Strategic Perspective of Internal Branding: A Critical Review

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Abstract
Organizations strive to discover the ‘holy grail’ of their competitive advantage. Brand management is treated as a critical success factor to generate competitive advantage. Because brands are valued by customers the brand building efforts are looking for new ways to deepen the brand-customer relationship. The value creation process of the firm’s product or service needs to have unique and inimitable strategies to retain customers. This study pertains to the strategic significance of the internal branding which is rarely addressed in the literature of brand management. Considering the determinants and effects of internal branding in the success of an organization several illustrations are also added in this review. The internal stakeholders who are the face of the brand need to espouse the brand values in order to align external branding with internal branding in order to successfully deliver the brand promise. The study can help future research through which organizations can attain success through internal branding.

Keywords: brand management, internal branding, communication, customer orientation

1. INTRODUCTION
The emerging corporate world faces challenges from the changing market dynamics as a result of competition and changing customer preferences. Effective strategies that can build and sustain an organization in such a scenario need great research significance. It is tough to create and retain customers with easy to copy strategies. This necessitated a major shift in the marketing philosophy of a company’s brand building efforts to customer-orientation for sustainable competitive advantage (Donavan et al., 2004). The strategic significance of branding has been explored by the marketing theorists and practitioners over the past decade (Balmer, 1995; Hatch & Schultz, 1997; Keller, 1999). Though several studies have emphasized the significance of the tangible attributes in customer-orientation, research on tapping the intangible attributes for establishing a competitive edge is still in its nascent stage (de Chernatony, 2001). Many studies have emphasized the significance of the tangible attributes of customer-orientation. Having recognized that tangible attributes alone and its derivatives were eventually of lesser help to provide a competitive edge for the firm, the insight behind intangible and inimitable strategies to win the business has been gaining attention. A balanced attention to both tangible and intangible attributes of an offering makes a successful brand. The paradigm shift of marketing from its traditional good-centered perspective to service-centered perspective highlights the interactive and interconnecting customer engagements as a major customer retention method. The need to share a common meaning on the firm’s value proposition implies that all the employees being service–providers, service ought to be the core of value creation (Vargo & Lusch, 2004). However the patterns of customer engagements in the value creation process has raised the awareness of the crucial role that employees who are the face of the firm has itself become an inimitable competitive strategy. Whether the organization’s offering is a product or a service, the manifestation of this effort has enabled to understand the importance of exceptional customer service. The paradigm shift in the marketing philosophy towards the new dominant logic of marketing entails the service provision for sustainable competitive advantage as well as the basis for economic exchange (de Chernatony, 2001; Vargo & Lusch, 2004). The creation of a successful brand depends to a great extent on the delivery of customer expectations which is realised by the employee’s ability to deliver the perceived quality of the brand promise. Therefore the new set of challenges starting with strategic planning is to capitalize the set of intangible assets called the human capital which are not easily replicable. At the core of this research is the acknowledgement of the crucial role of employees’ involvement in building competitive advantage by means of employee customer relationship management.

2. REVIEW OF LITERATURE
The first part of literature review intends to create a foundation for the study by imploring the conceptual meaning of brand and its strategic significance. The second part of the review explains how significant internal branding is for the overall success of a firm. An illustration of several cases of companies which practice internal branding is added in the third part of the review section in order to substantiate the role of internal branding in the overall business success and how they have successfully implemented it. This review pertains to the studies that explore the factors determining the success of internal branding and its strategic significance. This study is meant to establish the theory behind internal branding, its strategic significance on various organizational
functions and its contributions to the successful brand building exercise.

2.1. Brand

Before half a century, the primary focus of the marketing activities in an organization was on the physical manifestations of the brands with differentiating elements such as color, shape, etc. In its traditional definition a brand is understood as a name, symbol, design or any other feature designed to distinguish the goods or service of one producer from that of another (American Management Association, 1995). David Aaker’s studies (1991, 1996, and 1999) explains brand as a primary source of competitive advantage and future earnings. Keller (1999, 2008) focuses his works on the strategic brand management with the customer based brand equity. Kapferer (2004) highlights the development and maintenance of competitive brand identity. The traditional ontological approach of brand being a tool to implement marketing kept changing to the subjective psychological constructs on thoughts, emotions and perceptions of customers towards the brand (Berthon et al., 2008). The evolution of brand from a tool of identity changed its perspective progressing it to a strategic instrument. With increased competition and influx of new technology, a shift of power to the consumers has resulted in the shift of relationship between the company and the consumer. The fundamental perspectives of branding have shifted from the expression of the feeling articulated by the creator to the interpretation of the meaning based on individual customer experience. Brand is no more a tool for differentiation rather an utmost strategically significant concept of an organization in framing the vision, mission and core values and for delivering the tangible and intangible attributes of an organization’s promise. Thus the position of brand has moved to be a cause for interaction of the firm with its customers where the brand becomes the company. The possibilities of gaining a competitive advantage with brand in the core of all organizational process has been explored by marketing theorists and practitioners over the past decade (Balmer, 1995; Keller, 1999).

2.2. Internal Branding

From its traditional goods-centered perspective, marketing is still in its early stages of transition to service-centered perspective (Vargo & Lusch, 2004). This paradigm shift requires most of the firms to pursue a strategy of value addition that integrate products with services offering a complete bundle of benefits (de Chernatony, 2001). A brand is like a mirror of the company that reflects both tangible and intangible attributes and the external and internal dimensions of these attributes that are promised to be delivered by a firm to its target customers. In the composite dimensions of these attributes, the intangibles are provided by the employees who impart concrete genuine meaning of the brand that represents the firm’s value proposition. Most of the marketing literatures are found to be focused on the external dimensions and hence less attention is paid to internal branding or employee branding. Though significant studies contributing to brand-customer relationship has dealt with external branding concepts, customer oriented strategies fostered by the internal branding is in a very nascent stage (Mahner & Torres, 2007). Having realized that the information from customers being the significant source of the firm’s strategy making, employees on the customer-interface are also given equal significance (Robert, 2010). Branding in itself is a vast concept and its literature is found to be mostly focused on the external branding (de Chernatony, 2001). A brand is a physical manifestation of a promise. It is a bundle of functional and emotional attributes that offer a unique brand experience to the consumers (de Chernatony, 2001). Unlike in many brand management efforts and investments where the focus is on building an outward brand image, an inward facing brand management emphasizes its relationship with organizational strategy (Harris, 2007). Internal brand management is considered to be a potential route to acquire sustainable competitive advantage by means of positioning a strong brand that are extremely difficult to be copied. According to Canadian Marketing Association (2008) internal branding is the set of strategic processes that align and empower employees to deliver the appropriate customer experience in a consistent manner. Unlike in many brand management efforts and investments where the focus is on building an outward brand image, an inward facing brand management emphasize on its relationship with organizational strategy. Despite the fact that the power of brands can change the market dynamics and even influence the business models of the entire industry there is a lack of an integrated focus on brand (Harris, 2007). The proposed positive impact of internal brand management is based on the view that the contribution of employees in “living the brand” lies at the heart of the brand (Ind, 2001; Ind & Watt, 2005). Irrespective of this realization, most of the time in marketing functions is spent on exploring and experimenting with tag lines and logos. Such aspects are of significance before the launch of a new product or company or in restructuring an old company, but a forgotten phase in this planning stage is to inform and involve the staff on the new initiatives and convey the brand message (Bergstrom et al., 2002). However, it is argued that marketing has to start from the inside out (de Chernatony, 2001; King& Grace, 2007 and Miles & Mangold, 2004, 2007). In order to improve business success, the study of Henkel et al., (2007) identified the employees’ consistent behavior to live up to the business promise that is communicated through mass media campaign. Therefore internal and external communication has to be aligned with the brand values. This means that the
employee behavior in delivering the business promise needs to be congruent to the mass media campaign. Their study explains about casting employees in the advertising campaigns can build credibility and also enable to guide them on how to perform in a consistent behavior.

In order to translate the business promise into realizable behavior breaking down of complex abstract contents into simple and interesting brand stories can enable a better reflection of brand message for augmenting the brand consistent employee behavior. Hence it is essential to ensure an integrated dissemination of brand values, co-operation of higher order between Human Resource Management and Marketing Management. Apart from the criteria of skills and aptitudes that are looked for during the selection process, harmonizing the common values and corporate branding both internally and externally, needs to take precedence (Aurand et al., 2005).

In the brand performance of a service organization, the role of employees at all the levels has higher implications. The success of a service brand is closely associated with the behavior of the employees since they represent the brand in the interaction with the customer. The brand-oriented behavior of employees which is the outcome of brand knowledge is essential to create a more consistent and unique brand communication in the service industry (Henkel et al., 2007, Schultz, 2005). This goes beyond being nice and helpful to the customers in the service encounters. In the context of services, since the customers often make no distinction between the person delivering the service and the organization an inadequate staff performance often results in gaps between customer expectations and the brand promise. To enable employees to deliver the promised customer expectations they need to have deeper knowledge about the brand values, trust it and act upon it in consistency with the values (Punjaisri, et al., 2009; Punjaisri & Wilson, 2011). However the first step is to inform and make employees understand the brand values and the next step is to make them act in accordance with them (Burmann & Zeplin, 2005).

2.3. Communication
A brand incorporates what the organization stands for. This need to be communicated to the relevant audience and positioned to befit their expectations (Simoes & Dibb, 2001). This explains the significance of communication about brand to all stakeholders. Since communication helps to engage customers it is equally essential to employees who deliver the brand promise. While the engaged customers add to the brand equity an engaged employee tries to build brand loyalty and commitment ultimately building the customers life time value leading to brand equity. When the company communicates to customers through advertising or other communication channels, customer expectations are created and the brand is said to make a promise towards customers (Punjaisri et al., 2009). The impact of the message system rooted on the organization’s value contributes to employee brand and customer experience (Mitchell, 2002). Once the brand values have been communicated to and understood by the employees, they need to be committed to the brand in order to display on-brand behavior and deliver the brand promise (de Chernatony, 2001, Burmann et al., 2009 and Burmann & Zeplin, 2005). As noted in The New York Times (25 July 2001): “Companies have become painfully aware that sending the right message to their employees is just as important as making a good impression with customers, vendors and investors.”

Brand promises are then to be delivered by the employees to the customers in the moment-of-truth interactions. Often brands fail to deliver what they promise when it is not aligned with the external communication received by customers. Because of this lack of internal focus an inconsistent impression of the brand can be created in the customer. In a service context, these brand promises are then to be delivered by the employees. The true meaning of vision and value statements is epitomized to customers only when the employees transcend it in alignment with the firm’s strategies on customer orientation. This approach is possible to be experienced by customers through the internalized expressions of the brands’ employees. Procter & Gamble CEO Richard Deupree expressed this idea eloquently: “If you leave us our money, our buildings and our brands, but take away our people, our company will fail. But if you take away our money, our buildings and our brands, but leave us all our people, we can rebuild the whole thing in a decade.”

Internal branding encourages speaking with one voice (Mahnert & Torres, 2007). They identified three core principles of internal branding constructs (i) committed employees reflect and deliver desired brand values (ii) effective communication results in brand promise realized internally and externally (iii) internal branding needs to permeate to all level of organization to align the behavior and attitude of management and staff. Organizational activities that ensure intellectual and emotional commitment to the brand are one of the earlier definitions of internal branding, but creating powerful brands and competitive advantage through people in the organization is also recognized as internal branding (Punjaisri & Wilson, 2007). Employee based brand equity (EBBE) model designed by Miles and Mangold (2004) signifies the sources of message delivery, enabling the employees’ psyche to make sense of those received messages that leads to build the employees brand image. Hence clarity of communication system that articulates the desired brand image, brand values and appropriate employee motivation are the key suggestions of Miles and Mangold model (2007) for achieving the desired business behavior. In order to realize customer expectations, an implicit and explicit knowledge of the
organization’s brand can align the offering with the customer expectation through appropriate service encounter behavior of employees. By adopting internal brand management practices, customers brand expectations can be aligned with employee performance, internal systems and organizational culture (King & Grace, 2009). While comparing Keller’s CBBE model (1996) with their EBBE organizational model, they conceptualize the manifestation of employee brand knowledge in role clarity and commitment that gets reflected on the appropriate delivery of the brand promise. A higher level of commitment that is beyond the call of duty can be derived from the positive perception of employee’s relationship with the organization. This can send a ripple effect on employees who offer customer experience that enable their long term relationship building with the firm.

2.4. Successful Companies Who Practice Internal Branding:
1. NIKE: Through corporate story telling workshops Nike has given all its employees from vice presidents to sales reps and contract workers an understanding on its heritage that is an intrinsic part of its corporate culture. Several senior executives spend much of their time serving as "corporate storytellers". By listening to stories of Nike's commitment to helping athletes the new employees get a true picture of how the company withstood its bad times through sheer team effort which Bowerman has taught his athletes. This makes them committed to keep the brand promise of Nike. This is a two hours session which is envisioned to go till a week in the years to come under the training of ‘Nike University’. By connecting people to that, they will not view Nike as just another place to work", as told by a story telling manager. Nike’s ‘Just Tell It’ Campaign deems the best way to create a prosperous future to make sure all of its employees understand the company's past. That's why many veteran executives at Nike spend time telling corporate campfire stories. When Nike's leaders tell the story of how the co-founder and CEO Phil Knight’s coach Bill Bowerman after deciding that his team needed better running shoes, went out to his workshop and poured rubber into the family waffle iron, they're not just talking about how Nike's famous "waffle sole" was born. In the late 1970s when this innovative program started, it was an hour-long lesson given to new employees wherein they hear such tales.

2. The vans and uniforms of UPS, which are deliberately styled after the military to express discipline and punctuality is another example of employees on the consumer touch point enlivening the brand’s value. Southwest Airlines follows a rigorous assessment of a candidate's personalities during interviews, from pilots to mechanics, on a scale of one to five on seven traits corresponding to the brand’s core values (Mitchell, 2001).

3. HCL Technologies organizational transformation details the imperative role of employees in building and sustaining a company’s success. In his book ‘Employees First Customers Second EFCS) the CEO, Vineet Nayar describes it as a constantly evolving ‘thinking journey with new ideas and initiatives taking shape along the way. He elaborates how HCL embodied the true meaning of this with absolute and complete employee participation. But the missing link in the discussion is that it explains the employees’ role in turning which is an eye-opener to the identity crisis of employee branding.

4. SAAB MOTORS in early 1990s while in search of an effective turnaround strategy did an assessment of the brand’s strength and weaknesses to find that the brand was not well understood inside the organization (nor outside too). The Brand Consultancy group, TBC who suggested repositioning the brand essence under ‘unconventional’ adopted dynamic unconventional training methods like a videotape called ‘Pillars of the Brand’ and the SAAB Way Training which was encouraging voluntary participation of every employee from the one who answers the telephone to the one involved in designing and distributing it(Bergstrom et al., 2002).

5. VOLKSWAGEN
The success of the Volkswagen Group (UK) Retailer channel is being monitored closely by Volkswagen Germany using Connect vision internally for some time to manage and distribute content for its ‘News Forum’ service to over 400 employees working in Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Seat and Skoda at its Blakelands headquarters in Milton Keynes. The ease with which the internal communications team within each business is able to draw on a wide variety of imagery and multimedia formats means that Retailers are able to customize part of the screen for news announcements and special offers. The branded Service Screen content being managed from Volkswagen head office in Milton Keynes, its layout is split into three areas to show car video images, Volkswagen news and special promotional offers as text at the bottom of the screen. Using Connect vision software to add, schedule and distribute content to all screens in the network and to reduce IT security and network capacity issues at each Retailer, the LCD screens are supplied with a dedicated PC providing the initial on screen content which is updated on-line by Volkswagen’s marketing team. By customizing the on screen content with the sales area that is managed from Volkswagen head office, the screen displaying a multi-screen branded layout of the latest vehicle images and videos together with news about Volkswagen events was enabling employees.
6. The idea behind VOLVO’S HYBRID CAR called Cross Country has been developed out of the creative tension in its contradicting core values safety and excitement itself. To express the true meaning of these values in their brand pyramid, the new design was driven out of customer–focused needs identified by the employees. It was meant to expand Volvo’s appeal more emotionally engaging rather than functionally. To identify the key success factors the law internally was to gain inspiration from the concept development team who focus on customer perceptions and lifestyles.

7. In the practitioners’ arena a few companies who implement internal branding like Mayo Clinic, Millers Breweries etc extrapolate the strategic significance of internal branding which has been less studied by theorists. In his book Living the Brand, Nicholas Ind implies the internal branding techniques of Quicksilver and Patagonia. The intuitive and courageous innovation of the sportswear brand Quicksilver is the result of the close connection of its long tenure employees with the sports they serve. This implies the freedom of co-creativity through listening, sharing knowledge and experimentation

8. The Indian automobile giant, Maruti Suzuki India Ltd (MSIL) withstands the growing competition using their service orientation that focuses on customer oriented strategies. As mentioned by a Team Leader Mr. Ratheesh in one of its Bangalore show rooms “if there is one point of difference we keep consistently from our competitors is our motto ‘Service Anywhere, Anytime’. Otherwise what we provide in our product is more or less on par with the competitors in the market”. But what is still left unidentified in this success is the role of committed employees who are the true missionary of this slogan. Much of their competitive advantage lies with certain internal branding practices which are dormant in the branding strategies of the company. That can be a stronger point to distinguish themselves among the global competitors in the market. There can be further researches to explore and substantiate how internal branding initiatives can help them in framing highly futuristic strategies. Such efforts can bring in tremendous success that can be exemplar of internal branding fostering a company’s success.

3. NEED FOR THE STUDY
The importance of building a brand-centric organization where employees are ambassadors for the brand is often advocated, but there has been little empirical evidence of how managers should set about achieving this. To build a brand-centric organization where employees are living the brand, managers should incorporate an integrated strategic approach to facilitate the alignment of the brand promise with the brand delivery by aligning external brand with the internal brand. Since successful brands are built over a set of long term goals, it becomes essential to earn for the involvement of employees. Often it is found that there exists a gap between strategy formulation and strategy implementation termed as strategic intend as the ivory tower of top management fails to connect with the face of the organization termed as employees. In the European Marketing Association Conference (EMAC) 2008, the necessity of theorizing the integrated brand function as an entity and a process has been highlighted. Such a pluralistic approach can help to avoid the trap of the blind man and the elephant (Brodie and de Chernatony, 2009). The major problem in marketing lies in its seller-centric preoccupations without focusing on the value that can be created in the life of the buyer (Mitchell, 2003). Before the brand’s promise is sold to its customers, companies need to sell it to their employees on what need to be done for effectively transmitting the brand values with customer orientation and why it should be done. Hence the employee engagements in designing the internal branding strategies become inevitable.

   Due to its overlapping existence, a lack of common philosophy for Internal Branding within and between disciplines of Marketing and HRM seems to hinder its acknowledgement. Aurand et al., (2005) examines the successful promotion of the internal branding doctrine may be as dependent on HR initiatives as on those developed in the marketing department. In spite of well-documented internal branding initiatives, there appears to be room for improvement among HR departments in terms of successfully delivering the corporate branding message. Since HR professionals who are in charge of internal communications typically lacks the marketing skills, many of the principles of consumer advertising to internal communications that enable employees to “live” the vision of the brand also lack in planning, creating and implementing effective internal branding practices. Henkel et al. (2007) argue that managers should enable employees to find their own individual ways of articulating a brand to customers by explaining and discussing targets of behavioral branding.

4. RESEARCH QUESTIONS
The major purpose of this study is to explore how internal branding provides strategic guidance for the competitive advantage. Whether the best internal branding practices create involvement throughout the organization that can inspire extra-ordinary commitment from its employees and thereby long-term loyalty from its customers is also in the purview of this study. This study also attempts to implore the negligence pertaining to internal branding due to its cross functional existence in marketing and human resource domains.
5. OBJECTIVES
The objectives of this study are:
1. To analyze the frontier activities of an organization to bring in the strategic significance of internal branding concept
2. To elicit the cause-effect dimensions of internal branding from the strategic perspective in the areas of marketing and human resource
3. To illustrate the stories of companies who gives the credit of their success to internal branding practices

6. METHODOLOGY
Through an exhaustive review of the previous studies on brand management and internal branding, the fissures and chasms in the internal branding concept and its strategic significance has been verified. Based on the insights from several research works on internal branding, this study has adopted a rigorous theory building on internal branding (Burman, et al., 2009; King & Grace, 2005; Papasolomou & Vrontis, 2006).

7. DISCUSSIONS
The study can help in unfolding an integrated manner in which managers should implement internal branding practices while driving an intervention to enable employees to live the brand. The role of internal communication in aligning the external brand with internal brand can signify the strategic significance of internal branding. The major contributions of the study can be looked upon to offer relevant inimitable practices that can enable in outperforming its competitors by offering customer experience through internal branding measures. Unlike in the past decade where branding had a sole function of marketing, the concept of brand is today incorporated into overall company strategy. It can help in maximizing the return on investment in a brand promise; some of that investment must go into creating an internal manifestation of the brand promise. In its attempt, this study can also shed light on the integrating elements existing in the organization that aligns internal branding with external branding. The theoretical insights of the study will provide how employees play a key role in building a successful organization brand. Internal branding is proposed to be an effective tool for the successful implementation of customer orientation. To deliver the appropriate customer experience there needs to be strategies that align the internal and external factors that help the organizational activities to be focused on the delivery of the brand promise. The discussions may also enable in transforming the organization to frame customer value creation strategies where external and internal stakeholders are in alignment.

Moreover how to achieve such competitive advantage is studied across these reviews with respect to internal communication that is guided by managers who has to lead by examples (Punjaisri, et al., 2009; Punjaisri & Wilson, 2011. As buyers of products consume bundles of both functional and emotional benefits, developing marketing capabilities for a firm’s transition from brand or product orientation to consumer orientation is a significant research topic enlisted by marketing science institute (msi.org).

8. SCOPE FOR FURTHER RESEARCH
The scope of further research lies in the empirical studies pertaining to the effect of communication in internal branding per se and by and large in the organization’s sustainable competitive advantage. Though balanced score card, employee surveys and 360 degree feedbacks are the prevailing measuring tools none of these are specific to measure the effectiveness of internal branding initiatives. Unless a specific measuring tool is adopted, the unsung heroism of internal branding may persist to exist. Further studies can also explore how internal branding can be a reliable and cost effective substitute for expensive media advertisements that can help the firms during recession and have better impact on customers without adding to the existing advertising clutter in their memory. This study can be a wake up call to many Indian companies who have limited awareness on the immense potential of internal branding on brand building and sustaining its competitive advantage.

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