A STUDY ON CORPORATE BRANDING AND BRAND PERFORMANCE

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ABSTRACT

The concept of corporate branding raises the need for a differentiated approach towards management. It demands greater focus on the organization's internal factors and the role of employees in the process of brand building. The present study investigates into the implications presented by corporate branding for the management of brand resources internal to the organization. We discuss a framework for brand management by reducing the gap between the identity of a brand’s and its reputation. Based on this, we determine the three key parameters that influence brand perceptions and performance. Lastly, we analyse certain mechanisms that can possibly be used to initiate greater coherence of brand perceptions within the brand team and efficient communication of a brand’s identity to its employee.

Keywords: Corporate image, Brands, Brand identity, Internal marketing

Introduction

Corporate branding entails a different management approach than line branding. Since the emphasis is rapidly shifting towards corporate branding, a need to better understand the approach for corporate branding is being felt (Balmer, 1995; Mitchell, 1997). A primary difference between corporate and line branding is of focus. Corporate branding is largely focused on factors within the organization.

Better synchronization of activities is required since the composition and size of teams involved in brand management are continuously changing. This further implies the necessity for a planning approach that not only correlates external opportunities with the core competencies but also stimulates greater cohesion within the internal activities, ensuring consistency of delivery.

The role of employees is evolving as well. Employees are now being recognized as the brand ambassadors of a firm (Hemsley, 1998). Employees serve as linking pins between the external and internal
environments of a brand and are capable of influencing consumer perceptions about the brand as well as the organization (Schneider and Bowen, 1985; Balmer and Wilkinson, 1991).

Furthermore, with the pervasiveness of technology reducing the potential for sustained competitive advantage, managers are emphasizing more on differentiating their brands on the basis of unique emotional, rather than functional, characteristics (de Chernatony et al., 2001). Employees’ interaction with various stakeholders and advertising activities reflect the organization’s emotional values.

Employees serve as a source of information to the customers and thus, it is important that such information is coherent with the targeted perception of the organization (Kennedy, 1977). Employees are hence becoming central to the process of brand building. Their actions can either reinstate or impair the values advertised by the brand. It is thus important to look within the organization and stimulate the integration of targeted brand values with the values and behavior of employees. Another reason to support the inward looking approach is the shift from brand image to brand identity in management literature (Kapferer, 1997). The brand image indicates the perceptions of consumers’ about brand differentiation, whereas, identity is associated with how employees and managers lend uniqueness to the brand. Managers first need to define a brand’s values and then ensure that employees’ behavior and values are consistent with them. Historically, the senior management has been involved in defining a brand’s values. However, with the advent of corporate branding and the recognition of the importance of staff in this context, the senior management cannot rule out their involvement in the process of defining values.

While management will still be required to facilitate the process, employees should be encouraged to contribute to debates and discussions. Externally, managers must ensure successful delivery of the brand’s
identity by examining their brand’s reputation among stakeholders.

The present study analyzes the implications for the management of internal brand resources as presented by corporate branding practices. A framework for managing these resources is discussed, which gestates the process of brand building as the management of brand identity, such that the divide between a brand’s identity and its reputation is reduced. Based on this, we analyze the dynamics of brand management teams under corporate branding. We recognize and discuss the implications of a number of factors that might influence the internal resources. Lastly, we discuss some of the mechanisms that may be utilized to reconcile varied brand perceptions.

The identity-reputation gap model

Corporate branding demands a comprehensive approach to brand management, wherein every member of an organization behaves in tandem with the targeted brand identity. As stated by the International Corporate Identity Group, corporate identity is understood as the element that differentiates a brand by creating for it an individualized image based on the organization’s aims, ethos and values (van Riel and Balmer, 1997). Based on Kapferer’s (1997) brand based view of identity, de Chernatony (1999) proposed a model of brand management, conceptualised as the process of narrowing the gap between a brand’s identity and its reputation, as illustrated in Figure 1. Brand identity comprises of six elements that influence the brand’s desired values. The elements of the model interact and are mutually inclusive. The individual elements are discussed in the following sections.
**Figure 1:** The identity-reputation gap model of brand management

**Brand vision and culture**

Brand vision and culture are central to this model. Vision includes the brand’s core objectives ± its core values ± its reason for existence, all of which determine the
guiding principles (Collins and Porras, 1996).

The purpose and objectives of a brand must clearly be communicated to the employees so that they understand their role and are inspired to reinforce these objectives. It is also important that the core values associated with the brand are conveyed internally since these will drive employees’ behavior. Each brand will have a distinct set of values that are reflective of its target market, but we argue that the nature of these values and consistency in their perception are significant to the success of brands. The organization’s culture includes employees’ values and presumptions, which also influence their actions, particularly in novel situations (Wilkins and Ouchi, 1983). Managers must be careful of their organization’s culture and its consistency with the values of the brand, since this may result in inappropriate behavior and negatively affect stakeholders’ perceptions of the brand. Corporate culture can serve as a determinant of competitive advantage (Bettencourt and Brown, 1997), but the culture is required to be pertinent, flexible and attentive to the needs of all stakeholders (Kotter and Heskett, 1992). Hence, managers need to arrive at consensual core values that will remain unaltered, and certain less central values that are responsive to changes.

Positioning

Next, the solidarity between the core values and vision of the brand and the brand’s positioning needs to be analyzed. A brand’s positioning spells what the brand is, who it is for and what it offers (Rositer and Percy, 1996). As per the means-end theory (Gutman, 1982), the brand’s core values must be used to derive a set of functionally distinct capabilities that differentiate a brand. The brand’s positioning will be influenced by artefacts, akin to Kapferer’s (1997) “physique”, which hint at the performance characteristics of the brand.

Personality
Personality represents the emotional characteristics of the brand. These characteristics evolve from the brand’s core values along with other sources. Personality traits are further developed through associations with the ‘‘typical user’’ imagery, endorsers and consumers’ contacts with the company’s employees (Aaker, 1997). Hence, managers are required to ensure that the organization’s employees and external communications consistently convey the personality of the brand. Another significant source for a brand’s personality is its positioning. A holistic approach to branding can help reinstate the synergy between these.

Relationships

Having developed a brand’s personality, a relationship between the brand and its consumers takes shape, which is characterized by the values deeply seated in the brand’s personality. Consistent with Fournier (1998), consumer-brand relationships are represented as being reciprocal in Figure 1. Employees shape the brand’s relationship with the customers by means of their interactions. These interactions thus, need to be consistent since changes from either partner can prove to be detrimental to the relationship (Fournier and Yao, 1997). Managers must help employees understand the types of relationships that are appropriate with other employees, consumers and other stakeholders, based on the brand’s core values.

Presentation

The final element of brand identity involves the identification of presentation styles to represent the brand’s identity so as to reflect consumers’ aspirations (cf. Kapferer’s (1997) ‘‘reflections’’) and self-images (Belk, 1988; Hogg and Mitchell, 1996). People are believed to respond favorably to brands they believe are consistent with their self-concepts (Dowling, 1994). Symbolic meanings of the brand also help consumers associate and reflect concepts of their selves to others (McCracken, 1993). Interaction of the employees with the customers as well as advertising contributes to the symbolic
meaning of a brand. Managers therefore, need to be careful of possible inconsistency between a brand’s desired symbolic meanings and those conveyed by behavior of employees and advertising.

**Reputation**

Successful management of internal brand resources should result in a positive brand reputation. Fombrun and Rindova’s (1996) define a brand’s reputation as ‘`a collective representation of a brand’s past actions and outcomes that indicates the brand’s capability to deliver valued results to various stakeholders’’. While the image of a brand reflects current and evolving perceptions, the brand’s reputation reflects the aggregate of multiple images over time (Fombrun and van Riel, 1997). By considering the evaluations of all stakeholders, reputation presents a much more comprehensive indication of performance. Van Riel and Balmer (1997) also suggested that the aim of corporate identity management was the construction of a positive reputation among the stakeholders.

De Chernatony’s (1999) framework conceptualizes the brand building process as revolving around the identification and narrowing of gaps between a brand’s identity and its reputation. Managers hence are required to work with employees to reduce such divide and rule out sources of inconsistency. Strategies may then be altered to attain a better fit between identity and reputation. By including both external and internal elements in the process, the framework provides a balanced approach to brand building.

**Perceptual congruity and brand performance**

De Chernatony’s (1999) framework focuses on the multi-dimensional nature of the corporate branding concept, which entails the co-ordination of internal resources to construct a consistent brand identity and a positive brand reputation. Though the reputation of the brand considers the perceptions of all stakeholders, we emphasize on two stakeholder groups: an organization’s employees and its consumers,
in an attempt to recognize the importance of stakeholders in this process.

Brands are multi-dimensional entities, whose success demands matching an organisation’s emotional and functional values with the psychological and performance needs of consumers (de Chernatony and Dall’Olmo Riley, 1998). Corporate branding hence is largely dependent on an organization’s members having consistent perceptions about the nature of their brand. With corporate branding however, the teams responsible for the management of brands are becoming more diversified and larger. A brand management team is defined as a group of people involved in developing a brand strategy. This may include both internal staff and those in external agencies associated with the brand. The possibility for misperceptions of a brand both internally and externally, is thus significant.

Perception depends on a person’s expectations, the information given by stimulus and previous knowledge (Eysenck and Keane, 1990). People in various departments and at different seniority levels tend to have conflicting information and decision parameters (Tjosvold, 1987). Hence, employees and managers may have different perceptions of their brand’s identity. Consistent perceptions will thus be a significant determiner of the success of corporate brand management. Particularly, we propose:

P1: Brand performance and the congruence of perceptions of the brand team members about the nature of the brand are positively correlated.

P2: Brand performance and the congruence between the brand team’s and consumers’ perceptions about the nature of the brand are positively correlated.

P3: Brand performance and the congruence between the brand team’s and employees’ perceptions about the nature of the brand are positively correlated.

For constructing a coherent brand identity, managers need to understand the factors that
can influence the congruency of perceptions. This will aid in recognizing likely problems and design suitable mechanisms to rule out incongruity.

Next, we consider the factors we assume can influence the congruency of perceptions within an organization and how they can affect performance of the brand.

**Building the corporate brand through internal mechanisms**

A review of the literature (e.g. Tajfel and Fraser, 1978; Wagner et al., 1984; Murray, 1989; Smith et al., 1994) suggested that three factors influence perceptual congruity: communication, the resemblance of brand team members and shared values.

Figure 2 shows how we presume these parameters influence the congruency of perceptions and performance of the brand. The strength of this framework is that it analyzes the influence of a number of dependent variables on performance.

**Resemblance of brand team members**

As earlier discussed, with corporate branding, brand teams have become more diverse and larger. The consequent heterogeneity presents a challenge to the construction of congruent perceptions, which are significant for efficiency of brand resources and subsequently, brand performance. Team composition is typically defined by literature as similarity in terms of age, education, experience, team and organizations tenure, and functional background.

Teams composed of members with dissimilar characteristics are likely to vary in respect of values (Bantel and Jackson, 1989) and display greater conflict (Murray, 1989). Heterogeneous teams also tend to be associated with inefficient integration, communication, and consensus building (Lichtenstein et al., 1997). By contrast, team members with similar characteristics are more probable to have similar perspectives (Robbins, 1991), and shared values (Bantel and Jackson, 1989).
Figure 2: The relationships between internal brand resources and brand performance

Thus we propose:

P4: The greater the similarity of brand team members, the more congruent will be their perceptions about the nature of their brand.

Team heterogeneity however, does present some benefits for corporate branding. Heterogeneous teams offer a wider range of knowledge and skills and are less susceptible to the tendency of "groupthink" (Janis, 1972). Murray (1989) suggested that heterogeneous teams would be more adaptive to change. Though heterogeneous teams are more prone to conflict, Priem et al. (1995) suggested that cognitive conflict that was debated and resolved would lead to better consensus as compared to the premature consensus in an attempt camouflage latent disagreement. Thus, the key issue here is whether or not dissimilar brand teams can agree at consistent brand perceptions.

Thus, we propose:
P5: congruity of perception about the nature of brand is directly proportional to the tenure of heterogeneous brand teams.

However, constructive steps should be taken to build up on the strengths of teams rather than leaving it to take effect over time. We suggest that mechanisms be designed to stimulate the resolution of inconsistent brand perceptions among team members.

**Shared values**

People who have similar values are believed to perceive things in similar manner (Meglino and Ravlin, 1998). Deal and Kennedy (1982) suggest that successful organizations laid greater emphasis on making their values clear and ensuring they were understood and shared by employees. Senior management’s values influence the perceptions (Hambrick and Mason, 1984; GuilleÂn, 1994). Shared organizational values also provide guidance about desired behavior to the employees (McDonald and Gantz, 1991). It is thus important that the values of the brand and the organization are congruent.

We therefore propose:

P6: Better congruence between the values of the organization and the brand facilitates better performance.

Organizational performance is directly related to the degree of involvement and participation of its members (Brown, 1995). Brand and organizational performance are closely inter-related with corporate branding in place. As suggested by Erez (1992) the sharing of common values outcomes in better commitment and consensus. Thus we propose:

P7: Brand performance is improved as the personal values of brand team and the values of the organization become congruent.

P8: Brand performance is improved as the personal values of employees and the values of the organization become congruent.

Individual behavior is also guided by personal values as opposed to only organizational values (Rokeach, 1973;
Melgino and Ravlin, 1998). Hence it is expected that managers and employees are likely to act in support of brand’s values if there is congruence between the values of the organization and those of the employees or teams.

We hence postulate:

P9: brand performance increase with increase in congruence between the values of the team and those of the brand.

P10: brand performance increases with increase in congruence between the personal values of the employees and those of the brand.

It is however, possible that the shared values of the organization might be unsuitable for its evolving success (Deal and Kennedy, 1982). Visionary companies nurture their core values and adapt to changing circumstances without compromising them (Collins and Porras, 1996). It was proposed by Kotter and Heskett (1992) that values that enabled the organizations to adapt were closely related to continued excellence.

We thus propose:

P11: superior brand performance is closely associated with daptive and appropriate organizational values.

**Communication**

Communication is an important determinant of how congruent is the perceptions formed (Gilly and Woolfinbarger, 1998; Bowman and Ambrosini, 1996). Balmer (1995) further argued that mismanagement of communication could lead to negative brand image. We argue that communication may play a pivotal part in building perceptions, and that appropriate communication will facilitate identification and resolution of inconsistent perceptions. To analyze how communication affects the congruence of perceptions between team members and between the employees and the brand team, we consider communication at both the team and organizational levels.

**Communication at the team level**
Where team members are similar to each other, communication is found to be more effective (Wagner et al., 1984; Harrison et al., 1998). Moreover, the interpretation process happens better with similar individuals (Robbins, 1991). Since similar individuals are less prone to misunderstanding, perceptions are likely to be more congruent in homogeneous brand teams.

In case of heterogeneous teams, they can be utilized to take advantage of their diversity. Their perceptions can be made increasingly similar if the frequency of communication is increased (Wagner et al., 1984). This will help them appreciate each other’s perceptions.

Also, when conflicts are resolved collectively, it is likely that team members will be better committed towards the decisions (Ruekert and Walker, 1987). We thus propose:

P12: The more similar the members of the brand team, the lesser the formality and more the frequency of communication.

P13: greater frequency directly influences the degree of congruence in perceptions about the brand.

Communication at the organizational level

Maier (1967) suggested that a number of problems in the organization are attributable to inefficient communication among top management and employees. Communication among the employees and brand team will be significantly affect their perceptual congruity. DelVecchio (1998) noted that differences in perceptions reduced as a result of enhanced communication between the sales staff and the managers. We thus propose:

P15: perceptions become congruent as the frequency of interaction between employees and the brand team is increased.

The nature, as well as the frequency, of communication is also expected to affect the congruence between the brand team’s and employees’ perceptions.
Fisher et al. (1997) suggested that the directional flow of communication also significant in generating favorable outcomes. The accuracy of the understanding of a communication process can be estimated through two way communication (Robbins, 1991).

Mechanisms for constructing consistent perceptions

One possible method is using an independent facilitator (de Chernatony and Daniels, 1994). The facilitator helps reach a consensus by assimilating and then discussing anonymous brand perceptions of all team members. This approach allows for an open debate and the facilitator ensures that each view is given equal importance. The unbiased facilitator restricts the chances of conflict and limits dominating behavior of members. This approach is likely to be beneficial particularly for heterogeneous teams.

Two techniques used in strategic decision making to assist the expression and resolution of perceptions are dialectical inquiry (DI) and devil’s advocacy (DA) (Schweiger et al., 1986). DI involves inducing maximal conflict by requiring a team to debate two opposing views. DA induces conflict through the consideration and critique of one view. These techniques may be used by heterogeneous brand teams to legitimise and manage conflicting views about the nature of the brand. They should thus maximise the benefits of team diversity and result in greater consensus by allowing conflicting perceptions to be expressed and resolved (cf. Priem et al., 1995). By forcing wider debate, these techniques may also be used by homogeneous brand teams to counteract the possibility of groupthink (Janis, 1972).

A powerful device for creating a coherent focus among large numbers of individuals engaged in the development of a common concept was described by Dumas (1994) in relation to design. Dumas (1994) advocated the use of object based metaphors called “totems” to build shared mental models. Totems may consist of visual photographs or
images and a set of words, and provide a gestalt that makes explicit the collective tacit knowledge of a team of individuals from a range of functional backgrounds. Examples include “tall boy” as a metaphor for the Honda “City” (Clark and Fujimoto, 1990) and “rugby player in a business suit” for the Honda “Accord” (Nonaka, 1991).

Although Dumas (1994) described the use of totems by design teams developing new products, the process may be used by brand teams as a simplifying and unifying device to reflect de Chernatony’s (1999) six brand identity components. The brand team could then use a totem to help communicate a brand’s identity to employees and guide their behavior accordingly.

To gain employees’ commitment to a brand’s identity it is important to establish staff communication programs. Internal organizational communication is crucial for providing and obtaining information, achieving understanding and gaining employees’ commitment (Gilly and Woolfinbarger, 1998). Employees need to know what is expected of them and how they can contribute to the brand’s identity through their behavior. For example, BUPA, Railtrack and Great North Eastern Railway have all introduced internal programs to inform employees about their brand values and involve them in acting as “ambassadors” for their brands (Mistry, 1998; Hemsley, 1998; Wilson, 1998). Involvement facilitates understanding and consensus (Maier, 1967; Wooldridge and Floyd, 1990). It is therefore important that employees are actively involved in the process of building a brand’s identity.

Concluding remarks

Corporate branding demands greater focus on internal resources to construct a coherent brand identity for stakeholders. de Chernatony’s (1999) identity-reputation gap model of brand management conceptualises brand building as the process of narrowing the gap between brand identity and brand reputation. Building on this, we have identified key internal factors that we
propose affect the leverage of brand resources to enhance brand performance.

Employees play an important part in the brand building process. It is thus important that marketers put in place a planning perspective that considers both internal and external perspectives to facilitate harmony among actions of employees thus leading to greater customer satisfaction. Organizations must also lay emphasis on the construct of their brand teams. Heterogeneous corporate brand building is likely to amplify the resources of the brand team, but may require increased efforts in integration of perceptions. Organizations must choose new entrants to the team carefully to ensure proper functioning of teams. We have analyzed some approaches that may be adopted to support the brand team in constructing perceptions and eliminating incongruency. These mechanisms may assist in creating a consistent identity for the brand. Organizations may subsequently consider implementing internal programs to convey the brand’s identity amongst the employees.

References

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