

CHAPTER 1

CORPORATE BRANDING – AN EVOLVING CONCEPT

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'Who are we'? 'What do we stand for'? 'What do we want to become'? These are some of the universal questions organizations have wrestled with throughout the ages. In a time of rapid technological development, global agendas and changeable market conditions, it has gradually become both more difficult, and far more important, to answer these classic questions.

This book is about corporate branding. The aim of the book is to describe and analyze corporate branding as a strategic and cross-disciplinary process that rethinks questions of identity, purpose, and direction and seeks new answers. We present the view that corporate branding must be understood as a process by which an organization continually asks itself the universal identity questions that can propel it forwards as a competitive and innovative organization. Corporate branding is therefore not so much about finding definite answers to these questions. Rather, it is about finding a path in a changeable and dynamic age that paradoxically requires that the organization develops, while also being able to hold on to its identity.

Even though corporate branding can still be seen as a relatively new field, it is currently in transition between what we call the *first and second waves of corporate branding*.

The *first wave* of corporate branding took shape in the mid 1990s. Authors such as Olins (1988), Aaker (1991), Balmer (1995, 2001), Ind (1997), Keller (1997), de Chernatony (1999), Kapferer (2000), Aaker & Joachimsthaler (2000), Hatch & Schultz (2000, 2001), Gray & Balmer (2001) played a leading role in influencing thought. Contributions derived from such diverse quarters as marketing, corporate communication, organization theory and the visual and graphical tradition. For some authors, the idea of an organization as a brand was an extension of the *product branding approach*, with its focus on brand essence, benefits and individual visual identities. Others were more concerned with positioning corporate branding as a *strategic concept* that fleshed out *how* an organization could formulate an enduring identity that was relevant to its stakeholders. The field of corporate branding basically became divided into two camps. One camp was characterized by a product driven *tactical and visual focus*, while the other camp emphasized corporate branding as a *strategic and integrated* field.

The tactical and visual approach ended up largely dominating both corporate branding literature and practice. It also formed the foundation for what we call the *first wave of corporate branding*. With its focus on tactics and visuality, the first wave of corporate branding

was carried forward as a *marketing and campaign driven* approach. As a consequence, responsibility for corporate branding was anchored in the marketing function. While the first wave of corporate branding differed fundamentally from the strategic and integrated approach, both directions did agree that the most important role of corporate branding was to give greater focus to the organization as a force for differentiation.

Many organizations gained experience with corporate branding during the last decade. International brand measuring systems (such as Interbrand and Business Week's annual survey: *The Best Global Brands*) confirmed, time and again, the impact of corporate brands on companies' financial performance. These surveys often ascribed corporate brands such as Disney®, Coca-Cola®, Nike® and McDonald's® a central place as ideal corporate brands. Due to the charisma and broad public exposure of the leaders of these organizations, and the strength of these brands as icons and universal symbols, corporate brands such as these came to stand as practical examples of the approach and practice that characterized the first wave of corporate branding. Their global, outward-looking practices, and often quite considerable marketing budgets, created a feeling of omnipresence.

The significance of corporate branding as a way in which an organization could build relationships with its environment in a strategic and more farsighted manner was often neglected during the first wave, overshadowed by a marketing and campaign approach. Under this approach, corporate branding was therefore established as a field that did not necessarily consider the organization's culture, long-term stakeholder relationships and employee involvement. This situation often locked brand managers and communication consultants into what Kapferer called *clouded cuckoo land* (Kapferer, 2000:60). It usually was not enthusiasm, initiative, or energy that was lacking, but, rather, strategic anchoring and a focus on building long-term relationships with the organization's stakeholders. Slowly but surely, in our opinion, the marketing and campaign approach therefore decoupled the idea of corporate branding from being a practice based in each organization's unique situation, culture and distinctive characteristics. This decoupling often led to the organization being split into the claims: *Who we say we are*, and behaviour: *Who we really are*. In cases where there was a great gap between *superficial promises* and *the substantial performance*, this situation eventually led

to perceptions of the organization as lacking in coherence and credibility.

The first wave of corporate branding can be summed up as being driven by the recognition of the fact that the organization itself, rather than its products, was playing an ever increasing role in the organization's differentiation and its relationships with various stakeholders. However, practices associated with the first wave of corporate branding, i.e. the way in which organizations generally thought about and implemented corporate branding, were tied to marketing and campaign thinking. Thus corporate branding came to be more about optimizing the expressiveness of the organization than establishing long-term relationships with its multiple internal and external stakeholders.

Corporate branding basically represents a relatively simple idea, that the organization and everything it stands for is mobilized to interact with the stakeholders the organization wants to reach and engage them in dialogue. However, if one reflects on this perception, it becomes clear that corporate branding, due to its strategic, integrated and longitudinal foundation, is a deeply paradoxical concept. This may be the very reason why the first wave of corporate branding was driven by promises of changes to practice, rather than conceptual development.

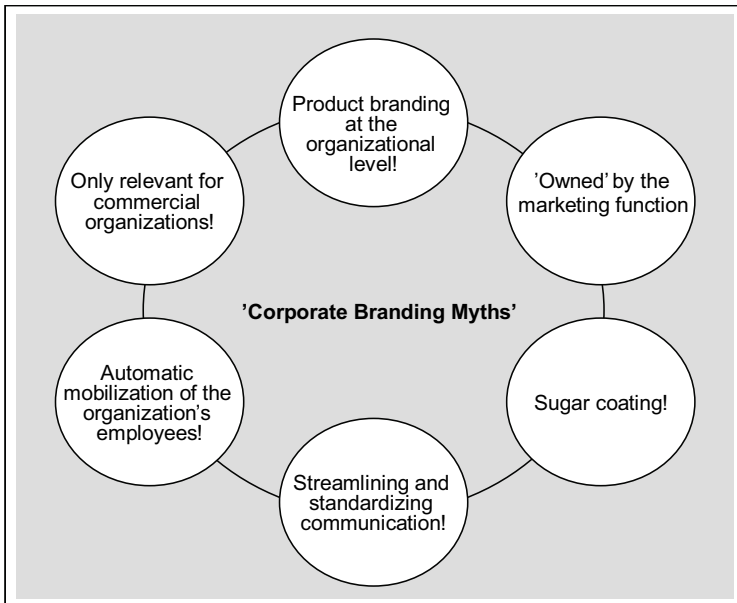
When we look back on corporate branding as a concept, it is our opinion that practical issues ended up running ahead of the conceptualization of the idea. In other words, *corporate branding was translated into practice before the conceptual foundation was sufficiently clarified*. The basic questions that ought to clarify and simplify the paradoxical complexity of the concept thus continue to be just as relevant and pressing. For example, what do we mean when we say the organization is a whole that involves and is co-created by many different parts? How can we meet the organization's need for stability, while also meeting the need for flexibility and change? How can the organization build meaningful relationships with its specific stakeholders while also representing a recognizable symbolic universe?

Corporate Branding Myths

Today, more than 10 years after corporate branding was conceptualized, we can see that these questions are still largely unanswered. It is our opinion that the marketing and campaign driven

focus has blocked the important conceptual discussion associated with corporate branding as a strategic concept. We also believe that the perception of corporate branding is locked into a number of myths which the marketing and campaign driven focus has given rise to. And we believe that these myths are preventing companies and other organizations from creating effective corporate brands (see figure 1:1):

Figure 1:1 Corporate Branding Myths



Myth 1: Corporate Branding is Like Product Branding - Just at the Organizational Level!

In the classic marketing definition of branding, the concept is associated with identification of a product and differentiation from competitors' products using names, logos, design and other recognizable signs or symbols. Brands are created and supported through effective utilization of the organization's marketing mix. During the first wave of corporate branding, product branding principles often merged with corporate branding principles. This was tantamount to the perception that you could communicate your way to a strong corporate brand. With time, the myth took shape that

corporate branding was like product branding. The problem with the myth is that a focus on the organization as a central and enduring differentiating force is lost.

Myth 2: Corporate Branding is ‘Owned’ by the Marketing Department!

Corporate branding processes were often initiated by top management. Despite this, responsibility for executing and maintaining the corporate brand (in line with the marketing and campaign focus), was often given to the marketing function. Marketing naturally played an important role in communicating who the organization is and what it stands for. But by positioning corporate branding exclusively in the domain of marketing, the risk arose that corporate branding became anchored in a short-term and tactical focus. The problem with this myth is that the organization loses the long-term, strategic focus that characterizes most organizations that manage, year after year, decade after decade, not only to maintain market share but also to demonstrate growth and development that far exceeds that of their competitors.

Myth 3: Corporate Branding is Like a Sugar Coating!

The marketing and campaign approach provided fertile soil for the myth that corporate branding could be likened to a ‘sugar coating’, i.e. something you could wrap around the organization which did not necessarily relate to what was inside. In such a perspective, vision and values became ‘show vision’ and ‘show values’, i.e. something the organization claims to be or strive for, but does not feel committed to. Thus this myth created the perception that you could stage corporate branding. However, when the gap between ‘who we say we are’ and ‘who we really are’ became too wide, it often resulted in confusion and mistrust among the organization’s stakeholders. The myth that corporate branding is like a sugar coating is a problem because it creates the impression that the organization’s ‘exterior’ and ‘interior’ do not necessarily have to be aligned.

Myth 4: The Goal of Corporate Branding is to Standardize the Organization’s Communication!

Corporate branding was often presented as a tidying up project which aimed to reduce complexity and increase clarity, for example, by

standardizing and streamlining the organization's communication. However, we learned from the 'visionary companies' (Collins and Porras, 1994; Collins, 2001) that being consistent in your communication is not essential. It is more important that *all* functions of the organization are loyal to the underlying vision and values that characterize the organization. The problem with this myth is that it creates a limiting framework for the organization's communication, that it locks the organization into tactical details and overlooks the strategic vision of corporate branding, where the goal is to create continual clarity in a changeable environment.

Myth 5: Corporate Branding Automatically Mobilizes the Organization's Employees!

The significance of the role of employees in relation to corporate branding was recognized to some extent, but during the first wave it was considered as a form of involvement and an obligation that virtually arose automatically. This perception still lingers to some extent, and people often claim: *Employees are our most important asset*, and *employees are central to our competitiveness*, without these statements leading the organization to feel an obligation to involve employees in developing and strengthening the corporate brand. The problem with simply assuming that corporate branding automatically mobilizes employees is that the critical insight and knowledge that employees possess gets lost in the process.

Myth 6: Corporate Branding is Only Relevant for Commercial Organizations!

Corporate branding is generally seen as a commercially-oriented field which has the goal of optimizing an organization's transactions with its environment. This perception has given rise to the myth that the principles of corporate branding cannot be transferred to non-profit organizations. However, the corporate branding concept encompasses principle ideas about identity, purpose and direction that are relevant even to non-commercial organizations. In principle, corporate branding can be transferred to countries and regions, as well as non-profit organizations such as NGO's. This process is well underway, but continues to be hampered by the myth that corporate branding is a commercially-oriented concept.

Moving Towards the Second Wave of Corporate Branding

It is our thesis that corporate branding should be understood as a dynamic concept that is evolving. In our view, this development places corporate branding at a crossroads.

One path continues to build on the marketing and campaign approach to corporate branding. Its focus on tactics and visuality renders the corporate aspect superficial, and corporate branding will ultimately blend into the product branding field. This path therefore leads to the gradual undermining of the concept, and one could expect that the concept will eventually be reformulated to better match the organization's short-term and tactical goals. As this happens, the concept will gain the status of yet another piece of management hype and definitively lose its strategic impact.

The *other path* builds on the experience gained from the first wave. It is characterized by greater and more realistic insight into the many conflicts and complex relationships that exist in relation to an organization and its environment. The cross-disciplinary and dynamic perspective that takes into account aspects of the organization's culture and relationships will come to play an increasing role in this perception of corporate branding. Corporate branding will end up becoming one of the few central and cross-disciplinary concepts that can establish cohesion between the organization's strategy, organization and marketing.

The goal of this book is to take the first step on the path of rethinking corporate branding. Such a process will primarily involve taking up the fundamental questions again. Based on the various experiences of the authors, we will examine corporate branding, theoretically and in practice, from various angles. The goal is to stake out a direction for the second wave of corporate branding that positions it as a *process* through which an organization can continually work out its *purpose* – a purpose that is meaningful to *people* inside and outside the organization.

Organization of the Book

As the subtitle of the book suggests, our efforts to rethink corporate branding are organized around three core dimensions: Purpose, people and process. The first three chapters (two to four) address issues related to purpose, while chapters five to seven discuss various aspects

of the people dimension. Chapter eight focuses on the managerial and organizational processes of corporate branding. Finally, we offer a set of principles for the second wave of corporate branding drawing on all the contributions.

Purpose relates to the aims, prospects and premises of corporate branding as a managerial practice in organizations. In order to mature as a management approach or business philosophy, we argue that proponents of corporate branding must acknowledge and exploit the different academic disciplines that have contributed to the development of corporate branding. The challenge in the move to the second wave of corporate branding is to find ways of integrating these disciplines into a coherent and relevant framework for corporate branding. This framework must transcend the influences of each discipline and avoid the traps of an oversimplified conception of branding.

In Chapter 2, Majken Schultz provides a comprehensive theoretical introduction to the disciplinary origins of corporate branding. Schultz examines the development of corporate branding by looking at the different disciplinary fields that facilitate it, and discusses the pitfalls of basing corporate branding on a single disciplinary approach. The chapter proposes an integrative framework (the Corporate Branding Tool-Kit, developed by Mary Jo Hatch & Majken Schultz) for corporate brand analysis, and addresses the challenges and paradoxes involved in balancing the different brand elements. This framework depicts the corporate brand as a key symbol of organizational identity, the meaning and value of which are influenced in equal measure by top management vision, organizational culture and stakeholder images. The framework serves as a common frame of reference for the rest of the book.

Chapter 3, written by Yun Mi Antorini and Majken Schultz, analyzes two of the central motifs in corporate branding: Differentiation and uniqueness. The need for organizations to differentiate themselves is considered, both in theory and in practice, to be one of the main purposes of corporate branding. However, this chapter argues that certain aspects and inherent dynamics in corporate brand management tend to push organizations towards conformism and inadequate differentiation. The authors claim that organizations, contrary to their intentions, often fail to differentiate themselves and fall into what the authors call the *conformity trap*. Drawing on the distinction between an essence-based and relationship-based approach,

the authors discuss how organizations may overcome the conformity trap, and propose ways of avoiding falling into it in the first place.

The role of the consumer in brand building is also changing with the move to the second wave of branding. The Internet has made it possible for consumers – across time and space – to negotiate brand meaning with other consumers more openly, and to feed back their viewpoints and experiences to the organization. Increasingly, the notion of consumers as passive recipients of brand meaning and products is being replaced with the notion of consumers as active co-creators of brand meaning and important contributors to the organization's value creation. In Chapter 4, Yun Mi Antorini and Kasper S. Andersen explore how closer integration between organizations and consumers can be achieved. The chapter also discusses how closer integration might affect the corporate brand. The chapter is illustrated using three cases: IKEA®, Jones Soda© and WeightWatchers©. They represent organizations which, to varying degrees and in different ways, have chosen to close the gap between the organization and the consumer.

The people dimension deals with people and the social and cultural processes behind brands. The people dimension is central to corporate branding. In fact, the very notion of applying branding to organizations (and their members), rather than to things or ideas, implies a strong emphasis on people. In contrast to classic product branding, corporate branding acknowledges that branding must work through employees as individuals and members of subgroups within the organization.

Chapter 5 deals with different approaches to the role of employees and organizational culture in corporate branding. *Living the Brand* is one of the most common slogans in corporate branding. It expresses the principle of mobilizing employees in the branding process as active representatives or ambassadors of the brand. However, there have been many indications that 'living the brand' campaigns do not succeed. In Chapter 5, Esben Karmark analyzes the concept of living the brand from two contrasting approaches: A marketing and communications-based approach and an organizational and values-based approach. Karmark demonstrates how the two approaches grant employees different roles and opportunities to act as *living brands*. The chapter draws on case examples from Novo Nordisk, LEGO Group, Bang & Olufsen© and Danisco© to illustrate the two approaches and suggests a third, more reflexive, perspective on the employee as a living brand.

Chapter 6 examines the people dimension and cultural issues at a more abstract level, when corporate branding principles are applied outside the corporate setting to non-profits, nations and other geographic entities. The concept of corporate branding has primarily been based on the strategic challenges for large, for-profit organizations. But what are the limits for the application of corporate brand management? In Chapter 6, Fabian F. Csaba argues that, in principle, corporate branding applies to other types of organisations or phenomena than just corporations. Exploring work on the branding of non-profit organizations and nations, regions and cities, the chapter assesses the influence of corporate branding outside its primary realm. The chapter shows how and why corporate branding has spread to other domains, and illustrates how the principles and techniques of corporate branding have been appropriated outside the corporate context. In considering these issues, the chapter challenges common notions about corporate branding's appropriate domain and cultural influence.

Chapter 7 then investigates the limits imposed by organizational identity and culture in expanding and leveraging corporate brands. The issue of the limits of corporate branding can be approached from a different angle, namely that of brand extensions. Many organizations seek to leverage their brand by expanding the range of activities covered by the corporate brand. Brands like Disney© and Virgin© have set new standards for how brand ideas can be leveraged in new areas outside the core business of the organization. In Chapter 7, Esben Karmark and Pernille Gjøls-Andersen discuss the opportunities and limitations of brand extensions for a corporate brand. In a comparative case study of the Disney and LEGO brands, they argue that brand extensions are closely linked to the organization's culture and identity. Their study suggests that an organization cannot instantly transform itself to a broad umbrella brand, since this requires experience in working with the brand at a higher level of abstraction. The chapter offers a set of proposals for renewing and extending brands without stretching them beyond the constraints of their identity.

The process dimension addresses how corporate branding is realized through processes of strategic and organizational change. Classic branding has largely been dominated by a focus on a 'campaign-like' launch of the brand to internal and external stakeholders. The first wave of branding has often overlooked the organizational and managerial difficulties of implementing corporate branding. In

contrast, the second wave of branding includes the organizational change processes needed to create a sustainable corporate brand.

Chapter 8 proposes an analytical framework for understanding the different stages in the corporate branding process. Classic brand management theory has focused on the structural consequences of a corporate brand, i.e. how to construct a brand architecture. But in practice, corporate brands are established and developed over a long time and in interaction with existing cultures and images. This process, just like change management, involves a series of transformations, each with different managerial and organizational challenges. In the final chapter, Majken Schultz argues, on the basis of the experience of different organizations, that the development of a corporate brand consists of five stages defined as 1) Stating; 2) Organizing; 3) Involving; 4) Integrating; and 5) Monitoring. How the stages evolve depends on the particular characteristics and conditions of the organization. The chapter suggests that corporate branding is best considered as a dynamic and cyclical process, and not a simple linear, sequential flow. The chapter advances a dynamic corporate branding model which offers a frame of reference for creating and implementing a corporate brand.

Finally, in concluding the book, we suggest five principles that can serve as inspirational guidelines in the move to the second wave of corporate branding.