

Internal Branding: A Strategic Perspective



Management

KEYWORDS :

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Introduction

Let's have a look on big brands and the process involved in making them Big. All of them have common stories to tell - "None of them originated as big, if their internal strength (their very own employee's) were not being taken as the part of brand building exercise". Almost every big company has accepted this fact that they (Brand) cannot survive if, the essence of their employee's contribution is not there. In last few years when companies were working hard on the concept of rebranding and re-positioning they learned that great amount of communication clutter was arising out of their IMC Process, which required special attention. The need for communication to be common across the stakeholder was felt.

A business can be successful without internal brand building, but to achieve greater heights companies need to give more attention to its internal brand building process also. Internal brand building can be a process of educating employees about what brand promise, position, message, and goals so they can believe in it and feel passionate enough about it to become most powerful vocal brand advocates, brand champions, and brand guardians. Referring to few cases like Starbucks, IBM and Walmart a growing number of companies are now viewing the marketer's job inside the building to be as important as the one outside. Data indicates that fewer than 50% of employees believe in their company's brand idea, eventually less than those are actually armed to deliver to it. The traditional model of focusing primarily on the external message and media at best leaves the team disconnected, and at worst dismissive or cynical. While companies like Home Depot, Pizza Hut and Overstock.com have used employees in commercials to add the human element to their brands whereas Kraft created an app called Foodii that it uses to gather information and data from employees before conducting formal consumer market research.

Ian Buckingham, managing director, Interbrand Inside, is on a mission to promote the concept of internal branding: "It's the employees who bring a brand to life," also, states that "Think branding as usual, and most companies and marketing men will wax eloquent about how critical it is to establish a brand in the minds of consumers and other stakeholders. What's not so often realised, is that it's just as critical to establish a company's brand to those who produce it, deliver it, and live with it — employees.

Some of the Research work and Management Practices in recent time also mentioned the importance of Internal Branding. David Heitman in his recent blog illustrated a concept of predicating the belief, that your employees are just as important an audience as your customers and prospects. Brand loyalty is equally communicable. Customers can't help but be swept up in the excitement when a company is living out the highest virtues of its brand every day. To create this positive flywheel effect within a business, internal branding must be reinforced 1) from the inside out; 2) from the top down; and 3) from the bottom up. Cathy Enz, an HNN Columnist in her article on "Six Questions to Determine competitive advantage" also stressed on Inter-

nal Branding as one of the mediating factor for building Companies Competitive Advantage.

Review of Literature

Internal Branding & Brand Values:

Companies are facing a scenario where a small miss and create a big mess for them. They are existing in a period where the market is highly competitive, requires hard work to survive and lots of struggle to carve out their competitive niche in the marketplace is challenging them. If this condition is well carved and crafted by the companies they can even manifest the provision of exceptional services, regardless to whether their core product is tangible or intangible. Vargo, S. L. and Lusch, R. F.(2004) in his research paper very specifically mentioned that "We see a shift in thinking towards the new dominant logic for marketing, one in which the service (as manifested through operand resources), as opposed to the provision of physical goods (operand resources), is the basis for economic exchange. Many times it happens that practitioners faces a dilemma of understanding internal branding as a process of Marketing or Strategic perhaps when they exercise this eventually they came to know that it is a weapon in the quest for an edge over competitors, hence become strategic intent. Internal Branding is also taken as the creation of a strong brand and the deliverance of perceived service quality can only be built by employees' ability to deliver on customer expectations. Thus, adoption of internal-oriented initiatives, directed at employees improving service quality and bringing the brand to life, is advocated by internal branding. Prof. Carlos de la Guardia in his Ph.D work mentioned "In the actual state of markets, brands have become intangible assets because they build sustainable relationships with their clients and other stakeholders.

Researchers keeps on contradict over the discipline in which it falls but one can easily concluded that, Internal branding is a multi-disciplinary practice requiring cross-functional teams for both program design and institutionalization. It is a key factor in business and brand success because it is the bridge between business strategy and implementation. But the questions arises- How company do so and who contributes to this? Quite few researches have proved that a substantial component of the bridge between business and brand is its employee's, and to understand this one need to do analyses on understanding what is important to employees, like what drives employee's engagement, rewards for them, consistency in performance or what?

Many research till now very evidently proves that internal branding needs an understanding the brand promise and brand commitment as two important issues to be addressed (Thomson et al, 1999; Kimpakorn & Tocquer, 2009).

Internal Branding is the set of strategic processes that align and empower employees to deliver the appropriate customer experience in a consistent fashion. (Punjaisri & Wilson, 2007), referred internal branding as a sources of creating powerful brands, or the attainment of competitive advantage through people in the

organization (Jacobs, 2003), later on (Thomson et al, 1999, Thomson & Hecker, 2000) looked internal branding as the activities employed by a company to ensure intellectual and emotional commitment to the brand. There is another view which refers internal branding as an activity that enables incongruent organizations to come together and 'speak with one voice' (Einwiller & Will, 2002, p.100). In 2005 CMA Surveyed Marketers about their organizational Internal Branding was described within the surveys as "Promoting the Companies Brand Values amongst Employee's.

The concept of Internal Branding evolved from the essence of understanding what companies tries to deliver to its end users. This journey of delivering brand promises comprises of values of the brand, what role your employees are playing in delivering those values and how they are delivering it, finally the culture which organization owns. The theories of brand values simplifies the understanding, that how communication by the help of internal branding shapes and guides employees behavior, and consistent efforts for this leads towards a strong culture in the organization resulting into high performance.

In developing markets, a marketer cannot survive with impression where he feels that, a sustainable competitive advantage can be attain through benefits which are Functional or perceptible in nature. Perhaps, it has been argued in the literature that the real competitive advantage in today's intensive market is realised through an increased focus on operant resources, for example, skills and knowledge (Vargo & Lusch, 2004). de Chernatony and Cottam (2006, p. 616) later supported the early research by stating that functional values lacking unique or distinctive attributes, given the ease with which they can be copied, and said "ultimately, what is delivered is less important than how it is delivered", hence a proper cluster of functional and emotional benefits, is considered to be a necessity for organizational sustainability. Emotional engagement assessments can help corporate researchers be more strategic and targeted in their efforts.

Commonly known concept about Brand is –"Brand stands for something and what it stands for must carry certain value". These values can be critically important or less significant things but above all they are the things which give the brand its worth and differentiate it from all others. Through these brand values a product or service is enhanced beyond its functional purpose. This could be the one important reason why consumer is willing to pay a superior price to procure it.

If we discuss the meaning of brand value from the perspective of internal customer, its intrinsic meaning to employees is give reasons and codes for their actions (Van Rekom, Van Riel and Wieranga, 2006; Henkel et al. 2007). A general assumption is that employees who are more engaged with the brand values are likely to show bigger commitment and be more emotionally connected to the organization (Foster, Punjaisri and Cheng, 2010; Chong, 2007). De Chernatony, Cottam and Segal-Horn (2006), found in their research that brand success is dependent on ensuring that employees correctly interprets their brand values and are committed to enacting these values in their interactions with the external environment.

Leadership

It has been proved largely that the great leaders are those who consistently communicate messages to employees about the brand identity and commitment to living the brand's promise, reflected in Paul Watzlawick's statement "One cannot not communicate" (Watzlawick et al., 2000, p. 56). Further researchers debated, that there is consent among authors that management should act as role models to create brand commitment of customer contact employees and that it is vital that the behavior and communication of managers is brand congruent, otherwise

it might have a negative impact on customer contact employees commitment to the brand (Burmam & Zeplin 2005; Vallaster & de Chernatony 2005; de Chernatony et al. 2006; de Chernatony & Cottam 2006; King & Grace 2006; Henkel et al. 2007; King 2010).

Another aspect of leadership style argued is the empowerment of employees (Burmam & Zeplin 2005; Henkel et al. 2007). Burmann & Zeplin (2005) argue that this type of transformational leadership will be more likely to increase employee commitment based on identification with the brand rather than compliance requirements.

Internal Communication & HR Polices

Effective brand communications results in the brand promise being realized both internally and externally. While studying Internal Branding, it has been observed that it is repeatedly important for organizations to communicate about the values of a brand so that it can be well understood to them-what they are serving and for what they are doing so. In order to make employees committed to the brand the information process from managers to employees have to evolve from giving information on just the technical details of the job (i.e. how to carry out the tasks) to more brand related information (King & Grace 2008; King 2010). This is when employees can become committed to the brand, help the organization to continual success and build a strong brand (King & Grace 2008). A powerful Brand should have the capacity to attract and retain talent and represent quality to its customers, with the goal of gaining global recognition in a supportable manner.

Employees Performance

Gerald Ledford, President, Ledford Consulting Network, in his article "Seven Drivers for Performance-Driven Engagement" summarized his findings by saying-"Performance increases when we help employees find ways to perform better and earn reward that they value". Further many independent research concluded that high employee engagement signifies the higher level of performance

Hewitt, Bacon and Woodrow, have defined engagement as 'the measure of an employee's emotional and intellectual commitment to their organization and its success' and believe it to be an outcome measure, as it describes how employees behave as a result of their interactions with the organization. In addition, engagement is seen as going beyond job satisfaction, referring to an employee's personal state of involvement, contribution, and ownership. One study (Harter et al., 2002) found that both employee satisfaction and engagement have a direct relationship to business outcomes.

Concept of Brand Promise, Brand Commitment and Brand Performance.

The concept of brand promise is fabricated and used to reduce to bare bones about the customer's brand perception and is proposed to customer with intention to make them appreciate how the values in the brand can enhance their experience. (Ward et al, 1999) To be able to develop a strong brand it is important to convince the customers a promise of value and then ensuring that the promise is kept. A promise builds up an expectation of some kind in any context and that is also the case in the business industry. Therefore, it is important to meet customers' expectations which are founded in the brand promise (Chong, 2007).

'Employees with strong affective commitment remain because they want to, those with strong continuance commitment because they need to, and those with strong normative commitment because they feel they ought to do so' (Allen & Meyer, 1990, page 3). Many other definitions emphasize the psychological nature of commitment. Emphasizing on the internalization

of values, O'Reilly & Chatman (1986, p.493) define commitment as 'The psychological attachment felt by the person for the organization; it will reflect the degree to which the individual internalizes or adopts characteristics or perspectives of the organization'.

The performance of brand encourages how successful a brand is in the market and ready to evaluate the strategic successes of a brand. Literature related to Brand says that there is no universal and comprehensive criteria for evaluating brand performance but the theory given by Vilsov and Ponjaisri, for brand commitment states that, the brand identity and brand loyalty can be taken as the two dimensions of brand performance, later added by Ahmed and his colleagues saying, brand performance also has one dimensions of job satisfaction among the employees.

Significance of the research

This research tries to address two issues which very commonly talk about the difference which brand can create for competitive advantage.

The brands that often take care of issues like what is been delivered to customer (Functional Value), but very rarely they talk about how it is been delivered (Emotional Value) and how far Companies pay attention towards the shared values aligns with the Brand they serve.

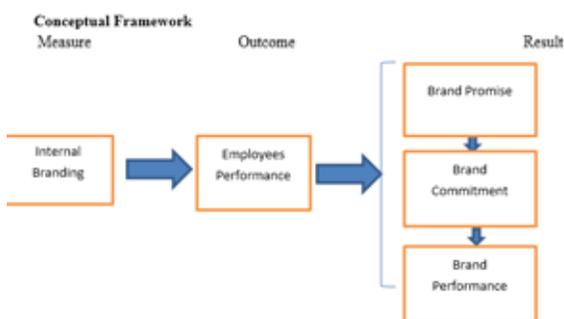


Fig.1 Model of Internal Branding.

Internal branding is a cultural shift within an organization, where the employees become more customer focused and more business focused. Your internal culture — what you collectively value, how you do things, your commonly held beliefs and expectations — define your organization. It manifests itself everywhere: in how your employees interact with one another, the care they take in performing their jobs and the way they treat customers. Help your employees understand your business's unique story and make it their own.

Culture



Fig:2 Model of Internal Branding

Hence the Research Objectives can be,

1. To study if internal Branding is an important attribute of Competitive Advantage for a Company.
2. Analyze the important activities required for Internal Branding.
3. To study if the employees feel that they get support from management and that the organization is involved in Internal Branding Vis a Vis Automobile industry.

Methodology:

A comprehensive Research will be carried out in Delhi-NCR focusing on Automobile industry. The sales team at the dealers' point of different automobile companies was chosen. The paper has employed qualitative approach. Initially the critical aspects of internal branding and its characteristics which influence the employee performance were identified. In-depth study was conducted to understand the relation between factors of internal branding, employee performance and companies' performance. The sample size for analysis of employees' perspective was 105 sales executives and managers. A questionnaire was developed using Seven point Likert scale. The reliability check of the questionnaire was performed and the value of Chronbach alpha proved the questionnaire to be reliable. The data was then analyzed mean value, factor analysis and the hypothesis was proved using t test and regression.

Hypothesis:

- H1a: Employees receive a significant amount of internal communication.
- H1b: Employees get significant amount of Emotional Values (support) from the Management.
- H1c: Employees get significant amount of Functional Values (support) from the Management.
- H1d: Employees get a significant amount of HR support (HR policies).
- H1e: Employees receive significant amount of support from Leadership.

Analysis and Findings

The researchers performed preliminary evaluation of the data using correlation analysis, exploratory factor analysis (EFA) and reliability analysis. Factor loadings greater than .50 are deemed to be significant and hence were used for further analysis. This study was only administered once to a group of individuals and, therefore, adoption of an internal consistency approach to reliability was appropriate.

The exploratory factor analysis was successful in validating each construct's dimensionality, with the majority of items with high factor loadings. All constructs had high reliabilities with Cronbach's alpha ranging from .80 to .91. The items used in the analysis, along with the relevant factors loadings and reliability appears in Table 1.

Table 1: Reliability Check

Variable	Variable	EFA Loadings	Cronbach's Alpha
	Internal Communication		
V1	Your superior makes you feel free to talk with him/her.	.92	.80
V2	Your Superiors convey and share before making decisions	.88	
V3	You can expect that recommendations you make will be heard and considered	.90	
	Emotional Values		

V4	Your superiors gives knowl- edge about the expected behavior	.94	.86
V5	Your superiors communi- cates the Brand promise	.78	
V6	Your superiors gives knowl- edge about brand Values Functional Values	.94	
V7	Your superiors explained your roles	.90	.91
V8	Your superiors helps handle unusual problems	.91	
V9	Provides information about the brand for decision making HR Policies	.92	
V10	Regular staff appraisals are conducted	.86	.89
V11	Management identifies train- ing needs and provides them	.91	
V12	Management takes feedback	.92	
V13	Management incentivise as per the performance Leadership	.91	
V14	Your superiors act the same way as they expect	.85	.87
V15	Your superiors focus on Empowerment more than compliance reports.	.91	
V16	Your superiors promote inter- nal competition	.91	

Analysis

All items representing independent variables had a mean of more than 5.0, showing a strong presence of all internal branding variables. With a mean of 5.095 for internal communication it shows that internal communication has a positive relationship to Internal Branding. With a mean of 5.28 for Emotional values it supports that Employees get significant amount of Emotional Values (support) from the Management. Functional Values had a mean of 5.35 and thus Employees get significant amount of Functional Values (support) from the Management. 5.29 is the mean score for HR Policy and hence the hypothesis that employees get a significant amount of HR support (HR policies) is accepted. Hypothesis that Employees receive significant amount of support from Leadership is supported as the mean value is 5.14. The mean values in table 2 and the p-value in the table3 being suggests that the hypothesis are accepted.

In the tables below, the T test conducted is presented:

Table 2: One sample Statistics

Variables	Mean	Stand. Deviation
Internal Communication	5.095	1.31
Emotional Values	5.28	1.51
Functional Values	5.35	1.20
HR Policies	5.29	1.39
Leadership	5.142	1.31

Table 3: t statistics

Variable	t	df	P value	Mean difference
Internal Com- munication	18.26	104	0.000**	1.64
Emotional Values	18.72	104	0.000**	1.83
Functional Values	24.81	104	0.000**	1.806
HR Policies	20.29	104	0.000**	1.71
Leadership	22.91	104	0.000**	1.97

Regression Analysis The regression analysis was done to test the relationship between dependent variable, employee performance and several independent variables under study. Multiple regressions were employed since several Internal branding variables affect employee performance.

Table 4 How well model Fits (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig f	Durbin Watson
1	.940	.883	.867	.22402	54.209	0.000	2.069

table 4, R value represents the correlation strength between dependent variable and independent variables. The value 0.940 as indicated in the table 4 shows very strong correlation between variables tested. The R Square shows how much of dependent variable can be accounted for by the independent variables. The adjusted R Square 86.7% also indicates that the regression model used is suitable to explain the relationship between dependent variable and independent variables.

Discussion and conclusion

The paper after analyzing the questionnaire and the research works of various scholars developed a broader understanding about the concept of internal branding and weather the companies are able to satisfy the employees on the factors impacting internal branding and then the brand performance. Clearly the employees were more or less satisfied with the internal branding activities of the companies. The paper demonstrated that numerous attributes of internal branding have significant positive influence over the performance of employees. The paper explained how internal communication, Emotional Values, Functional Values, HR policies and Leadership impact the performance of the employee. The findings of the paper significantly demonstrate internal branding has significant impact on employee's performance as well as brand performance. Using regression analysis the research model was confirmed to fit the study as R2 was 88.3% which is the percentage by which employee performance can be explained by Internal communication, Emotional value, Functional value, HR policies, Leadership. There is also significant linear relationship between independent and dependent variables meaning if effort is put into enhancing Internal communication, Emotional value or any of the other variables there will also be an improvement in the employees' performance.

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