Positioning and branding your organisation

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Keywords

Corporate branding, Value added, Customers, Product positioning

Abstract

Opens by exploring the changing relationship between customer value and how it has been traditionally interpreted within the organisation. Business leaders today acknowledge that the traditional 4Ps approach to brand marketing needs to be transformed in order to realise a broader vision of customer value across the organisation. Argues that it is the business leader who should be leading this transformation, as manager of the organisation's brand and its values, as well as challenging the marketing department to redefine its role as brand custodians. Outlines a framework which enables senior management to develop superior customer value through branding and positioning their organisation and to deliver this value through its business processes. Uses practical examples to illustrate the use of this framework and concludes by considering whether or not the traditional marketing department is acting as a barrier when it comes to positioning and branding their organisation.

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Journal of Product & Brand Management
Volume 13 · Number 2 · 2004 · pp. 105-115
 · ISSN 1061-0421
DOI 10.1108/10610420410529735

Introduction

As customers become ever more demanding in a business environment where competition is fiercer (Day, 1999) and innovation faster (Datar *et al.*, 1997), the key challenge facing chief executives today is how to further increase the value of the products and services they sell. The more enlightened ones know that they will not achieve this through the traditional 4Ps approach to product marketing. By marketing the organisation at a broader level, customers become involved in many of the organisation's business systems and processes, so no one department can effect that nor guarantee consistency in dealing with the company across departments. The job of the chief executive, as manager of the organisation brand (King, 1991), is to transform the organisation's marketing strategy, and then to manage the organisation as a brand to ensure that customer value can be delivered consistently.

This paper explores the changing relationship between customer value and how it has been traditionally interpreted within the organisation. It also provides a practical framework that enables senior management to develop and market the customer value proposition at a broader level across the organisation. This is referred to here as the organisation brand and its positioning within the supply chain. The role of the business leader in leading this transformation is discussed and the efficacy of the traditional marketing department to respond is brought into question.

Brand marketing in transition

Oscar Wilde wrote that a cynic is someone who knows the price of everything but the value of nothing. He may well have been talking about the attitude many chief executives have towards their brands and, indeed, the ways in which the organisation itself is managed as a brand. It is only relatively recently that senior managers have started talking about brands as assets and brand equity as a major component of their organisation's market place value (Davidson, 1998; Ward and Perrier, 1998). If anyone is in any doubt about the value of brands, they need do only two things: look at what CEOs are prepared to pay for top brands and observe the extent to which the market capitalisation of brand-led organisations exceeds the value of their tangible assets.

During the past decade there has been a spate of acquisitions by European consumer goods companies to increase their product portfolio and accelerate their geographic expansion strategies. In many instances, large premiums were paid for the companies they acquired. For instance, Nestlé paid £2.6 billion for Rowntree though the company's balance sheet value was only £0.4 billion. While this premium reflects the potential value of Rowntree's distribution, its customer relationships and branding know-how, without doubt the largest share of the premium was for its confectionery brands which the company's management had carefully nurtured for decades: Kit-Kat, After Eight and Polo mints. Each of these brands now carries the Nestlé brand name, and their distribution in Europe has increased dramatically, as one would expect from this powerful multinational (Kotler *et al.*, 1996; Shamoon, 1999).

Coca-Cola calculates that only about 4 per cent of its value can be attributed to its plants, machinery and locations. The real value of the soft drinks giant lies in its intangible assets, and first amongst these is its brand. Likewise, the microprocessor company Intel, which makes more profit than the world's ten biggest PC makers combined, believes that 85 per cent of its worth lies in its brand equity and intellectual capital: the brand name, patents, know-how, its people and processes (Hope and Hope, 1997).

During the late 1980s and early 1990s, brand management practices spread to services and business-to-business organisations. In some business-to-business markets, brand preferences can be quite marked. Dell Computer Corporation and Accenture are both very good examples. In 1998, world-wide sales of Dell's PCs overtook IBM to become the number two brand and is now the market leader on a global basis with over 13 per cent market share (Abrahams, 2001); Michael Dell started the corporation in the back of his garage as an 18 year-old entrepreneur in 1983. Accenture, formerly Andersen Consulting, had increased its turnover from $800 million to $2.5 billion within five years of repositioning itself in the IT-led change management market place. The firm ran the largest ever business services advertising campaign on TV, a first for a management consultancy selling multi-million-dollar services.

In simple terms, a brand is an entity that offers customers (and other relevant parties) added value based on factors over and above its functional performance. These added values, or brand values, differentiate the offer and provide the basis for customer preference and loyalty. Traditionally, marketers use the marketing mix, the 4Ps of product, price, place and promotion, to position the brand and to create brand values around a coherent set of policies for each of these Ps (Jain, 1993; Lancaster and Reynolds, 1995; Kotler, 1997). Over time, the marketing community's knowledge of the effect of these various stimuli on customer perceptions increased and brand managers became brand engineers, manipulating well-tried stimuli to achieve predictable levels of customer value and generate superior profits.

Brand values and customer value

The key issue facing CEOs these days is how to build more value into the products and services they sell in the face of product commoditisation, faster innovation, growing competition and more demanding customers (Court *et al.*, 1999).

At the heart of the matter is the fundamental shift in what customers perceive as value, and this is challenging the way that business activities create customer value. Since the second world war, customers have relied on a familiar and trusted brand name as the antidote to the perceived risk of the product or service failing to provide its basic functional benefits (de Chernatony and McDonald, 1998). And, at a psychological level, a trusted brand minimises the risk that the image created for customers using the product or service falls short of that desired.

In essence, brand values provide a promise of sameness and predictability (Keller, 2003). But new ways of coping with risk have changed all that. Business buyers are now much more inclined to develop partnerships with suppliers, involving closer relationships and more sophisticated purchasing processes. In consumer markets, 25 years of consumerism, higher disposable incomes and continuous improvements in product performance and reliability have led to more confident, less risk averse customers (Knox *et al.*, 2000). The promise of sameness and predictability is no longer a strong enough brand proposition to meet customer expectations, as Heinz conceded when it announced its intention to supply supermarkets with own-label baked beans.

In the search for superior customer value, managers are realising that their organisation has to touch customers in a myriad of ways, which go far beyond marketing communications about products and services (Mitchell, 1999). For example, customer contacts made through the company Web site and in the tailoring of products and services sold over the Internet; from call centres and helplines for product advice and complaints. Each experience provides a context for customers to evaluate and test the organisation's image and reputation; its ability to deliver against expectations. To develop an integrated approach to these endeavours, the context of the brand has to change to embrace culture, know-how and organisational systems and processes, as well as products, if senior management are to use these assets and capabilities effectively (Doyle, 1998). Without such a transformation in strategic marketing thinking, traditional brand building activities are unlikely to create value.

The value gap

In the late 1990s, there was a growing gap between brand values and customer value with the latter stemming increasingly from processes outside the remit of marketing, such as supply chain leadership and customer relationship management (Christopher, 1996). When the value offered to customers does not meet their expectations, a company faces a stark choice, change or fail. Mercedes Benz in the US is a case in point. The car marque has long been one of the world's most powerful brands in terms of engineering quality, luxury and exclusivity. But by the early 1990s, the range no longer met customers' perceptions of good value and they were not willing to pay Mercedes Benz prices. Mercedes lost its following in the US to a competitor whose brand appeared to lack credibility in the relevant market segments. But Toyota's Lexus was quickly recognised as offering better perceived value against the costs of ownership. This superior value was primarily a result of Toyota's breakthrough developments in its manufacturing processes and resultant cost management capabilities, in conjunction with excellent design and customer care.

In an unprecedentedly frank interview, the then-CEO of Mercedes Benz acknowledged that his cars were over-engineered, and he began to address the problem (Lorenz, 1993). His stated intent was to change the company from being a producer of luxury cars only to an exclusive, full-line manufacturer offering high quality vehicles in all segments. Mercedes was forced to look beyond the traditional 4Ps of brand management as its definition of "premium" positioning was no longer working.

Customer value and the organisation

Today's customers are highly sophisticated and confident in their own ability to decide between products and suppliers' offers (Mitchell *et al.*, 2003); these days they need much less brand reassurance to validate their choices. In most markets, the customer can choose between a large number of high-quality products made by renowned companies. In the modern economy, value is no longer exclusively created by marketers branding what their organisation wishes to produce.

From the customer's point of view, value is created when the benefits (perceived quality) they receive exceed the costs of owning it (perceived sacrifice). These components of customer value can be disaggregated further into the benefits derived from the core product and customised service against the purchase price and the consumer's transaction costs.

In many consumer goods markets, brands can no longer command premium prices or even shelf space by virtue of advertising-generated awareness and affinity since the price of a brand is no longer what customers pay for it. The real price includes everything the customer has to do to realise its value: time and money spent searching for the right product and sales outlet, travel and purchasing costs, consumption and disposal costs (Mitchell, 1998).

Taking this broader view of value, and customising it, is transforming the marketing agenda. This is how the former chief executive of First Direct transformed the perceptions of customer value in the banking world.

Customer value at First Direct

Kevin Newman, the former CEO of the world's first telephone bank, had a very clear vision of how customer value could be constructed in his bank:

> I believe that in going forward [at First Direct], three things need to be developed. We have to be utterly low cost. We must be able to individualise the manufacturing process and recognise that all our customers are individuals. Thirdly, we must build a strong brand as people need to identify with institutions they can trust[1].

Since opening for business in October 1989, First Direct representatives have signed up over 850,000 customers for their telephone banking services. Without a branch network to support, First Direct's staff costs are about half those of a typical retail bank and an efficient information system has been instrumental in keeping these costs down.

Information technology is critical for accessing the bank's on-line customer database, the hub of its operations. Using an automatic call distribution system, customers' calls are routed to unoccupied operators across its four call centres. Each banking representative has instant access to each customer's accounts and business history. Day-to-day transactions, such as balance enquiries, electronic payment of bills, or a transfer of funds between accounts, can all be completed by the same representative without having to transfer the customer. For more specialised information, such as loans and mortgages, customers are transferred

Journal of Product & Brand Management
Volume 13 · Number 2 · 2004 · 105-115

to trained advisors. In most instances, the full range of traditional banking services is offered in a friendly and efficient manner, 24 hours a day, 365 days a year, for the price of a local telephone call.

These components of customer value delivered by First Direct's banking representatives can be summarised in the customer value monitor (Figure 1) and shows the bank's commitment to increasing service and product benefits through customisation of its CRM software, and decreasing transaction costs through quick, efficient responses and 24/7 access.

Overall, the customer value monitor depicts First Direct's customer-driven focus (current position – –) based on relationship marketing, customer retention and lifetime value, rather that the traditional banking approach of selling products and servicing customers on a transaction basis.

What sets First Direct apart from high street banks are the perceptions its customers have of a convenient, well-informed service which provides access to a broad range of financial, travel and information products in a speedy and business-like fashion.

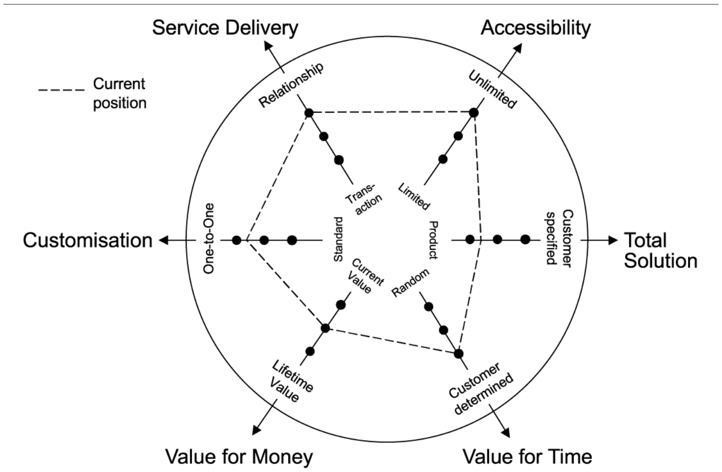
Because the bank is able to provide superior customer value, it enjoys a level of customer retention and loyalty that is second to none. A total of 97 per cent of First Direct customers remain with the bank year-on-year and about one-third of its new customers are referred by these loyal customers.

Customer value and business integration

As products become more sophisticated and customer demands for service and performance grow, few companies, if any, find they can offer a total solution to what customers require. The traditional brand marketing response to these demands is to add more and more levels of service to augment the product offer. But this tends to create complexity and cost rather than value (George *et al.*, 1994). IBM is a good case in point. The company was the leading exponent of "solution selling" during the 1960s and 1970s and its methods were widely copied by companies such as Xerox. It created a company brand based on its product line, augmented with layers of added value services and systems support. The positioning of the IBM brand was about being the IT manager's supporter, and the selling proposition was about certainty and predictability. But the infrastructure needed to deliver that promise proved unequal to the challenge of client server architecture: leaner competitors, such as Novell, unbundled IBM's offer and created real or de facto alliances that delivered more powerful solutions at lower prices and with better service.

Marketing today creates value by integrating the company's suppliers and manufacturing processes to create value-adding business systems. The structure of alliances and processes needed within the supply chain to create the total customer experience are beyond the ability of product management (Prahalad and Ranaswamy, 2000).

Figure 1 First Direct customer value monitor



Note: © *Knox and Maklan*

The realities of competition and brand positioning today

Chief executives are increasingly acknowledging that competition is based on supply chains rather than the efforts of their individual organisations, its product portfolios battling head-to-head with those of adversaries (Christopher, 1998). This understanding has profound implications for how the company is organised to create and deliver customer value. At the heart of this transformation is the strategic requirement to shift marketing from a narrow departmental approach, positioning and selling product lines, to a broader activity that includes positioning and branding the organisation in the supply chain (Knox and Maklan, 1998a). CEOs must accept the need for new business models to differentiate their organisation's offer or they will find themselves increasingly irrelevant both to their customers and their peers.

Marketing the organisation

Marketing the organisation or a strategic business unit requires a very different approach from the conventions of 4Ps product marketing (de Chernatony, 1999). There are a number of very good reasons for this. First, the organisation's good name and reputation is at stake rather than the name associated with a product or service in a particular market (London, 2003). As the portfolio increases or the company diversifies into different market segments, the risk of a service or product failing becomes magnified with increasing scale and operational complexity (Doyle, 1989). Second, the reputation of the organisation or business unit is much more challenging to manage than the single product, since it is constructed by customers from multiple reference points which extend well beyond the products and their projected images (Keller and Aaker, 1998). The key elements of a company's reputation derive from its commitments, values, policies and risk management (Maitland, 2003). Although the risk associated with developing this broader approach to marketing is greater than traditional product marketing, the rewards can be dramatic. Neither individual marketing managers nor the product portfolios they manage have the necessary scope or authority to commit the entire organisation in these areas or to manage the full range of stakeholder relationships necessary to create reputation.

In marketing an organisation, business leaders need to consider four components to develop its brand positioning in the supply chain:
(1) Its overall reputation.
(2) Product/service performance.
(3) Product and customer portfolio.
(4) Networks (Knox and Maklan, 1998b).

Again, the First Direct brand can be used to illustrate how to interpret customer value across the entire organisation.

Positioning the First Direct brand

The First Direct brand tries to communicate and deliver a no-frills, hassle-free approach to banking more in tune with customers' lifestyles than the traditional high street bank. Customer feedback through surveys suggests that First Direct is achieving these brand objectives: customer satisfaction levels are running at 90 per cent[2], compared less than 60 per cent in a typical retail bank. Commercially, the telephone bank is very successful, enjoying a return on equity of over 25 per cent and an equally attractive return on investment.

How has First Direct managed to create these brand values and position itself as bank of choice in the minds of its customers? By analysis the four components of the First Direct brand (Figure 2), the organisation's value proposition becomes clear. In contrast to product branding based on the 4Ps, product positioning and market share metrics, the First Direct Brand is positioned (current position ‒‒) as an organisation that has a select customer base, strong customer relationships and a growing network of value-adding partners.

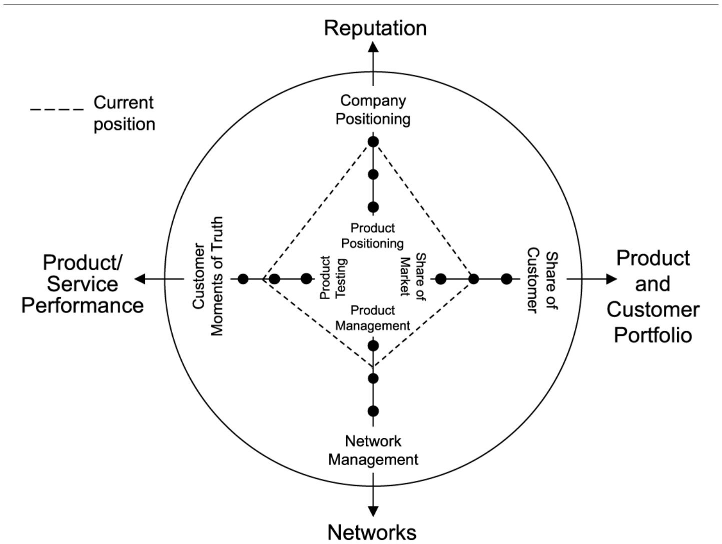
Reputation

The First Direct brand is not seen as depending on any one product, its reputation is built upon the compete portfolio of the company's activities and values. It engenders trust and commitment by being flexible, responsive and accessible, as well as highly competitive. All aspects of the company's operations contribute to this positioning, it is not a by-product of the marketing efforts behind individual brands.

Product/service performance

This component is to do with the way customers perceive the bank's products and service delivery. It is about the "moments of truth" customers experience in their day-to-day dealings with the bank and its representatives. The relationship customers have is with the bank rather than individual representatives, but the representatives' thorough training and knowledge of the customer's usual needs which is instantly accessible through information technology, means that the company culture is very customer-orientated and keen to serve. The relationship is based upon "listening and serving" rather than "selling financial services".

Figure 2 The First Direct brand monitor



Note: © *Knox and Maklan*

Product and customer portfolio

In building up its customer portfolio, the new customer team rejects about 50 per cent of applicants. The profile of its existing customers is young professionals working in metropolitan areas who tend to make extensive use of the bank's product portfolio. The bank's strategic focus is to balance share of spend targets, aimed at encouraging existing customers to spend more across the bank's product portfolio by cross-selling and up-selling, with growth in market share from new customers generated by referrals.

As a result of matching customer and product portfolios, the bank generates superior profits. A *New York Times* journalist has estimated the average balance of a First Direct customer to be 10 times higher than that of a typical high street bank, while the overall transaction costs are 60 per cent less. The bank makes money on 60 per cent of its customers compared to 40 per cent at the average British bank.

Networks

To help deliver its service, the bank uses a number of IT providers for transaction clearing, card service processing and credit scoring. Likewise, the management team has developed its product portfolio through establishing networks both within the HSBC group, which owns it, and among external insurance and assurance companies. But these networks of relationships are not overtly branded. Over time, the network could become part of the company brand proposition; when you "buy" First Direct, you get access to a large number of value-adding partners.

Overall, the First Direct brand is positioned to offer outstanding customer service by skilfully managing each customer's "moments of truth" with an individualistic style that is both respectful and open. Thus, the strength of the brand lies in its customer relationship management capabilities and the service values the senior management team has inspired its staff to support and believe in:

> We like to think that we are not really in banking but distribution. We just happen to supply financial products . . .[3]

Positioning and branding the organisation

The First Direct example above suggests that the marketing mix and the positioning of the organisation brand can be determined by reputation, the performance of its products and services, its product and customer portfolios and the network of relationships which management has developed in the supply chain. Clearly, it is possible to place a different emphasis on each of these components according to how you wish to position your offer and the nature of market competition. The UK airline industry in the 1990s provides an example of companies whose brands were competitively positioned at the corporate level (Table I).

British Airways aimed to be the choice of the highly profitable, long distance business traveller. It was ruthless in its determination to keep its hold on the business's most profitable customers and is creating the world benchmark for reliable global travel. It delivered an effective and predictable service to time-obsessed business travellers; provided a comfortable and convenient business class service; and had a network of relationships integrated into the brand proposition to meet customers' global needs.

However, since 11 September 2001, these global ambitions have been frustrated with BA reporting its worst results since privatisation 15 years ago and the loss of some 7,000 jobs. The company is now restructuring its short haul network to fight competition from low-cost carriers (Done, 2002a).

Virgin, referred to by some marketers as the "challenger brand", wisely avoided trying to become a "mini-BA", a strategy that was unsuccessfully attempted by Mercury when it was the challenger brand to British Telecom. Virgin's appeal was more emotional than BA's and its service performance reflected this; massages, free ice creams, baseball caps on flights and so on. It appealed to those disposed towards the Virgin brand and all that it stood for. This concept will be much harder to extend to business partners, and one wonders about its ability to compete for business travellers should the industry consolidate into a number of global players.

The "no frills" proposition is not new in the airline industry and many early successes have closed down, none with more publicity than Laker. Nonetheless, EasyJet entered the market in 1995 with a highly credible brand positioning, limited European destinations but effective and low cost. With the takeover of Go, formed by a management buyout from British Airways in 2001, EasyJet became the largest low-cost airline in Europe last year (Done, 2002b).

While 4Ps marketing remains central to product and sales strategies, the organisation's marketing mix is more appropriate in an environment where customer value is created through the activities of the entire company. But these credentials, or what the organisation is known for by customers, are sustainable only if the core processes that run end-to-end through the company are suitably aligned. Thus, it is the positioning of the organisation brand in conjunction with its core processes that

Table I The positioning of airline brands in the UK

	BA	Virgin	EasyJet
Reputation	Reliable, predictable	Challenging, exciting, unconventional	Cheap
Product and service performance	Extensive routes, range of service, excellent recovery from problems	Limited routes, innovative services	Fit for purpose, few routes
Product and customer portfolio	Strong business class sub brand. Focus on long distance business traveller	Trade on corporate name mostly, target "Virgin" likers	Corporate brand focused on budget traveller paying for own trips
Networks	Emerging global alliances deliver world-wide capability. Airmiles scheme a major part of loyalty strategy	Focused on Virgin to appeal to Virgin-likers	Not as part of the brand

Source: Knox *et al.* (2000), p. 223

creates and delivers customer value through the organisation.

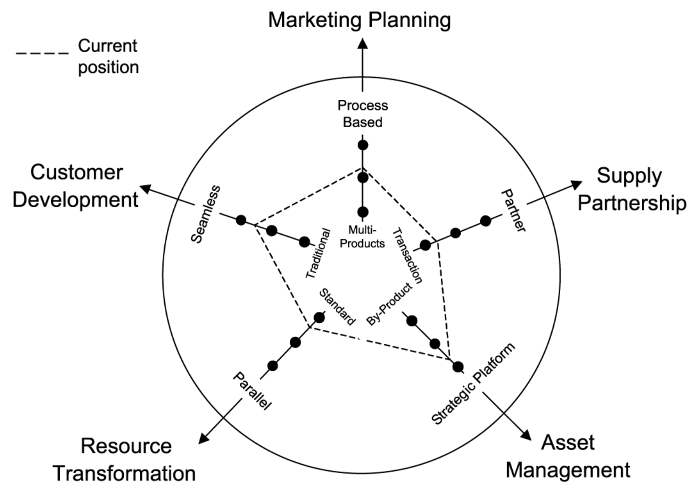
The organisation marketing mix described here provides the framework for senior management to align processes. Once the processes are aligned, the proposition moves deep into the organisation because process leaders and their teams understand the priorities that determine customer value among their important customer segments. The core processes that deliver value to customers will vary by industry and by company within industry. If one considers the organisation as an input-output system, then there are broadly five generic processes:

(1) Customer development.
(2) Resource transformation.
(3) Asset management.
(4) Supply partnership.
(5) Marketing planning (Knox *et al.*, 1999).

However, the framework discussed in this article works across most process designs.

Next, two examples are used to illustrate this close alignment between the positioning of the organisation brand and its core processes.

Figure 3 The First Direct process monitor



Note: © *Knox and Maklan*

The First Direct brand and core processes

The brand values of First Direct are delivered through very effective customer development and asset management processes (Figure 3). Both processes support a positioning based upon product/service performance (customers' moments of truth) and a company-wide reputation (culture, identity and image development), as we have already identified in Figure 2. Arguably, these processes represent the investment priorities for the CEO and it is critical that he ensures that these processes are aligned. Resource transformation and supply partnership are less well developed within the bank.

As market understanding grows within the bank, and the management teams develop their resource transformation process to meet a wider set of their customers' needs (innovation in both financial and non-financial areas), stronger alliances, new modes of distribution and networks will be needed within the bank's supply chain.

The challenge facing the bank's new CEO will be to develop the supply partnership process to enable effective management of these more complex relationships with supplier networks:

> The mode of distribution is changing – at the moment we definitely see it as person-to-person over the telephone. Do we believe that people will bank electronically over the next ten years? We are not fussed about how quickly or by which means our customers choose to access all or part of their banking electronically. The elements for us are: when they do so, what is the role of our bank and how do we deliver competitive advantage in this environment? We must always remember that our "moments of truth" are the telephone contacts with banking representatives. Creating value in an electronic world will be a key issue in the future of First Direct[4].

Retail franchises and brand development

Retail franchise brands in fast food, printing and car repair businesses are built upon effective supply chains and supply partnership. McDonald's provides an excellent second example.

For McDonald's, branding and service delivery, supported by first class supply partnerships (from buns and burgers to new store design and build), deliver the majority of its customer value (Macrae, 1991). Marketing at McDonald's is as much about supporting training and company brand developments as it is about the 4Ps of its product portfolio.

The McDonald's brand positioning consists of:

- reputation – family fun, value for money, hygiene;
- performance – consistency in taste of food, speed of service, cleanliness of restaurants;
- portfolio – clear product portfolio strategy based upon burgers, fries and soft drinks and a customer portfolio of families with young children;
- networks – Disney for joint promotion; and
- (co-branded) – Cadbury's flake in its ice cream desserts (UK). Coca-Cola has been introduced through branded founts and paper cups.

Much has been written about the McDonald's service model and its business process design (e.g. Treacy and Wiersema, 1995; Keen, 1997). While not minimising the importance of all of its business processes, it does not have close customer relationships nor is the company's food preparation process particularly unique. However, people management and extensive training across the whole organisation is regarded as essential to sustaining brand values and business growth. In the US, McDonald's Hamburger University is the centre of management and operatives' training across the franchises. To support training in the workplace, senior management everywhere in the world has a special affiliation with one or more restaurants in order to share their experiences and knowledge with retail management and operatives. In fact, some senior management go back into the regions for extended periods to operate a franchise, or a group of McDonald's-owned restaurants, to ensure that best practices in product and service performance are continuously improved through their leadership[5].

Conclusion

As manager of the organisation brand, each chief executive must continuously question all investment in marketing. In some companies, particularly those serving the mass customer market, marketing budgets can equal total net profits. As marketers find it more and more difficult to achieve breakthroughs in customer value, business leaders should be reviewing not only how judiciously marketing budgets are spent but also how effectively marketing is organised within their company.

It may be that the traditional approach to product marketing and the functional structures usually associated with this are no longer appropriate and are destroying rather than creating value. A sequential approach to processing customer feedback through marketing and sales departments may be costing the CEO dear in terms of time-to-market, customer satisfaction performance and missed opportunities (Hammer and Champy, 1993; Boehm and Phipps, 1996).

In today's flat-structured organisation, end-to-end process management encourages the involvement of customers at one end and suppliers at the other (Hammer and Stanton, 1999). Neither the marketing department nor sales should act as the final arbiter of customer needs or market developments. Similarly, supply partners must have access to all parts of the organisation; purchasing should not impose itself between supplier and company. The traditional marketing department, perversely, can act as a barrier to the marketing of the organisation brand if it does not support process management in this broader approach to delivering customer value.

If the framework suggested in this article is used, it should become clear just how pervasively the marketing principles are used in appraising customer value and the lead which the marketing department provides. It should also reveal how closely the organisation's positioning and delivery of brand values are aligned to the value expectations of key customer segments.

Although many of the value-adding processes in an organisation fall outside the remit of the marketing department, the effects of marketing should be there. In a process-based organisation, the degree to which the marketing department has adapted to the new challenges should be apparent to the chief executive. If it is not, then he may wish to consider how best to restructure his marketing and sales teams to strike a better balance between their functional tasks and cross-functional process involvement.

Notes

1 Quote taken from the case study on First Direct: Branchless Banking, Parmenter, D., Larréché, J-C. and Lovelock, C., Insead Case No. 597-028-1 1997.

2 First Direct won the *Management Today/Unisys* service excellence award (Financial Services) in 1998, and this is figure is taken from an interview with Guy Davis, First Direct's customer director, *Management Today*, October, p. 90.
3 Quote taken from the case study on First Direct: Branchless Banking, Parmenter, D., Larréché, J-C. and Lovelock, C., Insead Case No. 597-028-1 1997.
4 Quote taken from the case study on First Direct: Branchless Banking, Parmenter, D., Larréché, J-C. and Lovelock, C., Insead Case No. 597-028-1 1997.
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Journal of Product & Brand Management
Volume 13 · Number 2 · 2004 · 105-115

Executive summary

This executive summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.*

A manifesto for modern brand management
Classical brand management, based round the "4Ps" or product, place, price and promotion, developed as a means of engineering additional value from a single brand attached to a single product. Over time marketers, comfortable with the model and with the ease of analysis that it presents, began to expand the boundaries of classical marketing. Firstly, the brand management model was applied to extensions of existing brands – the brand and the product ceased to be synonymous. After this brand managers noticed that brand and company begin to get closer and the idea of organisational branding developed.

Throughout this period of development classical brand management remained the accepted approach with the reference point being the superb application of the approach by firms such as Proctor & Gamble, Unilever and Grand Metropolitan. Marketers who had cut their teeth on product management at these firms spread out into other businesses spreading the classical brand management message. And, as this message colonised marketing thinking in services and even non-profit organisations, we saw analysis based on the "4Ps" stretched to the point at which it broke.

A manifesto for organisational brand management
Knox summarises some of the thinking that has arisen from the breaking of the classical brand management model and, in doing so, argues against the traditional organisational arrangement where marketing and operational service management are separate. Importantly, Knox identifies the main problems with applying the classical brand management approach outside the marketing of fast moving consumer goods.

- Competition is between supply chains rather than individual products.
- Product plus attendant services belittles the importance of those services to the customer.
- Better educated, aware and informed customers reduce the value of the product-only brand.
- Services are not bought or consumed in the same manner as FMCG products.
- Organisational brand management embraces more than just the marketing department.
- Culture, know-how and reputation cannot be management separately from the organisational brand.

These challenges to classical approaches to brand management, especially when applied to the organisation rather than to an individual product, provide the basis for Knox's "manifesto" where he concludes that although "... many of the value-adding processes in an organisation fall outside the remit of the marketing department, the effects of marketing should be there." Marketing has to shift from its functional silo to become a corporate passion – the management of the organisation's engagement with its environment. Not just potential and actual customers but the supply chain, the shareholder, the employee and the public authorities.

A model for engagement
Professionals from marketing disciplines such as public relations, direct marketing and sales have often argued that brand management is not the only game in town. Indeed, when the new marketing director arrives and starts trying to characterise the challenges of your marketing environment in terms of automobile brands, you realise that selling a complex product and service mix cannot be set in such simplistic terms.

Knox, drawing on the successful approach of UK telephone bank, First Direct, presents us with a different marketing mix. A mix that reflects the reality of marketing in such complex environments. This model focuses on elements that are internal and external to the organisation and recognises that the consumer develops the brand:

- *Reputation* – what the consumer thinks of the company, its products and its services. Also embraces wider audiences such as the supply chain, the shareholder and the wider society. A good reputation is a prime requirement for a successful organisational brand.
- *Product and service performance* – brand marketing manipulation cannot overcome fundamental weaknesses in the product or services of the organisation. Seeing the business as serving the customer rather than as selling them some branded product is a good start towards an effective corporate brand.
- *Product and customer profile* – serving the customers you want to serve and making sure that the products and services on offer closely reflect the expectations and demands of that identifies target audience. You ca not be all things to all men, so why try?

Journal of Product & Brand Management
Volume 13 · Number 2 · 2004 · 105-115

- *Network management* – businesses are more and more about management effective networks. Your product or service may well be dependent of the performance of other complementary services. When I travel by plane, my journey will probably encompass other transport providers (taxis, car hire, trains and buses) plus the services I receive in the airport. All these need to provide satisfaction if the customer is to be wholly content with the journey you have sold.

As Knox points out, this model for organisational brand development embraces the whole organisation plus many others outside the organisation. There is no simple approach to brand management in such circumstances nor can it be boiled down to a basic set of decisions to be made. Everyone in the company should be aware of marketing in what they do and marketers should not seek separation but engagement.

The idea of marketing being the embodiment of the corporate mission is not new but here, with a strong manifesto, Knox presents a way of making marketing all-embracing in serving the objectives of the company. Put bluntly, you can not take the branding approach used for soft drinks, washing powder or even engine oil and apply them to a complex mix of products and services. Marketing directors who do run the risk of failing the businesses they work for. Successful organisational branding means taking note of service quality, of supplier performance, of customer relationships. Successful organisational branding must also draw away from advertising towards exploiting database marketing, public relations and communications through modern media.

To make this work marketers must embrace new skills in customer service, corporate communications and direct communications. And we have to persuade the whole organisation to work with us in delivering a new approach to brand development.

(A précis of the article "Positioning and branding your organisation". Supplied by Marketing Consultants for Emerald.)