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FROM BRAND TO CORPORATE BRAND

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Abstract

Business environment is continuously changing; the reason of this is that business environment is strongly influenced by globalisation trends, greater competition challenges, and rapid change of innovations as well as increasingly demanding customers. Traditional marketing based on 4Ps becomes ineffective. Within the business environment changes, product lifecycle shortens due to quick-paced innovations, which means that there's fewer time to promote separate brands in the market. Decline of added value of a certain product brand as well proves demand for developing a corporate brand. Therefore the paper seeks to reveal significance of a brand and its created added value as well as corporate brand. The aim of the paper is to reveal transition from brand to corporate brand. Concept of brand and importance of corporate brand to organization are considered in the paper.

Keywords: *brand, corporate brand, added value of brand, development of brand*

Introduction

Business environment is strongly influenced by globalisation trends, greater competition challenges, and rapid change of innovations as well as increasingly demanding customers. Therefore, the question "how to increase value of products and services?" becomes more and more important. Separate brands cannot create added value to meet growing customers' expectations anymore. Besides, product lifecycle shortens due to quick-paced innovations and thus there's fewer time to promote separate brands in the market. Changes in the business environment influence changes in marketing as well: a product brand is reshaped to a corporate brand. This change leads to usage of new marketing tools. Traditional marketing based on 4Ps becomes ineffective. Hence it is important to revise marketing strategy: it should become more oriented to management of corporate brand in order ensure continuous supply of value to customers.

Re-orientation from product brand towards corporate brand causes expansion of marketing functions from the narrow competence of marketing department towards higher organizational level. At the organizational level, organizational identity is revealed through development and positioning of the corporate brand, which represents organizational culture, image, and expression of company's vision. The aim of the paper is to reveal transition from brand to corporate brand.

Concept of brand

Referring to Perreault and McCarthy (1997), branding means the use of a name, term, symbol or design – or combination of these – to identify a product. Concept of a brand comes from product marketing where purpose of brand was to differentiate a product or service so that people would give preference to one or another brand. For example, Knox (2004) defines brand as a symbol that distinguishes one company's products or services from services or products of the other companies. Markevičiūtė (2005) maintains that brand is what exists in customer's mind. Therefore brand can be considered as one of the most important organization's assets. Brand may be considered as a feature of a certain product, which creates product's added value and distinguishes company's products from those of competitors' (Žostautienė and Marcinkevičienė, 2005).

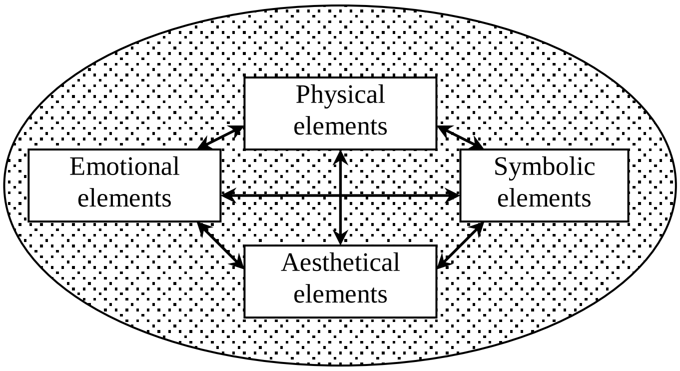

Figure 1. Structure of brand complex (according to Bivainienė (2006))

According to Bivainienė (2006), a brand may be considered not only as written or symbolic record but also as a complex of various elements (physical, emotional, aesthetical, symbolical, etc.) (see Figure 1), which are closely related to company's culture. The company's culture is oriented to satisfaction of customers' needs and forms unique perception in customer's mind thus creating product's additional value. Therefore a brand may be defined as the proprietary visual, emotional, rational, and cultural image that the customer associates with a company or a product (Brand Solutions, 2004). For example, a brand's emotional values are communicated not only by advertising, but also through employees' interactions with different stakeholders (Harris and Chernatony, 2001).

Brands perform several valuable functions. At their most basic level, brands *serve as markers* for the company's offerings. For customers, brands differentiate products and services from ones of the competitors and therefore helps to simplify choice of goods or services (Perreault and McCarthy, 1997; Markevičiūtė, 2005; Simoes and Dibb, 2001), they also promise a particular quality level, reduce risk, and/or engender trust (Keller and Lehmann, 2006). Customers trust well-known and reliable brands, in the way to avoid risk. Well-known and reliable brands psychologically decrease risk that customer expectations could be not met after usage of product or service (Knox, 2004). Brands are built on the product itself and the accompanying marketing activities. Brands thus *reflect the complete experience* that customers have with products. Brands also *play an important role in determining the effectiveness of marketing efforts* such as advertising and channel placement. According to Perreault and McCarthy (1997), a good brand reduces the marketer's selling time and effort. Finally, brands are an *asset in the financial sense*. Thus, brands *manifest their impact* at three primary levels – customer-market, product-market, and financial-market. The value accrued by these various benefits is often called brand equity (Keller and Lehmann, 2006).

According to Crimmins (2003), Perreault and McCarthy (1997), brands enhance the value of products and are difficult for competitors to copy. This way, brands play a critical role in marketplace competition. Therefore, brand value helps to differentiate a certain product or service from others and gives basis for customer loyalty (Knox, 2004). In essence, brand value is as promise of identity and predictability. An organization, which seeks to create higher value for its customers, should sustain relations with customers in different ways, including marketing communications about products and services. For example, communication with customers via corporate web-sites and call centres enables both: to provide information about the products and to receive customers' complaints. Any communication experience gives customer a possibility to evaluate organization's image and reputation. Thus, brand concept changes and includes not only product but also corporate culture, know-how, organizational systems and procedures. Buyers tend to develop relations with the providers, including more close relationship and more complex purchasing processes. Customers become more and more confident and are less afraid to risk. These changes were influenced by protection of customer rights, higher net incomes and continuous development of products. It means that predictability of well-known brand is not stable argument seeking to meet customer's expectations. In many markets buyers can choose from variety of well-known companies' high quality products. Therefore, traditional view to brand creation becomes ineffective (Knox, 2004). Brand assets are difficult and expensive to develop, maintain and adapt (Aaker, 2004). According to Knox (2004), in modern economy, added value of brand does not depend on brand management anymore. Changes in business environment stimulate search for new ways of brand development and creation of its value.

Importance of corporate brand to organization

Brand development distinguished through creation of product or service used to create added value for thirty years. This value used to help to acquire and sustain distinction of product or service in the certain market. Changes of brand management tools have influenced marketing complex within changing business environment. Due to the situation, product brand tend to shift into corporate brand.

Good brands can improve the company's image – speeding acceptance of new products marketed under the same name (Perreault and McCarthy, 1997). While 4Ps marketing remains central to product and sales strategies, the organization's marketing mix is more appropriate in an environment where customer value is created through the activities of the entire company. But these credentials, or what the organization is known for by customers, are sustainable only if the core processes that run end to end through the company are suitably aligned. Thus, it is the positioning of the organization brand in conjunction with its core processes that creates and delivers customer value through the organization (Knox, 2004). People assess well-known and recognisable organization more positively. Besides, influence of a corporate brand on new products was noticed. Knox (2004) and Bickerton (2003) define corporate brand as visual, verbal and behavioural expression of organization's unique business model. Corporate brand management is based on traditions of brand management. It also seeks to differentiate and to create regard of the people not to separate products but to the whole organization. Corporate brand management is complex of activity proceeding at organization's level. Thus, corporate brand management is scope behind competence of a certain organization's department (usually marketing). Organization becomes a strategic element in corporate brand management (Bickerton, 2003). Corporate brand should arise from organization's identity and transit its identity to all concerned parties (Leitch, 2003). The corporate brand defines the company that will deliver and stand behind the offering that the customer will buy and use (Aaker, 2004). According to Gregory (2003), every company has a brand.

In general, a corporate brand will potentially have a rich heritage, assets and capabilities, people, values and priorities, a local and global frame of reference, citizenship programs and a performance record (Aaker, 2004). Balmer (2001) states that corporate brand comes from organizational identity involving leadership, values, tradition and environment. Traits of organizational identity go public through corporate branding. According to Bickerton (2000) and Knox (2004), corporate brand consists of "higher marketing mix variables" such as reputation, product and service performance, product brand and customer portfolio, and networks. Gregory (2003) emphasizes, that branding equals trust. The mix of these four components creates the corporate brand as well as the means by which this brand is differentiated from its competitors. Organization must critically and reasonably evaluate the above-mentioned higher marketing mix variables in order to implement corporate brand positioning effectively (Bickerton, 2000; Knox, 2004).

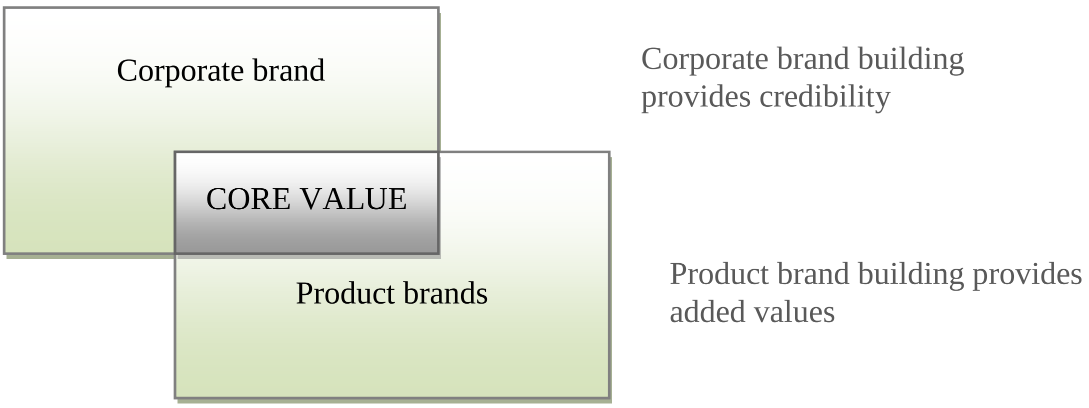

Figure 2. Core value framework linking a corporate brand to product brands (Urde, 2003)

Hatch (2003), Schultz (2003), Urde (2003) and Aaker (2004) suggest some differences between brand and corporate brand. Brand development is trusted to middle level of managers but responsibility for corporate brand management falls to top level managers. Differences arise in time devoted to brand management as well: brand survives in short term depending on product life-cycle, whereas corporate brand exists in long term as long as organization exists. Besides, a corporate brand usually has heritage that is richer and more relevant than product brands. The corporate brand is special because it explicitly unambiguously represents an organization as well as a product. A company, which creates corporate brand, brings to a market a perception of having assets and capabilities to deliver innovative products and value to customers. Corporate brand provides credibility therefore product brand provides added values, and interaction of these leads to core value (see Figure 2).

Balmer (2001) maintains that corporate brand attracts and orients relevant audiences, stakeholders and clients towards the recognisable values and symbols that differentiate the organization. It is defined in similar way by Gregory (2003): a corporate brand is the product of the millions of experiences a company creates – with employees, vendors, investors, reporters, communities and customers – and the emotional feelings these groups develop as a result. Corporate branding expresses the values and/or sources of desire that attract key stakeholders to the organization and encourage them to *feel a sense of belonging to it*. It is this attraction and sense of belonging that affects the decisions and behaviours on which a company is built (Balmer, 2001). A strong corporate brand possesses this attractive force and offers symbols that help stakeholders experience and express their values and thereby keep them active (Hatch and Schultz, 2003). While product brand creates image orientated to customers, corporate brand should create organization's image to all concerned parties: staff, customers, investors, providers, partners, other concerned persons, local community, etc. (Hatch, 2003). Therefore a strong corporate brand creates, manages, and fulfils high expectations among its many audiences (Gregory, 2003). According to Aaker (2004), one of the organization's characteristics that can affect the customer relationship is whether the corporate brand has local or global orientation. Being local – striving to connect in tangible and intangible ways to the local environment and customers – provides at least two benefits. First, it allows customers to take pride in their purchasing patterns. Second, such companies can ingratiate customers by providing a look and feel of brand that is attuned to their local culture. Being global – having global visibility, aspirations and reach – has several potential advantages as well. There is prestige attached to a brand that has made it globally. People everywhere are likely to recognize and respect a global brand and, subsequently, a customer, who uses that brand. Further, there is an implication that if a brand is successful on a global stage, it must also deliver innovation and quality products and services to local market.

Hatch and Schultz (2003) identifies three elements that form the foundation of corporate branding: (1) strategic vision – the central idea behind the company that embodies and expresses top management's aspiration for what the company will achieve in the future; (2) organizational culture – the internal values, beliefs and basic assumptions that embody the heritage of the company and communicate its meanings to its members; culture manifests itself in the ways employees all through the ranks feel about the company they are working for; (3) corporate images – views of the organization developed by its stakeholders; the outside world's overall impression of the company including the views of customers, shareholders, the media, the general public, and so on. By implication, strategic vision, organizational culture and corporate images are strongly interrelated and there is a need for perceived long-term mutual support between these elements. In order to reach this support, effective dialogue between organization top managers, external interested parties and members creating organizational culture is necessary. The people of an organization, especially in a company with a heavy service component, provide a basis for the corporate brand image. If they appear engaged, interested in customers, empowered, responsive and competent, the corporate brand will tend to engender greater respect, liking, and ultimately, loyalty (Aaker, 2004). Hatch and Schultz (2003) offer to use organizational culture as one of the main resources in creating corporate brand.

The corporate brand must be viewed as both: a proposition that helps to shape an organization's values and culture, and a strategic tool of management, which can guide the organizational processes that generate and support value creation. Innovation, quality and customer orientation are three values and priorities worth highlighting because they are so frequently seen as drivers of corporate brands (Aaker, 2004). According to Gregory (2003), a strong corporate brand delivers a number of outstanding benefits. It commands a premium price. It helps withstand or weather a crisis more readily. It makes marketing more efficient. It can slow or stop market share erosion. And it increases company's appeal to financial and investor markets.

Conclusions

Analysis of brand and its created value, assumptions of corporate brand relevance as well opportunities allowed to formulate the following conclusions:

- A brand is company's one of the most valuable assets, which creates added value to customer. The value is related to identity and predictability of the brand. From the customer's point of view, a brand is a guarantee of quality and a source of information about every product or service. It helps to select the best product and to perceive the philosophy that underlies the brand. While the customers are gradually less afraid to risk and are more confident in their opinion, the need for brand predictability decreases. Besides, many markers are saturated with plenty high-quality products of well-known companies. The context of product brand (including creation of added value) reshapes and involves not only product, but also culture, know-how, organizational systems and procedures. To create a value in contemporary economy, it is not enough to use traditional marketing measures and brand management.

- Changing business environment influence changes in brand development. Product brand more and more is changed by corporate brand. Corporate brand involves corporate image, strategic vision and organizational culture. Corporate brand is expression of company's purified identity, which is devoted for communication with the stakeholders, differentiation of the organization as well as increase of added value. Corporate brand is perceived as a strategic tool, which might help to create and sustain added value not to the certain product but to all offered products by organization at the same time.

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