measured growth of interest in the brand orientation notion. Initially, interest was limited to Europe. Whereas Mats Urde comes from a behavioural economics and strategy background – with much of his seminal work being informed by his work as a scholar and brand consultant – Hankinson, and the majority of scholars writing on the domain since then, are from a marketing background*)
—	Urde (1994) (Sweden)
Balmer (1995) (UK)	—
—	—
Gregory and Wiechmann (1997) (USA)	—
Ind (1997) (UK)	—
Balmer (1998) (UK)	—
Ind (1998) (UK)	—
—	Urde (1999) (Sweden)
Bickerton (2000) (UK)	—
Keller (2000) (USA)	—
Balmer (2001a) (UK)	Hankinson (2001a) (UK)
Balmer (2001b) (UK)	Hankinson (2001b) (UK)
Gray and Balmer (2001) (USA/UK)	—
Harris and de Chernatony (2001)(UK)	—
Hatch and Schultz (2001)* (USA/Denmark)	—
Burt and Sparks (2002) (UK)	Hankinson (2002) (UK)
Davies and Chun (2002) (UK)	—
Kapferer (2002) (France)	—
Merrilees and Fry (2002) (Australia)	—

Table 10.5 Comparing the work of Evans *et al* (2012) *vis-à-vis* brand orientation with the work of Balmer (2012a) relating to corporate brands

Brand orientation	Corporate brands
"… we define brand orientation as the extent to which the organisation embraces the brand at a cultural level and uses it as a compass for decision-making …" "The findings reveal that the brand operates as a philosophical level, as an organisational culture and compass that guides decision making". (Evans *et al*, 2012, p. 1471)	"… corporate brands are ubiquitous in terms of their importance and potential impact. They serve as bench-mark (s) against which the firm's activities, behaviours and values can be appraised". "Corporate brand credibility encapsulates the need for the brand promise to be demonstrably bona fide in terms of firm's activities, purposes, products and services and behaviours. They also need to be supported by a corporate marketing ethos and culture (a stakeholder and societal CSR orientation)". (Balmer, 2012a, p. 28)

As this prominent troika of brand orientation scholars (Urde, Baumgarth and Merrilees) noted:

> It is also possible to view the exploration of the multiple identities of the corporation and the evolution of corporate branding by Balmer and Greyser (2003) as another important contribution to the understanding of brand orientation. (Urde *et al*, 2013, pp. 15–16)

It should be noted that Balmer's notion of the corporate brand construct *dates back to the mid-1990s* (see Balmer, 1995, 2001a, b) and the multiple identities of the firm notion, in fact, dates back to the late 1990s and has been the subject of several iterations since then (viz Balmer and Soenen, 1999; Balmer and Greyser, 2002; Balmer, 2008; Balmer *et al*, 2009; Balmer, 2001a, b).

The reflections of Evans *et al* (2012) and Urde *et al* (2013) represent an implicit *imprimatur* for the author's brand orientation perspective advanced in this article.

Explicating corporate brand orientation

At this juncture, an articulation of the writer's explication of corporate brand orientation is perhaps expedient.

Corporate brand orientation: institutional perspective

A corporate brand orientation refers to a category of institution where the corporate brand specifically acts as an entity's cornerstone. It is a centripetal force that informs and guides the organisation. As such, both inherent and espoused corporate brand values/the corporate brand covenant underpins an organisation's core philosophy and culture. It is also reflected in an entity's purposes, activities and ethos (its corporate identity). It may also enlighten corporate strategy and management vision. A corporate brand orientation requires organisational amenability to corporate marketing precepts that focuses on customers and other stakeholders taking an omni-temporal perspective. In addition, corporate marketing is underpinned by societal and CSR tenets.

In particular, where a corporate brand orientation meaningfully inhabits an organisation's central philosophy and culture, the actions and behaviours of organisational members broadly complement the corporate brand covenant (promise). Moreover, their collective behaviours, in addition, can protect, promote and progress the corporate brand.

Core requisites include meaningful identification on the part of organisational members to the corporate brand covenant/promise and the internal corporate brand culture.

Furthermore, where a corporate brand orientation has been significantly internalised with an organisation, the corporate brand can also inhabit the strategic realm, in terms of corporate strategy and senior management ambits in terms of management vision.

It serves as a hub that underpins corporate brand communications and provides one benchmark against which the corporate brand's reputations and corporate brand images can be evaluated by senior managers.

Corporate brand orientation and its stakeholder focus

Corporate brand orientation has an explicit stakeholder focus. As such, this organisational-wide orientation is highly mindful of the *transactional, relational and emotional* importance of corporate brands for customers and other stakeholders. As such, the issue of stakeholder corporate brand identification is significant. This is because a stakeholder's individual's sense of identity can be meaningfully informed by a corporate brand. This being noted, corporate brand identification, taking a stakeholder perspective, is heterogeneous in scope in that the espoused corporate brand can be *accepted*, *rejected* or *adapted* by customers and other stakeholders.

It also comes with a realisation that, although an organisation has *legal ownership* of a corporate brand, its real value comes from customers

and others stakeholders who have *emotional ownership* of the corporate brand. In psychological terms, as the author has long argued, customers and other stakeholders may feel that have a proprietorship ownership of the corporate brand and sometimes there can be a highly emotional engagement with the corporate brand too.

Corporate brand orientation: dynamic not static

Corporate brand orientation is dynamic and is not static in character. This is because corporate brands necessarily evolve with the passage of time. Changes in the competitive and general environment and, more particularly, in terms of the changing mores, precepts and tastes of stakeholders will necessarily inform and mould the corporate brand. Ideally, this should also instruct corporate strategy and management vision: both can mould the corporate brands.

Stewardship of corporate brand orientation

Owing to the importance of corporate brands, senior managers – and especially the CEO – have an important stewardship role is nurturing, guiding, tracking and modifying the corporate brand/corporate brand orientation. Corporate brand orientation from a senior management perspective – with its accent on stakeholders and corporate marketing precepts – can provide managers with invaluable strategic benchmarks and guidance *vis-à-vis* an institution's activities, competencies, standards, ethos, corporate communications and style. As it promotes consistency in mindset and behaviour internally, this would suggest that a corporate brand orientation makes the task of management simpler.

Corporate brand orientation can boundary span several or many organisations

Importantly, a corporate brand orientation may apply to, and unite, several or indeed many institutions. Franchised corporate brands that share a common corporate brand are a case in point.

Multiple corporate brand identifications

As a corporate brand orientation can span more than one organisation, organisational members may have multiple corporate brand identifications. For instance, identifying with the corporate brand of the organisation they work for and identifying with the corporate brand with which that organisation has entered into a franchise arrangement. (*Horizontal employee corporate brand identification*).

It is also possible for organisational members to identify with their organisation's corporate brand and with the corporate brand of the holding company. (*Vertical employee corporate brand identification*).

The management of corporate brand orientation

From a management perspective, where an entity unambiguously observes corporate brand principles, the corporate brand/the corporate brand covenant serves as the key touchstone that enables extant decisions to be evaluated and also informs current stratagems.

Mindful of this journal's core concern, the issue of the management of corporate brand orientation will now be considered. As it has long been argued and recognised, senior managers are the ultimate guardians of the corporate brand. The *de facto* corporate brand manager is the CEO (Balmer, 1995).

Mindful of the above, the following six general precepts of corporate brand orientation should inform the thinking of senior management. The list also details the different modes of identification that underpin a corporate brand orientation. The six precepts are summarised in diagrammatic form in Figure 10.3.

i. A recognition of the importance of a corporate brand orientation. This is reflected in an organisational-wide corporate brand philosophy and corporate brand culture. Senior managers should strongly identify with the corporate brand covenant and culture (*managerial corporate brand identification*).
ii. A realisation of the corporate brand (the corporate brand covenant and the corporate brand culture) can be the principal means of institutional identification among organisational members' (*employee corporate brand identification*).
iii. An appreciation of the stakeholder focuses on a corporate brand orientation. Stakeholders primary means of identification with an organisation can be via its corporate brand, which manifests in loyalty to the corporation including its products and services (*customer and stakeholder corporate brand identification*).
iv. An acknowledgement of the corporate brand can meaningfully inform corporate strategy. A corporate brand orientation can be an important means by which an organisation's charter and strategic objectives can be realised.
v. An understanding that the corporate brand can enlighten management vision. A corporate brand orientation can be an important means by which management vision can be realised.

vi. A sensitivity as to the importance of corporate identity with a realisation that a corporate brand orientation needs to be dynamically calibrated with corporate identity. The corporate identity/employees are the principal means through which a corporate brand promise and philosophy are realised[2].

The management of corporate brand orientation: custodianship, credibility and calibration

Drawing on the author's recent work relating to corporate brand management imperatives and in the context of the AC^{4}ID Test of corporate brand management diagnostic framework (Balmer, 2012a), three corporate brand management precepts were identified.

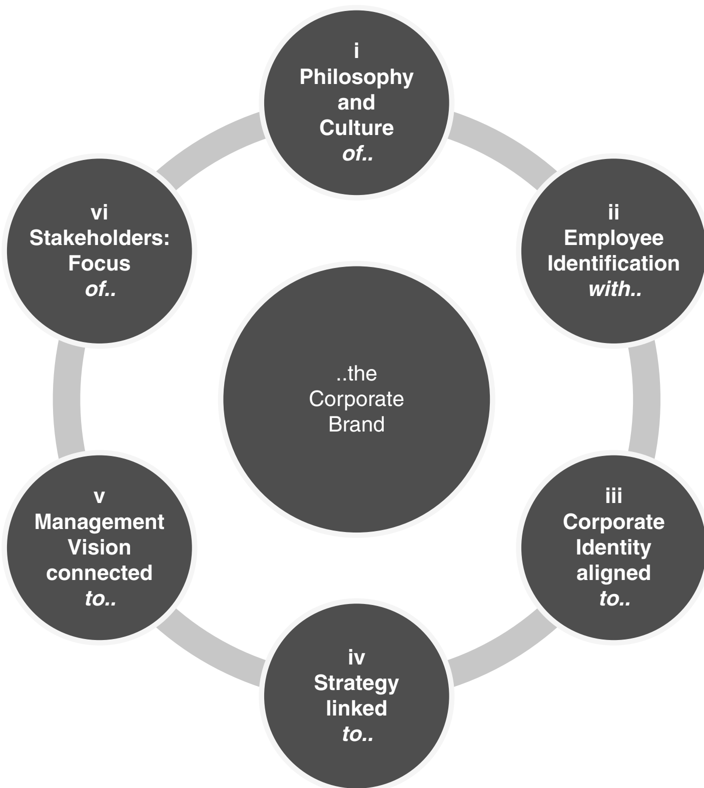

Figure 10.3 Senior Management mindfulness *vis-à-vis* the corporate brand in providing the organisation with a central spine, standard and thrust – 'Managerial Corporate Brand Orientation'

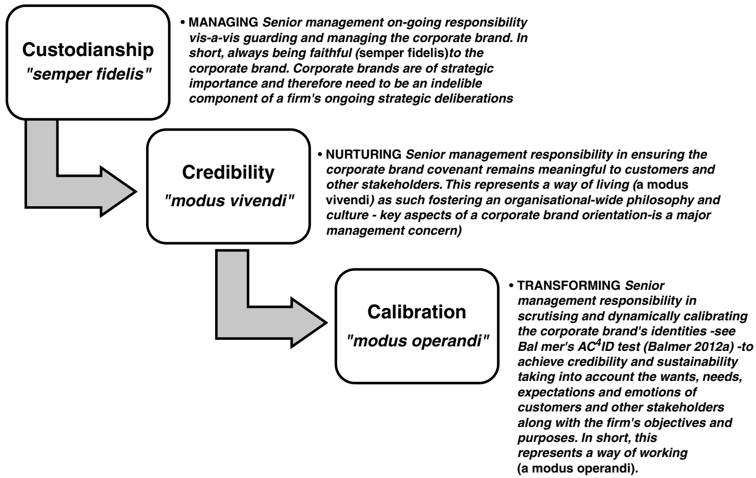

Figure 10.4 Management roles and responsibilities *vis-à-vis* corporate brand orientation encouraging

In the context of this article, these perspectives also inform senior management responsibilities *vis-à-vis* corporate brand orientation.

- *custodianship* (guarding and managing the corporate brand covenant);
- *credibility* (living and realising the corporate brand covenant); and
- *calibration* (sustaining and changing the corporate brand covenant in line with changing stakeholder expectations, shifts in the external environment, changes in strategy and management vision). The AC^{4}ID Test of corporate brand management recognises and takes account of the aforementioned. In the diagnostic framework, the corporate brand covenant informs and is compared with corporate identity, culture, corporate communications, stakeholders' corporate images and reputations, corporate strategy and management vision (Balmer, 2012a). The latest model is a development of the earlier models (viz Balmer and Soenen, 1999; Balmer and Greyser, 2002; Balmer *et al*, 2009) *but has as its explicit focus the corporate brand.*

See Figure 10.4 that synthesises the three precepts detailed above in diagrammatic form.

Corporate brand orientation: the apotheosis of brand orientation notion?

For the author, the formal introduction and explication of the corporate brand orientation perspective represents the apotheosis of Urde's (1994) brand orientation notion.

In the writer's estimation, a brand-based organisational-wide culture and philosophy is more intelligible at the level of the corporate brand than any other branding level or category.

Reflecting on three decades of scholarship in the corporate brand and brand orientation domains, it is apparent that *both* streams of scholarship have greatly informed the theory and practice of brands and brand management.

Moreover, as we rapidly approach the twentieth anniversaries of the publication of foundational articles on brand orientation (2004) and corporate brand management (2005), this is an auspicious time to applaud and reflect on the progress made in *both* territories. It is also the occasion to ponder on the opportunities yet to be seized.

Recognising a fissure exists between the brand orientation and corporate brand domains, there is a clear rationale in more fully assimilating both perspectives than has been hitherto the case: *ergo* the efficacy of the corporate brand orientation notion.

In bringing this commentary to a close, the author hopes that his reflections on corporate brand orientation has made a meaningful advance to the above end. If so, then a highly significant *Rubicon* in the annals of brand scholarship will have been traversed.

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Notes

1. For corporate and organisational marketing, see www.corporate-marketing.org/what-is-corporate-marketing/. The following note has been taken from the Website on corporate and organisational marketing (established in 2006 by Balmer and Powell). *"Although corporate marketing is the established term for the domain from the early 2000 onwards, it was also recognised that in North America the label of organisational marketing might enjoy wider currency.*

Accordingly, when we launched this Website in 2006 we took care to also introduce Organizational Marketing alongside Corporate Marketing as applicable terms. Moreover, in 2006, we placed a call for papers for a special edition on Corporate and Organizational Marketing of the Journal of Brand Management, which was subsequently published during 2007". Also see Balmer's chapter on organisational marketing in Balmer (2013).
2. NB corporate identity as defined here relates to an entity's raison *d'etre,* organisational type, ethos, activities, outputs in terms of products and services, quality standards, geographic scope and so on. This is *not* to be confused with the definitions of corporate identity that variously characterise it as a vehicle for corporate communications and/or for corporate visual identification.

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