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# Strong brands; Some Fundamentals and Benefits

## *Abstract*

*The purpose of this research is to elucidate the essentials and benefits of possessing a strong brand. In order to gain information and data, previous literature was reviewed in order to gather secondarily research and a survey was executed in order to collect relevant primary data. The results showcased that a majority considers brands as important to them and the conclusion states that brands may contribute with additional value to company in multiple ways.*

## Introduction

Brands are the external image of company's and is experienced as the view and perception customers and stakeholders have regarding the organization. A brand can be interpreted in both a positive and a negative way and it's hence imperative for company's and employees to acknowledge the fundamentals of a strong brand. If this is successful, the organization as a whole may enjoy the multiple benefits connected to a powerful brand.

## Method

The method used in order to construct this science article was initiated by a re-examine of the subject as a entirety. Secondarily, diverse literature was researched via the Internet and books. The review created an impending and distinct portrayal about the current question at issue. After acquiring this information, appropriate questions were prepared to create a survey in order to gather primary data. This resulted in attaining concrete sources of information which together with colleted theory made an analyze of the question at issue possible.

The survey was created in order to gather data which could be linked to and assist the question of issue regarding the importance of bank brands for users of internet banking. The survey was named "Banks Brands". It started by explaining that it was a part of a school assignment with the purpose of understanding the importance of bank brands linked to the Internet-usage of banking. Before answering questions, a definition of *brand* was explained with intention to illuminate the meaning of the expression in this particular survey.

The survey was performed as multiple-choice via the Internet. In order to achieve a satisfying response-rate while simultaneously maintaining a high validity and connecting to the problem, a total of six questions were asked to the participants. The questions were shaped in a compressed and uncomplicated setup while at the same time being concrete in order to extract the requested information. A total of five alternatives were given on each question, each being mutually exclusive and with the possibility and requirement to select only one appropriate answer.

The banks investigated and contemplated within the survey are the big four banks in Sweden, namely; Svenska Handelsbanken, Nordea Bank AB, Skandinaviska Enskilda Banken AB and Swedbank AB. The limitation of sample was selected on the basis that this survey was being completed in Sweden and that these four banks have a large majority of the market share. On the account of this and in order to connect with the question at issue in a valid and reliable conduct, this way of approach was estimated as most favourable.

## Empiricism

A brand may be defined as a name, a logotype or trademark and is viewed as the receivers perception of a company (Barwise, Dunham and Ritson, 2000). The importance of brands is undeniable and they're essential to our day by day life (Sherry, 1995). A brand can add value into a company and in such way enhance the worth of their products or services. Consequently, brands can be recognized as a assurance of quality (DeChernatony, 1999; Tilley, 1999; Urde, 1999).

Corporate branding has been said to have some specific characteristics. Balmer (2001b) have reflected assembled a list concerning these particular features:

- *Cultural:* This aims to highlights that corporations often tend to have starch cultural roots. The experienced culture inside the company usually consists of a mixture of smaller subcultures within the organization, like corporate, professional and "national" cultures.

- *Intricate:* About the awareness being multidisciplinary, also focusing on many stakeholders and other interest groups involved.

- *Tangible:* This includes, among other things, the products/services, geographical coverage, profit-margins, logos, performance-related issues and more.

- *Ethereal:* Contains brand associations, like emotional responses associated with the brand, also rudiments like delivery-style and lifestyle.

- *Commitment:* Highlighting commitment, from ordinary employees to the senior management. The corporate brand should exhibit commitment from stakeholder groups and various networks.

Characteristic attributes for corporate brands is that they're compendious and clearly defined while at the same time being distinct. They're defined by corporate behaviours, principally consistent over time while simultaneously being highly depending on the entire organisational devotion and affected by the employees overall conduct (Balmer and Wilson, 1998).

It has been discussed that the centre of a corporate brand may be a convention between the organization as a whole, the stakeholders and the consumers (Balmer, 2001a). This covenant is usually referred to in literature as "a promise" (Johansson and Hirano, 1999; Mitchell, 1999; Tilley, 1999) and is not rarely highlighted by three representing words whose intention is to mediate the company's oriented message, examples being Nike's "*authentic, athletic, performance*" or Disney's "*fun, family entertainment*" (Keller, 1999).

Corporate brands may therefore be important and beneficial in multiple ways. It enable corporation's to differentiate from competitors, it gives the opportunity to communicate the company's values and it may increase the shareholders loyalty (Balmer, 2001b).

Through the establishment of a strong corporate brand, company's get the opportunity to differentiate and distinguish themselves from competitors. By doing this, a company may generate additional value by becoming distinctly identifiable to stakeholders in general and main segments in particular. The brand can become associated with a level of quality and consequently affecting all the company's product and/or services in a positive manner. The brand can in addition be utilized in the launch of new products or services in current markets (Newman, 2001) and easier penetrate new markets (Peteraf, 1993). Previous mentioned Disney is a good example of this. The company started by making cartoons but used it's strong corporate brand in order to expand into also making full-length movies and also creating various products and theme parks among other things (Balmer and Gray, 2003).

Brands are often important to consumers because many define or try to define themselves or who they wish to be by using a specific brand that reflects their aspiration (Kay, 1995; Elliot and Wattanasuwan, 1998; Newman, 2001). Brands have been concluded fundamental in the creation of individual identities during the prevailing consuming culture (Simoes and Dibb, 2001).

An traditionally important aspect to many corporate brands are the employees, as these are the ones that interact with consumers, clients and other external parties. Considering this, it's very much the workforce responsibility to transmit the brand values onto outside world (Kennedy, 1977; Schneider and Bowen, 1995; Hemsley, 1998; Balmer and Wilkinson, 1991).

Another difference between corporate branding and product branding is that of the company's strategy. Product brand management is often a question in connection to the middle management within the corporation. The brand management is usual closely linked to the entire corporations strategy and is considering this also a mission for the top management to deal with. The branding management and overall strategy have benefits to be directly related to one another (Shoker, Srivastava and Ruekert, 1994).

The marketing concerning corporate brands have been said to differentiate compared to ordinary marketing. A challenge regarding brand management can for example be taking into account the shareholder-perspective and other interest groups instead of fully focusing on the consumers on the receiving-end (Balmer and Greyser, 2003).

Another advance recognized by possessing a strong corporate brand is the durability of this in comparison to other resources (Grant, 1991). A product may have a huge competitive advantage compared to other similar goods temporarily but the life-cycle of these products are generally relative short. This in private strengthen the significance of investing in a strong corporate brand. An additional major reason why corporate brands are important is due to the fact that it's an intangible asset that usually is patented. This results in it being basically impossible to imitate certain aspects regarding the company because the protection through the law (Balmer and Gray, 2003).

It's essential to notice that there're limits regarding the extensions of corporate brands. These limitations are influenced by which line of business the company is involved within and the values of the organization. The importance concerning knowing the limits are important because it may affect the overall corporate brand by expanding into a specific industry (Collis and Montgomery 1995).

Corporate brands may also generate value to company's in regards of total worth. A comparison done in 1982 showed that the fixed assets of the construction company Bechtel had a higher value than those of the soda-producer Coca Cola. Despite this, Bechtel was quite unknown to the public while Coca-Cola were world-known. The reason for this was simple, Coca-Cola had induced a very high and valuable corporate brand during the years (Diefenbach, 1982). Estimations done by Citibank acknowledged that 59% of Coca-Colas total book value were aggregate of goodwill associated with the company's corporate brand (Barwise, Dunham and Ritson, 2000).

As mentioned earlier, the importance of corporate brands may display in different ways. For example, Interbrands analysis of the worlds biggest company's in 1999 showed that 64% of McDonalds, 61% of Disney and 59% of Coca-Colas book value consisted of corporate brand (Barwise, Dunham and Ritson, 2000). Another example where corporate brands may have an large effect is within corporate takeovers. Philip Morris paid 12,6 billion dollars for the purchase of Kraft in 1988, an amount six times the book value of the company. A majority of this amount was derived to the corporate brand of Kraft (Newman, 2001). Other positives may be that investors seek strong corporate brands better opportunities to attain venture partners (Barney and Hansen, 1994). Additional benefits of a strong corporate brand may be the ability to recruit talented employees and retaining customers in general and key customers in particular (Mitchell, 1999). Furthermore, a powerful corporate brand can reduce experienced difficulties for a company during a crisis (Greyser, 1999).

A research performed by the British research consultancy, MORI, showcased that corporate brands amplified many aspects, overall profile, investor confidence, visual acknowledgment, consumer attractiveness, and product support while at the same time raising the staff's enthusiasm and encapsulating the organizations value (Lewis, 2000).

## Analysis

Brands are often described as the name, logotype or trademark of a company. Brands hereby are quite significant to company's as these represents the customers perception of the organization itself (Barwise, Dunham and Ritson, 2000). The data collected through this survey supports this statement by showcasing that less than 2% of the correspondents didn't say to care about brands at all. At the same time, slightly over 70% of those responding regarded brands as either important or very important to them.

The establishment of a strong brand is a process that needs to be performed over time, in order to gain the customers trust and respect. As mentioned by Balmer (2001b), there're particular features and explicit characteristics that needs to be recognized in order to create a strong brand. This includes the cultural aspect of the organization as a whole, as corporations usually have strong cultural roots within the company. These rudiments depends on a combination of subcultures inside the company, from the ethnic diversity to the professional behaviour of the employees. According to Balmer, it's also vital to discern the multidisciplinary aspect of corporate branding and take into account for other interest groups, like stakeholders. Other significant characteristics regarding corporate branding discussed by Balmer is the commitment exhibited that needs to permeate the organization as a entirety, the emotional parts connected with the association and tangible aspects like geographical coverage and services/products.

A strong brand should be easy to recognize by being clearly defined and distinct (Balmer and Wilson, 1998). A way to accomplish this is by marketing of the company's logotype (Balmer and Greyser, 2003) or selling "a promise" to customers which they can associate the brand with (Johansson and Hirano, 1999; Mitchell, 1999; Tilley, 1999). This approach to strengthen a brand is viewed as creating a covenant between the company, customers and stakeholders which aspires to improve the recognition and trust received by the counterparties. In order to complete this mission, the overall corporate actions and conduct of employees must be positive and consistent over time (Balmer, 2001a).

By marketing as well as instituting of the brand (Balmer and Greyser, 2003) and issuing this promise to consumers (Johansson and Hirano, 1999; Mitchell, 1999; Tilley, 1999), company's attains the prospect to distinguish and differentiate their trademark among competitors (Newman, 2001) by illumination of the brand (Balmer and Wilson, 1998). This uniqueness can be applied and in support when entering new markets (Peteraf, 1993) or aspiring to launch a new product or service at an existing market (Newman, 2001). This is a technique Disney have used, by the utilization of their strong brand, created by making quality-cartoons. As a result of this, they've been able to expand to everything from entire theme parks to creating different products like toys with their name upon (Balmer and Gray, 2003). Entering new markets in this way without experience have been simplified by inheriting a strong brand that's generally associated with quality (Newman, 2001).

While in some cases enhancing benefits by using a strong existing brand when expanding, it's imperative to recognize the limitations and risks concerning expansions and extensions of brands. These bounds are determined by the values of the organization and by which type of business is the brand are currently occupied in. By enlarging into a unfitting industry, a brand may reduce it's current impression, damaging the brand value (Collis and Montgomery 1995). If named Disney for example would expand into arsenal-production, their current brand as a movie-creating company would possibly be affected in a negative manner.

Brands have been acknowledged as important to customers as people aspire to use products or services associated with attractive company's. People may define or try to define themselves by using a specific brand. The brands used by someone can in addition affect the impression made on others (Kay, 1995; Elliot and Wattanasuwan, 1998; Newman, 2001). The importance of brands in general is sustained and supported by the data collected in this survey. Table one (showcase below) shows, as previously mentioned, that a vast majority believes that brands are important to them or even very important to some people. As brought upon by Simoes and Dibb (2001), brands have been declared as essential to individuals in general and for creating and defining identities in particular, a importance which has grown and evolved throughout the current consuming culture that exist.

Due to the discussed increasing importance of brands, it's important to transmit and maintain a strong brand for organizations. A aspect that's by tradition been vital to convey positively concerning a brand is the employees, as these are the ones normally interacting with the external world, like clients and customers. It has more or less been the workers task to mediate the company's value and thus having the main responsibility in forming the publics impression about the corporations brand (Kennedy, 1977; Schneider and Bowen, 1995; Hemsley, 1998; Balmer and Wilkinson, 1991).

By creating a strong brand, company's may attain several benefits. One rewarding aspect obtained by constructing a strong brand is associated with the considerable length this asset inherits, in particular when comparing to other resources (Grant, 1991). Products or services for example may provide a substantial competitive advantage which may bring value to the company. But with regards to the rapid development and evolution of products/services, this additional value may not be that long-lasting, especially considering that these may be replicated or even improved by competitors. This further highlights the value of a strong brand as this can be regarded as a more exclusive asset which can't be copied in the same way due to restrictions in law and patents respecting the trademark/logotype (Balmer and Gray, 2003).

Brands have been proven to having many positive effects on company's total value. A clear example is Interbrands analysis concerning the globes biggest corporations from 1999, which showcased that over half of multiple company's value consisted of brand value. Cases in point being world-known organizations like Coca-Cola, MacDonalds and previous discussed Disney (Barwise, Dunham and Ritson, 2000). An earlier comparison done in 1982 between Coca-Cola and construction company Bechtel highlighted that even though Bechtel's fixed assets had a way higher worth than those of Coca-Cola, the soda-producer possessed a larger total book value, reason being the significant intangible value inherited by the account of their powerful brand (Diefenbach, 1982).

A practical case where brand value can display itself is involving company takeovers. In order to acquire a company holding a strong brand, others may be willing to pay a amount far above the book value of the firm. A example brought up in the empirical section is the purchase of Kraft Foods done by Philip Morris in 1988. The latter paid 12,6 billion dollars for the acquisition, a sum that exceed the book value by approximately six times. The largest part of this overpayment was associated to the brand value seized by the processing and manufacturing conglomerate (Newman, 2001).

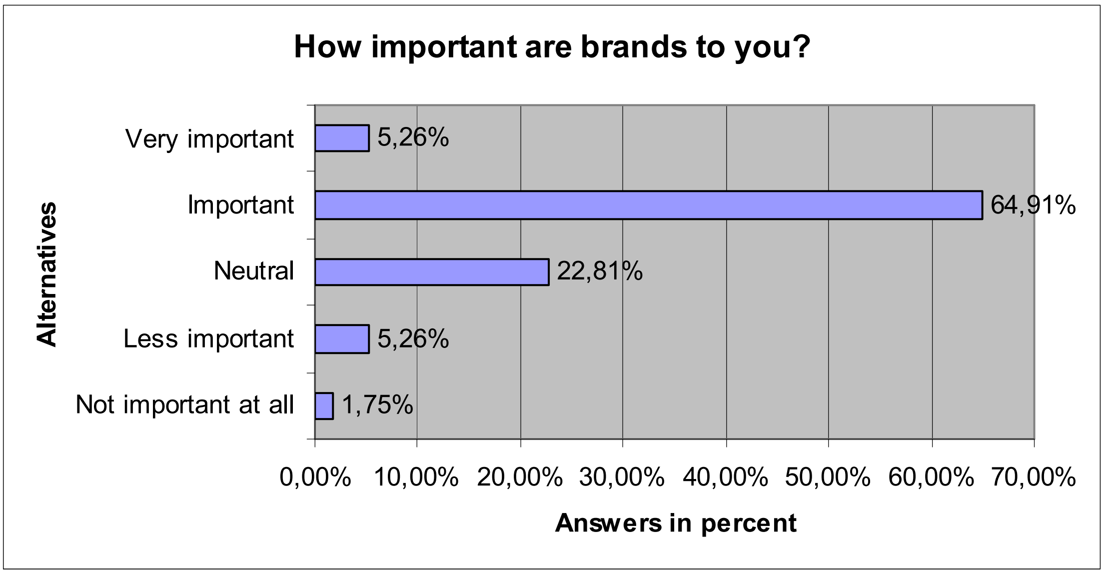
Other contributions a strong brand may bring is regarding the human resource department of organizations. A powerful brand has the ability to attract gifted jobseekers and increase the chances of retaining talented employees within the company. This effect may as well be indirectly cost effective as the company can allocate less resources to the hiring process of workers. In addition to this, a strong brand may contribute to the external relationship process in order to commence and maintain collaboration with other corporations and customers (Mitchell, 1999). Additionally, a great corporate brand may help in the process of acquiring venture, attracting investors or while negotiating for loans (Barney and Hansen, 1994). A strong brand may consequently be important if the corporation would experience some kind of financial difficulties (Greyser, 1999).

In order to create a strong brand, organizations need a complete and comprehensive strategy. The strategy for company's branding management should be linked and coherent to the overall strategy of the organization for the reason of creating and displaying a concrete and distinct image outwardly. These strategy's is recommended to be directly related to each other and considering this, brand management is a primary assignment for the top management within the organization (Shoker, Srivastava and Ruekert, 1994).

This approach differs from that's of product branding- and marketing in a particular way (Shoker, Srivastava and Ruekert, 1994) as also noted by Balmer and Greyser (2003). Brand management needs to account interest-groups and shareholders in a different way than that of product marketing. The marketing of a product usually spotlights the customers on the receiving-end but the brand affects the whole organization in a different way. This have been said to be one of the toughest challenges regarding the marketing and management of a brand (Balmer and Greyser, 2003).

Below showcased figures display the results gathered throughout the survey. The tables contain the collected data assembled and highlights the opinions and importance people have in mind when asked about their impression of different brands.

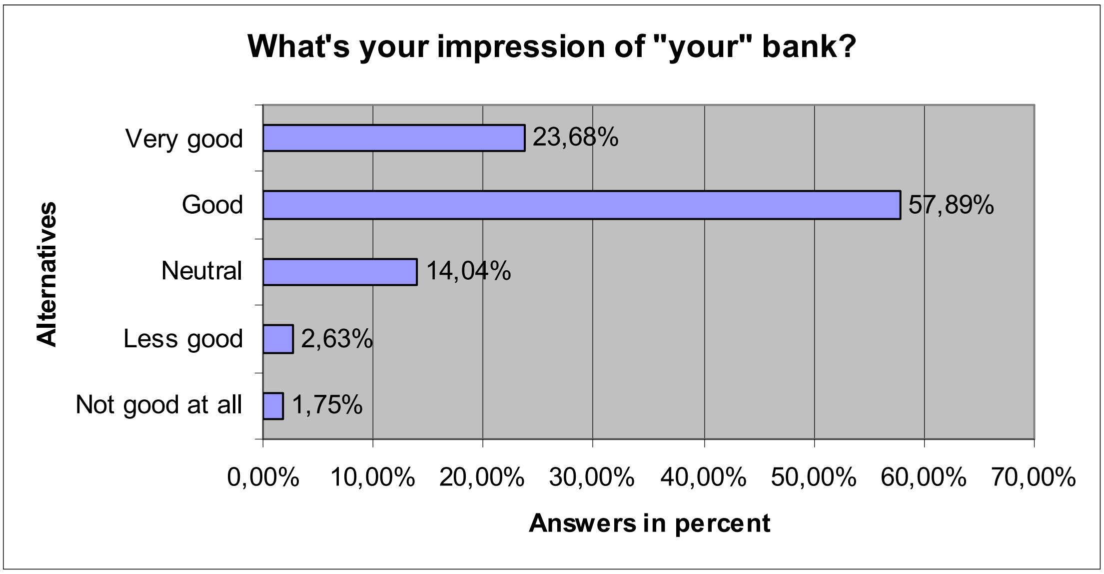
**Table 1:**




The first table provides fundamental opinion regarding brands and how important they're in general for the correspondents. This figure demonstrates that approximately two-thirds of the respondents considered company's brand as important and slightly above 70 percent of those answering believed that brands overall in some way were significant to them. As little as seven percent of this sample said to concern less or not at all with brands.

These statistics fits well together with the previous research and examines performed by Kay (1995), Elliot and Wattanasuwan (1998), and Newman (2001) which discusses the importance regarding brands to individuals preferences concerning choice of products or services. According to their studies, brands may have a significant impact on others and their impressions of someone and as a result of this, brands become imperative to many.

**Table 2:**




The second diagram displayed above describes how good or not good impression answering respondents had about their own main bank they currently used. As read of this chart, it can be concluded that vaguely over 80 percent of the correspondents inherited a good or even very good impression of their own bank. The item is unable to track the reason creating this positive image but it's distinct that a overwhelming majority currently use a bank which they associate in a good way.

This data logically links up with prior research regarding customer attractiveness, executed by Mori, a British research consultant company. Their investigations highlighted, among other things, the increase and resembling magnetism a strong brand could contribute with and thereof create customer satisfaction and the maintenance of a positive consumer interpretation (Lewis, 2000).

**Table 3:**

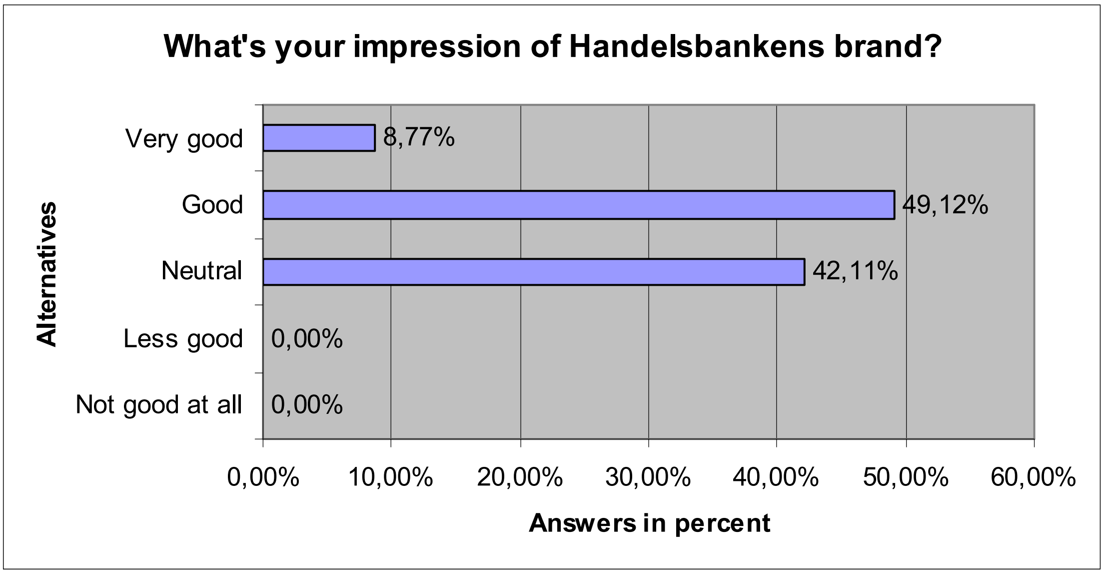



**Table 4:**

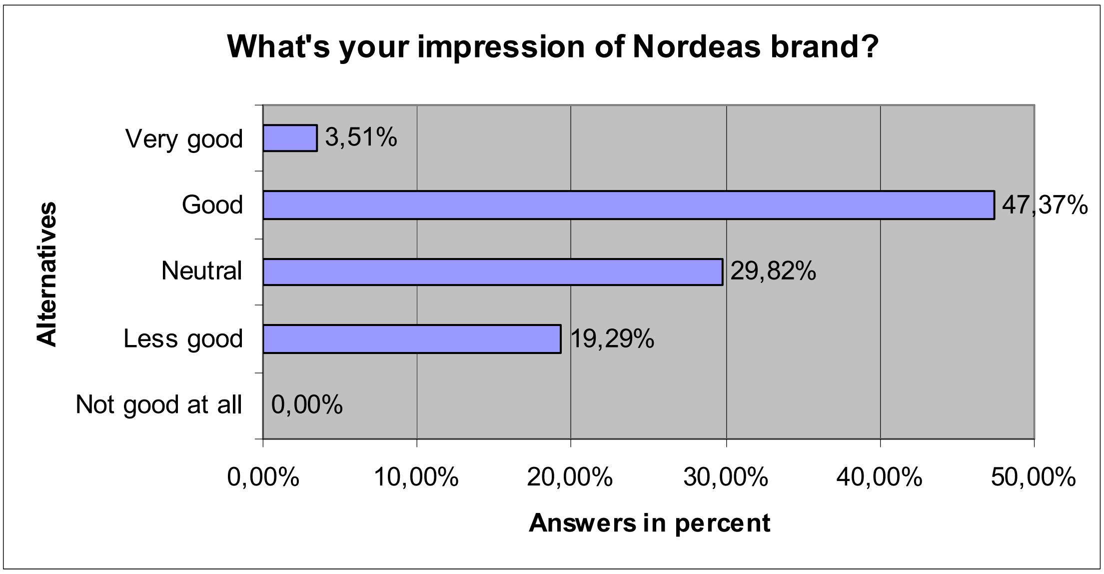


**Table 5:**

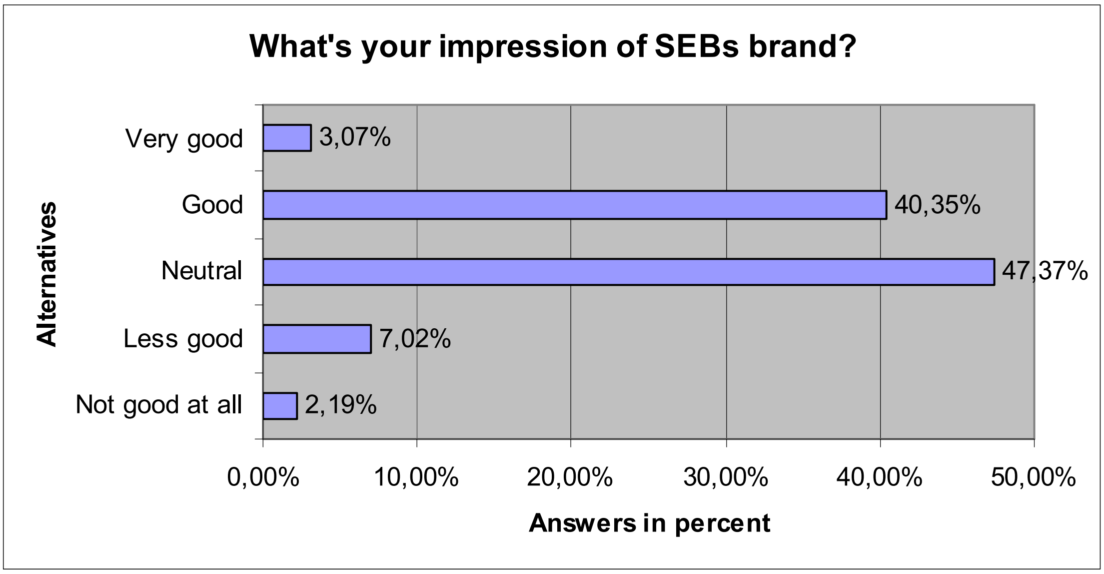
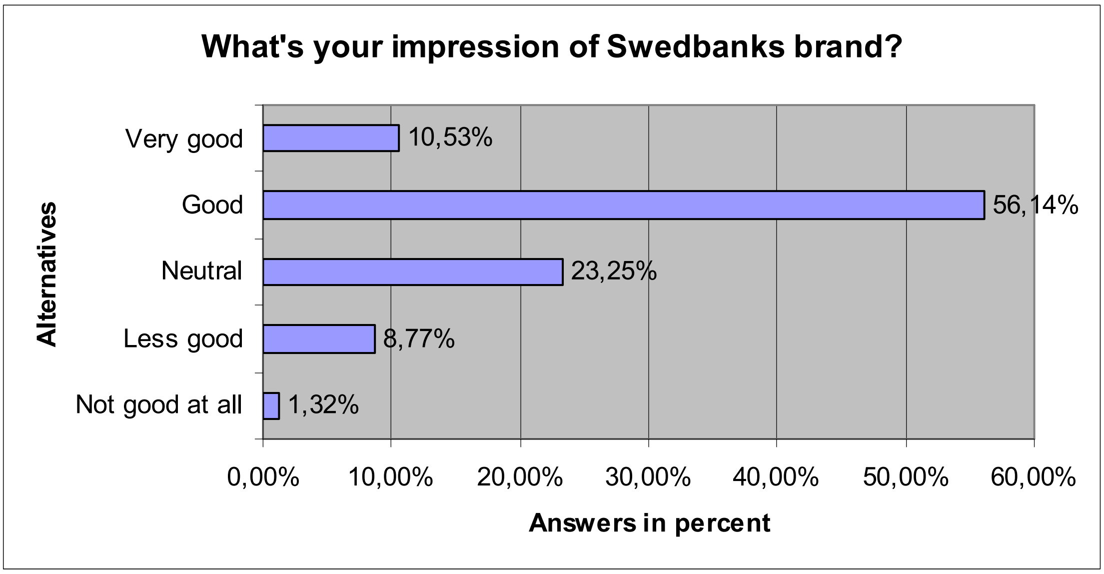



**Table 6:**




The four diagrams including tables 3-6 shows the impressions customers have regarding the four biggest banks in Sweden and their brands. Through transforming the answers received into numbers, a comparison between the collected data is enabled. The five different levels of reply's may be split in a five-point scale, where "Very good" equals five and "Not good at all" equals a grade of one. By this operationalization, the weighted average respecting each bank is possible and the score is pending between 3,40 as lowest and 3,67 as the highest. These statistics demonstrates that each and every one of the largest banks in addition inherits a brand with an overall good impression among customers.

## Conclusion

The importance of brands should not be underestimated as these are an important piece to the entire corporation, both internally and perhaps especially as the exterior image. As determined by both DeChernatony (1999), Tilley (1999) and Urde (1999), brands have the opportunity and ability to embrace additional value in multiple ways for organizations. Trough the strengthening of external image, company's can acquire a unique selling position towards customers. This may contribute with added worth and significance to the products and services provided by the corporation and therefore be important in order to demonstrate a declaration of excellence regarding the quality.

It's not only the company's services or products that may enjoy the benefits of a strong brand. As Interbrands examination form 1999 showcased, strong brands have the ability to greatly amplify the overall market value of a business, thus generating extra worth for shareholders. The strength of a brand have in addition to this shown the ability to attract the best employees and keeping these within the company which in turn may create supplementary advantages for the organization. Powerful brands can also display their importance when business's desire to expand or experience economic difficulties.

As concluded by Balmer (2001b), brands are important to corporations and may be beneficial in numerous ways. The brand permit the company to express it's values towards the world and may through this differentiate them from competitors and possibly enhance all stakeholders reliability and loyalty towards the organization.

## Future Studies

Through previous empirical research and literature, brands in general seem like a wide and broadly studied subject in which it exists good and coherent studies. Future studies may still be rewarding in order to acquire information and data regarding the development of brand creation and specification of which aspects customers care most about concerning company's and their actions.

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