

## Brand Management: It's not only about products and services, it's also about people!



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In maturing markets where customers have plentiful supplies and choice, more and more companies need to manage their brands more proactively. Today, many firms spend large advertising budgets to create or reinforce awareness of their companies, express the values they stand for, and communicate the benefits of their products and services in order to further differentiate themselves from the competition. However, brand management is much more than just external communications. It is also about understanding how consumers perceive every aspect of what the organization does. In particular, brand management also means communicating the values of your brands to your own people; making sure that employees understand these values and leading them to become the best ambassadors of your company and its products. Only then can you expect to dramatically differentiate your company from competitors in the eyes of your customers.

### “Brand Building is More Than Just Advertising”.

Branding is often the most misunderstood element of corporate strategy. It is still perceived by too many managers as “advertising” to create an image for their products and services. In reality, brand management includes every aspect of communications. Every aspect of what the organization does influences it. Branding is not only about products and the other elements of the marketing mix (price, distribution, communications); it encompasses the whole enterprise, and first of all its people. To quote a Nestlé executive: “A strong brand is simply the reward offered by the

market for implementing overall good business management!” And just like any other aspect of strategy, brand management can only be effective if properly implemented through people. Every single interaction that takes place between your customers and your employees (or your partners' employees) before, during and after the sale is an opportunity for the customer to test and judge not only the quality of your product but also the corporate brand equity. Consequently, all employees – in particular those closest to the customer - need to understand that they are the key ambassadors of your brands. As Venetia Howes, Global Brands Strategy Manager for Shell International explains: “*One of the biggest challenges facing Shell is to continue the transition from a company which is comfortable with wells, drills, refineries, tanks, pipes and other bits of hardware, to one which still does these things well and excels at customer understanding and service... What is key to these intangible benefits of service and brand? The daily behavior of our staff and all who represent the face of Shell to customers and other stakeholders.*”

### In the Service Industry, Internal Brand Management Is Priority Number One!

Not all companies and brands have the same internal/people challenges. In the service industry, where the customer faces the “product”, every employee's action is a brand action. Every interaction between employees and the customer is a “moment of truth”<sup>1</sup>, an opportunity for the customer to judge whether a company

*“In the service sector, great brands typically tap into both staff and customers' emotions since the nature of the business involves many 'touch points'.”*

is genuinely practicing what it claims to be. As exemplified by the phenomenal success of Starbucks, mass advertising can help build brands, but authenticity “through a people experience” is what makes the brand strong and what makes it last. When contrasting Starbucks' brand strategy with its competitors', we found that the striking difference is the exceptional emphasis that Starbucks put on the human factor. In fact, Starbucks decided to invest in mass advertising only a few years ago, once it had its internal communications right. Until recently, Starbucks was mainly investing in products and its staff. And even today, it continues to invest first in its employees by sharing the Starbucks values, processes, policies, behaviors, and building strong emotional links between the company values, the product benefits and the customer's experience<sup>2</sup>.

In the service sector, great brands typically tap into both staff and customers' emotions since the nature of the business involves many “touch points” (situations where the consumer comes into direct contact or is directly affected by the employees' actions and behavior). In “high-touch” industries, such as airlines, consulting or hotels, emotions drive most of the customers' brand perceptions. The emotional connection transcends the product because of human actions and behavior. As explains a Starbucks executive: “We are not in the coffee business serving people, we are in the **people** business serving coffee!”

### **In “Low-Touch” Industries, Internal Branding Can Also Be a Significant Source of Competitive Advantage.**

When we compare the “high-touch” brand management of Starbucks with the brand management of Nescafé, one of the 7,000 brands marketed by Nestlé, it may be more difficult to argue that the actions of the Nestlé staff and management have a direct impact on the image of the product. In “low-touch” product categories, the consumer is dealing with brands that are removed from the people who produce the product. In fact, one can argue that the retailers who are distributing

the product have more influence on the Nescafé brand equity at the consumer level than the Nestlé employees themselves. Increasingly aware of this reality, companies such as Harley Davidson, Lacoste, Nespresso, Nike, Swatch and others, have decided to control their own distribution channels. Obviously, this option makes more sense for Nespresso (a subsidiary of Nestlé that markets a range of espresso machines and supplies) than for the rest of the Nestlé Group. For companies like Nespresso that have chosen to go direct, the rationale is that a well-trained staff, truly passionate about their products, can provide a superior shopping experience unmatched by the competition or limited by the conflicting needs of other retailers. Even for companies such as Nestlé that are still relying on independent distributors to sell their products to end consumers, the actions and behavior of sales reps, truck drivers, and call-center people, and all other interactions between the manufacturers' staff and the trade, help reinforce the brand perception by bringing congruence between the external corporate communication message and what the staff does and says. In any case, motivating employees to support the corporate brand never hurts. As explains Allan Stefl of Nestlé: “Our branding effort has increased the quality of our products and processes. Quality and loyalty are the key outcomes, and they are both measurable in terms of turnover, product and everything else we do.”<sup>3</sup>

### **In B2B Industries, Internal Branding Often Remains an Unexploited Opportunity to Sharpen the Competitive Edge.**

In the industrial world, where rational purchasing decisions tend to be the rule, the human factor can also play a critical role in differentiating products/services from the competition. Even if your company sells so-called “commodities”, the human factor is often an unexploited element to strengthen the competitive advantage. At the end of the day, all business transactions involve people selling solutions to solve other people's problems. More and more B2B companies, as illustrated by the previous

<sup>2</sup> See Howard Schultz & Dori Jones Yang

<sup>3</sup> Quoted in Engaging Employees With Your Brand: Preliminary Findings, The Conference Board, 2001

example of Shell, are also realizing that they need to differentiate themselves, not only through the technical performance of their products, but also through the services they offer (logistics, invoicing, product claims and other after-sales services) and consequently through the behavior and actions of their own people. In Japan, for example, Canon insists on having its repair people wear a white shirt and a tie. The white shirt helps reinforce the perception that Canon's photocopiers are truly user friendly and easy to service. Canon's senior management believes that employees are critical to the customer's brand experience and that no one will sound as convincing as sales or repair people who are truly passionate about their products and what they do. As a senior executive at Medtronic Europe likes to emphasize: *"All employees are salespeople, and not just those in the front line."* Employees' attitude (both in the front line and in the back office) plays a role in influencing customer trust and corporate reputation. For instance, at Hitachi Metals, senior management considers that answering phone calls from customers promptly, nurturing a knowledgeable and courteous staff is as important as turning out flawless products from the steel mills. As explains a senior executive in this Japanese company: *"Every single employee is an ambassador of our corporate brand. Their actions and behavior directly and indirectly affect our reputation in the whole business chain!"*

Drawing from a number of leading companies we have examined, what follows are a few tips in effective "internal brand management":

### **1. Make Sure the Entire Senior Management is Behind the Plan.**

Creating and developing an internal brand culture only works if employees realize that it is for the long term and led by top management. Companies dedicated to building passion brands - such as Ducati, Ferrari, Starbucks, Nike, Swatch, Virgin - are all led by senior executives who consistently live and communicate the brand values, over and over again. Their brand message

is not delivered by e-mails, posters or memos but at the personal level, very often by the CEO himself. These senior executives display a genuine passion for their products, their customers, and their brands. They create, communicate and live a compelling brand vision and mission. They don't pay them lip service.

### **2. Define and Communicate a Clear and Consistent Corporate Brand Identity at Every Level of Your Organization.**

The challenge is for the senior and middle management to consistently communicate and live a simple and clear message around the key components of their brand strategy (*What does our brand stand for? Who is our brand targeting? What are the key benefits of our brand?*). Since employees at all levels of the organization need to live, support and deliver the brand, it is essential for management to have simple and credible answers to these three basic questions, consistently and over time. Executives in companies that truly live the passion for their brands also use every opportunity to communicate in person, the values of their brands to both their staff and their partners' employees. As explains Luca di Montezemolo, Chairman of Ferrari: *"The real secret of our success is enthusiasm for the brand, shared by our own people and our partners. Enthusiasm is the sparkle in their eyes, the swing in their gait, the grip in their handshakes"*<sup>4</sup>

### **3. Make Sure That Your External and Internal Messages Are Consistent.**

A recurrent problem in implementing "internal branding" is conflicting communications. For example, one Swiss insurance company was recently promising in its external advertising to do everything to keep its customers satisfied, while at the same time it internally urged all its employees to save costs on customers transactions. Inconsistent external and internal messages can only lead to confusion and cynical reactions from your staff. Speaking with one voice to all your

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<sup>4</sup> Presentation in Maranello, 11 December 2002

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stakeholders with a credible and passionate message is truly a prerequisite for successful internal branding. Only then can congruence between the corporate communication message and the staff's behavior and actions truly take place. As highlights a Nokia executive: *“In building our brand, we learnt that the following three ingredients are absolutely critical: a consistent and relevant message to consumers, a consistent transmission of this message across all channels of communications with our stakeholders, and a consistent message over time!”*

#### **4. Translate the Brand Values Into Actions and Behavior for Your Staff.**

Translating your brand values into priority actions and behavior helps ring it true for the staff and reinforces the credibility of your brand. At Ducati, for instance, employees are used as advertising models. The plant is used as a showroom and remains open for visits seven days a week. Employees riding Ducati bikes are granted the privilege to park their bikes in front of the main building while the parking space for executive cars has been placed further away. Passion for motorcycle racing and the customer is a major hiring criterion. For Federico Minoli, President & CEO of Ducati Holdings, the result of all these actions is the reinforcement of an internal brand for employees that influences the right employee behavior: respect for the customer.

#### **5. Celebrate the Successes.**

As the Ducati example demonstrates, developing and sharing a brand philosophy that puts the customer first (setting the example as executives, empowering and involving employees, linking incentives to customer orientation, focusing measurements on customer orientation) are all necessary elements to build a strong brand culture. However, communicating and celebrating successes is the critical element to bring all these elements together and keep the momentum over time. At “Grand Optical”, (a French retailing chain that sells optical products and services), when employees meet or exceed corporate standards,

everyone is told how their actions and behavior made a difference for the customer. To celebrate these successes, more than 10,000 bottles of Champagne are opened every year for the employees. In many organizations, success celebrations turn out to be the “glue” to internal brand building.

#### **Conclusion.**

If carried out with real conviction by everyone in your organization, all these actions will make a great deal of difference in building your brands and reinforcing your competitive advantage. Strong brands do not happen by accident. They are developed through a long journey that starts by involving your own people and building from their hearts.

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