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Building brand identity: Does it pay? An investigation into cultural and recreational services

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Abstract
This conceptual paper aims to contribute to current services branding literature by conceptualising the relationship between brand identity and critical antecedents and empirically verifying whether the creation of a strong brand identity results in the ultimate pay off in terms of improved organisational performance. A conceptual model is developed in the context of the cultural and recreational services sector and central constructs and subsequent propositions are discussed.

Introduction
The cultural and recreational sector, comprising museums, galleries, parks and gardens, concert and theatre venues, as well as sports and physical recreation venues has become increasingly competitive in Australia. Although the sector is increasingly patronised (45% increase in patronage over 5 years) (Australian Bureau of Statistics, 2008), an influx of competitors has meant that branding has become a strategic imperative. The trend towards a time-poor population (Esch, Langner, Schmitt and Geus, 2006) makes creating a strong, meaningful and unique brand even more important in this sector, as organisations vie for a share of their customers’ leisure time. However, there are few successful services brands. In 2007, only 20% of the Interbrand top 100 global brands were services, none of these representing cultural and recreational services (Interbrand, 2007). In light of this and the limited extant research into services branding, the aim of this study is to empirically explore the relationship between brand identity and organisational performance. In recognition of the fact that this relationship does not operate in a vacuum, critical antecedents of brand identity are also examined and a conceptual framework proposed (see Figure 1).

Brand Identity
The central construct in our conceptual model is brand identity. Seemingly straightforward, the concept of “brand” is quite complex and has been debated in academia for many years. Whilst deconstructionist views of the construct focus on visual representations (Aaker, 1996; Kotler and Armstrong, 1996), the more widely accepted conceptualisations stress intangible components such as identity, personality, values and relationships (Kapferer, 2004; Aaker, 1996; de Chernatony, 1999; de Chernatony, Drury and Segal-Horn, 2004). Viewing the brand in holistic terms, Kapferer’s (2004, p. 13) definition synthesises the multitude of views: “…a
brand is…..the product’s essence, its meaning and its direction.”. Kapferer’s contribution stresses the brand as being a sum of its parts, with the central concept being brand identity. Furthering this notion of brand identity, Aaker (1996) defines brand identity as “...a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organisation members...” (p.68). Moreover, Aaker conceptualises brand identity as consisting of a core and extended identity (Aaker, 1996). The former is driven by the fundamental values and the elements that make the brand both unique and valuable (Aaker, 1996), with the latter providing additional details of what the brand stands for, such as it’s personality. This definition, which forms the basis of the conceptualisation of brand identity in this study, clearly positions brand identity internally in terms of the core values and associations that the organisation wants the brand to hold. A strong brand identity, therefore, is indicated by the resonance and clarity of the brand identity throughout the organisation. For services organisations, and particularly those in the increasingly competitive cultural and recreational sector, a strong brand identity based around unique and emotional elements and values will serve to differentiate the brand in the marketplace.

**Antecedents to Brand Identity**

A number of factors have been proposed by researchers to affect the ability of an organisation to forge a strong brand identity. This study will concentrate on five critical determinants, beginning with organisational structure. Organisational structure can be defined as the characteristics of organisational subunits and the relationships amongst them (Miles, Snow, Meyer and Colesman, 1978). In one of the first empirical investigations of organisational structure, Pugh, Hickson, Hinings and Turner (1968) conceptualised organisational structure as having five dimensions: specialisation, standardisation, formalisation, centralisation and configuration. Using these dimensions as a framework, Researchers argue that the structure of an organisation needs to evolve in response to the dynamics of the external environment, with flatter structures suggested as more adaptable to a dynamic marketplace (Morton, 1995; Hankinson, 1999). McWilliam and Dumas (1997) and Veloutsou and Panigyrakis (2001) take this further, suggesting that for a brand to appear as a coherent whole, and thus exhibit a strong brand identity, cross-functional teamwork, typical of flatter organisational structures, is the key. de Chernatony (2001), in suggesting a process for building and sustaining brands, also focuses on the importance of a multidisciplinary management team. Although many studies have been grounded in the context of product branding (Veloutsou and Panigyrakis, 2001), considering the intangibility and inseparability of services, it can be argued that it is even more important for a service organisation’s structure to facilitate communication of the brand identity throughout the organisation (Harris and de Chernatony, 2001). This would increase the chances of a customer experience that is consistent and in line with the core values of the brand. Therefore, we suggest that: Proposition 1: Organisational structure will have a positive relationship with brand identity

The second antecedent to brand identity is organisational culture. Organisational culture has been defined as “the pattern of shared values and beliefs that help individuals understand organisational functioning and this provide them with the norms for behaviour in the organisation” (Deshpande and Webster, 1989, p.4). Organisational culture has been researched in relation to its link with many variables such as organisational performance, customer orientation and innovativeness (Deshpande, Farley and Webster, 1993, Ahmed, 1998; Rashid, Sambasivan and Johari, 2003). Despite qualitative studies recognising synergy between organisational culture and the brand as a determinant of a successful services brand (de Chernatony and Cottam, 2005), little research has examined the link between corporate
culture and brand identity. In his model of brand management, de Chernatony (2001) places the artefacts and values of an organisation’s culture at the centre of brand identity, implying that they are integral to creating and supporting brand identity.

Deshpande et al. (1993) conceptualise organisational culture as having two key dimensions. The first dimension is a continuum ranging from organic to mechanistic, the former focussing on flexibility and spontaneity and the latter emphasising control, stability and order. The second dimension is a continuum ranging from internal maintenance to external positioning. A firm can choose to focus on activities and integration (internal maintenance) or competition and differentiation (external positioning). Based on this two dimensional framework, organisations can be classified as one of four cultures, with adhocracy and market cultures being more externally and market focussed, whilst hierarchical and clan cultures are more internally focussed. Considering the increased competitiveness in the cultural and recreational sector for a share of customers’ leisure time, it is reasonable to assume that more externally market focussed cultures (market and adhocracy) would be more conducive to the development of stronger brand identity. Hence, we advance the following proposition:

Proposition 2: Organisational culture will have a positive relationship with brand identity

Market orientation is the third factor examined as an antecedent to brand identity. Shapiro (1988) and Deshpande and Webster (1989) suggest that for a firm to be market oriented, it must place the customer at the centre of the firm’s strategic thinking and operations. Narver and Slater (1990) suggest that the term market orientation should be used exclusively to imply a more proactive, longer term focus. Kapferer’s (2004) brand identity prism identifies an element of brand identity as being the relationship with customers. This suggests that brand identity, in reflecting internal brand core values and meaning, naturally creates a relationship based on these aspects with its’ target market. Thus, market orientation is an appropriate construct to investigate in a services context, as all services are essentially a relationship, with the customer at the centre of the interaction. Whilst a number of conceptualisations of market orientation have been forwarded, key conceptualisations centre around a premise of information dissemination (Kohli, Jaworski and Kumar, 1993) or a permeating culture creating the necessary behaviors for superior customer value creation (Narver and Slater, 1990). Considering the conceptualisation of brand identity in this study as the core values and attributes associated with the brand, the former conceptualisation of market orientation is more appropriate. Since these seminal conceptualisations (Kohli and Jaworski, 1990; Narver and Slater, 1990), market orientation has been researched in relation to organisational capabilities such as innovation and organisational learning (Hurley and Hult, 1998) as well as organisational performance (Harris, 2001; Matear, Gray and Garrett, 2004). Noticeably absent is the investigation of market orientation and branding, with the exception of Cravens and Guilding (2000) who looked at brand valuation.

It can be argued that a positive relationship exists between market orientation and brand identity. For instance, market orientation focuses the organisation on collecting information about customer needs and competitor capabilities, thus encouraging it to be responsive to change. This would ensure that a cultural and recreational service operator is continually aware of their customers’ needs and how well these are being met by competitors. This would enable the organisation to strengthen the essence of its’ brand identity by identifying the functional and emotional advantages that the brand needs to have over competitors (de Chernatony, 2001). This would also create a stronger brand by encouraging its identity to be responsive to changes in the dynamic marketplace (de Chernatony and Cottam, 2005). Therefore, it is proposed that: Proposition 3: Market orientation will have a positive relationship with brand identity.
Innovation orientation is the next construct examined in our model. Innovation orientation refers to the distinct organisational values and behaviours which reflect a willingness to innovate and adopt new forms of innovation (Song and Xie, 2000). Hurley and Hult (1998) suggest that organisational innovation refers to the capacity of the firm to innovate. In contrast to these single dimension perspectives, Manu and Sriram (1996) conceptualise organisational innovation as three dimensional consisting of new product introductions, research and development expenditures and order of market entry. The majority of studies in relation to innovation have proposed an underlying theme of an innovation orientation leading to superior performance, the majority being based in a product context. Matear et al. (2004) examined innovation in a service context also linking it to superior performance. Despite a lack of academic research linking innovation orientation to brand identity, such a link can be argued. A focus on branding is in itself innovative within the services context, with only 20% of the world’s top brands being services (Interbrand, 2007). Therefore, it can be argued that cultural and recreational services that are more willing to innovate and embrace changes in the marketplace are more likely to focus on developing a brand identity internally. Hence, it is logical to propose that: Proposition 4: Innovation orientation will have a positive relationship with brand identity.

Human Resource (HR) orientation is considered as the fifth determinant of brand identity. Lam and White (1998) define HR orientation as a “…systematic organisational effort to attract, retain and develop competent and committed human resources…” (p.353). Where Lam and White (1998) conceptualise HR orientation in terms of three behavioural components (attraction, retention and development), Singh (2003) sees it as consisting of HR planning, evaluation, compensation, development and staffing practices. Singh’s conceptualisation is a more accurate reflection of the key strategic roles of HR within an organisation and will form the basis of the conceptualisation of HR orientation in this study. Although HR orientation has been linked to organisational performance both in a US (Lam and White, 1998) and an Indian context (Singh, 2003), few studies have examined it in relation to branding. However, Hardaker and Fill (2005) note the importance and recognition of employees as part of the corporate branding process. Bitner, Booms and Moore (1994) acknowledge that experience with a service-based brand often involves multiple interfaces where consumers interact with staff across various parts of a services organisation. Such interactions may result in disparate experiences with a brand. Consistent with this, Chun and Davies (2006) found that customers of retail outlets would judge a store from the experiences they received from the staff. O’Cass and Grace (2004) confirm this, finding that employees were the most frequently mentioned services brand dimension. This implies that employees are a fundamental component in building a services brand and communicating brand identity. Moreover, it is consistent with the view of employees as brand ambassadors (Harris and de Chernatony, 2001). This is particularly important in the leisure sector, where employees are the interface between an organisation’s internal and external environments and where their actions can have a powerful effect on customers (Balmer and Wilkinson, 1991). Therefore, it can be argued that a greater value placed on employees, the premise at the centre of the HR orientation, would encourage open communication processes and greater employee involvement in the development of brand identity. This can be expected to result in a stronger brand identity that is consistently communicated to the marketplace. Hence, we advance the following proposition: Proposition 5: HR orientation will have a positive relationship with a brand identity.
Performance

The final construct in our framework is the dependent construct of performance. The concise Oxford Dictionary (1999) defines performance as “the extent to which an investment is profitable.” (p.1060). Although Neely (1999) confirms the importance of business performance measurement as a management imperative, he also recognises the multitude of problems associated with the over-use of historical financial data as a single measure of an organisation's performance. In today’s increasingly competitive environment and with the proliferation of service based businesses, a multi-dimensional measure of performance is advocated (Neely, 1999; Venkatraman and Ramanukam, 1986). Three key dimensions are suggested: financial performance, marketing effectiveness and strategic performance (Venkatraman and Ramanukam, 1986). Financial performance relates to more objective measures of performance such as sales and profit, whilst marketing effectiveness and strategic performance are both subjective measures.

A key reason for the focus on corporate branding in more recent years has been its documented link to improved financial performance (Madden, Fehle and Fournier, 2006). Although a relationship between a strong brand identity and organisational performance has yet to be established, it makes logical sense that a strong brand identity would have performance pay-offs. Aaker (1996) asserts that strong brands are ones which make a unique and valuable proposition which is synchronised with consumer needs. This implies that a resonant brand identity speaks to the consumer and creates a relationship (Kapferer, 2004). Thus it can be argued that a consumer is more likely to purchase a brand that they feel a close bond with. In terms of financial performance, increased consumer purchasing naturally results in greater sales and, over time, potentially greater profit for the organisation. Moreover, a better relationship with the target market than competing brands may also result in marketing effectiveness in the form of increased market share as well as strategic effectiveness in terms of improved overall performance. We therefore propose the following: Proposition 6: Brand identity will have a positive relationship with organisational performance.

Conclusion and Contributions

The importance of branding as a point of differentiation and a source of positional advantage is well recognised by product oriented organisations. However cultural and recreational services also face increasing competition and their inherent intangibility, variability and perishability suggest that a strong brand would be even more important than for product-based firms. The literature on services branding, however, is scant and mostly conceptual in nature. Consequently, it lacks depth in terms of the dimensions of a services brand identity and fails to empirically identify critical antecedents. This article proposes that to compete effectively, services must invest in brand development, with brand identity at the core. Recognising that brand identity is something that needs to be developed over time, this article also highlights critical determinants of an organisation’s ability to build a strong brand identity: organisational structure, organisational culture, market, human resource and innovation orientations. However, brand development is a costly exercise. Cultural and recreational sector organisations, who are predominantly SME’s, typically have a lot of internal competition for resources that they may dedicate to brand building. They need to know that building a brand is a worthwhile investment. This study aims to empirically verify whether a strong brand identity results in improved organisational performance in the context of the cultural and recreational sector.
References


