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Abstract

As services brands are a cluster of values, we explore the way in which values are communicated to both customers and staff. This work is based upon a literature review and themes highlighted from depth interviews with leading edge services branding consultants. Values tend to be communicated to consumers via their experience of the brand as a whole, including their interactions with employees, external brand communications and the tangible elements of the service offering. For employees, values are communicated via HR practices and policies, internal and external brand communications and the example set by senior managers.

Introduction

A brand can be defined as a cluster of functional and emotional values that promise a unique and welcomed experience for the stakeholder. The classical, FMCG branding model focuses upon finding market gaps, devising an offering with a cluster of values to satisfy customers, then a mechanistic production process gives functional benefits which are enrobed with emotional values through advertising. As developed economies have moved from a manufacturing to a services base, the classical brand building model needs revising (Berry 2000). Organisations are becoming more values-driven, recognising that staff are key ambassadors in the brand building process. The functional and emotional values of services brands are highly dependent on the staff who deliver the brand promise (Ind 2001; Nguyen and Leblanc 2002). We argue that organisations should not primarily focus upon customers' value needs, assuming staff to be passive conduits, but staff must be taken into consideration as they are actively involved in the services branding process.

Within this perspective of a new paradigm for services branding, the focus shifts to gaining a competitive advantage through being more attentive to internal values. Yet, how are consumers made aware of services brands' values – can we continue to rely on advertising? How are staff made aware of their brands' values? Due to the limited research that has been undertaken in this domain, we sought to advance knowledge through investigating this issue. This paper opens by reviewing the literature on the communication of values, both within the organisation and externally to consumers. The paper then explains how depth interviews were undertaken with senior brand consultants specialising in services branding. Our findings about the ways in which organisational values and culture are communicated to staff and consumers are explained. Finally, the overall implications of the results are considered.

Literature Review

The seminal writer Rokeach defined a value as, '…an enduring belief that a specific mode of conduct or end-state of existence is personally or
socially preferable to an opposite or converse mode of conduct or end-state of existence' (1973, p.5). This paper considers how the values of an organisation are communicated to staff and consumers via corporate communication. Three primary types of corporate communication have been identified - management, marketing and organisational (van Riel 1995). Management communication refers to messages conveyed by management to both internal and external stakeholders. Marketing communications are those directly aimed towards the consumer, eg. advertising, direct mail, personal selling and sponsorship. Organisational communication covers all other communications based within an organisation, such as PR, public affairs, environmental communications, investor relations and internal communication. We

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hold that values communication to staff occurs primarily through a combination of management and organisational communication, whereas consumers learn about the organisation's values mainly through marketing and organisational communication. We next consider in more detail the ways in which values are communicated to employees and to consumers.

How are organisational values communicated to staff?

Communicating the values effectively to employees is critical when seeking consistent, value-congruent employee behaviour (Gotsi and Wilson 2001; Nguyen and Leblanc 2002; Ind 2001), though employees also have to accept and internalise these to 'live the brand' within the organisation and in their interactions with consumers. Organisational and management communication (van Riel 1995) are the main ways in which values are communicated to staff. Organisational communication includes both recruitment and selection and the various channels through which socialisation occurs once an employee has joined the organisation (eg HR processes, mentoring, story-telling, rites and rituals and the encoding of the values into a values statement). Management communication may occur directly, but is also through management's function as a 'role model'. Marketing communication in the form of advertising may play a role, albeit a minor one.

Recruitment and selection facilitate the initial communication of values (Davidson 2002), via the recruitment processes and literature. Klein and Weaver (2000) found that attending an induction programme positively influenced awareness and acceptance of values. Also, some self-selection will occur, as it is likely that only people accepting of the values will see through the recruitment process. Employees with values congruent to those of the organisation are likely to feel and act more favourably towards it (Harris and Mossholder 1996). However, as Cable et al (2000, 1083) note, '…firms may try to overstate desired values to applicants', and may be guilty of, '….trying to attract as many applicants from competitors as possible rather than allowing applicants to self-select on the basis of accurate culture information'.

The process by which individuals absorb the organisational values once recruited is known as 'socialisation'. It is, '….the process of "learning the ropes"….the process of being taught what is important in an organization…' (Schein 1988, 54). This occurs via a range of organisational communications. Although recruitment processes encourage the hiring of candidates with values congruent to the organisation, they can still be expected to have some values which are incongruent. There may therefore be a destructive stage, which, '…serves the function of detaching the person from his former values…..' (Schein 1988, 54). This might include 'upending experiences', engineered to '…upset or disconfirm some of the major assumptions which the new man holds about himself, his company or his job' (Schein 1988, 55), for example lengthy training.

A variety of HR processes can be harnessed to further the socialisation process, such as hiring methods, performance management systems, criteria for promotions and rewards, and dismissal policies (Lencioni 2002). Begley and Boyd (2000) refer to Bell Atlantic, which following a merger with NYNEX redesigned their reward structures to promote the key values of the new culture. However, the degree to which HR activities are congruent with the values varies considerably. For example, while Davidson (2002) notes the importance of linking appraisal and reward systems to the organisation's values, he accepts that this is often incomplete or inconsistent.

New employees will obtain some of their knowledge about the organisation's values from employees. Whilst this may be a casual process, it may also occur as formal

mentoring. However, the success of this depends on factors such as the mentor's skill in teaching/mentoring and the mentor's views about, and interpretation of, the organisation's values (Swap et al 2001). Story-telling within organisations can be harnessed to transmit values to employees. Hallam (2003) examined Washington Mutual's communication of its values to employees, noting the effectiveness of including brand value-related stories and examples in publications such as the company newsletter.

A range of rites and rituals may contribute to communicating and reinforcing values. These are the 'artefacts' within Schein's (1984) model of organisational culture. While artefacts are related to organisational values, it is not always easy to infer the correct values. Another artefact from which employees may gain clues about the organisation's values is advertisements intended for consumers' attention (Wolfinbarger and Gilly 1991). Some form of initiation rite may also mark the transition of an employee to full member status, the final stage of socialisation where the organisation's values are, hopefully, fully accepted by the individual.

Encoding the values in a values statement forms the basis for internal and external marketing communications within many organisations. However, Lencioni (2002, 5) highlights the problem of 'empty' or dishonest values which may, '….create cynical and dispirited employees, alienate customers, and undermine managerial credibility'. Even if the values are genuine, their communication must involve more than codification. Lencioni (2002) offers the example of Nordstrom, where values are woven into stories of exceptional customer service. Also, in order to effectively communicate values, it is important that employees are not only told but also *involved* – for example, when KPMG implemented its new values program in 1998 it introduced a monopoly-type board game based on the KPMG values which elicited considerable enthusiasm from staff (Thornbury 1999).

Management communication, in the form of the example set by an organisation's CEO and their function as a role model has great power communicating values to employees (Dauphinais and Price 1998; Giblin and Amuso 1997). The behaviour of senior management should not contradict the values of the organisation. Griseri (1998, 202) notes that, 'when there is a misfit between statement and behaviour it is not usual that the verbal evidence outweighs the physical'. One-off 'rallies' or 'roadshows' can also be used to convey values to employees; these are often utilised at pivotal times, for example values change initiatives, and commonly involve the CEO or senior managers (Hallam 2003).

Not all organisations are successful in their efforts to communicate their values. Edmondson and Cha (2002) considered the case of Maverick Advertising, and the damage caused to staff morale when employees interpreted the organisation's communicated values incorrectly. Ginsburg and Miller (1992, 23) found that '…for many firms, corporate values, if addressed at all were only cited in advertisements, press releases and company newsletters', and they highlight, '…significant gaps between the ideal and the real that are attributable to a lack of clarity or understanding'. Dobni et al (2000) recommend that managers frequently check employees' understanding of the values, for example through surveys and discussion.

How are organisational values communicated to consumers?

As corporate image emerges from consumers' interpretations of organisational values, we therefore decided to draw upon the corporate image literature to clarify how organisational values are communicated to consumers. van Riel (1995, 73)

defines image as, '…the set of meanings by which an object is known and through which people describe, remember and relate to it'. Nguyen and Leblanc (2002, 244) consider the factors which influence corporate image. They found that organisational communication via 'contact elements' were an important channel through which consumers gain information about values. 'Contact elements' include both customer focusing staff and the physical environment in which the service is provided. However, they noted that marketing communications also play a role in the communication of values to consumers.

Davies and Chun (2002) believe that consumers' interactions with employees during service encounters are a frequent way of communicating values. If efforts to communicate the values to employees have succeeded, and if employees have internalised the values to the point where they are actually 'living the brand', then this cannot fail to be noticed by the consumer. This was understood by Hewlett Packard, who focused upon bringing consistency to the external brand experience through ensuring all employees are au fait with the brand values (Mellor 1999). However, the employee is not the sole channel via which consumers receive communications about values; other channels include corporate name, communications strategy, other external marketing activities and word of mouth (Nguyen and Leblanc 2000).

The fact that an organisation's values are communicated to consumers via employees, and via other channels raises the issue of the extent to which these are integrated. Unless complementary values are being communicated to both employees and consumers, corporate image may not reflect corporate identity, which could weaken the brand. Hatch and Schultz (2001) identify a number of gaps where this disconnect may occur, including the 'image-culture gap' which 'leads to confusion among customers about what a company stands for', and '…usually means that a company does not practise what it preaches' (Hatch and Schultz 2001, 131).

Research Aim and Method

The aim of this paper is to understand how the custodians of successful services brands make consumers and staff aware of the values of the organisation.

Depth interviews were conducted with senior consultants within the UK specialising in the management of services brands, and who had considerable knowledge and experience of services branding. As noted by Locke (2001), all sampling in qualitative research is deliberate or purposeful, in that researchers select respondents in order to get the best quality data about a given subject. In line with this, in order to obtain data about the communication of services brand values we approached consultants who held senior positions, typically at the level of Managing Director or Director, in agencies specialising in advising clients about brand marketing (the one exception was a management journalist acknowledged for his visionary brand writing). They were either frequent presenters at management conferences on branding, have written books or papers on branding, or were recommended by other experts. While research into brands has traditionally focused upon the opinions of brand managers, we chose instead to interview consultants. We felt that managers are often driven by short-term situational factors, whilst consultants are more commonly engaged in long-term brand planning. It was also our view that leading-edge knowledge and ideas about branding are more likely to flow from consultants to managers than vice versa, and within the management press, authors have been critical of the lack of vision and understanding which brand managers have of branding issues (Mitchell 1994).

Given the exploratory nature of the research, we did not wish to impose our preconceptions upon respondents; rather, we wanted to obtain respondents' views within their own frames of reference. A topic guide was used to steer the overall themes discussed. One of the questions asked was 'How do successful services brands make customers and staff aware of their values?'. Respondents were allowed to talk as much or as little as they wished, with us intervening only to obtain further clarification of comments when required.

28 depth interviews were conducted, with the sample consisting of 10 advertising consultants, 5 brand consultants, 5 design consultants, 4 marketing/management consultants, 3 market research consultants and a management journalist. This paper focuses on one question within the topic guide into experts' views about service branding, and includes data from 23 respondents. The interviews were recorded and transcribed. The codes arose naturally during the coding of the data, rather than being pre-specified. Two authors coded the data separately in line with accepted practice (Krippendorff 1980), and then the inter-coder reliability was calculated (using the coefficient of agreement) to be 87.7%. Any differences in interpretation between the coders were resolved via discussion and reference back to the transcripts (Miles and Huberman 1994).

Findings

The themes which arose from our research are outlined below. Whilst this work was of a qualitative nature, we will include some indication of the numbers of respondents backing a particular theme, as we feel that this gives a more comprehensive picture of the data.

How do successful services brands make staff aware of their values?

The most widely quoted way in which respondents believed organisational values are communicated to employees of successful services brands was through various forms of internal communication (mentioned by 14 respondents). Whilst codifying the values (for example, providing employees with a wallet-sized card listing the values) was mentioned by 2 respondents, the majority echoed the literature in that a more interactive approach to the internal communication of values was needed. Comments included: 'you've got to have proactive communications programmes to start with' (Marketing Consultant 4), and that 'successful companies….have well organised ways of communicating to people…face to face if they can' (Advertising Consultant 7). One respondent noted that this tended to occur in a 'ripple' effect, as the values are communicated to a key group first, who then, 'communicate it to the next tier of staff and ripple out the message' (Design Consultant 5). Specific internal communication techniques which were quoted included newsletters, workshops, conferences and seminars and away days. One respondent discussed internal advertising, but noted that, 'the whole concept…is in its absolute infancy' (Advertising Consultant 8). Technological methods, such as intranets or television channels created specifically for employees within the organisation were also mentioned. As suggested by Wolfinbarger and Gilly (1991), it was also acknowledged that external communications, particularly advertising, influences employees' perceptions of the brand values. It was commented that, 'it's a very effective way of communicating with your staff for good or ill….that sends out a message that the staff inevitably receive that they are aware that everyone else is receiving…' (Advertising Consultant 9).

Specifically, the importance of senior members of the organisation in the values communication process was mentioned by 7 respondents. In line with the literature,

the CEO and other senior members were seen to communicate the values by example through their actions, by 'living it from the top' (Advertising Consultant 10). Also, communicating the values to employees by whatever means was likely to be more successful if the process was seen to be supported from the top of the organisation – 'if the managing director comes to the training session that sends quite a different message than if the managing director comes to the training session for the first 10 minutes and says….now I've got real work to do and leaves' (Advertising Consultant 9).

The other principal way in which the respondents felt staff were made aware of values was through the HR function. 9 respondents specifically referred to the processes of selection, induction and training. This echoes Davidson's (2002) view, in that the initial way in which the values are presented to employees is critical, but also reflects the importance of ongoing training after induction has ended. Comments included: 'we will employ people who believe in our approach rather than who have our skills…or qualifications' (Management Journalist), and 'HR runs training…they are imparting messages and hopefully values through to staff' (Marketing Consultant 2). In line with Lencioni (2002), other areas which were mentioned were review and appraisal, reward structures and staff motivation. One respondent discussed the importance of training, but also offered the caveat that it is also, '…about actually getting the working conditions right as well so that everything can be taken on in a positive frame of mind' (Marketing Research Consultant 1), reflecting the way in which employee satisfaction is noted in the literature as a prerequisite for the values to be internalised.

9 respondents commented upon the general lack of success or failure factors faced in the communication of services brands' values to employees. Rather than involving staff and therefore encouraging the internalisation of and genuine belief in values, the values were often being communicated in a very passive way. Comments included: 'if you can do something that allows people to internalise it, they are going to know it and remember it….if you stand up at the front and present it you probably won't get quite such a good result' (Advertising Consultant 3). Also, it was noted that often the values were not clarified and understood by employees, and that 'you have to describe their relevance and describe their benefits and to then make people see the benefits of change' (Design Consultant 5). A number of respondents went as far as to say that the communication of values needed to be a two-way process. 5 respondents believed that feedback on the values from employees was necessary – it was noted that, 'it almost has to become more democratic….they have to build the organisation around their people, rather than making sure that their people fit into the organisation' (Management Journalist).

How do successful services brands make consumers aware of their values?

Our data indicated that the main ways in which services brands make consumers aware of their values are via the service experience as a whole, through direct brand communications, by demonstrating through the behaviour of employees and by inference from the tangible elements of the service offering. Another finding which emerged was that consistency in communicating the brand values was vital, whichever way the values were communicated.

9 believed that consumers' experience of the brand overall was how services brand values were communicated, in a holistic sense. It was noted that, 'every point of contact between the customer and the company is a moment of truth…action speaks louder than words' (Management Journalist), and that, 'every experience must be reinforced' (Brand Consultant 4). One respondent explained that an organisation's

espoused values were not real until they touched the consumer – 'if the consumer doesn't experience it on the ground, then the values do not really exist' (Advertising Consultant 10).

The same number, 9 of the 23 respondents noted that brand communications such as advertising and PR were an important way in which services brand values were communicated to consumers. One respondent highlighted the fact that external brand communications were helpful, 'to remind the customer facing members of the company how they should behave' (Advertising Consultant 10). However, a number of respondents stated that they felt the overall brand experience at the point of service was the primary factor, particularly as advertising will be 'synergistic with the values but it won't necessarily say what those values are' (Marketing Consultant 1).

Interestingly, the importance of employees demonstrating the brand values through their behaviour was raised specifically by only 4 respondents, with comments including: 'it does come down to walking the talk' (Market Research Consultant 3) and '…that's via the attitude of many of the people living the brand' (Design Consultant 1). However, it is likely that those respondents who stated the holistic brand experience as the prime channel for communicating values had included the behaviour of employees as an implicit factor. Other tangible elements which are experienced during the service interaction were also seen as playing a role in the communication of the brand values by 3 respondents, particularly the physical environment in which the service experience takes place and other visible cues such as codes of dress. As one respondent put it, 'it's all image…' (Market Design Consultant 3).

Echoing the literature, several respondents referred to the need for consistency in the communication of services brands' values. In terms of the values being communicated by the behaviour of organisational members, the brand values need to be 'permeated through all the levels of the organisation' (Market Research Consultant 1) so that consumers get a consistent experience. In terms of the brand's external communications, there needs to be consistency between the various channels – one respondent's comment about less successful services brands was that, 'they will send out fantastic advertising messages which lead you to believe a certain set of things about the brand and then they will completely screw it up by doing … direct mail activity which is ill-targeted, badly written, inconsistent with the brand values and only designed to pull response' (Market Research Consultant 2).

Discussion and Managerial Implications

Our research has led us to believe that the values of a services brand are communicated to the majority of consumers holistically, through their experience of the brand as a whole. Every interface between the consumer and the brand needs to consistently reinforce the brand's values. In line with the literature, the behaviour of employees at the point of contact, brand communications such as advertising and PR and the tangible elements of the service offering all contribute to consumers' perceptions of a services brand's values.

Staff are initially made aware of services brands' values via the HR function, including recruitment, induction and training (as indicated in the literature). Therefore, as guardians of services brands' values, it is vital that HR employees have a comprehensive understanding of the brand and this guides their tactics. Direct internal and external brand communications also contribute to organisational socialisation, as do the examples set by role-models, in the form of senior members of staff.

For the communication to be effective there must be some element of interactivity – employees will not internalise values simply by being *told* what they should think and feel. Also, care should be taken that the values are clarified for employees, as a 'Chinese whispers' scenario can cloud the desired values, thus defeating the aim of strengthening the culture of the services brand. Importantly, any truly interactive communication of values to employees would include a feedback loop – at this point, the values of the organisation become both self-sustaining and evolutionary.

Conclusions

The effective communication of values to both consumers and employees is critical in the success of services brands. Consumers do not perceive the various elements of the brand in isolation; rather, they combine synergistically resulting in an overall brand image. However, the dominant impact on the perception of services brands is the interaction with employees at the point of service. Given this, a priority for service organisations is the interactive communication of values to employees, and thus to consumers, if they are to compete in an increasingly competitive market.

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