Leveraging the Corporate Brand

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Brand assets are difficult and expensive to develop, maintain, and adapt. The offering environment is cluttered, confused, and complex in part because of the proliferation of products, brands, and sub-brands. Dynamic market contexts with the emergence of new sub-categories make it necessary to adapt and stretch brands, putting additional strain on their ability to deliver the needed support.

In this context, the corporate brand (or, more generally, an organization brand) can be dialed up to play a more prominent role in the brand portfolio. The corporate brand defines the firm that will deliver and stand behind the offering that the customer will buy and use. The brand has access to organizational as well as product associations and the flexibility to play several roles within the brand portfolio. Of most significance is its potential in some contexts to be a master brand with a significant driver role. In fact, in the case of Dell, UPS, Sony, Samsung, IBM, and others, it can been seen as the ultimate branded house, where the product brands consist largely of the corporate brand plus a descriptor. In these cases, the use of a corporate brand as a master brand maximizes brand portfolio goals such as generating leverage, synergy, and clarity.

However, the brand is well suited to play an endorser role as well, as in Courtyard (by Marriott), MSN (by Microsoft), or Lion King (by Disney). As such, it provides credibility that can reassure the new buyer, especially if a new technology is involved. Because it represents an organization that stands behind its products in spirit and substance, it can also work on an emotional level by providing a valued relationship with a respected organization. Even when it represents a holding company (e.g., Berkshire Hathaway, Viacom, or Yum!), it can play a shadow endorser role in that some customers realize that there is a substantial firm behind the offering even if it is not visible. It can also be a vehicle to deliver a differentiated service. The Starwood brand, which endorses several hotel brands (Westin, Sheraton, W, St. Regis, and others), also supports a loyalty program under the Starwood brand.

The Corporate Brand

As the brand that defines the organization that will deliver and stand behind the offering, the corporate brand is defined primarily by organizational associations. Of course, organizational associations may be relevant to product brands (such as OneSource, Betty Crocker, or Chevrolet), but the number, power, and credibility of organizational associations will be greater for a brand that visibly represents a corporate organization. In particular, a corporate brand will potentially have a rich heritage, assets and capabilities, people, values and priorities, a local or global frame of reference, citizenship programs, and a performance record.

Heritage

Any brand, but especially those that are struggling, can benefit from going back to its roots and identifying what made it special and successful in the first place. A corporate brand usually has roots that are richer and more relevant than product brands. L.L. Bean has the New England hunting and fishing background that has evolved into an outdoor/casual living lifestyle brand. The stories about the early roots and the Bean family help add authenticity and differentiation to the brand. The HP garage, the Wells Fargo Stagecoach roots, GE tracing itself back to Thomas Edison days, Nike's earliest advances in track shoes, and the Honda engine development going back to the 1940s and 1950s all help define these brand today and add value, especially when they are re-interpreted in a contemporary light.

Assets and Capabilities

A firm brings to a market a perception of having assets and capabilities with regard to its ability to deliver innovative products and value to customers. Shisheido has knowledge and expertise around skin care. Wal-Mart has the technology needed to deliver a wide variety of merchandise at low prices. Singapore Airlines can delivery exceptional service. Prudential has financial assets behind it. LeapFrog has the ability to understand the educational needs of children and translate them into engaging, effective products.

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People

The people of an organization, especially in a firm with a heavy service component, provide the basis for the corporate brand image. If they appear engaged, interested in customers, empowered, responsive, and competent, the corporate brand will tend to engender greater respect, liking, and, ultimately, loyalty. What is involved is not so much what is done but the attitude and culture that drives those actions. The people of Avon, Four Seasons, and Home Depot, for example, all have a distinct personality that helps to define the corporate brand. Of particular importance is the visible spokesperson—individuals such as Bill Gates at Microsoft, Michael Dell at Dell, and Richard Branson at Virgin—who will tend to represent and speak for the people of the corporation.

Values and Priorities

The very essence of a company is its values and priorities, what it considers important. What is it that will not be compromised no matter what? Where is the investment made? A host of values and priorities, and combination thereof, underlie business strategies. Some firms have a cost-driven culture that supports a value position in the market place. Others place priority on delivering a prestige customer experience. Innovation, quality, and customer concern are three values and priorities worth highlighting because they are so frequently seen as drivers of corporate brands.

Innovation

Has the firm provided customer benefits by being innovative? A reputation for innovation enhances credibility. In particular, experimental studies have shown that innovation has made the acceptance of new product offerings more likely. However, it is not easy achieving an innovative reputation. In fact, most firms (especially in Japan) aspire to be perceived as innovative but few really break out of the clutter. R&D spending and a host of patents that do not result in branded products and services will not enhance the brand. Innovation needs to be relevant and visible. Sony has benefited from being able to capture its innovation from a variety of categories within its corporate brand. Others, such as Home Depot and Dell, have innovated in visible ways to bring products to customers in different and superior ways.

Perceived Quality

Does the firm deliver on its brand promise with reliability? Is it perceived to have quality that is high relative to its brand promise? Is it trustworthy? Does it stand behind its offering? Perceived quality, which requires a commitment to quality by the organization, has been shown to influence ROI and stock return.[1] However, perceived quality is even more difficult to achieve than perceived innovation. Delivering actual quality is not enough, perceptions need to be managed as well, which means that quality cues such as the thickness of the catsup, the dress of the airline cabin attendants, or the appearance of a bank statement need to be understood and actively managed.

Concern for Customers

Is the firm really concerned about customers? Does the firm care? Are customers treated with respect? Is the customer experience a high priority? Firms such as Nordstrom's and Southwest Airlines have created significant loyalty based on a visible, enthusiastic effort to please customers. Customer concern is another value that nearly all firms aspire to have. They talk the good talk. To gain the desired reputation, some visible, over-the-top programs (preferably branded programs) are often needed. Some legendary stories can also help—such as how Nordstrom's once took back a defective tire even though they never sold tires or how a Federal Express employee once hired a helicopter to maintain service quality.

Local vs. Global Orientation

A characteristic of the organization that can affect the customer relationship is whether the corporate brand has either a local or global orientation. Although some corporate brands (notably Sony) attempt to do both, the more feasible route is to position on one or the other.

Being local—striving to connect in tangible and intangible ways to the local environment and customers—provides at least two benefits. First, it allows customers to take pride in successful local companies and express that pride in their purchasing patterns. It can be rewarding for an American to buy an American car or for a Kansas City native to bank with a firm intimately involved in the community. Second, such firms can relate to the customer by providing a look and feel and brand position that is attuned to the local culture. Lone Star Beer is unambiguously a Texas beer and built its brand around that concept.

Being global—having global visibility, aspirations, and reach—has several potential advantages. There is prestige attached to a brand that has made it globally. People everywhere are likely to recognize and respect the brand and, by extension, the customer using that brand. Further, there is an implication that if it is successful on a global stage, it must also deliver innovation and quality products and services. One challenge is to reap the benefits of a global image without appearing distant and bureaucratic.

Citizenship—Creating Good Company Vibes

What kind of people and values are behind this corporate brand? People and organizations prefer to do business with those they respect and admire. Is the organization "good people" with a perspective beyond a preoccupation of enhancing shareholder value at all costs? Is the company concerned about the employees, the community, education? Is it addressing social and environmental problems? Companies such as HP and Johnson & Johnson have engendered respect for their values that has resulted in positive attitudes and loyalty, even during times in which their products were challenged.

A visible dimension of citizenship is concern about the environment. Evidence from a UK study supports this, at least when the industry is visible and the corporate brands are differentiated.[2] Both Shell and BP developed an environmentally friendly brand as part of their visible investment in renewable energy sources. Esso, in contrast, took the principled position that renewable energy was not a viable solution and, further, that the Kyoto Accords on the environment were flawed and should be opposed. As a result, a high-profile "StopEsso" campaign has been coordinated by Greenpeace. A subsequent poll done by Greenpeace found that the proportion of British gasoline buyers why say they regularly use Esso Stations dropped by 7% during the year of the campaign.

The citizenship dimension can be enhanced if it is packaged and branded. The General Mills "Box Tops for Education" campaign, for example, has a logo and a core program to give 10 cents for each redeemed boxtop coupon. It raised $23 million in the 2002-2003 school year. Clorox has the "Safe Steps Home," a joint project with ASPCA to fight feline homelessness with programs such as the "Adopt-A-Shelter-Cat" month.

Corporate Performance and Size

Is the firm successful? Is there a buzz around it? Is there vitality with new products and new programs? Do the new products and services click with the market by gaining visibility and word-of-mouth, or do they struggle? The corporate brand performance of GE over the two decades during which Jack Welch was CEO certainly affected the corporate brand and, by extension, the GE brand. Success breeds confidence and positive attitudes whether it's a football team or a corporation.

Does the organization behind the brand have substance and visibility? The size and scope of a firm can signal both competence and staying power. Customers often sense that a large, successful firm will be around to provide service back-up and will have an incentive to design and make good products and services. Of course, it could also be a signal for an organization that is bureaucratic, slow, and expensive. The challenge is to make sure that the right spin is placed on the brand by dialing up innovation and success, creating an image of being dynamic and adaptive rather than one of being slow-moving and clumsy.

Why Leverage the Corporate Brand?

The corporate brand is special because it explicitly and unambiguously represents an organization as well as a product. As a driver or endorser, it will have a host of characteristics and programs that can help build the brand. It can help differentiate, create branded energizers, provide credibility, facilitate brand management, support internal brand-building, provide a basis for a relationship to augment that of the product brand, support communication to broad company constituencies, and provide the ultimate branded house.

First, a corporate brand can potentially find differentiation in the organizational associations. While products and services tend to become similar over time, organizations are inevitably very different. Wells Fargo is very different from its competitor Bank of America in terms of style, personality, headquarters location, skills, citizenship programs, and heritage. A person may be more comfortable with one organization over another, particularly if the products are similar. The challenge is to identify those organizational characteristics and make them relevant to customers.

Second, a corporate brand can draw on organizational programs that provide energy to product brands. Citizenship programs and major sponsorships will usually span the organization and thus the corporate brand is in much better position to exploit these than product brands, whose link to them might be weak. A corporate program is more effective and efficient than one that reaches only one product class.

Third, corporate brand associations can also provide credibility. Attitude research in psychology has shown that believability and persuasive power is enhanced when a spokesperson is perceived as being trustworthy, well-liked, and expert. These same characteristics are relevant when evaluating whether a claim made by an organization is credible. A trustworthy organization will be given the benefit of the doubt; an organization will be liked because of its citizenship activities; and an expert organization will be seen as especially competent in making and selling its products. Trust is a particularly important attribute and it is easier to develop for an organization than for a product. One study found that the number one attribute identified by consumers when asked to describe the "best brands" is "the brand that I trust."[3]

Fourth, leveraging the corporate brand across products and markets makes brand management easier and more effective. Off-brand programs and initiatives become more visible when the corporate brand is leveraged across the organization.

Fifth, the translation of the corporate brand internally to employees must be supported by the mission, goals, values, and culture of the organization. It is important for employees to buy into organizational values and programs. The corporate brand identity serves as the link between the organization and the customer. Thus, it can play a key role in articulating these elements to employees, retailers, and others who must buy into the goals and values of the corporate brand and represent them to the customers. In the case of product brands, there is no such supporting system.

Sixth, a corporate brand provides a message for the customer relationship that can be very different from that of the product brand. This can be extremely valuable for large, established brands that are perceived as reliable, high quality, and respected but are also perceived as boring and dated. A solution is to employ the organization brand to represent the heritage and allow the product brand to inject energy. If the product brand involves a strong sub-brand, the sub-brand can be the energy generator. However, if the product brand is the same as the corporate brand (as it is for Virgin, Mitsubishi, and GE) then only a dual brand conceptualization can achieve this.

The Budweiser brand, for example, has a rich heritage and is the market leader within the beer category. The Budweiser corporate brand (not strictly a corporate brand since Anheuser-Busch is the corporate brand) is assigned to carry the heritage using such symbols as the Clydesdales and programs such as the campaign against drunk driving and the beer school. The product brands, Budweiser and Bud Light, are then freed to inject energy into the brand, find new ways to be young and relevant and to break out of the media clutter with very different brand building. Thus we have had the Lizards, Was-up, and other colorful characters that appeared in extremely humorous and contemporary advertising. Without the corporate brand presence, they would have much less freedom to break out of the clutter.

Finally, a corporate brand provides the ultimate branded house and captures all the efficiencies of dialing up a single brand, even more so when descriptors are employed and the use of sub-brands is limited. In this case, the brand will gain synergy and association reinforcement. Further, and more important, limited brand-building resources will be less diluted when there is a single mother brand. The branded house is always the preferred strategy when it is feasible.

Schlumberger, a leading oil-field services company, is one of many firms that have dialed up the corporate brand and dialed down product sub-brands. Over the years, Schlumberger acquired some firms delivering specialized oil field services, each of which had extremely strong brands in their niche. The companies included Anadrill (a drilling services company), Dowell (oil well construction and stimulation), and GeoQuest (software and data management systems). These brands became endorsed brands that continued to drive customer relationships after the acquisition and supported the traditions and cultures of the micro-organizations within Schlumberger.

One motivation to coalesce focus around the Schlumberger brand concerned achieving efficiency and synergy. They wanted to focus the brand-building efforts to create more impact on a single brand. Within the oil field products, there were too many mouths to feed from a brand-building perspective. Further, the firm was in a position to leverage the Schlumberger name in other growth areas outside of oil field services. However, the strategic direction of the firm provided an even more compelling reason.

Schlumberger needed to change the way it operated and was perceived. Schlumberger always stood for innovation and value creation for customers. However, they wanted to add teamwork to the brand, to be perceived as more of a team-oriented firm—working more closely across business units and with customers to provide integrated solutions. At it was, they were not getting the synergy needed and expected from the strong organizations they had acquired and their customer image was affected. The focus on a corporate brand was one way to signal the new direction, both inside and outside the firm, that there would be one entity implementing the values and programs of Schlumberger.

The brand strategy aspect of the new Schlumberger involved moving the Schlumberger brand as the new driver brand with descriptive sub-brands indicating the business units. The heritage business became Schlumberger Oilfield Services, which now included:

Schlumberger Data Delivery

Schlumberger Geology
Schlumberger Geophysics
Schlumberger Oilfield Software
Schlumberger Well Construction
Schlumberger Well Completion
Schlumberger Retrophysics—Formation Evaluation
Schlumberger Wireline Services

The former business brands such as GeoQuest now appear as product brands where appropriate, but the attention is now without question centered on Schlumberger. Dialing up the corporate brand symbolized to the customers and employees alike that the firm is one entity that will be implementing the values and programs.

There is another reason to leverage the corporate brand. Creating a strong corporate brand communicates better to stakeholders, such as prospective employees, retailers, and investors. Being familiar with a brand provides comfort. One study showed that institutional investors based 35% of their judgment on intangible factors such as management quality, effectiveness of new product development, and strength of market position.[4] Communicating such information in the absence of a strong corporate brand is very difficult.

Challenges in Managing the Corporate Brand

The corporate brand is indeed a powerful option to lead the charge. The use of some sub-brands and endorsed brands can help handle situations where the corporate brand is stretched. However, there are serous challenges to face—staying relevant, creating value propositions, managing negative associations, adapting the corporate brand to different contexts, and making the corporate brand identity happen.

Maintaining Relevance

What business is the firm in? What product scope is associated with the firm? In what product arenas does it have credibility? For what problems is the brand a solution? The brand boundaries, which directly affect the relevance of the brand and its potential to extend into new product-markets, depend on the brand's heritage and business strategy.

The heritage business associated with a brand will affect its effort to adapt. Changing a corporate brand is like turning a large ocean liner—it will turn slowly and require a lot of energy doing so. The difficulties that Xerox and Kodak have had rest in part on their strong associations with copiers and film-based cameras. In both cases, they have struggled to enter the broader world in which digital imaging systems are dominant. Clorox faces another kind of limitation because of its close association with bleach and thus its corporate brand cannot be linked to any of the food products made by Clorox. As a result, its role as a corporate brand is limited.

Relevance is also determined by the business strategy. When it evolves or changes, the corporate brand itself needs to be altered, and accomplishing that task usually represents a significant challenge. UPS expanded from products to services and from being perceived as a U.S.-based, small-package ground delivery company to a global provider of distribution, logistics, and financial services. Toward that end, new services and programs served to provide substance and branded differentiators behind the new UPS. IBM evolved being an "e-business" company to "on demand," a concept that computer resources should be available to the user on demand and not stay idle when not being used. Some additional examples are:

> *Hitachi*—In late 1999, unsatisfactory financial performance stimulated a rebranding of Hitachi. Whereas the future of the company was based on its computers and information electronics, its image was based upon a perception that it was largely an appliance and heavy machinery company. A program to change that was led by the tag line, "Inspire the Next."
>
> *Sony*—Sony has long been a leading electronics brand. Less known is the fact that it is one of the leading movie (Columbia Pictures, Screen Gems, Sony Classics) and music (Sony Music) producers. Sony's challenge was to expand its brand to include movies, music, and games as well as electronics so that the Sony brand became more relevant and powerful.

Creating Value Propositions

Too many corporate brands have no value proposition. They are simply large, stable firms that can be trusted to deliver adequate products and services, but with no point of distinction and sometimes with a hint of being bureaucratic and ponderous. Such a corporate brand is vulnerable. A strong corporate brand is one that will provide a value proposition that will help differentiate and support a customer relationship.

A corporate brand will work best when it delivers a functional benefit. The benefit could be based on its strategy. Dell, with its direct model, generated explicit benefits that included customization and access to the latest technology. UPS, with its focus on service and systems, provided a value to anyone that needed to improve or outsource part of its logistics. It can also be based on other elements of the corporate brand, such as its values. Nordstrom's concern for its customers provides a functional benefit to shoppers, who can be assured of a good experience. A firm with a reputation for high product quality provides an assurance against unpleasant customer experiences.

A corporate brand can also deliver emotional or self-expressive benefits. The local connection by a bank can generate both emotional benefits from the experience and self-expressive benefits gained by supported the local business. The purchase of an American-made Saturn has been shown to deliver significant self-expressive benefits both because it is made in America and also because of the employee's commitment to customers is admired. Citizenship programs—such as the political activism of Ben & Jerry's, the breast cancer campaign of

Avon, and environmental effort of Toyota's hybrid cars—can all provide self-expressive benefits.

Avoiding Visible Negatives

The risk of leveraging the corporate brand is that the resulting brand equity and the businesses on which it rests is vulnerable to visible negatives. Thus, the water source contamination that Perrier faced, the Exxon Valdez oil spill, the cigarette health problem connected to Phillip Morris, the Firestone tire crises, and the firms' responses affect the corporate brands. If the corporate brand is highly leveraged— as it is at Dell, Virgin, and Toshiba—then the whole organization needs to be sensitive to this risk in all of its decisions and actions.

When a controversy arises that endangers the brand, the accepted best practice when possible is to admit wrongdoing or at least admit there is a problem and immediately provide a visible fix. Having a strong citizenship brand can be very helpful in such a crisis. In the now classic case, when faced with the package tampering of its Tylenol brand, Johnson & Johnson immediately pulled the affected products and designed a tamper-proof package. The positive impact of this action has lingered for well over two decades.

Managing the Brand in Different Contexts

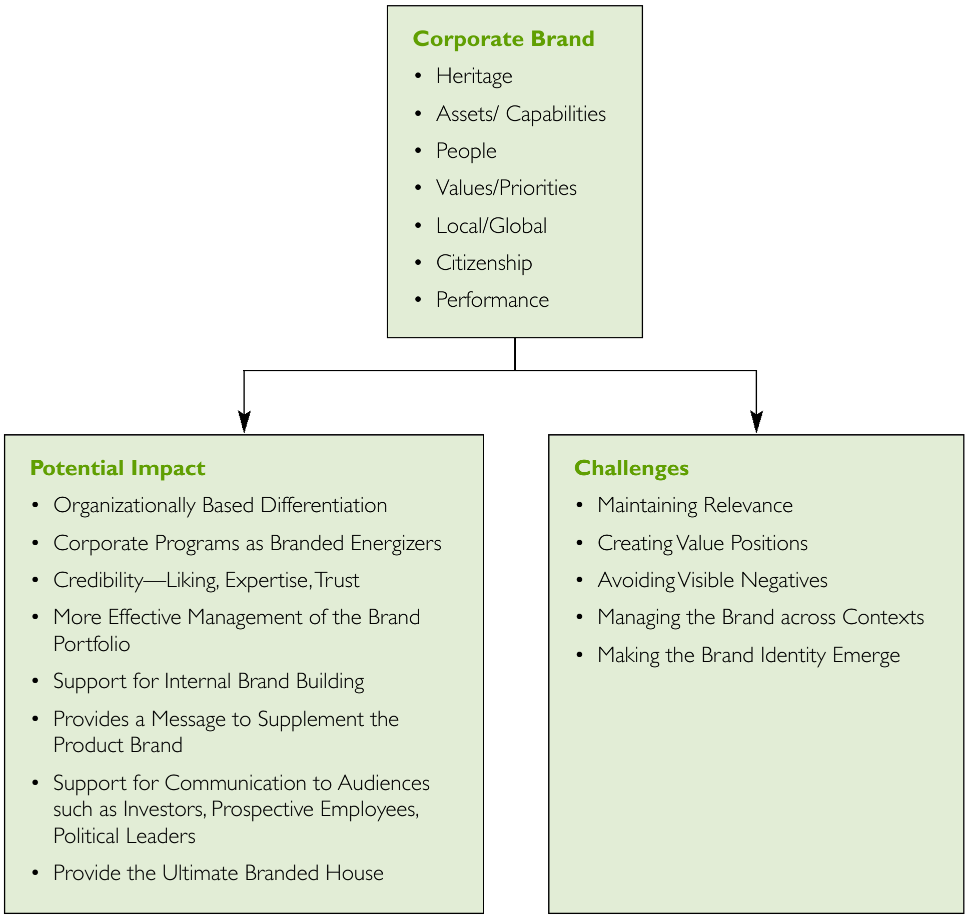
A corporate brand may be involved in a host of product brands consisting of the corporate brand plus a descriptor or a sub-brand. The GE brand needs to fight the fight in jet engines, appliances, and financial services. How can one brand, particularly a corporate brand, accomplish such multi-tasking? The answer is that the brand identity needs to be adapted to each context so it can win the day. This process is often not easy, however, because conflicting perspectives are involved.

There can and should be consistency across contexts. Much the core and extended identity should work everywhere. Some items might be the same but need to have a different spin to work for a particular product or market. Innovation at GE Appliance needs to be interpreted differently than innovation in GE Capital. If that is not enough, it might be necessary to augment the identity for a context. Perhaps GE Jet Engines have a technology dimension not seen in the other GE business units.

Making the Corporate Brand Identity Emerge

The corporate brand will start with an image but will want to move that image toward a brand identity, a set of aspirational associations for the corporate brand to perform its assigned roles. For this to happen, the brand identity needs to be developed. The process for doing this involves setting priorities. Which of the aspirational associations are the most important in the short term and should be the basis of a positioning strategy, and which will be the most important in the long term and should guide strategic initiatives? The answers will depend in part on questions such as:

FIGURE 1. The Corporate Brand: Challenges and Potential Impact



What can the corporation deliver? What will be credible given current perceptions and given the ability and motivation to actually develop and deliver meaningful programs?

What will resonate with customers?

What will support the business strategy and the roles that the corporate brand will be asked to play?

The identity and position of the corporate brand needs to be actively managed. For some firms, the corporate brand is somewhat of an orphan because the brand-building activities are not linked to short-term sales nor do they have a natural budget source from an active business unit. One suggestion is to establish responsibility for the corporate brand, provide resources to make sure that the brand can fulfill its assigned roles, and create a portfolio that includes coordinating the brand with those that are using the brand in its various roles.

The corporate brand will be based on substance. There needs to be commitment and programs to make sure that the brand delivers on innovation, customer concerns, or any other priorities. It is wasteful to attempt to present the brand as something it is not or to portray the organization as attempting to accomplish a goal that it lacks the ability or will to make happen. However, developing and delivering on strategic imperatives is not easy for any firm, especially when it faces economic strains.

Creating substance behind the brand is not enough, of course; the firm must also make sure that the perceptions match the promise being delivered. Toward that end, each target association will require an actively managed communication program.

Communicating an expanded scope or revised thrust can benefit from employing all the assets in the brand portfolio. What extent do sub-brands affect the corporate brand? Which sub-brands, if any, can play the role of providing visibility and support to the corporate brand? What brand-building events can help? One software company generated nearly instant credibility as a major player in Europe by sponsoring one of the leading bicycle-racing teams.

When to Leverage the Corporate Brand

The corporate brand is the ultimate branded house and has all the advantages of any branded house, plus the fact that it represents an organization. In contexts involving service, such as retailing (Sears or Land's End) or financial services (CitiGroup or Chase), corporate brands in driver roles will often be compelling. In these settings, organizational associations such as concern for customer service, being friendly, and being efficient are more likely to be the basis for customer loyalty. Customers will be more likely to relate to the people and programs of an organization rather than to its products.

However, the corporate brand is not always well suited for being a product master brand with a driver role. In general, when the corporate brand has difficulty dealing with any of the challenges, its leverage potential will be limited and other brand platforms will be needed. A realistic appraisal of the brand with respect to its ability to cope with the challenges is in order. For example:

When the brand is too confining because of its product category associations, then its role will be limited. The Clorox corporate brand, for example, is confined to cleaning products and certainly can't be associated with the company's food product brands, such as Hidden Valley Ranch Dressing and KC Masterpiece sauces and marinades.

When the corporate brand lacks a relevant value proposition (and thus its equity basically rests on being large and established), a strong sub-brand or endorsed brand or even a new brand might be needed. Dell and UPS have such a value proposition embedded in their brand, but many corporate brands are not so blessed.

When the brands has negative associations, there is no point in trying to leverage it—at least until the negative associations are changed. Bridgestone dialed down the Firestone brand in the wake of the rash of Ford Explorer accidents attributed by some to Firestone and dialed up the Bridgestone product brand.

There is a context in which the corporate brand's equity and value proposition simply do not apply or become a liability, and therefore other brands might be needed.

If the corporate brand identity will be a great asset, but it simply is not there yet, there may be a credibility problem in relying on the corporate brand to play a product brand driver role prematurely.

Notes

1. David A. Aaker and Robert Jacobson, "The Strategic Role of Product Quality," *Journal of Marketing*, 51/4 (October 1987): 31-44; David A. Aaker and Robert Jacobson "The Financial Information Content of Perceived Quality," *Journal of Marketing Research*, 31/2 (May 1994): 191-201; David A. Aaker and Robert Jacobson, "The Value Relevance of Brand Attitude in High-Technology Markets," *Journal of Marketing Research*, 38/4 (November 2001): 485-493.
2. "Esso—Should the Tiger Change its Stripes?" *Reputation Impact*, October 2002, p. 16.
3. Ed Keller, "To Regain Trust, Faking Won't Do," *Advertising Age*, February 24, 2003, p. 28.
4. Pamela Kalafut, Jonathan Low, and Jonathan Robinson, *Measures that Matter* (New York, NY: Ernst & Young, 1997).