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INTERNAL BRANDING IN BUSINESS-TO-BUSINESS ENVIRONMENT

Measuring holistic brand image through employee brand perceptions

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ABSTRACT

After the boom of the information technology branch in the 1990s, companies around the world are facing major challenges. Nowadays, it is not enough to have efficient logistic capabilities or unique production methods; there must be some completely new ways to make the difference between company and one's competitors. The initial concept of competitive advantage is getting fundamentally new aspects as the brands, instead of products, are becoming the real source of competitive advantage.

The meaning of the employee brand perceptions has raised its head during the last few years. For example, according to Colin Mitchell (2002), it is a fact of business, that if employees do not care about or understand their company's brands, they will ultimately weaken their organizations. Internal branding, when done well, allows employees to move from simply being informed to actually understanding the information, becoming committed, so that they can change their behaviour in support of the company goals (Steinmetz, 2004:9).

The purpose of the study is to examine ways to *measure the holistic brand image through internal branding in the business-to-business environment*. As an outcome from the study, a three dimensional internal brand management scale was formed based on an exploratory factor analysis. The scale creates a foundation for internal branding research by emphasizing the company personnel's important role in holistic brand building. Founding on the theoretical framework created built on a literature review, an empirical survey was conducted to test and apply the scale in real life situation.

KEYWORDS: Holistic brand image, brand identity, internal branding, business-to-business environment

1. INTRODUCTION

At the same time with increasing competition, the global business environment has continuously been facing new challenges. One of the biggest concerns for the companies competing for the market shares has been the rapidly changing technology, which has hindered the possibilities for stability creation in the minds of customers. Furthermore, generalized technologies have made differentiation all the more difficult. This state of change has put companies to concentrate their efforts in a completely new way. Therefore, instead of continuous concentration, e.g. on the production process or logistic methods, the companies are forced to put more focus on intangible assets. This continuing search of competitive advantage has raised brands as one of the main interests among the companies competing with each other for customer loyalty. As Karjalainen states in his doctoral thesis (2004:15), technology may change overnight, but brand image should remain more stable.

Although the concept of brand and branding is well-known from the history as a way to differentiate and identify the product (e.g. Laakso 1999), it has gained many new different meanings during the first years of the present decade. Design, identity, image, personality, profile, culture, values, philosophy and other notions; all of which have been part of the changing concept of the brand. However, the concept has gained more holistic meaning, as it has turned to represent the whole company behind it instead of individual product.

If the concept of the brand is undergoing changes, then it is also brand management's time to move forward. During the change process of brands, there are different kinds of new terms replacing the genuine meaning of the brand management, giving holistic view on the whole notion. "The overall emphasis seems to have shifted from the uni-dimensional view on corporate identity to strategic identity management, and, further, to even more holistic concept of branding" (Karjalainen 2004:44).

Branding in consumer markets has been strongly present for quite a long time. Despite of that, branding in the business-to-business markets is still just starting to

take a stand. Some business-to-business organizations have been using the traditional Jerome McCarthy's (1975) four "P's" model, including *product*, *price*, *place* and *promotion*, as a cornerstone for their businesses. However, the growing amount of companies and products in the markets are forcing firms to look forward for new sustainable competitive advantages instead of the four "P" thinking. As Gossen and Gresham (2002:1) state, in isolating the true function of branding, a more directed, measurable and sellable definition emerges: branding is identifying or creating, and then exploiting, sustainable competitive advantage. This new definition expands the whole concept of branding, making it the foundation of business success and giving it more strategic management point of view.

This strategic management viewpoint has lately been changing the discussion and brand research under the title "identity-based brand management (e.g. Kapferer 2004, de Chernatony 2001, Burmann & Zeplin 2004). This holistic image considers an inside-out perspective, instead of traditional image-management's outside-in perspective. In other words, while brand image is on the receiver's side – it describes how external target groups perceive brands – brand identity is on the sender's side. Due to this fact, the organization as a whole gives a certain characteristic about the brand, which on the other hand highlights the role of an individual employee as a brand realizer. Therefore, there has risen a need to measure the employee brand perceptions, as the personnel should begin to implement the brand in a consistent way, i.e. start "living the brand" (e.g. Ind 2004, Karmark 2005). This implementation process is here called internal branding.

Inside this jungle of notions lies the primary research problem of this master's thesis:*"how a company can measure holistic brand image through employee brand perceptions".* Although the subject is rarely new and unexplored, it should be possible to give an answer to this interesting question by combining different perspectives about brand and branding and this way creating a way for the companies to develop their most important assets, brands. "Companies may say they understand the power of branding and they may even translate brands into dollars on a balance sheet, but many are clueless about a large part of brand management. It seems obvious, but unless employees act consistently with the brands they represent, any other branding activity can suffer (Colyer 2003)." The

survey is conducted in co-operation with a worldwide Finnish hi-tech corporation. The case company is presented in chapter 3.4.

1.1 Objectives and limitations of the study

The purpose of this thesis is to examine the internal branding in the business-to-business environment by concentrating on the following question: *"how can a company measure its holistic intra-firm brand image through employee brand perceptions"*.

The main presumption for the research problem is that the company personnel should understand the brand meaning and implement it on the every-day job. The research problem relates to identifying the components and functions of internal branding and evaluating their relative importance; how internal branding influence on corporate brand building and whether it is possible to use these superior advantages to create a leadership mindset for measuring the employee brand perceptions. Meanwhile, if it is possible to evaluate a brand by measuring the employee brand perceptions, which has been shown to be one of the most important aspects for successful brand implementation, it is possible to have an impact on the credibility of the brand and enable the effective brand management in general. This is why the intrafirm aspects of branding are taken into consideration in the research problem of this thesis.

The strategy of the research can be described as a survey-study, as the study is conducted to describe the holistic brand image phenomenon. (Hirsjärvi, Remes & Sajavaara 2005:125) Furthermore, the research is a descriptive-analytic study in nature, as the internal aspects of a branding process are described from an organizational perspective (Sekaran 1992:97).

The main research objective of this thesis is **to reveal the dimensions that can be used for holistic brand image measurement.** According to main objective, the following sub-objectives are formed:

1. To observe brand as a phenomenon according to scientific literature. Describing the evolution of the brand concept and the development of the branding operations in the business-to-business environment.

2. To identify the characteristics for internal branding evaluation. Define the dimensions concerning the measurement of holistic brand image.

3. To test and apply scale for internal branding in the case company and evaluate the possible differences which appear between the company personnel's brand mindsets.

The purpose of the first and second sub-objectives is to present theoretical foundation and functional framework for the empirical survey implementation. Theoretical framework is a conceptual model of how one theorizes the relationships among the several factors that have been identified as important to the problem (Sekaran 1992:63). Therefore, the central target here is the presenting and definition of the brand concept based on the viewpoint of this thesis, as well as familiarizing the reader to the characteristics of the internal branding in business-to-business environment.

The significance of the third sub-objective is, by means of empirical survey, to create a scale which can be used to measure the holistic brand image inside the organization through employee brand perceptions. The scale should be applied and tested in a corporate level. The target is strove after by using exploratory features in the research methods due to the fact that the topic is fairly abstract and unstudied. (Sekaran 1992:94–98). The survey is implemented as a quantitative questionnaire.

The implication of the study is to gather information about the internal branding operations, form a structure of the concept, and test it empirically. The importance of the research subjects is emphasized as the subject is fairly unexplored. The form of the structure is determined as a combination of the literature review and the case company practices. This is why the study focuses especially on brand as a strategic tool for leadership from the internal branding point of view.

1.2 Background to the research subject

As the research problem clearly concerns the practical business management, the research implementation needs to be conducted by adding a practical viewpoint to research implementation. This is why the literature review is supported by collecting and combining the recent knowledge of internal branding through case information on Company X's branding activities (see chapter 3.4). Furthermore, the novelty of the research subject puts special characteristics to the literature review as well.

Due to the fact that the research of internal branding combines aspects from different disciplines, it is necessary to take this view into consideration as the literature review is formed. Therefore, the literature review roughly divides the previous studies into three different categories. *The first category* creates a foundation for the theory building by generally examining the development of the concept of brand and the process of branding. The category integrates the aspects from uni-dimensional brand image towards multi-dimensional approach. *The second category* emphasizes the emotional aspects of the brand and branding by pulling together the studies concerning the notion of brand identity. Furthermore, *the third category* includes studies of and literature about internal aspects of branding, emphasizing the employees' role in brand implementation. Next, the main researchers and their viewpoints about brands are presented.

Aaker (1996, 2004) is probably the most famous brand and brand management author. He is one of the first researchers who gave the brand wider perspective (brand equity) by involving the company approach to branding. In addition to wide range of general brand researches, Aaker has been studying widely the concept of brand identity.

Kapferer (1992, 2004) is one of the first researchers who studied brand from holistic and strategic perspective. He states that the meaning of the brand is not solely the concern of marketing management. He highlights the idea of everyone in the organization being an important part of competitive brand identity development and maintenance. Furthermore, he also points out that the company

culture awareness should keep everyone in the organization pushing towards continuous improvement.

Keller (1998, 2003) has studied strategic brand management as well as branding in the industrial markets. In his point of view, brand can best be thought as a psychological phenomenon which gives a meaning for customers, e.g. through personal experiences, commercial messages and interpersonal communications. He is one of the first authors who have emphasized the importance of branding for business-to-business markets as well: "Properly managed, an industrial brand can realize the same advantages as a consumer brand - such as greater loyalty, price premiums, the ability to extend into other categories, and so on" , states Keller (2003;390).

Louro & Cunha (2001) have examined the strategic view of branding, presenting the idea about the brand management paradigms. This two-dimensional model includes four different strategic roles of brands; *product, projective, adaptive and relational* paradigms. The model is illustrating the major changes concerning the brand concept and changed strategic role of brands. Their research has strong impact on this thesis due to the fact that it clearly presents the evolution of brand management concept according to different aspects of branding

Bernstein (1984) has given the guidelines for the corporate identity research by studying the image of a company. Bernstein points out that company can be described with specific characteristics which give new meanings for the organization as a whole. This concept of "corporate personality" opens a more human aspect for the business, emphasizing the importance of messages sent from the company; "The process of communication has people at both ends", states Bernstein (1984: 16).

Simoes, Dibb and Fisk (2005) have generated a corporate identity management – a scale, which is used as a model survey for questionnaire implementation in this thesis. Their viewpoint to identity management is interdisciplinary, integrating four areas of identity research: *the graphic design, organizational studies, marketing* and *interdisciplinary perspectives*. According to their research, three main dimensions for identity management can be found; mission and values

dissemination, consistent image implementation, and visual identity implementation. By combining the findings from their research with the findings from the literature review, the theoretical framework for empirical survey implementation in this thesis is formed.

Burman & Zepplin (2005) are one of the authors who have developed the idea of brand as an identity into a new level. The examination of the concept is based here on a relatively new area of brand research called *identity based brand management,* which has transferred insights from human psychology research to brand management. According to their holistic approach, a brand, just like a person, needs to have a consistent and continuous identity in order to be trusted.

During the recent years, several authors have emphasized that companies should pay greater attention to the role of employees in the brand building process e.g. **Ind** 2004, **Harris & Chernatony** 2001, **Webster** 2002, **Mitchell** 2002. The idea of employees promoting company performance is usually condensed into a metaphor of "living the brand". The main argument inside the metaphor is that every employee in an organization has an important role in brand implementation. This is why the employee brand perceptions are important to measure. It is a way to find out if the brand actually is inside what a company wants it to represent outside.

The main challenge of the study is going to be the scattered nature of the previous research around the topic. Although the internal aspects of branding have only recently been brought to brand researchers' attention, the importance of external branding has been noticed already for a long time. This is due to the fact that historically branding work has focused on the external communication and support of the brand, creating the image and delivering the promise to customers and other external stakeholders (Tosti & Stotz 2001). Accordingly, the research about internal branding is still lacking in clear and widely approved structure, although there can be found plenty of different theories about the subject. Furthermore, the external branding research activities have usually concentrated on the consumer branding instead of industrial branding. Especially the internal aspects of business-to-business branding have just been emerging from the brand literature.

As the theory concerning the research subject is lacking clear and functional structures for practical implementation, there is a need for more specific guidelines on the internal branding in business-to-business environment. This focus will be reached by obtaining empirical data concerning the internal branding in the target company and comparing the findings with the model, which is formed by combining the studies of the corresponding area. Accordingly, the structure of the study is presented next.

1.3 The structure of the study

The study has been divided into five sections: introduction and objectives, literature review, methodology and data analysis, empirical results, and conclusions.

Introduction and objectives present the research subject by setting the objectives and reviewing the background for the study. The meaning of the study settles as the research problem is defined. Furthermore, the three categories of literature review and the main researchers' views for the thesis are presented. The structure of the study is presented in figure 1.

Literature review presents the key aspects about the research subject by obtaining the knowledge from the previous researches. The function of the chapter is to illustrate the evolution of the brand concept from a trademark towards a holistic brand approach. The chapter is divided into three parts: first, the relevant knowledge about the concept of brand and branding is presented, second, the more emotional aspects of brand is illustrated through brand identity, and third, founding on the first two chapters, the internal aspects of branding is harnessed for survey implementation. In the end of the chapter the summary about internal branding as well as the framework for the study are put together.

Methodology and data analysis gathers the information about the survey implementation process. Furthermore, the research material as well as the case

company is introduced. The reliability and validity of the study are also evaluated. The purpose of the chapter is to create a foundation for empirical research results reporting.

Empirical results are due for introducing the analysis process and results of the empirical study.

Conclusions bring to a close the study results. The summary about the study is executed and the comparison between the study results and the relevant literature is conducted. In the end of the chapter, proposed further studies and general comments are provided.

INTRODUCTION

1. Basics about brand concept

2. Tangible elements of branding

LITERATURE REVIEW

3. Internal branding process

4. "Living the brand"

FRAMEWORK

STUDY OUTPUT

5. Internal brand management - scale
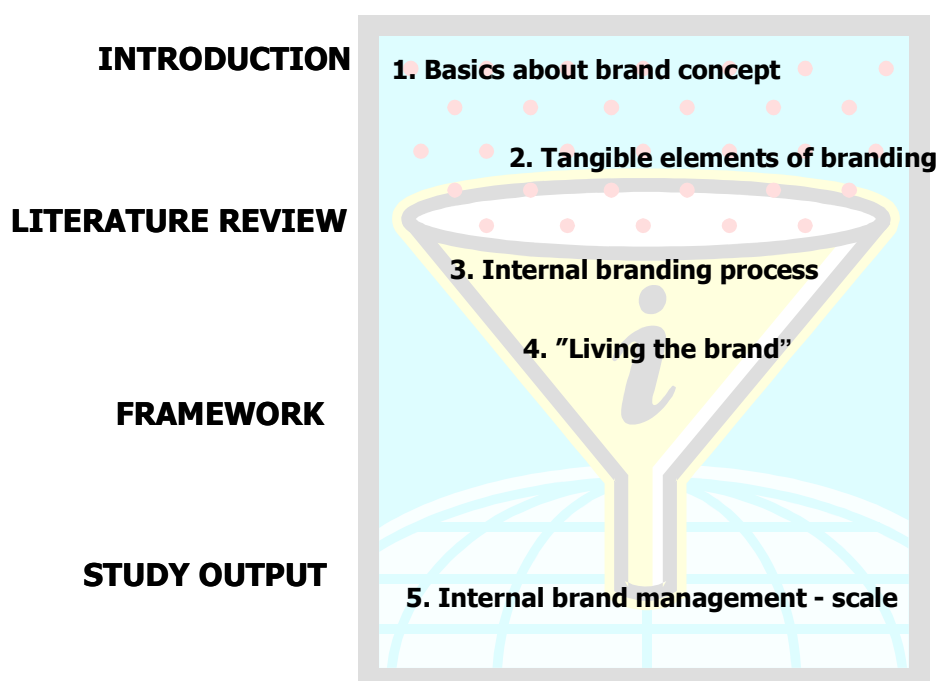
Figure 1. The structure of the study.

2. INTERNAL BRANDING IN BUSINESS-TO-BUSINESS ENVIRONMENT

The notion of brand has taken remarkable steps from the times when it was understood as a mark burnt into the side of a cow. At the moment, the brand is understood as a holistic, organization wide entity, with which companies can make clear distinction between them and their rivalries. However, as the saying goes, the chain is as strong as its weakest link. Due to this fact, every employee in the organization must understand the importance of the notion and start acting accordingly. Therefore, from a company point of view, it is vital to create possibilities for employee brand perception measurement. In this chapter, a literature review about the process of internal branding has been conducted, starting from the theoretical foundation of branding, moving towards the internal branding through the emotional concept of brand identity, and ending up presenting the theoretical framework for the survey implementation.

2.1 The theoretical foundation of b-to-b branding

The usage of brand as a notion as well as an instrument for a company has changed a lot during the last two decades. However, before the deeper measurement of the actual research problem there should be a clear image of what the process of branding and aspects around it really cover. Kapferer (1992:15), as one of the most acknowledged authors who have adopted a holistic and strategic perspective of brand management, states that "branding is much more than the naming *per se* or the creation of an external indication that a product or service has received an organization's imprint or its mark". Following the message of this statement, the theoretical basis of branding is examined next.

2.1.1 The concept of the brand

Nowadays literature on business management includes a number of books and articles about brands and branding. However, the abstract nature of the brand makes it difficult to define the notion accurately, which has raised questions and disagreement among brand experts. Traditionally, brands are used as a means to distinguish the goods of one producer from those of another, identifying the

source or maker of product and allowing consumers, either individuals or organizations, to assign responsibility to a particular manufacturer or distributor. (Kotler & Keller 2006:274.)

The American Marketing Association defines brand the following (1995: 27):

> "A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."

Thus, the key in creating a brand, according to this definition, is to choose a name, logo, symbol, package design, or other attribute that identifies a product and distinguishes it from others. Keller (1998:2) calls these different components of a brand, which identify and differentiate it, brand elements. Furthermore, a brand can be seen as a product or service that adds dimensions that differentiate it in some way from other products or services designed to satisfy the same needs. These differences may be functional, rational, or tangible – related to product performance of the brand. They may also be more symbolic, emotional or intangible – related to what the brand represents. (Kotler & Keller 2006:274, Keller 1998:2). De Chernatony (2001:xi) defines this difference between the tangible and intangible representation in a way which divides the brand through what customer receives (functional value) and how they receive it (emotional value).

Historically, brand is used as a way to identify the product or service from the others. De Chernatony & McDonald (1998:20) subscribe the following definition:

> "A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique, sustainable added values which match their needs most closely."

However, brands are not just product names or company logos as they are often thought to be. The discussions about "brand" often neglect the richness of the actual concept. The brand concept's multiplicity can clearly be demonstrated using the 'branding iceberg' presented by Keegan and Davidson (2004:243). Although this example is mainly used as a practical management tool, it still gives a good image of how wide the concept of the brand really is. It reveals the idea of the

notion, pointing out the principals behind the visible and invisible parts of the brand (Figure 2).
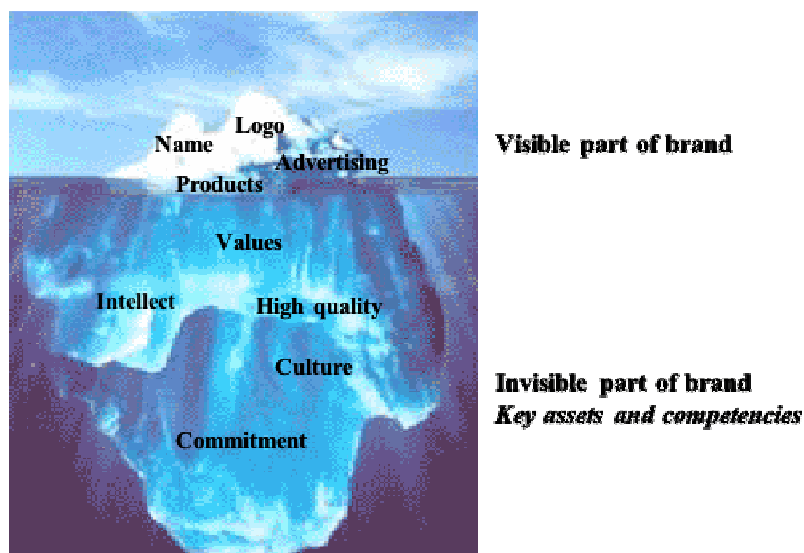
Figure 2. The branding iceberg (adapted from Keegan & Davidson 2004:243).

According to Keegan and Davidson, brand is not just a name or a symbol, which are only the tip of the "branding iceberg". It is rather a business system. Strong brand is the result of successful business strategy. It is not a matter of manipulating advertising, name, and presentation. (Keegan and Davidson 2004:240–243, de Chernatony 2001:7–8).

Kapferer (2004) is another author who uses *system* as a way to describe the concept of brand. According to Kapferer, the brand is a system created by cumulative brand experiences, which is a unique set of attributes (both tangible and intangible) that constitute the value proposition of the brand. The main source of this brand system is the name of a brand. What makes a name acquire the power of a brand is the product or service, together with the people at points of contact with the market, the price, the places, and the communication – all the sources of cumulative brand experience. This definition integrates brands as living systems made up of three poles: products or services, name, and concept (Figure 3.). In this thesis the emphasis has put on the left and more intangible side of the figure. (Kapferer 2004:12–13.)

Brand concept
(value propositions)

Brand name and
symbols

Product or service
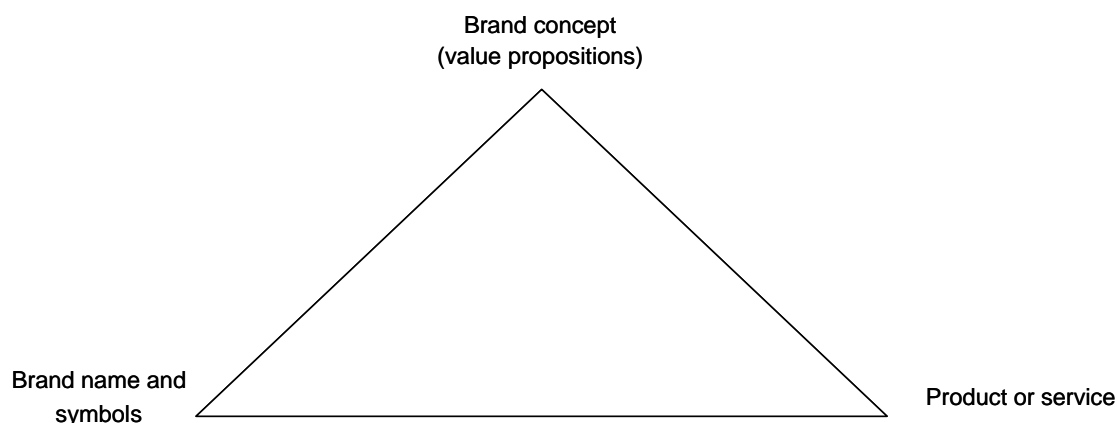
Figure 3. The brand system. Kapferer (2004:12).

The notion of brand has changed a lot during the last few years. The concept has become more holistic and multidimensional. At the same time, the potential roles of brand and functions performed by brands, and hence their value for organizations, has been effecting the branding process as well (e.g. Louro & Cunha 2001, Kapferer 2004). In addition to uni-dimensional brand images, where the role of brand is focused on legal instruments and visual identification and differentiation devices, the multi-dimensional views emphasizing holistic conceptions of brands comprising functional, emotional, relation and strategic dimension are emerging. (Louro & Cunha 2001:851)

This more strategic approach of branding has emerged due to the fact that brands are powerful entities because they blend functional, performance-based values which are rationally evaluated with emotional values which are effectively evaluated. (de Chernatony 2001:4–5). Especially the maintenance of these important emotional values involves conscious processes around the brand. The brand should be taken into account in all of company's actions. This change in the brand concept, from the tactical view towards a strategic view of brand, is one of the key points of the theory structuring in this thesis.

The definition and strategic role of brands vary greatly according to the viewpoint, but most of the literature can be categorized into four generic brand management paradigms: product, projective, adaptive, and relational (Karjalainen 2004:42). Louro & Cunha (2001), in their research about the brand management paradigms, illustrate the changed strategic roles of brand. According to the researchers, the brand management paradigm is defined as a "deep-seated way of seeing and managing brands and their value, shared by the members of the organizational community marked by a common culture" (Louro & Cunha 2001:283).

In this sense, brand management paradigms constitute an organization's portfolio of implicit assumptions, collective beliefs, values, and techniques concerning the *why* (the objectives and performance measures of brand management), the *what* (the concept of brands) and the *how* of branding (the variables of brand management). The most interesting part of the paradigms concerning this thesis is the argument stated by Louro & Cunha (2001:853), according to which brand paradigms can strongly affect the behavior of managers and employees by influencing the configuration of a firm's performance criteria.

The four brand management paradigms differ in two analytical dimensions; brand centrality and customer centrality dimension (Figure 4). The first dimension, the brand centrality dimension, takes into consideration brand features which can be used to guide and configure company's strategy. Inside the dimension there are two different approaches; *tactical orientation* in which brands are conceptualized and managed as tactical instruments (legal and visual) and *brand orientation* in which the processes of the organization revolve around the creation, development and protection of brand identity, with the aim of achieving lasting competitive advantage. (Louro & Cunha 2001:853–855.)

The second dimension, called customer centrality dimension, deals with the nature of consumer involvement in the process of value creation. Also in this dimension there are two main approaches; the *unilateral approach* in which consumers are perceived as passive recipients of value and *multilateral approach* perspectives in which consumers are viewed as active contributors to value creation. (Karjalainen 2004:42–43, Louro & Cunha 2001:852–856.) The multilateral approach can be thought as an important viewpoint for this thesis, because here the brand value

and meaning are continuously co-created, co-sustained and co-transformed through organization-consumer interaction, in which case the role of employees becomes important in brand implementation.

The left diagram labelled "BRAND CENTRALITY" with axes. Vertical axis: Tactical orientation (low) at top, (high) brand orientation at bottom. Horizontal axis: unilateral (low) to multilateral (high). Left side labelled CUSTOMER CENTRALITY. Four quadrants: product paradigm (top-left), adaptive paradigm (top-right), projective paradigm (bottom-left), relational paradigm (bottom-right).

	PRODUCT	PROJECTIVE	ADAPTIVE	RELATIONAL
metaphor	silence	monologue	listening	conversation
marketing focus	product orientation	brand logic	customer orientation	relational
brand management focus	marketing mix	brand identity	brand image	orientation
brand definitions	logo	identity system	image	relationship
brand roles	product-centred	firm-centred	consumer-centred	symbolic
dimensions of brand management	marketing programme	organizational strategy	brand image	organizational strategy brandimage brand history brand elements marketing programme

Figure 4. The brand management paradigm. Karjalainen (2004): adapted from Louro & Cunha (2001).

Karjalainen (2001) in his doctoral thesis maintains that the perspectives inside the dimensions are not exclusive. The multilateral perspective also includes a unilateral aspect in the sense that meanings are, at some point, transmitted to the customer through various means but their "encoding" is practiced by the company which is aware of the shared meaning (value) creation. The same logic of inclusiveness applies also to the generic paradigms. The different perspectives are often reflected by a company's actions. The relational paradigm is the most inclusive, including all the other paradigms. Nonetheless, there are company– (and industry–) specific differences. (Karjalainen 2001:43.)

As it has been argued from the beginning of this chapter, the brand's role as a legal instrument and visual identification and differentiation device has been changed. Louro & Cunha (2001:851) have well captured this transformation of the brand notion from uni-dimensional concept (product paradigm) towards multidimensional view which emphasizes holistic conceptions of brands (relational paradigm). Indeed, this trend represents the generic view of branding and its strategic dimension in the recent literature (Karjalainen 2004:43).

Due to the fact that the paradigms generate the brand meaning from the relationship between the customer and brand, it gives an important viewpoint for the research problem in this thesis. This constant interaction between the brand and customer emphasizes the important role of employees in holistic brand image implementation. According to Harris & de Chernatony (2001:442), "Corporate branding requires a holistic approach to brand management, in which all the members of an organization behave in accordance with the desired brand identity". This role of company personnel puts specific emphasis on finding proper methods for measuring ways to evaluate and develop employees' role in brand implementation.

In this thesis, the research approach is positioned in the relational paradigm, emphasizing the internal aspect of branding (role of organization's members), instead of focusing on external aspects (such as customer behavior). The point is particularly important because the case company is operating in business-to-business environment (see chapter 2.1.5), where the relationship between the company and its customer is often lacking clear, functional elements, concentrating on individual relationships between the organizations' personnel. Due to this fact, measurement of the topic requires emphasis on the invisible part of the brand, including key assets and competencies, instead of the visible and thus more functional part (see figure 2).

However, although the role of employees is definite especially in the business-to-business markets, there must be knowledge of how different brand strategies emerge and what they include. Because of the breadth and complexity of the product-mix, companies acting in business-to-business markets are more likely to emphasize corporate brand instead of single product brand (e.g. Keller 1998:603). According to Kapferer (2004:294), an analysis of company strategies reveals six models in the management of brand–product (or service) relationship. The model by Kapferer is one of the classic models for the change towards more extensive process called corporate branding. This model is presented to have wider perspective and confirmation for the use of corporate wide brand strategies.

In the brand strategies presented in figure 5, each model denotes a certain role for the brand, i.e. its status as well as its relationship (nominal and/or visual) with the products which the brand encompasses. Furthermore, another point which differentiates these forms of brand-product relationship from each other is the use of brand name, whether it should be equal with corporate name or distinct from it. (Kapferer 2004:294-295).

BRAND FUNCTION:
INDICATOR OF ORIGIN
SOURCE EFFECT
REASSURANCE

- Corporate umbrella brand
- Corporate source brand
- Corporate endorsing brand
- Marker's brand
- Umbrella brand
- Range brand
- Line brand
- Generic brand
- Product brand

BRAND FUNCTION:
PRODUCT DIFFERENTIATION
PERSONALISATION
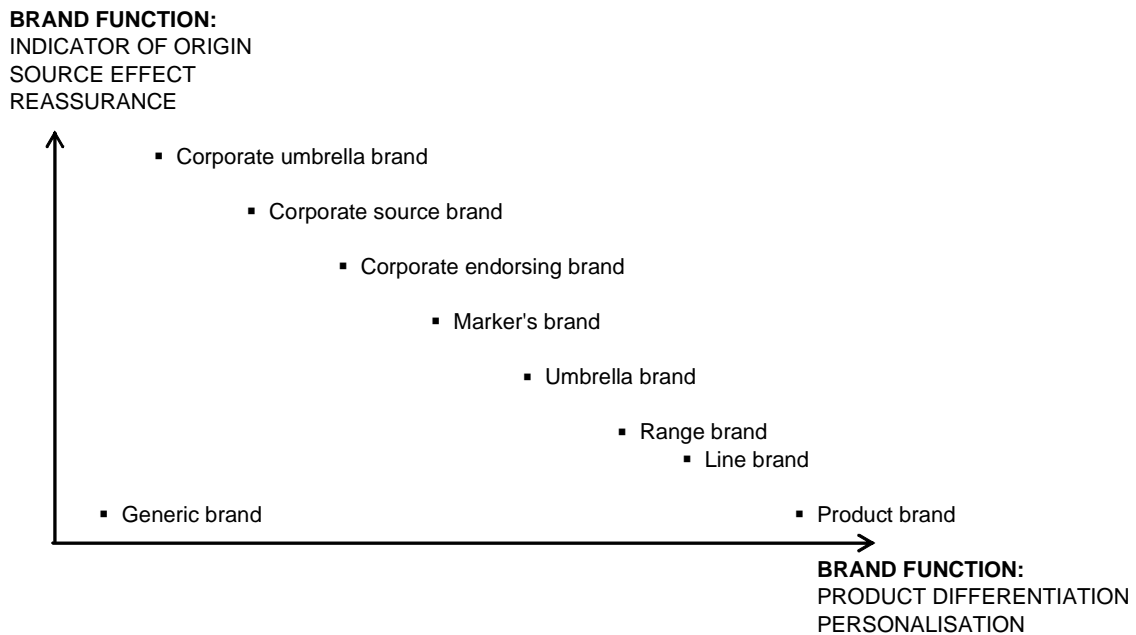
Figure 5. Positioning alternative branding strategies. Kapferer (2004:294).

The brand strategies are related to the two essential functions of a brand: either to certify the authenticity of the source (source effect) or to personalize, to differentiate, the product. The product brand strategy involves the assignment of a particular name to one, and only one, product (or product line) as well as one exclusive positioning (Kapferer 2004:295, 297). Furthermore, the product brand policy implies that the name of the company behind it remains unknown to the public and is therefore different from the brand names. At this extreme end of brand strategies the brand has a unique name and is not easily recognized as being associated with a particular corporation (de Chernatony 2001:22).

However, as the brand function transfers from the product differentiation towards the authenticity of the source, the structure of the strategy becomes more complex. As an umbrella brand, the same brand supports several products in different markets (Kapferer 2004:301, 302). The main advantage of the umbrella strategy is the capitalization on one single name and the economies of scale on an international level. Umbrella strategy can be understood to be in the middle of two extreme ends of brand strategies; product brand and corporate umbrella brand. These strategies place differing emphases on seeking corporate endorsement (de Chernatony 2001:22).

However, since 1990 there has been a basic tendency for corporate brands to be as visible as possible on the product themselves. Especially the branding strategies for major industrial groups have been changing from the umbrella strategies towards more holistic brand strategies. Thus, there have been companies using names separate from those of the brands. However, the tendency has been more towards transparency due to communication obligations. Furthermore, the fact that many companies sell their products in industrial and commercial markets at the same time has compelled them to choose between the use of product brands and the use of the corporate reputation to support the products. (Kapferer 2004:325.)

For a variety of reasons there is a move towards corporate branding. De Chernatony (2001:22) presents an idea according to which organizations have moved from the industrial age, which stresses tangible assets, to the information age, which seeks to exploit intangibles such as ideas, knowledge and information. The new branding model is therefore one which emphasizes value through employees' involvement in relationship building. De Chernatony also points out that internally brand management is becoming culture management and externally it is customer interface management. As a whole, managing corporate brands needs a different approach to classic line branding. The guidelines for this transition are covered in the next chapter, as the branding of product changes to branding of corporation.

2.1.2 From product branding to corporate branding

The organizational literature differentiates line branding from corporate branding, the former describing a situation in which the company has several products (product lines), each of which carries its own brand name, and the latter, in turn, referring to a case in which all the products issued by the company are labeled with the same company brand (Karjalainen 2004:27). Furthermore, according to Schultz et al. (2005:24) the focus has shifted from the branding of stand-alone products and services to the branding of the corporation itself. These corporate brands are founded on an integrated and interdisciplinary mindset based on the central ideas of who the organization is.

While product brands were usually harnessed to define the value of the product for individual customer, corporate branding necessitates a totally different management approach. It requires greater emphasis on factors internal to the organization, paying greater attention to the role of employees in the brand building process (Harris & Chernatony 2001:441). It focuses on developing *relationships* with all stakeholders and engages stakeholders in defining who the organization is and aspires to be. Corporate brand originates from distinct combinations of symbols, values, and beliefs that are salient to both the organization and its dynamic relationships with internal and external stakeholders (Schultz et al. 2005:24).

This important role of personal relationships can be clearly described by comparing it with the role of a product brand and more holistic approach of corporate brand. Urde (1999:124) argues that a product can be objectively described, explained, and analyzed, while a brand with emotional and symbolic values is experienced and interpreted. A product can be compared and put on a par with other corresponding products, while a brand with personality and identity of its own provides a basis for a unique relationship. A product fulfills a function, while a brand symbolizes values and meaning in a social context. In the analysis of a product, it is possible to speak of actual reality, while in the interpretation of a brand the experience is the reality. The reality of brands emerges when the meaning of brand is beheld. (Urde 1999:124-125.)

As the understanding of the brand meaning is important for holistic brand image implementation, the process of corporate branding thus relies heavily on the organization's members holding congruent perceptions about the nature of their brand. Perception depends on a person's expectations and previous knowledge as well as on the information presented by the stimulus, in this case the brand. People at different seniority levels and from different departments tend to have differing information and decision criteria. Thus managers and employees are likely to differ in their perceptions of the brand. Congruent perceptions will therefore be crucial in the successful management of corporate brands. (Harris & Chernatony 2001:441–443.)

Based in 'who we are as an organization', corporate branding focuses on developing the distinctive features of the organization through managerial and organizational processes. Hatch & Schultz (2001, 2003) conceptualizes the brand in Schultz et al. (2005:24) as:

> "…alignments between the origin and everyday practices of the organization (organizational culture); where the organization aspires to go (strategic vision); how the organization is perceived by external stakeholders (images); all nested in perceptions of who the organization is (identity)."

Although the concept of brand has changed throughout the times, the notion of corporate brand still relies on the basic assumptions and experiences about initial concept, presented in the beginning of the literature review. In the end of the day, according to Schultz, Antorini & Csaba (2005:25–26), even corporate brand as a multidimensional element must have the basic characteristics, for example, trademarks which facilitate brand awareness and recognition, encouraging customers to hold special expectations about the promises of the brand – whether it is a promise of special quality, unique experience, or personal identity.

According to Hatch & Schultz (2003:1044), corporate branding differs from product branding in several respects (see Table 1). This shift from product brand towards corporate branding has also been called as transition from classical branding to corporate branding (e.g. Schultz et al. 2005).

Table 1. Corporate branding vs. product branding. (Hatch & Schultz 2003:1044).

	Product brands	**Corporate brand**
Focus attention on	*The product*	*The company*
Managed by	*Middle manager*	*CEO*
Attract attention and gain support by	*Customers*	*Multiple stakeholders*
Delivered by	*Marketing*	*Whole company*
Communications mix	*Marketing communications*	*Total corporate communication*
Time horizon	*Short (life of product)*	*Long (life of company)*
Importance to company	*Functional*	*Strategic*

Furthermore, Schultz et al. (2005:26) summarize the central dimensions of corporate branding as follows:

1 The *construction of names, symbols, and experiences*, which are perceived as unique to the organization and facilitate recognition and repetition

2 *Central ideas* belonging to the organization that reach out to all internal and external stakeholders

3 *One organization* which stands behind all products, services, and other behaviors

4 *The expression of promises* of distinct quality, substance, emotion, style, or experience, which follow from interaction with the organization

5 The creation and re-creation of *meaningful distinction* towards 'others' in the eyes of stakeholders

In other words, corporate branding enables companies and organizations to step forward and express their distinct identity and heritage towards different stakeholders while at the same time involves stakeholders to make this difference engaging and relevant (Schultz et al. 2005:26).

As a result of the transition, corporate branding has developed a response to increasing stakeholder expectations that companies become clearer, sharper, and

more coherent when answering who they are as an organization and what they stand for compared with others (Schultz et al. 2005:26). According to Urde (1999:124), more holistic approach to branding can manifest itself in various ways in an organization: being impassioned, seeing the brand as a mission and a vision, being able to integrate and combine the brand as continual learning, seeing the brand as an expression of one's identity, and being able to see the brand's symbolic value in a large social context.

Thus, it is becoming increasingly obvious that corporate branding is not a one-way street, but depends on the ability of companies to create, expand, and engage in meaningful mutual relationships with their different stakeholders (Schultz et al. 2005:26,28). Furthermore, when a company engages in corporate branding, the emotional connections with stakeholders change from the consumption of stand-alone products and services to affiliations with the company itself.

Compared with classic branding, the role of employees in particular is much more important to the credibility and the coherence of the brand. Employees are both co-creators of the brand substance and crucial in the delivery of brand promises to external stakeholders (Schultz et al. 2005:28). For successful corporate branding, staff must understand the brand's vision, be totally committed to delivering it, and strong emphasis should be placed on internal communication (e.g. intranets) (de Chernatony 2001:24).

As Urde (1999:128) argues, the brands we select as a consumer can be used to express something about ourselves and our roles. In a similar way, it is necessary for the employees in their organizations to realize that brands are an expression of a common identity. A shift to corporate branding in a company also has implications for the managerial and organizational processes as well as related support structures: the distinctive identity of the corporate brand should be reflected in the ways the whole organization operates (Schultz et al. 2005:28). Consequently, the important concept for the holistic brand image, brand identity, is next observed.

2.1.3 The notion of brand identity

In the end of last century, companies such as Sony have pursued to gain competitive advantage by developing their products and technologies to stand out from the others. At the same time, the increasing competition and the growing amount of competitors using common technologies and innovations are pushing companies to find more effective ways to be recognized (e.g. Karjalainen 2004). In addition to this, the communication of these tangible and functional as well as emotional values of the company through advertising has traditionally been seen as a powerful way to develop brand. According to de Chernatony (2001:5), people's impressions of brands are more strongly influenced by the staff with which they interact. Their behavior, style of dress, tone of voice, beliefs, and attitudes create a picture in customers' minds about the brand. These aspects have changed the focus towards the notion of identity, and further to holistic brand image.

As the need to distinguish the company in the minds of customers arose, researchers tried to find a cure for companies fighting in a market saturated with similar offerings. In the early 1980's, a concept of corporate identity management was launched. The purpose of this examination was to perceive organizations as organisms with human personality. Due to this development, concepts such as 'corporate identity', 'organizational identity', and 'corporate personality' found increasing acceptance in the context. (e.g. Bersntein 1984, Cornelissen & Harris 2001).

To be more specific, term identity can be used as an equal to indicate certain "sameness" (as the Latin phrase "identitas" originally suggests). According to Karjalainen (2004:26), identity (personal or corporate) can be defined as a set of attributes that distinguishes one entity from another. The metaphorical application of the notion of identity in the corporate context suggests that, similar to human beings, companies can also be described through specific characteristics (Karjalainen 2004:26). As argued by several authors (e.g. Cornelissen & Harris 2001, Markkanen 1998, Keeley 2001), there can be found different dimension which distinguishes the difference between the internal and external identity. Keeley

(2001:15) argues that there are three different dimensions in the notion of identity: corporate identity (for investors, external), organizational identity (company employees, internal), and brand identity (customers and prospective customers, external).

For this thesis, the importance of the corporate identity notion arises because of the internal aspect of it, placing emphasis on organizational identity, which gives a useful viewpoint for internal brand management. This is due to the fact that by creating a strong organizational identity as a part of internal brand management, it enables an effective development of the external identity as well. However, in this thesis the concept of organizational identity is used as a synonym with internal brand identity, i.e. containing the internal aspects of brand identity. The importance of internal brand identity management is supported, for instance, by de Chernatony (2001:6-7), whereby a further advantage of shifting the focus of brand management and looking more inside the organization is that it gives rise to corporate persona with a deeply-felt set of values enabling the brand to have a clear attitude.

As corporations have their own identities, every brand should also clearly represent what they stand for and why they are so unique. The notion of brand identity is much deeper than only a visual representation or advertising campaign. On the contrary, brand understanding is an investigation of the brand's innermost substance and of the different facets of its identity. Brand identity can be used as a tool for brand management, by specifying the facets of brands' uniqueness and value. (Kapferer 2004:95.)

Schultz et al. (2005:38–39) have measured organizational identity as a part of corporate branding concept. According to this view, concepts of *organizational identity* – the perception among organizational members about who they are as an organization – have contributed to the understanding of what it means to use socially constructed 'we' as a foundation for the corporate brand. According to Schultz, theories of organizational identity have had a significant influence on the concept of brand identity. It has done so by emphasizing the relations between internal and external perceptions of who the organization is.

The identity concept also has relevance for corporate branding at the individual level of analysis. According to Schultz et al. (2005:39), *individual identity* makes brands more personal, serving as 'badges of identification' for both consumers and for employees. These processes of identification are equally relevant to the individual as an employee and in the relationship between employees and the organization. In their role as employees, individuals increasingly search for an organization's identity and values that will support or expand their perceptions of individual identity or personal branding. Here, corporate brands are in a strong position to offer such identity and symbols of identification and – not least – actively involve employees in the co-construction of the identity behind the brand. (Schultz et al. 2005:39–40.)

Schultz et al. (2005:39) also point out the *organizational culture* as a vital part of organizational identity. This is because there can be found differences on how different groups of employees relate to the brand, which is one of the main themes of this thesis. The comparison between the employee groups is possible, because the empirical data measures the brand perceptions on a corporate level, involving all the subcultures, such as business units, inside the corporation.

Thus, the notion of organizational culture, and especially its subcultures, focuses on how different groups of employees form shared patterns of meaning and behavior, implying that they enact and interpret the central ideas of the brand differently. For example, employees from marketing may hold different perceptions of the brand than people working in human resources; manager's perceptions may differ from those of white collar employees; people working in different business units may perceive and express the brand differently, etc. Depending on the nature of these sub-cultural differences and the flexibility of the central ideas of the brands, sub-cultural differences may impact the corporate brand in negative or positive ways. They may range from being a source of fierce struggles for influence on the brand to innovative internal renewal and productive tensions regarding the substance and delivery of brand. (Schultz 2005:40–41.)

2.1.4 Holistic brand identity

The development towards more holistic brand conceptualizations results from the profound transformations in market dynamics and structures, and the societal changes in organizational context. According to Harkins et al. (1998:36) in Karjalainen (2004:44):

> "…the overall emphasis seems to have shifted from uni-dimensional view on corporate identity to strategic identity management, and, further, to an even more holistic concept of branding."

As the notion of brand identity extends, it can be seen as a wide entity interacting the whole branding process, as it is conceptualized in this thesis. This process towards more holistic brand identity emphasizes specially the importance of the intangible elements and the use of symbols in the process. Furthermore, it stresses the need for an approach to develop brands as strategic resources. One of the first researchers who have developed this notion of holistic brand identity was Urde (1999), who created a new way to wield the brand identity by integrating two different approaches, resource-based and marketing-based orientations, into one notion called *brand orientation*. According to Urde (1999:117):

> "The brand orientation is an approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands."

The concept of brand orientation is one of the first interdisciplinary brand approaches which clearly integrate the initial foundations of branding; marketing and strategic management. The basis of the strategic analysis in the brand orientation is the firm's resources. This point of view emphasizes the internal perspective of the organization, although knowledge about competitors and customers is certainly necessary. Furthermore, the implication for the marketing orientation is the effective utilization of the intangible assets, which are seen more important than, for example, the product-related questions. This is partly due to the fact that the functional advantages can generally be imitated. Due to important role of intangible assets for the company, the internal viewpoint for the organization is necessary for successful brand building. (Urde 1999:117-120).

This important role of internal aspects of branding lies on a threat where too strong focus on the external stakeholders reduces the capabilities for creation of long term competitive advantage. This is because if the brand is regarded as an unconditional response to customer's wants and needs, it can bring a risk where its strategic value as an expression of the organization's identity and competitive advantage might be neglected. Furthermore, the brand should be harnessed as an important and perceived resource of the company. This, on the other hand, requires the combination of brand identity as well as other assets and competencies of the company. When the company's objective is to create competitive advantage in the form of brands, they can no longer become only a response to customer's wants and needs. Instead of this, the brand should have clear and identifiable value and meaning. This way the brand becomes a symbol in an ongoing interaction, creating a relationship between the company and its stakeholders. (Urde 1999:119-122).

By describing these relationships with the help of a number of concepts, the holistic brand image for the organization can be descried. To be able to describe this holistic brand identity, Urde (1999:125) presents a conceptual model of a brand-oriented company and its identity (figure 6). The model is a seven-dimensional mode, where the brand mission is the point of departure, which provides answers to the questions of: Why does the brand exist? What does the brand stand for? Who is the brand? How is the goal of the brand to be achieved? These are questions that relate to the reason for existence, core values, identity, personality, and strategy of the brand. Furthermore, the vision is in turn a projection of the brand out into the future. The questions that are answered are: What do we want to achieve with our brand, and, How will the organization realize the vision? (Urde 1999:125–126).

Being founded on the mission and vision, the organization's brands are "coded". Based on this message creation process, Urde (1999:126) divides the brand communication into two different parts according to the model; the right side of the model (product category and product) mainly reflects the so-called reference function, while the so-called emotional function is reflected by the left side (the corporate name and brand). Furthermore, he also argues that two ways of communicating a message are based on the two aspects called intellectual

explaining and emotionally communicating. In this thesis, the emphasis is more on the left side of the model, whereas the use of the right side remains fairly limited in internal branding process. However, it must still be recognized that external as well as internal brand interpretations require both "brain" (i.e. reference function) and "heart" (i.e. emotional function).
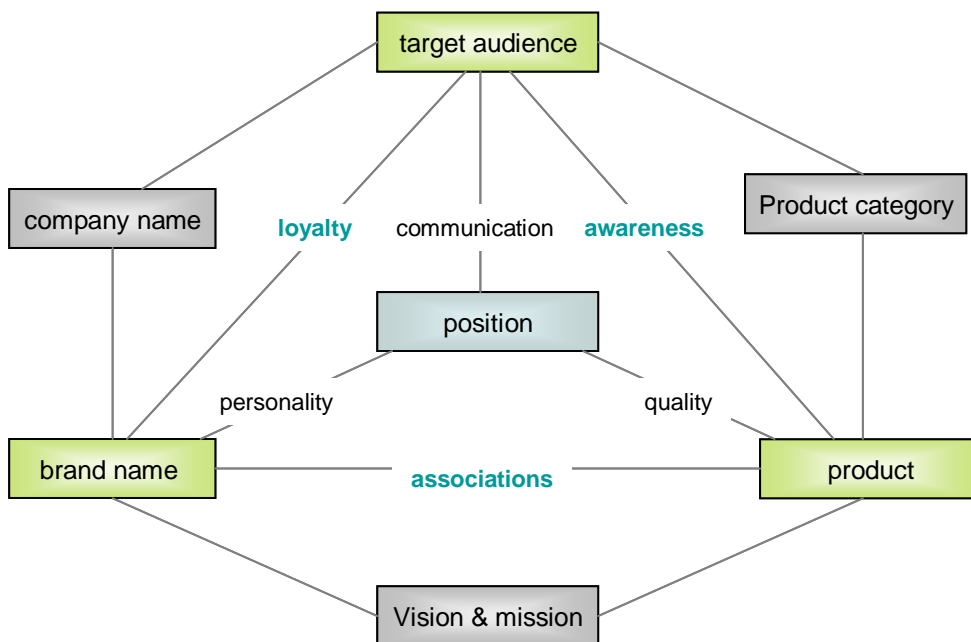
Figure 6. The holistic model of brand identity. Modified from Urde 1999.

As the right and left side of the model reveal what company communicates about its brand, the lower part of the model (mission and vision) relates to the organization's intentions for its brands, while the upper part is the target group's interpretation of the brand (Urde 1999:127). Furthermore, brand awareness, associations, and loyalty reflect the brand strength, creating fundamental inner relationships in the model. However, the midpoint of a branded company is occupied by the core values, which are the "centre of gravity". Furthermore, the core values provide structure for the processes of the brand oriented company (Urde 1999:130). This idea is totally different than the basic assumption has been before, when the customer was placed in the centre. According to Urde (1999:130),

the wants and needs of customers are no longer perceived to be the only natural basis for the brand development of the company.

Especially for the companies operating in the business-to-business markets, the emotional assets have been generating an important field for management of which to take care. It is no longer only question of innovative products, clear positioning, and attractive image, but also of identity, integrity, core values, and mission. In the next chapter, the key issues about business-to-business market characteristics are presented.

2.1.5 The characteristics of business-to-business environment

One of the reasons for many thinking that brands are not important in business-to-business markets is an incorrect assumption that a choice is solely based on reason and without any emotional influences (de Chernatony 2003:187). According to de Chernatony & McDonald (2003:161), in high-tech markets, many managers mistakenly believe branding to be unimportant due to the supposedly rational purchase situation. Furthermore, managers increasingly consider how images associated with their purchases will reflect upon them personally, rather than just about how functionally appropriate the purchase will be to the business.

Although this is only one example on the special characteristics of business-to-business branding, it still sheds light on the matter. Business-to-business branding is much more than just promoting the pure product. Instead of any one product, the role of the organization as a whole has a particularly important meaning for business-to-business brand management. Morrison (2001:32) argues that in considering branding, the business-to-business organization should be analyzing the following questions:

- How does brand strategy support our business strategy?
- What is our aspirational brand identity and what do we need in order to get there?
- What value proposition is most valuable to our customers?
- How do we align our organization to make the brand and value proposition a reality?

Industrial brands can differentiate themselves on the basis of a whole host of attributes and benefits that range in tangibility and their relationship to the

product (Webster & Keller 2004:389). Webster and Keller have studied the similarities in and differences between consumer and industrial brands, integrating concepts from branding, industrial marketing strategy, and organizational buying behavior. The authors argue that the emotional aspects of industrial brands must be taken into account.

Concerning the industrial branding process, Webster & Keller (2004:389) associate two different approaches to the brands: *functional performance,* which is e.g. based on the products value proposition and promised benefits; and *abstract considerations* which on the other hand consider brand as, for instance, corporate image dimensions, embodying such attributes as credibility, reliability, trust, ethics, and corporate social responsibility.

Is branding applicable in a business-to-business environment? The question is set by Morrison (2001:31), who argues that there can clearly be found several pitfalls (table 2) which are vital to notice while implementing successful business-to-business branding process. According to Morrison, businesses use a rational decision making process in buying based on quality, features/functionality, and price. Yet, a common view holds that branding is just something that is only concerned with consumers and based on emotional associations fueling buying decisions.

According to Keller (2003:15), the complexity of business-to-business branding lies in the many people involved, both on the company side and in terms of the many different market segments the company could be targeting. Keller further argues that one challenge for many business-to-business brands is how to de-commoditize themselves in order to create product and service differences. As the business-to-business brands are often corporate brands, the understanding of branding from wider perspective, compared with customer branding, becomes critical. To be able to regard brand as a source of competitive advantage, organization must avoid the six major pitfalls in business-to-business branding (table 2):

Table 2. The six major pitfalls in b-to-b branding. Morrison (2001).

Pitfall No.1: Branding is Only a Consumer Products Thing.
Pitfall No.2: Branding is Simply a Name and Logo.
Pitfall No.3: Only Products are Branded.
Pitfall No.4: Brands Take Care of Themselves.
Pitfall No.5: Branding Decisions are Based on Purely Internal Perspectives.
Pitfall No.6: Branding is Only an Externally Focused Marketing Endeavor.

Many companies face the problem of multidimensional nature of business-to-business branding; trying to be all things to all people, and therefore nothing to anyone. Brands are powerful assets, but can be under-utilized and even damaging if not supported by an underlying strategy and resources. Furthermore, a brand is affected by internal and external forces requiring reactions and changes. But this only occurs if the organization clearly understands the brand and how to manage it. Branding efforts are often doomed to failure because no one took the time to explain the effect of brand on the entire business organization. Failure to realize the internal implications and develop internal brand building programs causes confusion, and, ultimately, failure for lack of support. (Morrison 2001.)

Too often, branding is seen solely as a marketing effort. This creates problems when messages and promises are communicated to customers but the rest of the organization is not prepared to deliver on them (Webster & Keller 2004:401). Branding affects all areas of the company and should be regarded as an overarching management strategy. Webster & Keller (2004:401) argue that whereas a few individuals may be responsible for developing brand strategy, the whole organization is responsible for its implementation. Furthermore, if the internal stakeholders of the company have not been taken into account in the brand implementation, there is an obvious risk that the brand might never acquire its own identity. The brand can become as a hollow entity – either for the organization's members or its external stakeholders. However, Urde (1991:129) states that the question is moreover whether we can speak of strategies for a brand at all if their content and meaning are dependent upon what temporarily appears to be the optimal positioning.

Consequently, brand identity can be a powerful tool helping business-to-business marketers promote their brands. However, its power is limited by the extent to which all of the component parts are coordinated and whether they reinforce each other (de Chernatony & McDonald 2003:199). Furthermore, there must be clear messages about the brand inside the company, and these messages must be communicated consistently and coherently for the whole company personnel.

Effective business-to-business branding requires clear and consistent direction for the personnel to follow. Therefore, Webster and Keller (2004:401) state that every person in an organization must understand the brand strategy, be committed to it, and understand specifically how their behavior contributes to its execution. Furthermore, this process which is due to assure that this important part of branding becomes materialized is called internal branding. On the foundation created in this chapter about the brand and branding process, the internal aspect of branding will be observed next.

2.2 Internal branding characteristics

By this stage of the thesis it has hopefully come clear that the meaning of the brand has evolved dramatically during the last decades. At this point, the brand is understood as a collective concept, a shared idea (e.g. Karjalainen 2004:31). In practice, the concept of brand is here understood as a cluster of attributes which represent the company behind it. Furthermore, this shared idea of the company has been made practical, for example, in company strategy.

As a result of growing importance of brand notion, companies all over the world are investing huge amounts of money into their brands, which are turning to be as one of the key elements no matter what business they are into. For example, the value of brands are calculated into dollars and evaluated between each other, companies all over the world are conducting expensive marketing campaigns to enhance their external image and different types of customer programs are conducted to build brand and company awareness among the customers. Hence, much of branding literature has emphasized the external perspective (see e.g.

Aaker 1996; Aaker & Joachimsthaler 2000; de Chernatony 2001; Keller 1998; Kapferer 1992), focusing on different methods which firms should take into account while building or managing the brand equity.

However, although at the heart of all companies' actions is the external positioning of brand and its meaning creation for customers, it should also be taken into account that promises are always only promises. After all, why spend a huge amount of money for creating brand and communicating brand values, if it is not sure that the company is operating according to these promises. This is why internal branding has risen as a number one subject in the field of brand research as well as business management.

The basic idea in the concept of internal branding is simple, as it is defined by Keller (2003:156): "making sure that the members of the organization are properly aligned with the brand and what it represents". Furthermore, as one of the pioneers of the internal branding phenomenon, Steinmetz (2004:9) defines the notion flowingly:

> "Internal branding is a cultural shift within an organization, where the employees become more customer focused and more business focused. You achieve this by an organized, change communications and behavior driven process, which leads to a desired end state."

In this thesis the internal branding has been used as a term to describe the operation, which is due to harness the concept of holistic brand image from the internal point of view. According to Lynch & de Chernatony (2004:411), there are three core elements of internal branding: effective brand communication to all employees, convincing employees of the brand's value and relevance, and linking every organizational position to the delivery of the brand essence.

Furthermore, as a target for the process of internal branding, here the internal brand identity has been used as a sub-term for holistic brand image, to describe the notion which is the objective of employee brand perception. In other words, by measuring the internal aspects of brand identity, it should be possible to measure the level of holistic brand image among the company personnel. As it has been presented in the first part of literature review, here the brand has been regarded as

a holistic entity, which creates emotional characteristics in the minds of employees. As the employees receive and act according to the way company strategy indicates them to act, they start implementing the brand as an entity with common direction. More precisely, as a result of the internal branding process, the employees should start "living the brand", as it has been called in the recent brand literature (see e.g. Ind 2004; Schultz et al. 2005; Steinmetz 2004; Burman & Zepplin 2004).

As chapter 2.1 presented theoretical foundations for the concept of brand and the process of branding, chapter 2.2 proceeds on this foundation in defining the internal concept of brand and branding process. First, a short preview of the concept of "living the brand" is presented because it creates an important foundation for holistic brand image implementation. Second, being grounded on the earlier literature review, the corporate identity management-scale created by Simoes et al. (2005) is harnessed to operate as a theoretical framework for the empirical part of the thesis.

As a key point for holistic brand image, the framework should naturally include the function of the company, i.e. of *what the organization stands for and where it intends to go*. Furthermore, to be able to create and develop the holistic brand image, there must be knowledge of *what is communicated* and *how the communicated aspects are implemented* inside the company. Consequently, the concept of "living the brand" is observed next.

2.2.1 Living the brand

As it was argued earlier, the important role of the employees in holistic brand implementation is unavoidable. According to Karmark (2005:104), the employee factor is one of the most important ones to be considered for a corporate brand strategy to be successful. Furthermore, as the brand becomes a central strategic factor for the organization, it links the internal organization, i.e. its culture and identity, to its external stakeholders, which are its customers and other key stakeholders, through the corporate brand identity (Kapferer 2004; Ind 2004; Hatch & Schultz 2001).

In the living the brand construct, the notion is that the employee, in fact, becomes the brand; living the brand (Karmark 2005:106). According to Ind (2004:26), employees become living brands because the relationship between the employees and customers is at the heart of the brand experience. The relationships become particularly powerful as employees and customers share the same passions. However, as the relationships are important in holistic brand implementation, Ind (2004:125) also emphasizes the importance of employee commitment as the brand turns alive by stating that "employees need to feel that it is their brand, that they understand it in their own terms and contribute to its development". By committing to brand implementation and acting according to holistic brand image, it is possible for an employee to live the brand.

Employee commitment has particular meaning especially for trust creation between the customer and employee, because brands are often based on relationships (e.g. Louro & Cunha 2001). According to Burmann & Zeplin (2004:279), a brand – just like a person – needs to have a consistent and continuous identity in order to be trusted. Furthermore, the researchers present two behavioral constructs that have focus on the role of employees in ensuring consistency of the brand identity. The first construct – brand citizenship behavior – outlines what it means for employees to "live the brand". The second construct – brand commitment – explains the psychological processes that lead employees to show brand citizenship behavior. Furthermore, this point of view supports the main idea in this thesis, as the brand research area in question states that strong brands are built through *identity-based brand management* (Burman & Zeplin 2004:280).

The basic idea in the background of the identity-based approach is that in contrast with the typical outside-in perspective of the widely used image–management approach, the identity–based approach considers an inside-out perspective as equally relevant. In addition to this, while brand image is on the receiver's side – it describes how external target groups perceive the brand – brand identity is on the sender's side. As a result, it can be defined as those sustainable cross-spatiotemporal attributes that determine the essence and character of a brand from internal perspective. (Burman & Zeplin 2004:280.)

At the moment, the theoretical foundation for brand identity seems to have the sharing of the inclusion of organizational values, capabilities and behavior as an important part of brand identity (Aaker & Joachimsthaler 2000, de Chernatony 2001, Kapferer 2004). Today, especially marketing considers the notion of identity as the core concept of brand management: before knowing how we are perceived, we must know who we are (Kapferer 2004:82). Kapferer also adds that it is not up to the customer to define the brand and its content; it is up to the company to do so.

However, there can be found different perspectives of the concept of "living the brand"; for example, Karmark (2005:108) divides the concept into two different approaches, both in the brand literature as well as in practice in the ways brand organizations operate (table 3).

Table 3. Perspectives on living the brand. (Karmark 2005:109).

	The marketing and communications based perspective	The norms and values based perspective
Management orientation	Communications and implementation	Values-based management
Role of the employee	Understanding the brand Delivering the brand (living by the brand)	Representing the brand Being the brand
Mechanisms and initiatives	Internal brand communication, training and development, brand books and manuals	Fostering brand identification through culture-embedding mechanisms, storytelling and events

According to the *marketing and communications based perspective*, the employee brand understanding should be assured through internal communications, branding, training, and development. Furthermore, by following these brand guidelines it is possible for the employees to deliver the brand's values to key stakeholders. The implication in this perspective is that the employee should be living *by* the brand, according to brand books or manuals. This is why the

perspective is anchored in *strategic and visual aspects* of branding (Karmark 2005:108.)

However, the *norms and values based perspective* is more concerned with the employee's identification with the brand, which again is attained through the employees' socialization into the organization's cultural values (Schein 1992). Here, the brand content and promise is expressed through the behavior and the attitude of the employee, and further, making the employee as being the brand. The norms and values based perspective builds on the premise that the personal values of the employee become congruent with the brand values rather than relying on the brand values as guidelines for the employees to live by brand on the job. (Karmark 2005:108-109.)

Eventually, there can also be *hybrid perspective* from these two different approaches. This is due to the fact that as strong mechanisms as the two (internal communication and cultural-embedding) are, the brand identity may still remain unclear if only one of these methods is used. According to Ind (2004:125,126), although the communication of the values to employees is a necessary first step for brand building, the values' communication itself will not, however, achieve engagement. Ind argues that the values need to be experienced. All in all, this is sensible in that different people endure messages differently, so there must also be different ways to develop the brand. According to Karmark (2005:117), in these hybrid-models, attempts to get employees to live the brand rely heavily on the cultural heritage and norms in the organization. This culturally based approach, however, is backed up by an equally strong communications and direct control based approach to implementing the living the brand among employees.

In this thesis the hybrid-perspective is used, although the emphasis is put on to the marketing and communications based perspective. This is because the empirical part of the thesis is based on the corporate identity management – scale created by Simoes et al. (2005), which also emphasizes this *strategic and visual perspective*, with a focus on identity as *positioning and corporate communication* (Karmark 2005:108). However, there are also implications on the norms and values based perspective, which adds the cultural perspective into the scale. Accordingly, the perspective is based on organizational identity, which focuses on how organizational members

make sense of issues relating to the question of "who we are as an organization" in the context of the organizational culture and history, i.e. *how employee's identify with the brand* (Karmark 2005:108). The norms and values based perspective in the theoretical framework is mainly based on the literature review.

Founding on this hybrid perspective, the concept of "living the brand" is for creating a foundation for the theoretical framework of this thesis. However, as the concept, as well as the whole internal branding process, has been influenced by many different branches of brand research, the viewpoint here must also hold interdisciplinary characteristics. Due to this fact, the literature review has been generated by following the viewpoints of brand notion from three different fields of brand research as argued in the hybrid perspective; *employee's identification with the brand, brand communications* and *visual aspects of branding.* These three aspects of internal branding are due for constituting the theoretical framework for the empirical survey. However, in addition to this, more support for the grouping is needed. Thus, the corporate identity management-scale is presented next.

2.2.2 Measuring holistic brand image

Building on the categorization presented above, more precise framework should be formed for the concept of internal branding process. As mentioned earlier, the research conducted by Simoes et al. (2005) is harnessed to measure the multidimensional phenomenon of the holistic brand image. Their research examines the internal implementation of a cohesive corporate identity. Although their research is harnessed to examine specifically the corporate identity, it can still be considered as a rationalized standpoint for this thesis. This is due to the fact that in the brand literature the concepts of brand identity and corporate identity intersect (Simoes et al. 2005:156). The linkages between brand and corporate identity are revealed when the branding concept is applied at the corporate level. In Simoes et al. (2005:156), Van Riel and Balmer (1997) argued that establishing the desired corporate identity involves corporate branding, or the "positioning" of the whole company, whereas Schmitt and Pan (1994) considered that corporate identity may be synonymous with branding at the corporate level. Accordingly, the brand identity and corporate identity notions are used here in parallel with each other.

Due to the fact that the studies of corporate identity have been reported in several different bodies of literature (Simoes et al. 2005:155), it provides the articulation of different modes of brand identity. Similarly to this research, Simoes et al. (2005) explore several key areas that include aspects from the holistic brand image: the graphic design, organizational studies, marketing, and interdisciplinary perspectives. Furthermore, on the basis of previous contributions to, and their delimitation to corporate identity management, Simoes et al. (2005:158-160) proposed that corporate identity management reflects the following three dimensions: *visual identity* (symbolism), *communications* and *philosophy, values and mission*.

Founding on this entity they conducted wide empirical examination, including extensive qualitative research and pilot survey as well as primary quantitative survey. Their results yielded three dimensions of corporate identity management (Simoes et al. 2005:162): *mission and values dissemination, consistent image implementation* and *visual identity implementation*. In the end of the day, the three dimensions formed a scale for corporate identity management. In the next three chapters, the dimensions for measuring the holistic brand image are presented. These dimensions are formed by integrating the viewpoints according to literature review, as well as the research conducted by Simoes et al. (2005).

2.2.3 Visual identity implementation

The visual design perspective pertains to the management of corporate symbols that transmit the strategic, visual dimensions of corporate identity to internal and external audiences (Simoes et al. 2005:155). According to Schultz et al. (2005:33), proponents of corporate identity as a visual design aim at creating a unique symbolic universe for the organization by using visual symbols and artifacts such as logos, trademarks, color, packaging, uniforms, architecture, design, house style, etc. In this thesis, the visual design is measured as a way to communicate the message to company personnel. This is due to the fact that the communicative qualities of visual aspects are perceived initially through their visual representations, although other dimensions may also have a significant impact on communication (Karjalainen 2004:30).

According to Schultz et al (2005:34), the visual identity, as it is called in this thesis, has often been designed in relation to the strategic development of the brand, e.g. in situations of strategic repositioning. In addition to this, it has also created an interest in the culture behind the development of the personality or identity of the brand. Visual identity that is arguably the most tangible facet of corporate identity includes symbols (e.g., company name, logos) that reflect the company culture and values and that create physical recognition for the organization (Simoes et al. 2005:158). The use of symbols and the role of symbolism in communicating corporate strategy are widely acknowledged in the visual design literature (Simoes et al. 2005:155).

According to Cornelissen & Harris (2001) symbolism can be understood as an interaction affected by (verbal) communicative (e.g. advertising) and behavioral (e.g. sales staff performance) reality. Karjalainen (2004:30) adds that such a holistic view becomes critical, and particularly so in situations in which different modes of identity externalization are perceived to embody conflicting meanings. In other words, if, for instance, print advertisement claims that the company is known for its friendly service, but customer's experience does not support the claim, the original message can be perceived as questionable.

Employee awareness of corporate symbols and their meanings is crucial, because the visual aspect of corporate identity strongly indicates company culture and values (Simoes et al. 2005:158). Accordingly, the main implication for the visual identity in this thesis is that if the visual aspects related to brand management are conducted coherently in the case company, it should have an impact on the personnel's brand mindset as well. Therefore, it is central what is communicated inside the company. Accordingly, when the company knows what is communicated about their brand, the next phase to realize is how the communication and message delivery should be implemented. This important aspect of internal branding is going to be presented in the next chapter.

2.2.4 Consistent brand implementation

This chapter is concerned with how communication processes emerge, proceed, and develop in the relationships between sender and receiver, which here indicate the relationship between the company and its personnel, thus affecting brand perceptions of employees. Brand communication plays an important role in this process of congruent perceptions' formation. According to Harris & Chernatony (2001:441–442), communication will fulfill a vital role in surfacing perceptions, and thus enables incongruent perceptions to be identified and resolved.

Communications has a broad impact on how organizations present themselves. All written, verbally stated, or visually presented components of a company involve communication, including the aspects of marketing communications (e.g., sponsorship, advertising, and promotions), corporate communications (e.g., annual reports, internal publications), signage, and décor. Firms' achieving consistency and coherence across these areas is vital to the management process and to conveying consistent brand messages. (Simoes et al. 2005:158.)

Thus, as the first dimension was due for measuring *what* is communicated, this dimension measures the implementation process, i.e. *how* the messages are communicated.

However, as Gotsi and Wilson (2001:99) indicate, aligning staff behavior with the brand's values and ensuring that employees within the organization "live the brand" are very difficult tasks, much more difficult than designing the visual identity of the organization. Furthermore, their research stresses the importance of effective internal communication of the brand values in building and sustaining a favorable corporate (brand) reputation.

Holistic brand implementation involves multiple stakeholders interacting with numerous staff members across many departments in an organization. Effective brand implementation requires consistent messages about brand's identity and uniform delivery across all stakeholder groups to create a favorable brand

reputation. Internal consistency and congruency are vital to the successful internal communication of brand identity. (Harris & Chernatony 2001:441–442.)

Gaining a competitive advantage from brand messages requires the integration of internal and external communications. Integrated communications strategies create synergies among different forms of communication and encourage a consistent approach throughout the organization (Simoes et al. 2005:156). Furthermore, employees and partners need to be on the same page, due to the fact that if the brand identity lacks consensus and clarity, it is unlikely to be realized (Aaker & Joachimsthaler 2000:87).

What a company does or does not communicate influences how it and its brands are perceived. An integrated communications process, which is guided by the firm's overall business philosophy and mission, minimizes the likelihood of contradictory messages. Careful management of brand messages is critical, because company stakeholders will integrate these messages irrespective of whether marketers are proactive in the process. (Simoes et al. 2005:156.)

According to Bhattacharya and Sankar (2003:78) the controllable aspects of identity communication make possible a greater control over internal communications, such as corporate communications, than over external communicators, such as the media. The authors condense the idea as follows:

> "A company can exert greater control over the identity communicated by members of its value chain (e.g., employees, channel members) than by those who are not part of the value chain (e.g., shareholders, customers)".

Furthermore, Harris & Chernatony (2001:441–442) argue that the communication will affect the congruence of perceptions among the members of an organization. This encompasses all communication among managers and staff in the course of their work activities as well as both general communication and communication specifically relating to the corporate brand. The aim to contribute to perceptions of whole organization has generated a more holistic way of communicating who the organization is and what it contributes to its stakeholders. Furthermore, Schultz et al. (2005:36) argue that leading global companies demonstrate the importance of communicating who they are, and this often in terms of vision, mission and values

Due to the fact that one part of the communication process is the relationships and dealings between organizational members, senior managers' role in this process has been noticed to be important. Simoes et al. (2005) stress senior management's role in the construction of organizational identity. More than any other organizational member, senior managers are likely to identify with the organization. Senior management stipulates appropriate goals, mission, organizational practices, values, and behavior and works to form a consensus about core values and organizational purpose, which then are presented to stakeholders. Senior management also helps shape organizational identity and differentiates the organization from managers' and stakeholders' viewpoint, which ultimately contributes to stakeholders' identification with the organization. Thus, organizational identity can be viewed as the common set of beliefs that senior managers and stakeholders hold about what is central, enduring, and distinctive in an organization. (Simoes et al. 2005:155–156.)

As is presented above, the effective communication inside the company is a vital matter for successful and holistic brand implementation. However, since organizations are increasingly recognizing their staff as an important audience in corporate brand management, they should include their staff in their corporate communication activities to ensure that a consistent message is getting across throughout the whole range of stakeholders (Gotsi & Wilson 2001:99). Furthermore, the language and terminology used to express brand values have an impact on how values are received and adopted by employees (Lynch & de Chernatony 2004:411). The existence of a collective frame of reference and a shared language concerning brands and brand management facilitates knowledge exchange, fosters coordination, and permits effective communication across individuals (Louro & Cunha 2001:854).

In addition, here also lies the possible threat for too extensive communication. Louro & Cunha's research about brand management paradigms suggests the existence of a trade–off between the efficiency of internal communication and the capacity to assimilate contradictory information and explore alternative points of view. Too much similarity of views among organizational members can reduce

willingness to disagree and originate premature closure, such as in the phenomenon of group thinking. (Louro & Cunha 2001:854.)

To avoid such problems, different ways and channels for brand communication must be developed continuously. Gotsi & Wilson (2001:99) suggested that managers should aim to encourage people to believe that they can live up to the projected brand values by talking and listening to the staff, by recognizing their need to believe in the company's values and vision. They argued that internal communication must aim at broadening the awareness and understanding of the brand's values and the types of behavior that are intended to support them.

Due to this, the communication discipline has contributed to the development of new, more narrative forms of communicating the central idea of the organization (Schultz et al. 2005). The researchers argue that particularly the corporate brands have an opportunity to engage in storytelling about the organization itself – its history, management, and employees. Such narratives span from storytelling about managerial icons to ways of creating a more engaging and evocative dialogue between managers and employees and encourage employees to tell stories about their experiences with the corporate brand. (Schultz et al. 2005:37.)

Internal brand communications include all verbal and written messages about the organization and its brands (Lynch & de Chernatony 2004:411) However, when it comes to delivering the message, it is tempting to send out a memo, a video, or a package of colorful materials and consider it done, but there is no substitute for personal contact from the organization's highest levels (Mitchell 2002:104). Indeed, failure to communicate at a personal level can undermine the most sophisticated and expensive re-branding campaign. This fact should be taken into account when the company's philosophy, in form of mission and values, is communicated. The mission and values dimension will be presented next.

2.2.5 Philosophy, mission and values dissemination

According to Simoes et al. (2005:158), corporate identity extends beyond visual symbols and how they are communicated to the articulation of a company's philosophy, mission, and values. Furthermore, the importance of the notion of

identity for this thesis is in its internal aspects, which emphasize meaning, emotion, and human aspects.

As the corporate identity develops, organizations internalize a cognitive structure of what they stand for and where they intend to go (Simoes et al. 2005:158). Organizational identity has been described as the central, enduring, and distinctive nature of an organization. According to Whetten and Mackey (2002:410), organization can be seen as social actor, in which case organizational identity can be defined as follows:

> "Consisting of self-descriptors/identity claims used by an organization for purposes of specifying what is most central to the organization that is also most enduring (continuous) and/or most distinctive about the organization".

The company's philosophy directs decisions, policies, and actions and entails core motivating assumptions, principles, values, and tenets. An organization's business philosophy brings the company's uniqueness to the corporate identity construct. The creation of a corporate identity often begins with the articulation of a business philosophy. The business philosophy can be expressed in the mission statement to convey a sense of commonality and purpose. (Simoes et al. 2005:158.)

Mission

Thus, an organization's mission provides the basis for its identity and lays down core directions for an employee to conduct. Furthermore, the dimension encompasses organizational features that are related to the firm's sense of purpose and time (Simoes et al. 2005:158). The primary reason for the brand purpose is not to differentiate the brand, although this is an important contributor to brand differentiation (de Chernatony 2001:96). However, through focusing on making the world a better place, the brand purpose seeks to guide and inspire staff over the long term.

An organization's mission corresponds to its corporate philosophy and guides organizational direction explicitly or implicitly as an information vehicle for its identity (Simoes et al. 2005:158). Furthermore, firm's mission, values, and beliefs should be disseminated throughout the organization as a platform for

management and employee behavior. Due to the fact that company mission and values are essential aspects for internal brand identity management, they must be communicated properly and interpreted by employees. Thus, it is possible to involve employees into brand development, because the translation of the corporate brand internally to employees must be supported by the mission, values, and culture of the organization (Aaker 2004:11).

Values

With the ubiquity of technology decreasing the potential for sustained competitive advantage, managers are focusing more on differentiating their brands on the basis of unique emotional, rather than functional, characteristics (Harris & Chernatony 2001:441). Furthermore, a brand's emotional values are communicated not just with advertising, but also with employees' interactions with different stakeholders. Therefore, Gotsi and Wilson (2001:99) propose a rather top-down approach for aligning internal communication activities with brand values, where senior management informs and communicates the values to junior staff

The role of employees is crucial, as they represent a source of customer information (Harris & Chernatony 2001:441). Furthermore, the researchers argue that action needs to be taken to ensure the information is compatible with the way senior management wishes the organization to be perceived. According to de Chernatony (2001:108), the brand, representing a cluster of values, is ideally placed to give meaning symbiotically to employees and customers, to give staff a common cause, to provide them with a meaning for coming to work, to encourage them to make their brand superior and to gain their commitment.

Employees are thus central to the process of brand building, and their behavior can either reinforce a brand's communicated values or, if inconsistent with these values, undermine the credibility of communicated messages (Harris & Chernatony 2001:441). It is therefore crucial to look inside the organization to consider how employees' values and behavior can be aligned with the brand's desired values. Improvement in the consistency and coherence of the organization's character creates greater internalization and stronger internal consensus (Simoes et al. 2005:156).

Vision encompasses the brand's core purpose - its reason for being - and its core values, which provide a system of guiding principles (Harris & Chernatony 2001:441). Thus, according to Schultz et al. (2005:41), the managerial paradigm has been shifting from *structure-driven* concern with rules and strict economic regulations to a more *value driven* concern based on attitudes and perceptions of individual employees, which again has implied that the ability of the brand idea to engage and involve individual employees has become important for many companies. Therefore, managers need to communicate their brand's purpose to employees clearly in order to inspire them and help them understand how their roles relate to it (Harris & Chernatony 2001:441–442). Furthermore, it is important to convey internally the brand's core values, because these guide employees' behavior.

Clearly, the more the values of the staff concur with the brand's values, the more likely the brand is to succeed. If firms are to capitalize on the opportunity of brand building through staff, this leads to the need to ensure that staff's values are aligned with the desired brand values. Otherwise, the brand's claimed promise will be seen through quickly when the experience from interacting with staff shows a marked disconnection. (de Chernatony 2001:108.)

2.3 Summary and the framework for the study

At the same time with increasing competition, companies around the world are continuously searching for more effective ways to differentiate themselves from their competitors. Historically, most of them have sought the identification using different symbols, such as names, logos or colors. These identifiers have been used to specify the owner or producer of the specific service or product. Furthermore, with such "brands" companies have been able to gain awareness for their products in the marketplace, creating specific value and meaning for the customers.

By using these immaterial values of the brand, companies have been creating their images and defining and delivering their promise through external channels,

enabling customers and other external stakeholders to become aware of the company, its activities and supply. However, along the consistent development of business activities, the concept of brand and the branding process has got remarkably wider meaning during the last few years.

While trying to increase one's competitive advantage, companies have put more attention to devising and sustaining the emotional value of the brands instead of the functional values, such as continuously developing technology. This change has been providing the shift from product and line brands towards more symbolic notion of corporate brand. Furthermore, as the emotional values have increased attention among the companies, there has risen a need to find a way to harness this competitive advantage.

Due to the fact that the emphasis has shifted from *what* customers receive (functional value) to *how* they receive it (emotional value), the importance of internal aspects of the brand (company) has received more and more attention. This change has enforced brand management not only to focus on the external awareness, but also to consider how personnel inside the organization can be coordinated to ensure commitment to delivering the promise of the company.

The role of the organization as a whole has particularly important meaning, especially in business-to-business branding. This is because in addition to functional aspects of business-to-business partnerships, also emotional values play an important role in decision making process.

By committing to brand implementation and acting according to holistic brand image, it is possible for an employee to live the brand. Therefore, companies should have a clear image of how their brand is construed in the minds of their employees. The scale presented next is formed to measure the holistic brand image through employee brand perceptions. It is divided into three different dimensions; mission and values, consistent brand implementation, and visual brand implementation, according to literature and practical brand material review. The dimensions are used in creating the theoretical framework for empirical survey implementation.

Mission and values dissemination

The dimension is strategic in perspective, which is consistent with the literature that emphasizes the importance of strategy in the development of corporate brand. Rationale here is that corporate brand is strategically driven by company's unique corporate philosophy, which is reflected in its mission, values and goals. This dimension, which is a key element of corporate brand, internally diffuses the sense of purpose and singularity of the company, enabling every employee to commit to brand implementation. Thus, it can be used to assess the extent to which all employees receive, share, and are committed to the company's mission and goals. The name of the dimension in the questionnaire is called "company behavior", which is due for engaging the dimension into case company's practices.

"Company Behavior"
The main element of
the case company brand image

MISSION AND VALUES DISSEMINATION
• Strategic on perspective
• Extent to which employees receive, share, and are committed to the case company's mission, values and goals
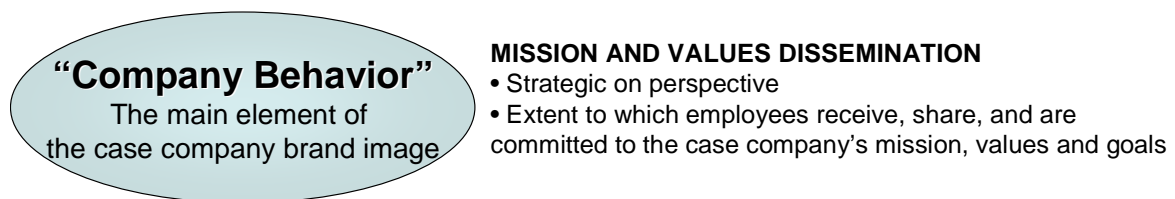
Figure 7. Mission and values dissemination.

Consistent brand implementation

The consistent brand implementation dimension focuses on the creation and diffusion of a consistent brand image and this way affects *how* employees construe the company brand. This category can be used to evaluate employee's perceptions of the consistency among organization's way of conducting communication as well as to assess the extent to which features such as company name and company marketing create particular brand perception. The name of the dimension in the questionnaire is "creating messages".

"**Creating Messages**"
Creation and diffusion of
holistic brand image

CONSISTENT BRAND IMPLEMENTATION
• Affect **how** employees construe the case company brand
• Measures the company's way to conduct holistic brand image
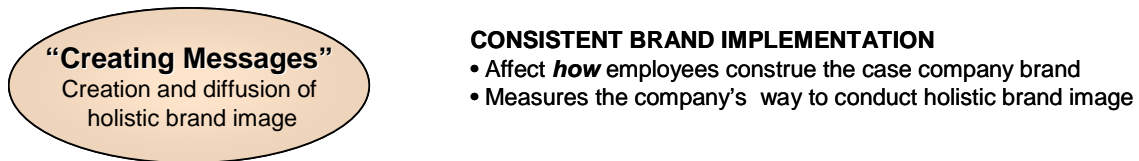
Figure 8. Consistent brand implementation.

Visual brand implementation

Visual brand implementation dimension reflects visual brand factors as an element of corporate brand. This can be regarded as a "hard" aspect of brand and the most practical or action-oriented category. The implication of the category is that consistency and visibility should underpin the physical dimensions of the corporate brand and thus enable the possibility to reflect to the personnel's brand mindset. This is therefore central to **what** a company communicates about its brand and this is why it has relation to brand maintenance. To be able to get practical view for the dimension in the questionnaire, it is renamed as "Look & Feel".

"**Look & Feel**"
Cohesiveness of
visual branding

VISUAL BRAND IMPLEMENTATION
• **What** Company X communicates about its brand –
relation to brand maintenance
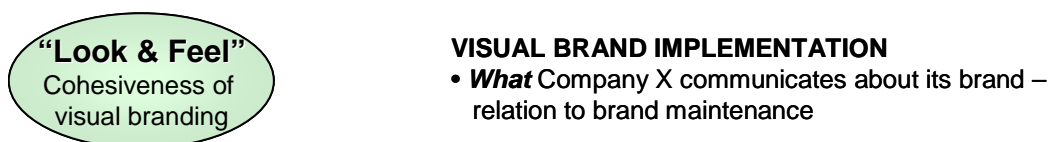
Figure 9. Visual brand implementation.

In the same way as in Simoes et al. (2005), the scale develops an interdisciplinary measure of the internal brand management construct by drawing on the brand literature and internal brand material. Overall, the scale involves *(1) the endorsement of consistent behavior through the diffusion of a company's mission, values, and goals; (2) the expression and pursuit of brand and image consistency in the organization's symbols and forms of communication;* and *(3) the implementation, support, and maintenance of brand through visual systems.* In other words, the main dimension

of the scale (mission and values dissemination) is founded on the basis of *what* is communicated (visual brand implementation) and *how* the branding is conducted (consistent brand implementation). Theoretical framework and the key points inside the dimensions are presented in the figure 10.
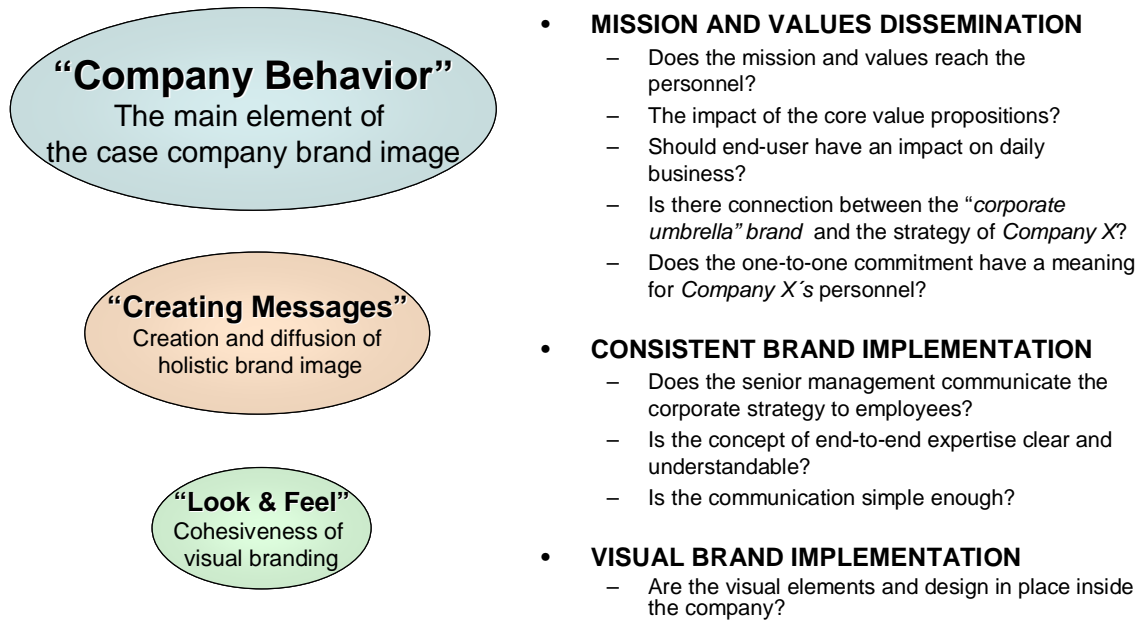
Figure 10. The key points of the Internal Brand Management- scale.

In the next chapter, the scale is tested empirically in the case company environment. The scale is used as a foundation for questionnaire structuring. The questionnaire used in the empirical survey is presented in appendix 1.

3. THE METHODOLOGY AND THE DATA

3.1 The research method and data analysis

As the research problem was influenced by the case company brand activities, there was a need to take a practical perspective into account in addition to scientific methods. Furthermore, due to the fact that the brand concept, as it is measured in this thesis, is rarely new and unexplored, gives the present aspects of practical brand management a good support for the abstract research problem. According to Schultz et al. (2005:29), the interdisciplinary nature of internal branding makes it possible to harness the potential which resides in the opportunities for both research and practice to create cross-disciplinary synergies, where different insights and experiences blend and overcome the limitations of any individual discipline. Furthermore, practical view was important as the empirical data was gathered to test the framework of the study, because it enabled the survey to be understandable for all the employees participating in the questionnaire.

Preliminary research was conducted to gain an in-depth understanding of the research problem. Exploratory methods were used to specify the research problem and to get additional first hand information about the subject. The review was conducted by gathering internal information about Company X by exploring company brochures and other written material, internal presentations, intranet discussions about business-to business branding, and by having discussions about the subject with the nominated contact person during the fall 2005. In addition to this, the literature review was conducted by reviewing recent scholars and brand literature so that a concrete image of the subject could be created. As a result of the literature review, the study by Simoes, Dibb and Fisk (2005) was used as a main foundation for a theoretical framework and the questionnaire structuring. However, at this point the academic viewpoint was aligned with the practical aspects by adapting the theoretical basis with the characteristics of Company X.

During the next stage, the survey questionnaire was developed according to theoretical framework. The literature review and preliminary research was used to generate scale items. Several versions of the questionnaire were formed, which were, after each version, proof-read by the contact person from the case company. Before the final version of the questionnaire was ready, it was proof-read by three academic researchers as well as by two native English speaking academic persons. The experts were asked to review the scale content and to make suggestions to eliminate non-relevant items. Furthermore, the discussions with the academic researchers were due to confirm the reliability of the study. The contact person from the case company made sure that the terms and language used in the questionnaire were understandable for the personnel and that the questions were serving the actual intent of revealing the employees' brand perceptions.

All this resulted in a reduced list of 21 items in three different brand dimensions. The dimensions were created according to the classification of Simoes et al. (2005:159). The initial dimensions were "visual identity" (degree of visual identity management), "communications" (breadth and degree of communications management) and "philosophy, mission, and values" (degree of mission and values dissemination). The dimensions were renamed according to internal material review to better describe the actual situation in the case company. The "working titles" for the dimensions were called "look & feel", "message creation" and "company behavior". Each of the dimensions was included in the total of 21 statements, 11 of which were situated in "company behavior", 7 in "message creation" and 3 in "look & feel" dimension. The 4-point Likert-type scale was used in measuring the degree of agreement on a range of issues. At this point, the questionnaire was fully completed and the discussion and the literature review offered no further improvements to the research instrument.

The web-based questionnaire (appendix 1) was executed in the case company's intranet between 2nd and 13th of January in 2006. The data of the study was gathered worldwide from the case company personnel by sending them a message via e-mail with a hyperlink to the questionnaire attached. The e-mail consisted of a message signed by the second in command in the company, introduction and instructions for answering, as well as the primary questionnaire. Those respondents who had not given their responses in a week got another email which

reminded them to answer to the questionnaire. The purpose of the reminders was to increase the response rate as much as possible to make the research more reliable. As a result of this stage, the theoretical framework and the empirical data were formed.

The total sample was gathered worldwide from 17 000 Company X's employees. However, there were employees who either felt that they do not know enough about the subject or that they do not know the right answers for the questions presented in the questionnaire. These opinions turned out from feedback emails received from the case company employees. Although there were only a few of them, it reveals the fact that the subject of the survey and its point of view is fairly new in the company. Despite the several proof readings, there was such terminology used in the questionnaire which turned out to be unfamiliar to some of the respondents. This is probably because a new brand approach had just recently been launched inside the company. This should be taken into consideration while viewing the results.

A total amount of 1834 responses was received. Therefore, the response rate was 10.8 %. Because the research was conducted with a semi-structured form, the open-ended questions were coded and quantitative research methods applied. However, these open-ended questions are left out from this thesis and included in internal survey report delivered to the case company. Statistical analysis was conducted by using the "SPSS 11.5. for Windows"- software.

3.2 The research material

In the beginning of the questionnaire, the respondents were asked to specify descriptive details about themselves. These demographic variables consisted of *working area*, *geographic location*, *status in the organization* and *working time for the case company*.

The respondents were mainly from 7 different business units. The largest part was from research & development. The second largest group was respondents from

services. There were also respondents from customer and marketing operations, core business unit, and delivery operations business units. The smallest respond rates were from marketing & sales, radio business unit, and human resources. A fairly significant amount (10.4%) of the respondents felt that they do not belong to any of these groups (Other).

BUSINESS UNIT

	Frequency	Valid Percent	Cumulative Percent
Marketing & Sales	119	6,5	6,5
Research & Development	462	25,2	31,7
Core BU	183	10,0	41,7
Services BU	411	22,4	64,1
Radio BU	104	5,7	69,8
Human Resources	4	,2	70,0
Customer and marketing Operations	193	10,5	80,5
Delivery Operations	166	9,1	89,6
Other	191	10,4	100,0
Total	1833	100,0	
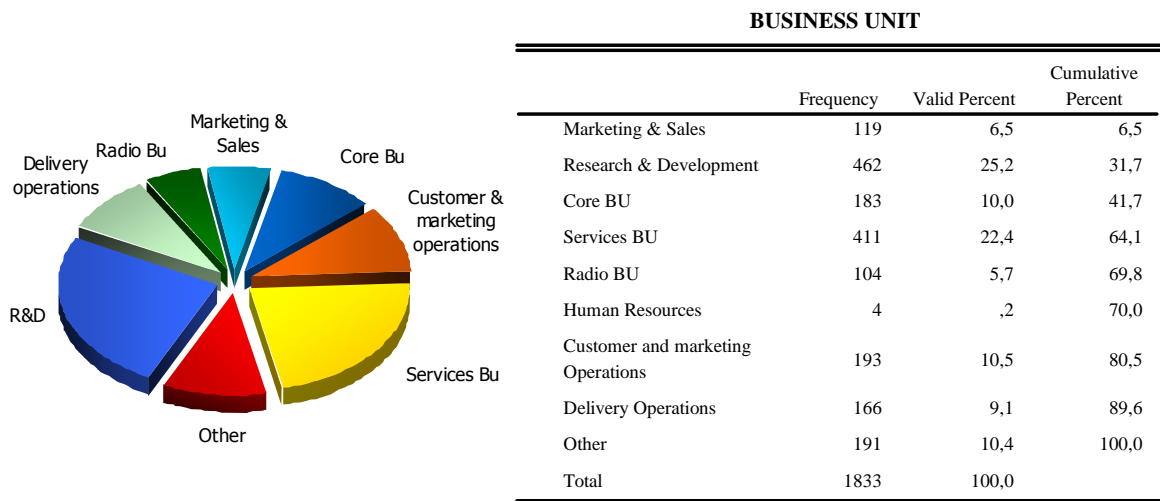
Figure 11. Respondents according to business units.

There were respondents from all over the world. The majority of the respondents were from Europe (67.7%). The other locations of the respondents were Central-Europe/Middle-East/Africa (11.7%), Asia and Pacific (6.9%), North America (6.0%), Latin America (4.6%), and China (3.1%).

LOCATION

	Frequency	Valid Percent	Cumulative Percent
Europe	1233	67,7	67,7
CEMEA	213	11,7	79,4
APAC	126	6,9	86,3
China	56	3,1	89,4
Latin America	84	4,6	94,0
North America	109	6,0	100,0
Total	1821	100,0	
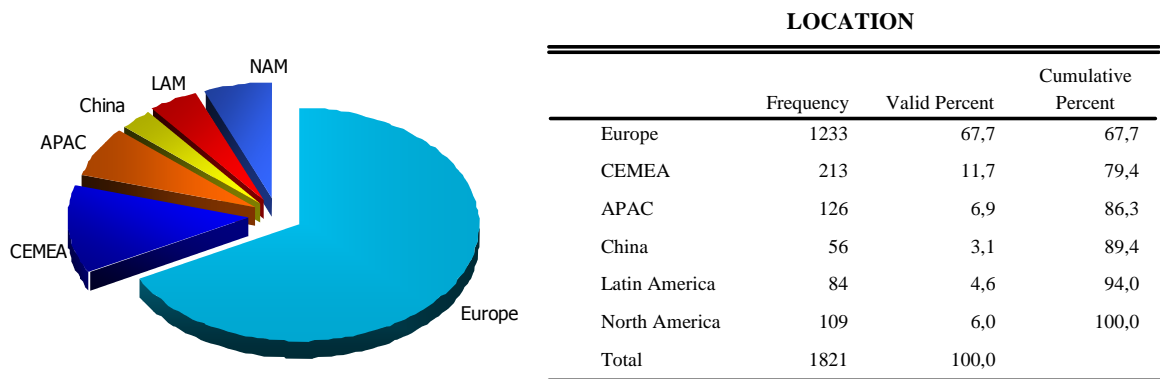
Figure 12. Respondents according to geographic location.

Respondents were asked to define the time that they have been working for Company X. Almost three quarters (73.6%) of the respondents had been working over five years in the company. The other groups formed from the people who had worked for one to three years (10.8%), less than a year (9.5%), or over three to five years (6.2%).

		TIME		
		Frequency	Valid Percent	Cumulative Percent
	Less than 1 year	173	9,5	9,5
	1 to 3 years	198	10,8	20,3
	Over 3 to 5 years	113	6,2	26,4
	More than 5 years	1346	73,6	100,0
	Total	1830	100,0	
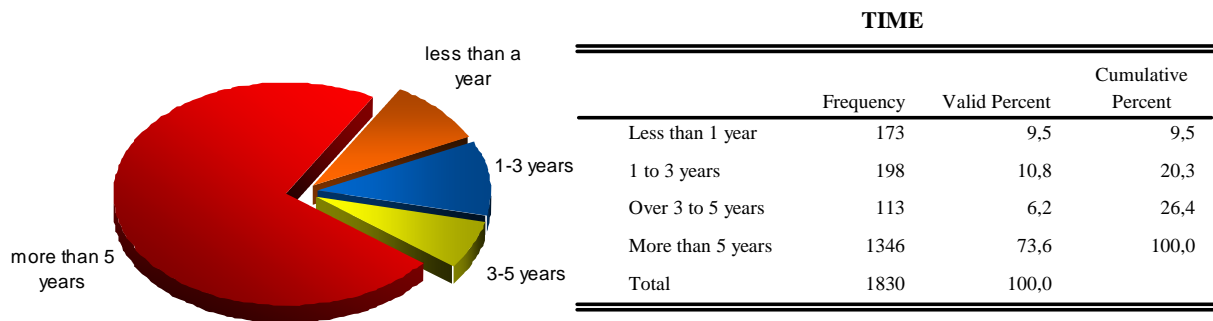
Figure 13. Respondents according to time working for the case company.

There were 8 different working status areas mentioned at the questionnaire. The largest group was the respondents working in a technical position without staff (55.6 %), second largest in management with staff responsibilities (20.3 %), and third largest in a non-technical position without staff (14.6%).

The rest of the respondents were working either in senior management (3.2 %) or in a secretary/assistant position (2.1 %). There were also smaller groups of respondents working as an operator in production (0.6%), as a trainee (0.5%) or as a supervisor in production. 2.9% felt that they do not belong to any of these groups (Other).

STATUS

	Frequency	Valid Percent	Cumulative Percent
Operator in Production / Distribution Center	11	,6	,6
Supervisor in Production	3	,2	,8
Technical position without staff	1018	55,6	56,4
Non-Technical position without staff	267	14,6	70,9
Manager with staff responsibilities	371	20,3	91,2
Senior Manager	58	3,2	94,4
Secretary / Assistant	39	2,1	96,5
Trainee with temporary contract	10	,5	97,1
Other staff	54	2,9	100,0
Total	1831	100,0	

Figure 14. Respondents according to working statuses.

3.3 The reliability and validity of the study

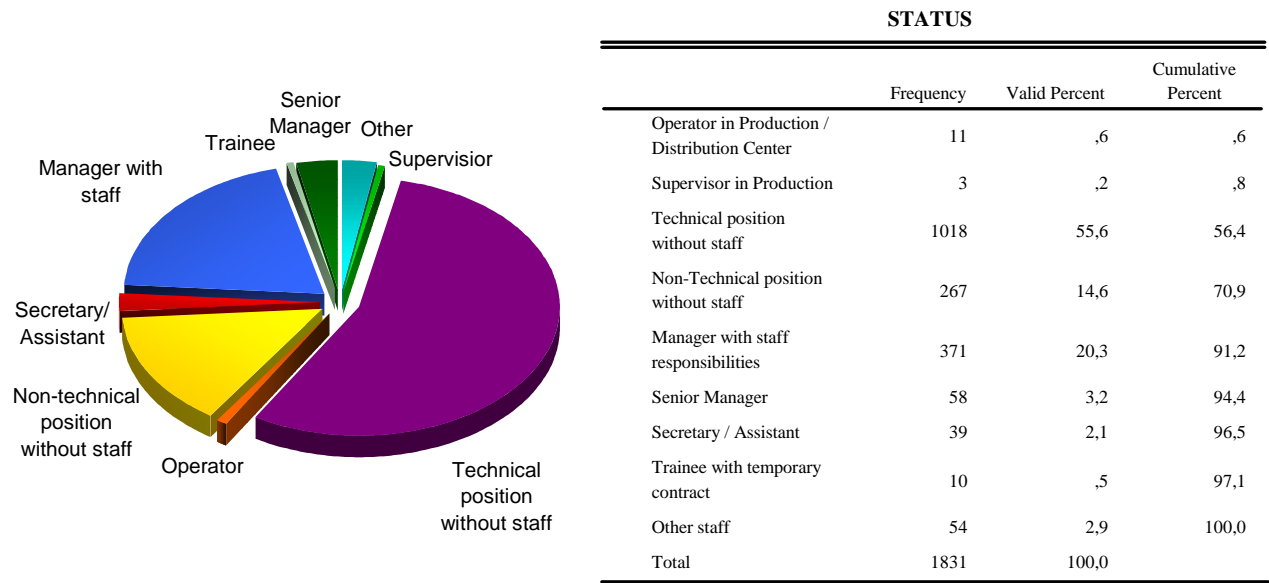If the trustworthiness of the research is evaluated, then the notions of validity and reliability of the survey should be taken into account. Especially for the quantitative research, the terms have a particular meaning, although a bit different from each other (Metsämuuronen 2000:41). However, both terms signify trustworthiness; **validity** tests how well an instrument that is developed measures *the particular concept* it is supposed to measure, whereas **reliability** tests *how consistently* a measuring instrument measures whatever concept it is measuring (Sekaran 1992:171). In other words, validity is concerned with whether we are measuring the right concept. Furthermore, the research validity is often divided into two different categories; external and internal validity (e.g. Cook & Campbell 1979).

External validity refers to the extent of generalizability of the results of a causal study to other people, events and settings (Sekaran 1992:126). This role of the external validity measurement highlights the frame of the research, which aspires to eliminate as many threats of trustworthiness as possible (Metsämuuronen 2000:41). It is further concerned with whether the sample represents the entire

population (Uusitalo 1991:86). In this research the sample represents the whole population fairly well. However, due to the fact that e.g. some business units have initially fewer employees than others, it has an impact on the respondent distribution. However, the case company was not able to provide the numbers concerning the actual employee distributions. If there had been possibility to compare actual employee distribution and the distribution of the respondents, it would have increased the validity of the study. Nonetheless, the size of the sample (1834 responses) is clearly enough to form a reliable foundation for factor analysis. Furthermore, the generalizability of the research results can be considered as somewhat limited, because the multidimensional concept of a brand is clearly related to company characteristics. However, as the multicultural sample, business-to-business markets, and the research problem have been taken into account, the results can be generalized in global high-tech and high capital investment related businesses.

Internal validity measures the research's own reliability (Metsämuuronen 2000:41). In other words, it can be stated that it measures the research accuracy. The validity is complete when the theoretical and operational definition is consistent (Uusitalo 1991:84-85). Metsämuuronen points out the important questions that must be taken into account while measuring internal validity of the research:

- Are the concepts of the instrument the right ones?
- Is the theory for the research chosen in a right way?
- Is the instrument created in a right way?
- Does the instrument measure what it is supposed to measure?
- Which factors reduce the reliability in measurement situations?

In this thesis the internal validity was aspired to ensure by implementing the best possible model research available. However, due to the fact that the internal branding as a concept is rarely new and unexplored, it was not possible to use the instrument which would have fitted straight to the context. Consequently, the instrument that was used as a foundation for the research was initially created to measure internal corporate identity implementation. However, by connecting the model research and the recent researches conducted on the internal branding, the model research was harnessed to serve the needs of this thesis. Furthermore, the

validity during the instrument creation phase was ensured by conducting extensive literature review and discussions both with academic professionals as well as with case company party. There was no possibility to arrange actual pilot study inside the case company. However, the validity was increased by arranging pre-reviews for the questionnaire among the company personnel. Furthermore, due to the fact that the questionnaire was conducted world-wide inside the company, the pilot study would have needed to be remarkably wide in order to reduce, for example, the impact of cultural differences from the questionnaire.

The information about the questionnaire was distributed to company employees via e-mail. Every employee received the same kind of message of the questionnaire introduction, instructions, and a hyperlink to the questionnaire attached. The electronic questionnaire-form was conducted in the company intranet. The questionnaire-form included the questions as well as instructions for the answering. Due to the fact that the lingua franca of the company is English, the questionnaire was conducted only in English, which was supposed to decrease the possibility of misinterpretation of the questions. Nonetheless, naturally the danger about the misinterpretations remained, as the level of language skills among the respondents from different nationalities varies. Furthermore, as the abstract form of the brand notion enables different personal interpretations about the subject, the risk about respondents to use different evaluation criteria along with language differences increases. These aspects should be taken into account while the validity of the study is evaluated.

Reliability of the study means in practice that if the same phenomenon would be measured many times by using the same instrument, how similar or different the results would be (Metsämuuronen 2000:50). Therefore, if the instrument is reliable, it would give the same kind of answers every time. According to Sekaran (1992:173), the reliability of measure indicates the stability and consistency with which the instrument is measuring the concept and helps to asses the "goodness" of a measure. However, the simple form of the questionnaire decreased the interpretation problems. With the use of a questionnaire and well-documented research implementation, it can be argued that the reliability of the research is acceptable. However, the unique shape of brands among the different companies

and personal views about branding can still produce different kind of results in different business environment.

3.4 Brand approach inside the case company

In this chapter the basic information about the Company X and its brand approach is provided.[1] As it can be noticed from the geographic distribution, the case company operates worldwide, which means that it has over 17 000 employees from various cultures all over the world. Due to the fact that the thesis provides only internal point of view from the organization, the impact of multicultural environment should be taken into account. In the case company situation, the great amount of personnel movement from nation to another can be seen as a matter which complicates the cultural differences inside the organization. However, the differences inside the organizational culture could not be straight compared with national culture according to the geographic location of the respondent due to the personnel movement. For example, the differences between the responses in China would probably be totally different than the responses in Europe, if there would be people only from these locations. However, in this situation the national differences could be seen less important than the differences in organizational level, particularly due to personnel movement, which increases the mix of different nationalities.

The company operates in industrial markets as a hi-tech product manufacturer. The brand name of the company is shared with other affiliated companies inside the consolidated corporation, although it still remains as a separate entity. However, as it operates in industrial markets only, it has its own important role for the whole service output.

The company launched new brand approach including, for instance, key messages about their brand during the summer 2005. The goal for the campaign was to attract attention among the stakeholders, which strongly included company

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[1] Due to issues of confidentiality the name of the company is not mentioned in this text.

personnel as well. Furthermore, the campaign was launched to revitalize brand essence and mobilize new brand guidelines. The aim was to visually project the new revitalized brand, still providing it with its old but unique differentiating components.

As an internal point of view, the campaign was targeted at all company employees providing them with practical tools for holistic brand implementation. By strongly concentrating on their employees, the new brand image was due for not only to increase brand commitment, loyalty or dedication, but also make the employees to act according to their brand in daily business, and this way increase satisfaction among the customers as well.

Due to new brand image inside the company and after a worldwide internal brand roll-out, there was a need to measure the influence of the actions with a brand perception study. Therefore, this thesis provided theoretical foundation for the survey implementation. The survey was motivated by the fact that everybody in the case company should have a clear image of how to implement brand into action on holistic approach. The practical purpose for the study was to raise attention about the topicality of the brand as well as its function and role. Furthermore, it was due to measure the case company personnel's perceptions on the holistic brand image and this way constitute an idea about brand competence and capability inside the company. The specific results were analyzed and reported apart from the thesis for the case company purposes. However, this master's thesis provided an important theoretical foundation for the survey about the holistic brand image. In addition to this, it is due to form a preliminary instrument for internal brand management.

4. EMPIRICAL RESEARCH RESULTS

The main objective of the survey research was **"to reveal the dimensions that can be used for holistic brand image measurement"**. Initially, the empirical examination was founded on three main dimensions according to research by Simoes et al. (2005): visual identity; communications; and philosophy, mission and values. To be able to find the answer, the problem is approached through two different means:

1. The analysis was conducted *to approve and clarify the framework formed about the concept of internal branding.* As a result of the analysis, the scale for internal brand management was formed. The scale was aimed at measuring the holistic brand image inside the company (sub-objectives 1 and 2).

2. If a scale for internal branding process can be created, the question was that *how do the scale dimensions reflect the differences in holistic brand image inside the case company* (founding on sub-objective 3).

The empirical data consisted of brand perceptions gathered from the case company personnel (1834), including the whole organization both in vertical and in horizontal direction (totally +17 000). Following the methodology used by Simoes et al. (2005) in their own research, the exploratory factor analysis was used as a measurement analysis. Furthermore, the three variables formed by factor analysis were further used to measure the differences between the demographic variables of the case company. This analysis was conducted by using One Way ANOVA and H-test created by Kruskall & Wallis.

4.1 Internal branding dimensions

The first point of interest was that how the 21 different variables, grouped according to theoretical framework, act inside the data: are the dimensions presented in the framework still in place or has the structure of the model changed, and if so, how? The matter was evaluated by using the exploratory factor analysis.

Due to the fact that the questionnaire was formed on a framework founded in prior research, features could be found for confirmatory factor analysis (Leskinen 1987:66-68). However, as the original research is conducted, for example, in different industrial environments and there are aspects added according to literature review as well as from case company point of view, the nature of the factor analysis is exploratory (Metsämuuronen 2002:555). In other words, the interpretative model for the phenomenon is explored.

The extraction method that was used in SPSS was *Principal Components*. The rotation was conducted according to *varimax-rotation* with Kaiser Normalization. The rotation separates the variables better from each other in order to make the interpretation easier (Tamminen 1993:138).

The analysis revealed four factors with eigenvalue greater than one, which is the generally accepted eigenvalue limit for "functional" factors (e.g. Metsämuuronen 2002:566). Despite of the fact that two of the three initial factors clearly seemed to find their form according to presumed dimensions, one of the factors, the "consistent brand implementation" factor did not seem to settle as it was expected. In addition to this, one of the variables (q1.7) formed its own factor[2]. However, due to the fact that the variable/factor did not form any particular theme, it was left out from the next phase of factor structuring.

After the first analysis, in the next stage the number of factors was extracted in three because also the variables were divided according to three main categories. The factor analysis and total variance figures indicated that only three factors should be remained. This classification to three different factors divided variables into logical and interesting entities when it comes to the internal branding phenomenon. Furthermore, by using these three specific dimensions it was more straightforward to compare them into initial dimensions presented in the theoretical framework. This is due to the fact that the three factors had eigenvalue greater than one (6.8, 1.7 and 1.1). However, the three factors explained the subject in less than half (48%) of the whole variance (Appendix 2). To be able to get better

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[2] Q1.7– "consumer (end-user) should not have an impact on how we carry out our daily routines": extracted communality value (.716), factor loading (.836) and eigenvalue (1.137).

explanation for the factors, in the next phase the variable communalities and factor loadings were measured.

Communality values (extraction) for variables were between .260 and .775. The values were generally at moderate level (Appendix 2). The communalities are the values which address the amount of how well the factor structure explains the variation of the individual variable (Metsämuuronen 2002:565). The minimum level for communalities was set on the .500. Therefore, the communalities under that level were rejected. However, the variables were left outside step by step, first rejecting variables under .300, after which the analysis was repeated, and then rejecting variables under .400, after which again repeating the analysis and finally the variables under .500 were rejected. The variables that were left outside from the analysis were q2.7 (.260), q1.3 (.310), q2.5 (.315), q1.4 (.353), q2.4 (.451), q1.2 (.454), q2.6 (.463) and q1.11 (.483). In addition to these, the variable q2.2 (.446) had the communality level under the limit of .500. However, this variable was included in the following analysis because it was considered to be an important variable for the factor structure according to the literature review. The final communality values are presented in the table 5.

Factor loadings are the other important values while deciding the final structure for the factors. The factor loadings in the beginning are presented in appendix 2. However, only the variables with a factor loading greater than .500 were accepted to be left into following observation. The limit of .500 is generally thought to be a moderate loading (Fink 1995:36-37). Furthermore, it is widely accepted limit for factor loadings in management literature.

In the final factors, the factor loadings were fairly "clean", without scattered loadings. However, the factor which covered variables from the initial "consistent brand implementation" dimension had some uncleanliness in all of the three variables (table 5). Especially the loadings in variable q2.3 were scattered into first and third factor, yet remaining the strongest loading on the third factor. Despite of the uncleanliness, the variable was included in the following observation due to the importance of the content for the theoretical framework, as it was presented in the literature review. This case is on the interface of acceptability. However, all the variables conformed to requirements about the minimum loading limit of .500.

Side loadings remained under the limit (.500) in all the other variables, and the differences between the main loading and side loadings remained clear.

Variables that did not exceed the required minimum limit for factor loadings (.500) were left out from the observation. There were three variables that had factor loading below the minimum[3] (q2.4 – "Our products, messages, look & feel, and behavior represent the identity of the Corporate X brand"/ .421 (scattered); q2.7 – "My unit/work area is apart of the end-to-end offering" / .439; and q2.5 – "Senior management communicates the corporate strategy to employees" / .498). However, these variables had also communal value below the required level and solely for that reason were excluded from the observation.

The variables that most clearly measured the factors were: in the first factor variable q1.1 – "There is a total agreement about our mission across my unit/work area"; in the second factor variable q2.1 – "Our company name is part of our image"; and in the factor three variable q3.2 – "*The Company X's* advertising campaigns are designed to match the overall visual elements/image of our company". The final form of the factors is presented in the table 5.

After the factors were formed, there was a need to evaluate the internal consistency of the dimensions. At this point, the *Cronbach's alpha* criterion was used to test the proposed grouping of the variables and verify the internal consistency for the dimensions. Sufficient reliability for coefficient alpha has often been set to the level of 0.50 (e.g. Cortina 1993:98-104). When it comes to the dimensions, the values for Cronbach's alphas were at the good level for the first and the second factors (1st; .827 and 2nd; .772). However, the value for the third factor was only .215, which is clearly under the acceptable limit. Due to this fact, the dimension was further observed. It turned out that the variable q2.3 ("Communication inside the company is complex and sometimes incomprehensible")[4] was clearly disturbing the consistence of the factor. Therefore, after the variable was dismissed, the value for the coefficient alpha climbed from .0215 to .551. This is not an especially good

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[3] The values in parenthesis are the loadings for the variable before it was rejected i.e. the values are different than in the beginning due to the fact that the analysis was repeated after every time when variable/variables that did not reach the requirements were eliminated.

[4] Factor loading .568 / communality (extracted) .570.

value, though it is over the generally accepted level. The change turned out to be significant, because it has clearly more impact on the alpha than the deletion of other individual variables had.

In addition to this, *item-total test score correlation* was conducted. The implication for the test is that an item with high "item-total" correlations should be included in the test because it increases the scale "internal consistency", thus, reducing the standard error of measurement (Metsämuuronen 2002:570). In other words, the test measures the effect of an individual variable for the whole dimension. The "item-total" correlation was the smallest at .037 (q2.3[5]) and the highest at .636 (q1.6). Typically, the values were clearly over .5. Due to the low test score and its effect to the cronbach's alpha value, the variable q2.3 was also left outside the further observation, no matter how well it would have described the content of the dimension.

To conclude, the final factor structure was formed. Cumulative percent for the rotation sums of squared loadings was 61%. The first factor explained 28% of the change in variables, the second 19% and the third 14%. Furthermore, the eigenvalues[6] for the factors were 4.43 for the first, 1.46 for the second and 0.94 for the third (table 4).

Table 4. Total variances explained.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,344	39,493	39,493	4,344	39,493	39,493	3,117	28,338	28,338
2	1,461	13,277	52,770	1,461	13,277	52,770	2,120	19,275	47,613
3	,940	8,550	61,320	,940	8,550	61,320	1,508	13,707	61,320

Extraction Method: Principal Component Analysis.

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[5] The values for the statements are rotated due to negative phrasing of the question. Without the rotation, the correlation is negative but the value remains the same.
[6] Eigenvalue reveals how well the factors explain the dispersion of the variables. The greater the eigenvalue, the better it explains the dispersion of the variables (Metsämuuronen 2002:558).

Table 5. Results for the factor analysis.

Rescaled Component: Rotated factor matrix		Factor 1	Factor 2	Factor 3	Communalities (extracted)
Factor 1					
Q1.1	There is a total agreement on our mission across my unit/work area.	**0,739**	0,059	0,166	*0,577*
Q1.6	There is a clear concept of who we are and where we are going.	**0,752**	0,205	0,021	*0,609*
Q1.5	The core value* propositions represent our way of doing business.	**0,708**	0,191	0,063	*0,543*
Q1.8	There is a clear connection between the Company X brand and the Strategy of Company X.	**0,624**	0,379	0,061	*0,536*
Q1.9.	My unit/work area carries out the one-to-one commitment in our daily business.	**0,682**	0,052	0,249	
Q1.10.	Our core value propositions are aligned with my personal goals.	**0,710**	0,082	0,213	*0,557*
Factor 2					
Q2.1	Our company name is part of our image.	0,156	0,143	**0,829**	*0,731*
Q2.2.	Much of our marketing is geared to projecting a specific image.	0,190	0,216	**0,696**	*0,567*
Factor 3					
Q3.1	Company X transmits a consistent visual image through facilities, advertising and communication material.	0,198	**0,857**	0,076	*0,780*
Q3.2	Company X´s advertising campaigns are designed to match the overall visual elements/image of our company.	0,164	**0,853**	0,185	*0,788*
Q3.3	Our company has formal guidelines for design/visual elements.	0,130	**0,597**	0,392	*0,527*

Principal component analysis is used as the extraction method and Varimax with Kaiser normalization as the rotation method: numbers bolded specify items that load highly for each factor;

Three dimensions for internal branding

The factor analysis revealed three dimensions concerning the internal branding process. These three factors were renamed to better describe the character of the dimensions:

Factor 1: "Clarity of agreement" (former "mission and values dissemination"). 28% variance explained.

Factor 2: "Consistent visual image" (former "visual brand implementation"). 19% variance explained.

Factor 3: "Brand image implementation" (former "consistent brand implementation"). 14% variance explained.

4.1.1 Clarity of agreement

The first dimension is the most strategic in perspective. It describes the extent to which employees receive, share, and are committed to the case company's mission, values and goals. The statements (variables) in the dimension and their individual factor loadings are presented below:

Table 6. Statements in "Clarity of agreement".

Q1.6 *There is a clear concept of who we are and where we are going.*	*.752*
Q1.1 *There is a total agreement on our mission across my unit/work area.*	*.739*
Q1.10 Our core value* propositions are aligned with my personal goals	**.710**
Q1.5 The core value* propositions represent our way of doing business.	**.708**
Q1.9. My unit/work area carries out the one-to-one commitment in our daily business.	**.682**
Q1.8 There is a clear connection between the "corporate" brand and the strategy of "the company".	**.624**

Statements based on the original questionnaire by Simoes et al. (2005) are italicized.

This dimension was the most robust and retained the initially suggested features better than the other two dimensions. The variables inside the dimension involve statements about the way how the employees share the direction of a company as an entity. In addition to this, as the business idea usually lies inside the core values of a company, it is important for brand competence and capability to have connection between the values and the employees personally. If the employees feel that the values are aligned with their personal goals, it is easier for them to understand them and this way also act according to them. Furthermore, as the values are internalized in a personal level and when the employees have the same direction as a whole, the company has better possibilities to achieve the aspired results.

The statements that measured the mission and consistency of the aspired direction of the company had the strongest loadings in the dimension (q1.6 and q1.1).

Through these statements the cohesiveness of the company direction is measured. However, as mentioned above, the coherent direction means nothing if the company does not have clear and understandable values as a guide for employees (q1.10, q1.5 and q1.9).

Although these five statements had the strongest loadings inside the factor, the sixth variable was also included in the dimension (q1.8). This statement brings most clearly the strategic perspective into dimension. The importance of the idea about connecting strategy to brand can turn out to be very effective. As it was stated in the literature review, the brand should be an important part of employees' daily work. Furthermore, brand could also be something that the employees can live and breathe. The importance of this implication is the great possibilities that the brand, if it is implemented in a right way, can bring for managers. If the brand really becomes something employees can identify with, and if this kind of "tool" can be aligned, for example, with the company's strategy, it makes the strategy implementation more effective and simple as well.

The coefficient alpha-value for the dimension was .0827. The "item-total"-correlation was the smallest for the statement q1.8 (.568). The impact of deleting this variable would not have had more significance than deletion of other variables, so the item was left in the scale. The next smallest "item-total" was .570 (q1.9) and the highest was .636 (q1.6). The variables at the dimension can be divided into three separate groups (figure 15).

Figure 15. Foundation for "Clarity of agreement" – dimension.

4.1.2 Consistent visual image

The second dimension measures the cohesiveness of visual branding, i.e. what Company X communicates about its brand. The statements (variables) in the dimension and their individual factor loadings are presented below:

Table 7. Statements according to "Consistent visual image".

Q3.1 *"The company" transmits a consistent visual image through facilities, advertising and communication material.**	*.857*
Q3.2 *"The company's" advertising campaigns are designed to match the overall visual elements/image of our company.**	*.853*
Q3.3 *Our company has formal guidelines for design/visual elements.*	*.597*

Statements based on the original questionnaire by Simoes et al. (2005) are italicized.
* the object of the questions is edited to fit the case company circumstances.

The statements in the dimension comprise the activities or operations that are undertaken to enhance cohesiveness in a company's visual image. The strongest impact on the dimension had the statement which concerns the most concrete part of the visual branding (q3.1). The purpose here is to evaluate what the company communicates to its personnel, because the consistence of communication enables it to be more understandable. The aspects inside the statement gather up some of the main sources of visual communication, both intentional and unintentional. Everything that is connected to the company at least to some extent interacts with the company's overall performance. Although the behavior of the employees is very important matter as well as, for instance, the product itself, the visual image of the company binds this "package" to one entity, giving the recipient a clear and consistent image of the company. This way, clear image creation, for example through internal brochures or advertorial commercials as well as outward appearance of the company headquarter building, creates a specific kind of message about the company. The dimension deals most of all with tangible assets of brand building.

The next statement had the same kind of implications than the first one; however, it was targeted to measure more specifically the consistence of the advertising campaigns of the company (q3.2). The importance of the advertising campaigns is that both internal and external advertising must be clear and consistent. This is the only way to get the message through to all stakeholders, which include employees as well. Furthermore, the third statement (q3.3), although it had clearly weaker factor loading than the other two variables in the dimension, still had clear impact on the dimension's structure. The implication in the statement is that it gives a more strategic point of view for the visual branding as the visual aspects and company characteristics are transferred into company's overall design, including shapes, colors, and content of the message[7]. Furthermore, if there are clearly defined guidelines, e.g. for design, it helps employees to act according to them, which on the other hand makes the brand implementation more effective and holistic.
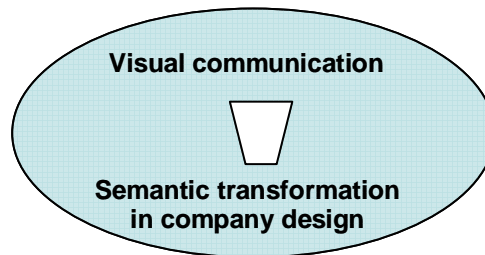
Visual communication

Semantic transformation in company design

Figure 16. Foundation for "Consistent visual image" – dimension.

The dimension which measures the consistence of visual communication inside the company had moderate coefficient alpha value (.772). The lowest "item-total" correlation was .495 (q3.3), the second lowest .640 (q3.1) and the highest .695 (q3.2). Although the value for the q3.3 was slightly under the limit of .500, the difference is so small that it can be left in the following observation. The low "item total" value, as well as the lowest factor loading value in the dimension, could possibly be explained by the slightly difficult phrasing of question; especially the technical

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[7] The strategic use of and investments in industrial design contribute to competitive advantage and, in particular, to a favorable identity of the company brand (Karjalainen 2004:10).

personnel in the company do not necessarily distinguish the difference between the notion of design and other visual communication.

4.1.3 Brand image implementation

The third dimension measures the creation and diffusion of holistic brand image, i.e. how the employees construe the case company brand. The statements (variables) in the dimension and their individual factor loadings are presented below:

Table 8. Statements according to "Brand image implementation".

Q2.1 *Our company name is part of our image.*	*.829*
Q2.2. *Much of our marketing is geared to projecting a specific image.*	*.696*

Statements based on the original questionnaire by Simoes et al. (2005).

The dimension consists of two statements concerning the implementation of the brand image. The company name as a unifying element for the company image has often been emphasized as an important tool for image creation (q2.1). Furthermore, also the consistence of the marketing activities as a way to implement the holistic brand image has an important role in the brand building (q2.2).

The dimension turned out to be the least consistent of all three. Surprisingly, only these two statements from the initial seven were clean enough to be left in the final dimension. The initial meaning for the dimension was to embrace the various elements that constitute holistic brand management, including company symbols (q2.1), staff understanding of the company core values (q2.6, q2.7), specific marketing image development (q2.2), identity of company brand (q2.4), and the communication inside the company (q2.3, q2.5). However, very likely for the reason that the dimension was targeted to measure the brand implementation on a scale of such range, most of the loadings were scattered around the factors without coherence.

However, although the dimension finally includes only two statements, the loadings for the variables were at sufficient level. On the other hand, partially due to small number of statements in the dimension, the coefficient alpha value stayed as low as .551, which on the other hand is a sufficient alpha value for the dimension. Still, the dimension creates an entity for the internal branding scale (figure 17).
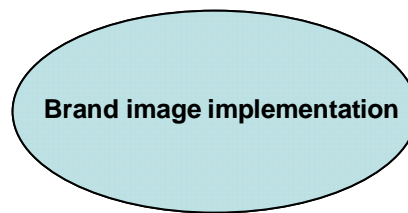

Figure 17. Foundation for "Brand image implementation"- dimension.

4.1.4 Internal brand management-scale

The results for the questionnaire produced a model for internal brand management. The purpose in the scale creation was to reveal the dimensions which could be used as a brand management tool for measuring the company personnel's brand perceptions and this way for implementing the holistic brand image inside the company. The questionnaire was conducted according to model research, which introduced the corporate identity management-scale as a way to conceptualize and measure corporate identity. However, due to the fact that the concept of corporate identity, although it has lots of similarities, does not directly follow the basic assumptions made in internal branding, the questionnaire was adapted to describe the research problem of this thesis.

According to the results of the scale formation, the same kind of tendency than the model research had is revealed; the first ("mission and values dissemination") and the third factor ("visual brand implementation") generally behaved as they were meant to behave, despite the fact that a few statements did not have correspondence to the dimension, and due to this were left out from the observation. However, the second factor ("consistent brand implementation"), which was meant to measure the way how the brand is implemented inside the

company, did not form as it was expected. This is probably due to an ambiguous nature of the dimension, as it turned out to be in the initial model research. The main point of the correspondent dimension in the model research was to capture communication and brand dimensions through various degrees of tangibility. The statements in the research varied between intangible and tangible assets.

However, due to the fact that in this thesis the tangible aspect of branding remained as the visual aspects presented in the third dimension, the second dimension focused on the intangible aspects which were used to emphasize the role of employees in the process of holistic brand implementation. Furthermore, as these intangible assets are difficult to control because people from different backgrounds and from different environments see the aspects differently, it was the risk of the dimension that the statements do not create a consistent entity. The effect of the differences between the mindsets also multiplied as the research was targeted to measure the brand perceptions inside the whole worldwide company with numerous different points of views inside it.
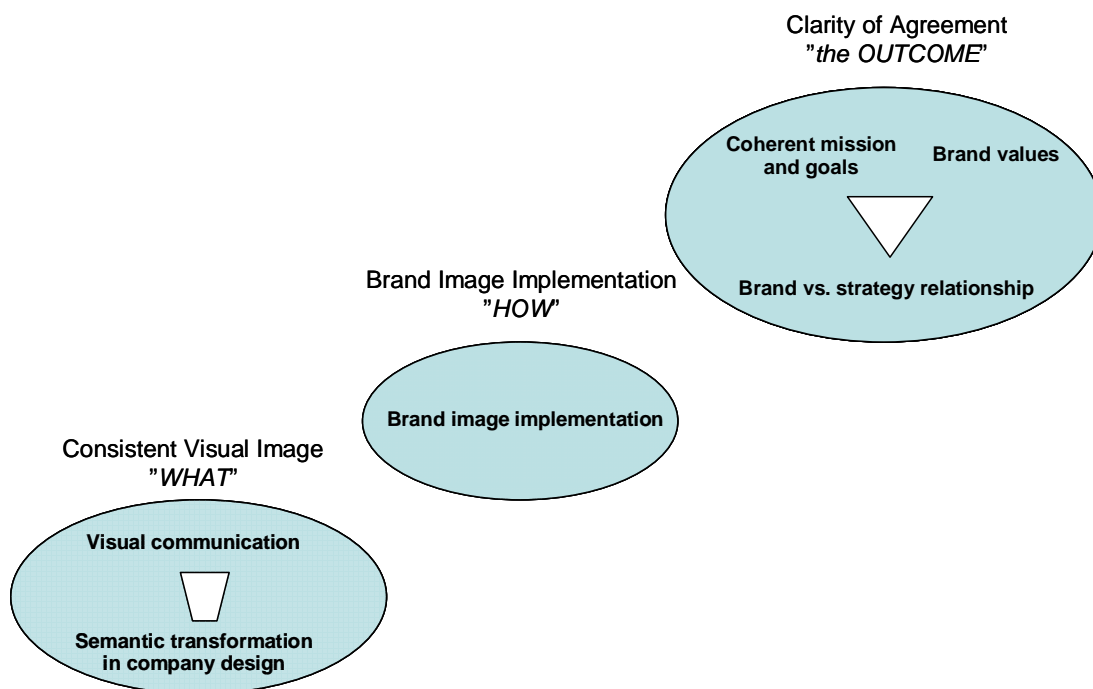

Figure 18. The scale for internal brand measurement.

Despite of the fact that half of the statements presented in the initial questionnaire were left out from the final scale structuring, the dimensions still form a foundation for the internal brand management. There still are three dimensions in the final scale, although each dimension includes different amount of statements. However, the implications for the scale are still usable for the further analysis as the differences inside the case company are measured. The internal branding's three-dimensional scale is presented in the figure 18.

The figure above presents the idea inside the internal brand management- scale. The foundation for the scale is the "Clarity of agreement" dimension, which is strategic in perspective and driven by company's unique brand image, reflecting in its mission, values and goals. The dimension enables to express the company personnel's brand perceptions and this way to identify the sense of purpose and singularity of the company. Furthermore, to enable a company to behave according to the dimension, the symbolic messages must be communicated in a cohesive and effective way. This requires that the brand image is implemented as an entity so that the message gets through to employees. Here, the "brand image implementation" is formed to measure *how* the case company personnel construe the brand. In addition to this, the "consistent visual image" dimension, regarded as the most tangible element in the scale, is due to measure *what* the case company communicates about its brand. The implication of the dimension is that consistency and visibility should underpin the visual aspects of branding, and these ways reflect the holistic brand image inside the company.

4.2 The embodiment of internal brand management in the case company

 As the scale for measuring the holistic brand image inside the company is created, it is now possible to analyze how the dimensions appear inside the Company X. After a more specific observation of the scale, in particular in the case company environment, is conducted, there should be given an answer for the second objective of the study; *how do the scale dimensions reflect the differences in holistic brand imagees inside the case company*. Before the results are analyzed according to demographic details of Company X, the overall answering percents are presented

(figure 19). The chart describes the answering distribution of sum variables calculated according to the internal brand management factors.
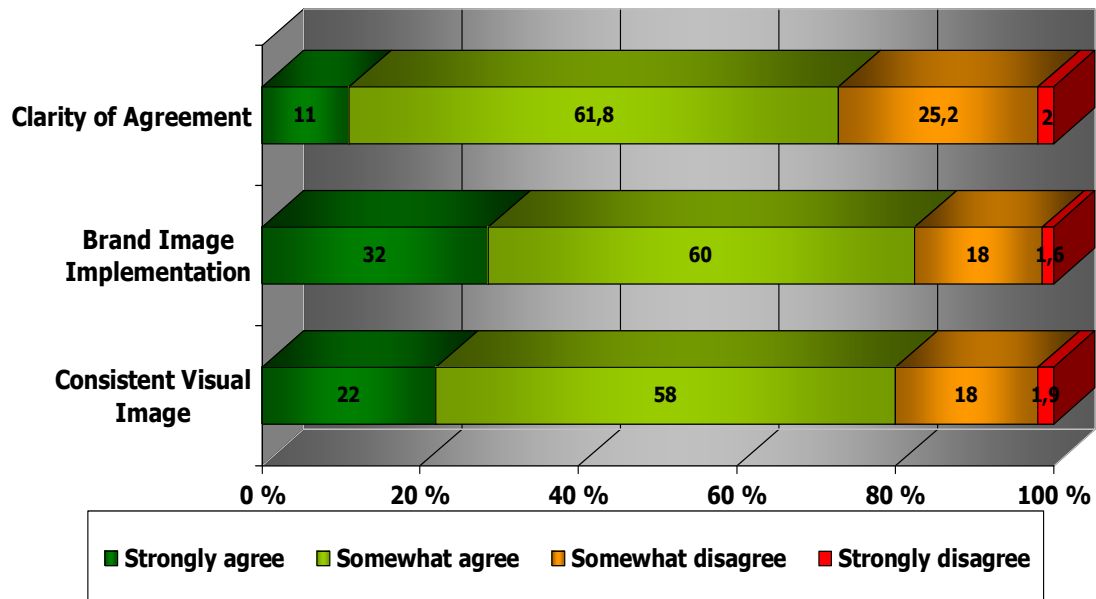
Figure 19. Answers' distribution according to internal brand managements dimensions.

As it can be seen from the chart above, the overall implication about the brand perceptions is that the statements about the branding process are generally accepted inside the whole company. However, as the chart above gives only a overall view about the matter, the following examination focuses on the groups inside the demographic variables, and particularly on the differences between these groups. The employees of the case company were categorized according to four different demographic details: business unit, geographic location, organizational status, and time that the respondents had been working for the case company.

4.2.1 Statistical assumptions

The One-Way ANOVA-procedure is used to form a variance analysis by using one descriptive variable (e.g. business unit), which again is divided into different groups inside the variable (R&D, HR etc.). Furthermore, these individual groups are used to measure the differences between the mean values of the dependent variables[8]. This way, it is possible to reveal the significant and insignificant differences inside the dependent variables. However, there are specifically required assumptions for the use of ANOVA method (Metsämuuronen 2002:662):

- The scale on which the dependent variable is measured has the properties of an equal interval scale;
- that the k^9 samples are independently and randomly drawn from the source population(s);
- that the source population(s) can be supposed to have a normal distribution; and
- the **k** samples have approximately equal variances.

Next, the assumptions are certified. First, the assumption of equal interval scale: the basic idea is that the scale should allow sorting out the relationships of 'greater than' and 'less than' as well as specifying just how much greater-than or less-than one measure is in comparison with another. This assumption can be approved, because the dependent variables are calculated from the factor scores, which classifies the respondents into scale. Due to this fact, the scale is an interval scale since each degree is equal but there is no absolute zero point (Metsämuuronen 2002:662). Second, the assumption of the samples' independence and random drawing can also be approved due to the fact that there are no samples left out from the observation and all the recipients include only in one variable group at a time.

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[8] Here the dependent variables are quantitative variables, which are the sum of the factor scores of individual factors.

[9] The **k** refers to the number of independent samples (which is the same as the number of levels of the independent variable). In this analysis the independent variables are the same as the groups inside the demographic variables; business unit (7), geographic location (6), organizational status (9) and the time worked for the company (4). The number of groups in hyphenations.

Normal distribution

Third, assumption about the samples distribution can also be approved, although with some reservations. This is due to the fact that the distributions were measured by using the Kolmogorov-Smirnov normality test (Metsämuuronen 2002:534,535). It is used for testing the following hypothesis:

H_0: the test variable complies with the normal distribution.
H_1: the test variable deviates from the normal distribution.

The higher the level of deviation[10], the more probably the distribution inside the variable is not normal. The generally accepted limit for normal distribution is the observed significance greater than 0.050, which means that p-values under this level cause the rejection of the null-hypothesis. Another way to evaluate the distribution is to measure the relationship between the skewness value and standard error[11]. However, due to the fact that the test is not necessarily bullet-proof for large samples, the distributions were observed according to graphic descriptions as well. The charts drawn according to answers' distribution described the distributions to be generally normal.

Homogeneity of variances

The homogeneity of variances test is conducted along with One-Way ANOVA test. The values for the test are calculated by using SPSS, which serves them along the ANOVA output. The values are used to test following hypothesis:

H_0: the variances for the variable are not homogeneous
H_1: the variances for the variable are homogeneous

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[10] *= $p < 0.05$; statistically almost significant (at 5% level)
 **= $p < 0.01$; statistically significant (at 1% level)
***= $p < 0.001$; statistically highly significant (at 0.1% level)

[11] Generally accepted range for the normal distribution is $-2 < ratio < 2$.

The basic idea for the test is that if the level of statistical significance (p-value) is less than 0.050[12] then the null-hypothesis should be rejected. However, because the large sample size effects the variances as well, the differences between the variables are also tested by using the Kruskall-Wallis, which overtakes the assumption of the homogeneous variances.

One-Way ANOVA F-test

The One-Way ANOVA test is used to measure if the classifying variable (e.g. business unit) has an impact on the means of dependent variable (the factor score variables), and more specifically, do the group means differ from each other. The differences between the groups are evaluated by using two test values, F-value and the statistic significance p-value related to it. The values are used to test the following hypothesis:

H_0: The group means inside the observed variable are equal
H_1: There is a statistically significant difference at least between two groups

The limit for statistical significance is generally thought to be 0.050, which means that p-values under the 5% level will cause rejection of the null-hypothesis. In other words, the smaller the p-value for variance analysis, the more significantly the groups differ from each other. Furthermore, if there can be found differences between the groups, the mean values from ANOVA analysis are observed in order to measure the perceptions between the groups. As the means are calculated according to factor scores, it can be stated that the smaller the mean value, the higher the respondents average answers are.[13]

Kruskal-Wallis H-test

The Kruskall-Wallis H-test is a non-parametric counterpart for the one-way variance analysis, which can be used instead of variance analysis if the

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[12] Generally accepted limit.

[13] The initial scale; ("strongly agree":1, "somewhat agree":2, "somewhat disagree":3, "strongly disagree":4). Due to this fact, as the factor scores are calculated, the higher the average levels of answers, the lower the mean of factor scores.

assumptions (presented above) do not remain in effect. The hypotheses for Kruskall-Wallis test are following:

H$_0$: The distributions inside the variable are the same.
H$_1$: There is statistically significant difference between medians of distributions

The smaller the observed level of significance (p-value) is according to the test, the more probably the distributions differ from each other. According to this, the null-hypothesis can be rejected if the p-value is smaller than 0.050, which means that at least one group is statistically different from the others. However, due to the fact that the assumptions for Kruskall-Wallis are not as strict as with the variance analysis, the method is not as robust as the parametric tests (Metsämuuronen 2002:663). As the non-parametric tests are less vulnerable to perceive the differences that really occur between the observed aspects, it is here used only as a back-up method for variance analysis. Furthermore, the mean ranks are also analyzed to give support for the analysis conducted according to the means from ANOVA descriptives.

4.2.2 Clarity of Agreement

In this chapter the results are observed in order to find out if the means of the CAD[14] variable are significantly different according to independent variables[15].

As the CAD dimension is observed, it turns out that there cannot be found any statistically significant differences between the *organizational statuses* (F: 1,061/0,388)[16]. The result is surprisingly clear because the brand perceptions usually differ inside organization in the vertical-way observation. However, the result is also confirmed according to Kruskal-Wallis H-test (H: 26,125/0,533)[17]. One possible reason which can explain the similar perceptions between the statuses could be the considerable differences between the numbers of respondents in each

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[14] CAD: Clarity of Agreement Dimension
[15] The demographic variables are presented in chapter 3.2.
[16] The significance according to ANOVA F-test (F:F-value/significance)
[17] The significance according to Kruskal-Wallis H-test (H: Chi Square/asymptomatic significance)

group. This could skew the statistic. On the other hand, since the result according to H-test gives the same implication, in a light of the results it can be stated that there are no significant differences between the organizational statuses in CAD-dimension.

However, there are statistically highly significant differences inside the other three independent variables[18]. Furthermore, as the mean values according to *business units* are observed, it can be stated that the respondents in *customer and marketing operations* (A:–0.28/K:684)[19] and in *marketing & sales* (A:–0.07/K:758) have most strongly agreed on the statements in the CAD dimension. However, the respondents from the *core unit* (A:0.27/K:873) seem to have disagreed the most on the CAD dimension. At the same time, the respondents in *Latin America* (A:–0.44/K:678) have clearly the strongest agreement about the dimension, whereas the respondents in *Europe* (A:0.75/K:923) feel the most of all against the dimension. It is also interesting to notice that the respondents who had worked for the company less than a year (A:–0.40/K:682) have most clearly agreed on the dimension, whereas the respondents worked for *3–5 years* (A:0.07/K:913) and *over five years* (A:0.06/K:922 are most strongly feeling against it.

4.2.3 Brand image implementation

There were clearly significant differences between the respondents when the CAD-dimension was observed. However, according to BII[20]–dimension the differences between the independent variables are not as clear as they were inside the first dimension. According to ANOVA F-test, the time worked for the case company (F:3.133*) and organizational status (F:4.809***) were the only qualifiers whereby statistically significant differences can be found. However, as the homogeneity of variances between the *organizational statuses* are observed, it turns out that the variances differ significantly from each other (p<0.001), which means that the results for the F-test are not valid. Nonetheless, as the Kruskal-Wallis H-test is conducted, it turns out that the differences between the organizational statuses actually are statistically highly significant (H:37.127***). Inside the variable the

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[18] Unit (F:19.610**/H:34.469***), Location (F:6.449***/H:26.152***), Time (F11.701***/H:34.469***)
[19] The mean value according to ANOVA descriptives / Kruskal-Wallis mean rank (A:/K:)
[20] BII= brand image implementation

respondents working in a *non-technical position without staff* (K:944) clearly have the strongest disagreement about the dimension, whereas the *senior managers* (K:784) have most of all agreed on the statements according to MIB-dimension. In addition to organizational statuses, the differences between the groups inside the working time variable statistically have significance according to F-test (F:0.025*). Therefore, it turns out that people who have *worked less than a year* (A:0.180*) most strongly disagreed on the dimension, whereas the respondents who had worked *one to three years* (A:-0.109*) for the company most strongly think that the aspects around the dimension are in place.

According to *business units* (F:1.268/0.262) and *geographic location* (F:1.342/0.244), the ANOVA F-test does not promote the hypothesis, whereby there can be found statistically significant differences inside these variables. On the other hand, the test of homogeneity of variances promotes the notion about the unequal variances[21], which still weakens the results from the ANOVA test. Furthermore, the Kruskal-Wallis H-test retells the results from the F-test; there cannot be found significant differences between the *business units* (H:8.290/0.218) nor between the *geographic locations* (H:8.852/0.115).

4.2.4 Consistent visual image

Inside the CVI[22] dimension, the only independent variable which includes statistically significant differences is the *time worked for the case company* (F:4.139**/H:10.882**). Therefore, the other three variables do not contain any statistically significant differences. This statement is based on the ANOVA F-test, whereby the F-values do not support the fact that there could be found any statistically significant differences between the groups inside the variables[23]. Besides, as the results from the test of homogeneity of variances are observed, it turns out that the *geographic location* variable does not even have equal variances[24], which enters into rejection of the ANOVA results concerning the variable in question. Furthermore, as the Kruskall-Wallis H-test is used to evaluate the

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[21] significance for business unit 0.051 and for geographic location 0.012; H_0 –hypothesis approved

[22] CIV: Consistent visual image

[23] Unit (F:1.048/0.396), Location (F:0.971/0.434), Status (F:1.506/0.150)

[24] The level of significance according to

results, it reveals the parallel findings as the ANOVA test, whereby the *business units* (H:8.980/0.175), *geographic locations* (H: 2.661/0.752) nor even the *organizational statuses* (H:11.159/0.193) cannot explain the changes inside the CVI dimension.

Therefore, it is more interesting to measure the differences inside the time variable, as it statistically has the sufficient significance to describe the changes inside the CVI dimension. According to ANOVA descriptives, it turns out that the respondents who had *worked less than a year* for the case company (A:-0.235) clearly most strongly agree on the CVI dimension, whereas the respondents worked *from three to five years* (A:0.155) most strongly disagree on the dimension. The results from the ANOVA can be assured from the Kruskal-Wallis H-test whereby the first year respondents (H:771) have a clearly stronger opinion for the dimension than the respondents who had worked from three to five years (H:936), which seems to be the group with the strongest opinions against the dimension. The best possible explanation for the alteration that takes place after the first year on the job could be the more critical perspective for the visual branding. The longer the employees had worked for the company, the more perspective they have about the aspect, which derives them easier to take a stand.

5. SUMMARY AND CONCLUSIONS

The focus of this study was to examine the ways to measure brand perceptions among company personnel in business-to-business environment. Therefore, the main objective of the research was set for revealing the dimensions that can be used for holistic brand image measurement. The measurement was conducted by creating a model for internal brand management and applying and testing it empirically world-wide among the case company personnel. The survey was first of its kind in the case company and it was implemented in order to get a better understanding of the internal branding process as well as employee brand perceptions. In this chapter, the main findings of the research are summarized.

5.1 Background for the empirical survey

The concept of a brand has become one of the most discussed matters in the global business environment during the last few years. Furthermore, researchers in the branch of business management have also become interested in the matter. However, although the brands and branding have generally been used as a way to differentiate product or company from its competitors in the minds of external stakeholders, a more holistic brand image inside the organizations has turned out to be necessary for successful brand building. This is due to the fact that the brands often represent the company behind it instead of an individual product.

As the brand is understood as a company-wide entity, it requires greater emphasis on factors internal to the organization. Thus, companies should pay greater attention to the role of employees in the brand building process as the employees are the most important source of brand competence. Furthermore, every employee must have a clear image of where the organization is going and how the goals should be implemented. This way, it can be clearly defined for the external stakeholders who the organization is – and what it aspires to be.

As the corporate level branding involves great amount of intangible and emotional elements, it is more difficult to manage than, for example, the more tangible

product brands. Especially in business-to-business environment, the emotional aspects of a brand have turned out to be more important than the managers have used to think. Thus, branding affects all areas of a company and should be regarded as an overarching management strategy. In this brand management process, the concept of brand identity has got importance while the holistic brand image is measured.

The importance of emotional aspects of brand emerges from the fact that a brand – just like a person – needs to have a consistent and continuous identity in order to be trusted. Therefore, the notion of brand identity has changed to be the core concept of brand management; before knowing how companies are perceived, they must know who they actually are. In this "self-identification" process, the internal aspects of branding process are used to ascertain that the personnel of an organization have a clear and consistent direction to follow.

In this thesis, the internal branding has been used as a term to describe the operations which are due to harness the concept of holistic brand image from the internal point of view. The basic idea in the concept of internal branding is simple, as it is defined by Keller (2003:156): "making sure that the members of the organization are properly aligned with the brand and what it represents". At the moment, the metaphor for the process where the employees fully commit for the brand implementation is "living the brand". In the living the brand construct, the notion is that the employee, in fact, becomes the brand; living the brand. Furthermore, the employees become living brands because the relationship between employees and customers is at the heart of the brand experience.

To make sure that the employees are able to live the brand and that they have right kind of perceptions about the brand, it is highly important to ascertain *what is communicated* and *how the communicated aspects are implemented* inside the company. In other words, what a company does or does not communicate influences how it and its brands are perceived. In this thesis, three different dimensions (adapted from Simoes et al. 2005) concerning corporate identity management are observed; *visual identity* (symbolism), *communications*, and *philosophy, values and mission*. However, the contents of the dimensions were revised according to literature review about internal branding and practical brand building. As a result of this

process, the theoretical framework (figure 10) for the survey implementation was formed. The scale was formed to measure the holistic brand image through employee brand perceptions. In the empirical section of the study, the scale was tested at company level.

5.2 Creating a scale for internal brand management

The motivation for the research was gained from the need for more clarity of the conceptualisation and measurement of the internal branding operations. Founding on the theoretical framework presented above, the scale for internal brand management was formed. Furthermore, the scale was analysed according to empirical study results. The analysis was conducted in order *to approve and test the framework formed about the concept of internal brand management*. As a result of this process, there is going to be created a tool that can be used to measure the holistic brand image inside Company X.

Initial scale formed according to the theoretical framework consisted of 21 different variables that were grouped into three dimensions (see appendix 1); Mission and values dissemination, consistent brand implementation, and visual brand implementation. The point of interest here was that how the 21 different statements act inside the data and, in other words, does the scale measure the holistic brand image inside the organization. The matter was evaluated by using the exploratory factor analysis.

The factor analysis revealed three dimensions concerning the internal brand management. The form of the dimensions was different to some extent when compared to initial dimensions. This is due to the fact that some of the statements did not describe the dimensions as well as it was assumed. However, every dimension retained more or less the initial form, although having new shades of meanings.

The first dimension, called **"clarity of agreement"**[25], describes the extent to which employees receive, share and are committed to Company X's mission, values and goals. In addition to this, the dimension describes the way how the employees share the direction of a company as an entity. Furthermore, the core values of the company are also emphasized inside the dimension. The strength of this dimension, compared to other three dimensions, is that it can be used separate from the other two in order to measure only the aspects listed above.

The second dimension in the scale is called **"brand image implementation"**[26]. The answers for the dimension scattered the most, referring to other two dimensions. Despite the fact that the initial meaning of the dimension was to embrace the various elements that constitute holistic brand management including company symbols, staff understanding of the company core values, marketing process, brand identity and communication inside the company, the outcome after the analysis revealed that the scale did not measure these views as it was meant to measure. Due to this, the usability of the dimension changed a lot, as the brand image remained the only measurable matter. Therefore, the final dimension is due for measuring only the way how the employees see the brand image of the company.

The third dimension, called **"consistent visual image"**[27], measures the cohesiveness of visual branding inside Company X. The dimension deals most of all with tangible assets of brand building. The implication of the dimension is that although the visual aspects are clearly secondary elements in holistic brand implementation, e.g. after employee behaviour, they still have important meaning in the process. For instance, consistent visual image enables more effective internal brand communication, which on the other hand has strong impact on the creation of unified employee brand perceptions.

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[25] CAD: Clarity of Agreement Dimension

[26] BII: Brand Image Implementation- dimension

[27] CVI: Consistent Visual Image- dimension

Clarity of Agreement
"*the OUTCOME*"

Coherent mission
and goals

Brand values

Brand vs. strategy relationship

Brand Image Implementation
"*HOW*"

Brand image implementation

Consistent Visual Image
"*WHAT*"

Visual communication
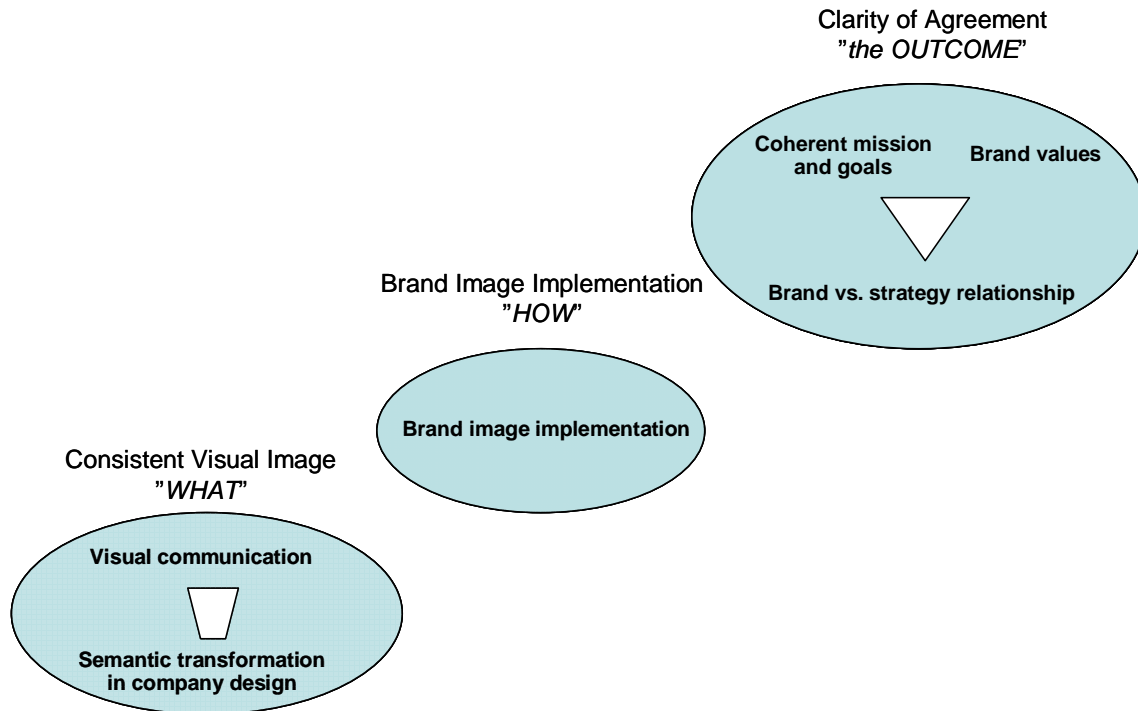
Semantic transformation
in company design

Figure 21. The scale for internal brand management.

In the same way with the initial scale, the dimensions in the new scale have clear point of interest in the internal branding. Therefore, as an outcome for the whole scale becomes the CAD, which is strategic in perspective, expressing the sense of purpose and singularity of the company through employee brand perceptions. In addition to this, it can be seen as the most important part of the whole scale. Furthermore, BII measures *how* the Company X's personnel construe the brand image. The third dimension, CVI, measures *what* the Company X communicates about its brand. By using this model it is possible to measure the state of brand image inside a company. The model is presented in figure 21.

5.3 Embodiment of employee brand perceptions inside the Company X

After the dimensions concerning the internal brand management were formed, it was possible to approach the third sub-objective of the study by setting the question; *how do the scale dimensions reflect the differences in holistic brand image inside the case company*. The employees of the case company were categorized according to four different descriptive variables: *business unit, geographic location, organizational status*, and *time that the respondents had been working for the case company*. The data was analysed according to these categories, so that the differences between the brand mindsets inside Company X would be revealed. However, only extreme ends from every group were reported. In this phase, the statistical analysis was conducted according to two different statistical methods, One-Way ANOVA (parametric) and Kruskall–Wallis (nonparametric) tests.

The results from the analysis indicated that according to CAD, there can be found clear differences in how the Company X´s personnel see the brand image. There were not any significant differences between the organizational statuses. However, according to other three descriptive variables, it can be stated that there are statistically significant differences between the respondents. It was revealed that the CAD is more efficient among the people working in *non-technical tasks* (marketing) than among the *technical personnel* (core unit). Furthermore, according to the analysis CAD is most strongly put into effect in *Latin America*, whereas *Europe* has the most work to do in this branch. Further, CAD is conducted most effectively among the personnel worked *less than a year for the company*. However, respondents worked *three to five years* most strongly disagree that the aspects inside the dimension are conducted well enough.

When it comes to BII, the views of the company personnel did not differ as clearly as they did in the first dimension. At this point, there were statistically significant differences only between the organizational statuses as well as between the working times for the company. According to the results from the analysis, *non-technical personnel without staff* most strongly think that the brand image is not implemented as well as it should be, whereas *senior managers* have the strongest faith on the BII. Furthermore, the respondents who had worked *less than a year*

surprisingly strongly felt that the BII is not conducted as well as it should have been, whereas the respondents who had worked *one to three years* think more positive about the matter.

In the CVI the only descriptive variable that revealed differences between the respondents was the length of time worked for the Company X. According to the variable, the respondents who have worked *less than a year* for the company most strongly feel that the visual aspects of branding is conducted coherently inside the company. However, the respondents who had worked *three to five years* most strongly thought that there are still things to improve on the visual branding. Summary about the main results is presented in table 9.

Table 9. Differences on holistic brand image inside the Company X.

	CAD	BII	CVI
ORGANIZATIONAL STATUS	*	+ non-tech without staff	*
	*	— senior managers	*
BUSINESS UNIT	+ marketing (non-tech)	*	*
	— core bu (tech)	*	*
GEOGRAPHIC LOCATION	+ Latin America	*	*
	— Europe	*	*
TIME IN THE COMPANY	+ < 1 year	+ 1-3 years	+ < 1 year
	— 3-5 years	— < 1 year	— 3-5 years

+ most strongly behalf the dimension

— the least behalf the dimension

* no significant differences could be found inside the variable

5.4 Final implications and future research

The focus of this study was to research how the operations of internal branding can be harnessed to measure holistic brand image through employee brand perceptions. As an outcome from the study, a three dimensional internal brand

management scale was formed. The scale creates a foundation for internal branding research by emphasizing the company personnel's important role in holistic brand building. Founding on the theoretical framework of Simoes et. Al (2005), an empirical survey was conducted to test and apply the scale in real life situation. The survey was conducted among personnel of a worldwide company, operating in the information technology industry. Next, the main implications from the study were as follows:

- The scale for internal brand management can be used for measuring holistic brand image on interdisciplinary perspective, bringing together aspect from marketing, organizational, communicational as well as visual design sciences.
- The scale is usable for brand image measurement, as long as the characteristics of specific company are emphasized in a right way.
- The scale pinpoints three dimensions in relation to internal brand management:
  1. **Clarity of agreement** – measures how the company personnel see the company mission and goals, brand values as well as the relationship between the brand and company strategy.
  2. **Brand image implementation** – measures how the personnel see the brand image of the company; creating foundation for "clarity of agreement"-dimension.
  3. **Consistent visual image** – measures how the visual aspects of brand are conducted inside the company; what is communicated about the brand image.
- Generally, no major gaps could be found for holistic brand image between the different groups inside the company. However, following implications can still be made:
  1. The level of agreement upon the holistic brand mindset is higher among non-technical personnel than among technical personnel.
  2. The people who have "worked less than a year" for Company X are the most strongly committed to brand implementation.
  3. Senior managers have the strongest believe in holistic brand image.

As it often occurs with theoretical surveys, the research process easily starts with only a few questions and ends up with a great amount of new ones in the end. On this point of view, this research is not an exception. In this research, the main focus of brand communication and distribution was visual methods. However, in future research, the impact of other methods, like culture embedding mechanisms such as storytelling or events for brand implementation, should be integrated in the internal brand management-scale.

It should be noted that this study has examined only internal aspects of branding. However, although the internal viewpoint of brand is important and strongly stressed in this thesis, it must be taken into account that the risk of internal branding is that the company focuses too much on it. This risk implies that the brand is defined and enacted based only on the perceptions of organizational members, ignoring the needs, interpretations, or, for instance, feedback from external stakeholders. This kind of implication has also been presented, for example, by Schultz et al. (2005).

Furthermore, a limitation for the empirical survey was that it constitutes only of quantitative data. In future research, the dimensions of internal brand management-scale should be defined, for example, according to discussions with the company personnel. At the same time, by reassessing the scale, it would be possible to get knowledge how the brand dimensions have formed in the course of time. It would be an effective way to assess the brand image just recently launched in Company X.

This thesis has concentrated only on creating an evaluating method for brand image, but in the future research also more precise knowledge about branding process itself should be provided, especially to find for example the factors, which has the strongest impact on brand image implementation inside a company. Furthermore, as the research is conducted in IT-branch and in high-tech environment, it would be useful to compare the findings in a totally different environment, in order to find industry specific characteristic.

On a research practices point of view, it should be noticed that although the questionnaire was proof read and discussed through with company contact

person, it is not confirmed by conducting actual pilot study, which would have had impact on research outcome, providing wider knowledge on internal brand management. The lack of actual pilot study was due to schedule and will from the case company's side. This should be taken into account in the future research, as the scale is reviewed.

When it comes to actual results, it would be interesting to review more precisely for example how the differences between the variables have occurred and if these differences be used in future brand building. As an example, as the senior management has the strongest believe in holistic brand image, that should be strongly emphasized and exploited in brand message delivery inside the whole organization. Furthermore, it would be useful to reveal the fact what makes the different on brand perception between management and other employees. In addition to this, as the non-technical personnel clearly has better internalized the brand image comparing to technical personnel, would it be important to assure that technical personnel have also the right kind of mindset on the company brand and things related to it. This is going to be the number one challenge for the whole company. However, it is good to notice that the employees worked less than a year for the company has the strongest commitment to brand implementation. This reveals the fact that brand building has good state after recruiting process.

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APPENDIX 1

INTERNAL QUESTIONNAIRE for COMPANY X

Created by Veli-Matti Heimonen, University of Vaasa (2005).

The development of brands is getting increasingly vital in achieving competitive advantage in the global business markets. A strong brand can create totally unique identity for a company, which differentiates it from the competitors. This identity is based on every single part of the organization, including company personnel.

I am making my master's thesis at the University of Vaasa about internal branding in the business-to-business environment in cooperation with Company X's brand management. The purpose of the survey is to examine the identity of the Company X's brand among its personnel worldwide.

I hope that you would take a moment to express your opinion of the arguments in the accompanying questionnaire. It should take approximately 10 minutes.

The questionnaire is confidential and anonymous. The purpose of the survey is to reveal personal views of the Company X personnel, so please be as honest as you can. If you have questions concerning this study, please do not hesitate to send an e-mail to my address *veli-matti.heimonen@uwasa.fi*.

I thank you in advantage, for your valuable answers.

Let's make every question count!

Please express your personal view on the following statements by giving them 1-4 points according to:

1 = strongly agree	2 = somewhat agree	3 = somewhat disagree	4 = strongly disagree

In Company X...

Mission and Values Dissemination - 'Company Behavior'
1. There is a total agreement on our mission across my unit/work area.
2. All employees are committed to developing the Corporate X brand.
3. We do not have a well-defined mission.
4. Corporate X values and mission are regularly communicated to employees.
5. The core value* propositions represent our way of doing business.
6. There is a clear concept of who we are and where we are going.
7. Consumer (end-user) should not have an impact on how we carry out our daily routines.
8. There is a clear connection between the Corporate X brand and the strategy of Company X.
9. My unit/work area carries out the one-to-one commitment in our daily business.
10. Our core value* propositions are aligned with my personal goals.
11. Company X brand is something we can 'live and breath'.

Consistent Brand Implementation - 'Creating messages'
1. Our company name is part of our image.
2. Much of our marketing is geared to projecting a specific image.
3. Communication inside the company is complex and sometimes incomprehensible.
4. Our products, messages, look & feel and behavior represent the identity of the Company X brand.
5. Senior management communicates the corporate strategy to employees.
6. The concept of end-to-end expertise is clear and understandable.
7. My unit/work area is a part of the end-to-end offering.

Visual Brand Implementation - 'Look & Feel'
1. Company X transmits a consistent visual image through facilities, advertising and communication material.
2. Company X's advertising campaigns are designed to match the overall visual elements/image of our company.
3. Our company has formal guidelines for design/visual elements.

APPENDIX 2

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6,802	34,008	34,008	6,802	34,008	34,008	5,376	26,881	26,881
2	1,660	8,301	42,309	1,660	8,301	42,309	2,607	13,034	39,915
3	1,103	5,516	47,825	1,103	5,516	47,825	1,582	7,909	47,825
4	,972	4,858	52,683						
5	,926	4,629	57,312						
6	,868	4,342	61,654						
7	,767	3,834	65,488						

Extraction Method: Principal Component Analysis.

Communalities

	Initial	Extraction
Q1.1	1,000	,527
Q1.2	1,000	,433
Q1.3	1,000	,310
Q1.4	1,000	,346
Q1.5	1,000	,462
Q1.6	1,000	,548
Q1.8	1,000	,489
Q1.9	1,000	,484
Q1.10	1,000	,513
Q1.11	1,000	,458
Q2.1	1,000	,571
Q2.2	1,000	,440
Q2.3	1,000	,538
Q2.4	1,000	,422
Q2.5	1,000	,313
Q2.6	1,000	,431
Q2.7	1,000	,260
Q3.1	1,000	,748
Q3.2	1,000	,775
Q3.3	1,000	,498

Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

	Component		
	1	2	3
Q1.1	,720		
Q1.6	,715	,190	
Q1.10	,691		,172
Q1.9	,665		,198
Q1.5	,654	,161	
Q1.11	,615	,180	,219
Q1.2	,608	,179	,179
Q1.8	,595	,366	
Q2.6	,581	,298	
Q1.4	,529	,178	,185
Q2.5	,502	,200	,144
Q1.3	-,497		,233
Q2.7	,433	,180	,202
Q2.4	,402	,338	,382
Q3.2	,178	,856	,106
Q3.1	,180	,845	
Q3.3	,171	,616	,299
Q2.1	,254	,229	,674
Q2.3	-,460	-,200	,535
Q2.2	,252	,317	,525

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

[a.] Rotation converged in 8 iterations.