B   Theoretical foundations

1   Identity-based brand management model as theoretical basis

1.1   Development of the identity-based brand management model

The corner stone for branding was set with the start of mass production at the beginning of the twentieth century. Producers labelled their supplies for recognition purposes. Those labels were employed as a guarantee for steady product quality and recognisable product (packaging) design. During the course of the early twentieth century branding became more and more sophisticated. With the beginning of the 1960s markets for consumer goods were saturated and products converged, so branding became the only way of differentiation.[227] The role of marketing in those days was to impact the consumer's subjective perception of a brand: the brand image.[228] In the beginning of the 1990s globalisation led to an interchange of knowledge and technology. Consequently, products became convertible and hardly discernible. Pricing became even more competitive and brands eroded. During this time academics saw the necessity for rethinking the theory of brand management. The market perspective that put the consumer's view on the brand in the centre of research was extended by an internal view that focuses on competencies of the firm. The identity-based brand management approach was developed parallel by KAPFERER (1992), AAKER (1996) and MEFFERT/BURMANN (1996).[229]

The identity-based brand management model broadens the former one-dimensional concept of image-oriented brand management by taking the internal competences and resources of a company into account. The model merges two opponent perspectives by integrating the external and internal view on a brand into one holistic approach: The inside-out perspective of internal stakeholders and the outside-in per-

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[227] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), pp. 20 et seqq.

[228] Cf. KELLER (1993).

[229] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), pp. 20 et seqq.

spective of external stakeholders.[230] The inside-out perspective is determined through internal stakeholders like employees, executives, intermediaries and therefore builds the brand identity. The brand identity expresses the values and attributes that the brand stands for. It is actively formed through the firm itself and ultimately determines the perception of external groups through postulating the brand promise. The outside-in perspective, the brand image, is the perspective of external stakeholders, e.g. consumers. A brand in the context of identity-based brand management is understood as "a bundle of consumer benefits with specific attributes that - from the view of relevant target groups - differentiate this bundle from other bundles that fulfil the same basic needs".[231] Consumers experience the brand at various brand touch points[232] and therefore constitute a perception of the brand in their minds. Trough mutual exchange between internal and external groups at various brand touch points both concepts – brand identity and brand image – sharpen over time.[233] The approach is illustrated in Figure 8.

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[230] Cf. MEFFERT/BURMANN/KIRCHGEORG (2012), p. 359.

[231] The original definition is phrased in the German language: „ein Nutzenbündel mit spezifischen Merkmalen, die dafür sorgen, dass sich dieses Nutzenbündel gegenüber anderen Nutzenbündeln, welche dieselben Basisbedürfnisse erfüllen, aus Sicht der relevanten Zielgruppen nachhaltig differenziert." BURMANN/HALASZOVICH/HEMMANN (2012), p. 28, BURMANN/BLINDA/NITSCHKE (2003), p. 3.

[232] SCHULTZ ET AL. (2009) describe the approach of customer touchpoints as follows: "This term allows marketers to focus on all the ways their organization touches the customer or prospect, whether through outbound marketing communication or any other of a myriad points of interaction. This idea of touchpoints is truly the differentiating factor between customer-brand relationship and traditional marketing for it starts with the customer, not the delivery system." SCHULTZ ET AL. (2009), pp. 202-203.

[233] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 29.
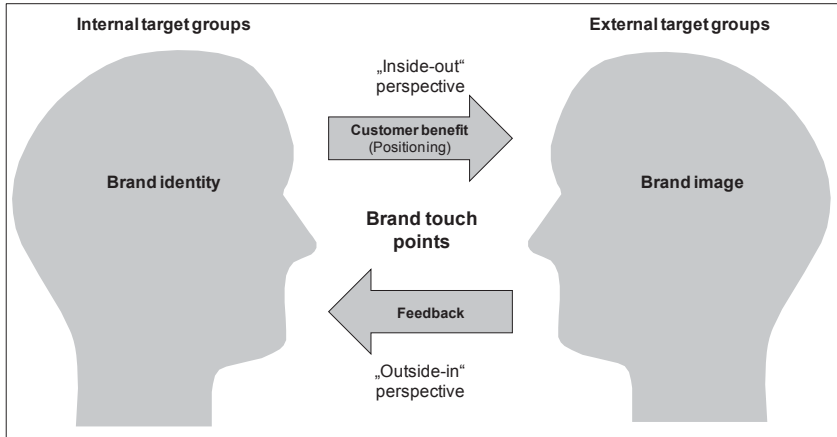
Figure 8:   **Identity-based brand management basic model**
Source: Own illustration based on BURMANN/HALASZOVICH/HEMMANN (2012), p. 29.

1.2   Brand identity

The identity of a brand comprises those spatio-temporal features of a brand that form
the character of a brand on a long-term basis from the view of internal target
groups.[234] The identity is continually matched to the perception of external groups
and assimilates if there are discrepancies. There are four fundamental characteristics
that constitute a brand's identity:[235]

Reciprocity: An identity can only be formed through relationships between a brand
and its consumers and other external groups. The interactions between brands and
customers are decisive for the composition of a brand identity. Especially the long-
term relationships are relevant for the stability of the brand identity. Hence the con-
sumer relation can be seen as an integrative part of the identity.

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[234] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 39.

[235] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 36.

Continuity: Essential characteristics of a brand have to be maintained over time. An identity is formed through a set of attributes that define the essence of a brand's character. These core attributes should be preserved over time. Otherwise the identity loses its foundation. Those core attributes should come to life at all relevant brand touch points that consumers experience. In addition, there are auxiliary attributes that help expressing the brand's identity but are not as substantial and might therefore change over time.

Consistency: Consistency in a brand's identity means that there should be no contradictions among essential and supplementary attributes. The brand promise and brand behaviour should be aligned at all brand touch points. Contradictory behaviour of ambassadors or employees leads to a misunderstanding of the brand's identity and damages the brand image.

Individuality: A brand should differentiate itself from competitor brands by one or more relevant attributes. Otherwise consumers see the brand as exchangeable.

The essence of the brand identity foots on several components. The identity-based brand management approach developed by MEFFERT/BURMANN (1996) offers six constitutive components (see Figure 9). A clear description of the identity components builds the foundation for implementing brand identity as an internal management concept. The basis for a brand's identity is the **heritage**. It determines the roots of a company not only historically but also regionally and regarding company or industry origin.[236] Regional roots can impact the quality perception of a brand. The good reputation of a region or country for a certain competence can be transferred to the brand. Examples for brands referring to regional origin are IKEA, Jever, VW[237] who use the German subtitle "Das Auto" in communication abroad.[238] Closely linked to the brand's heritage is the **brand vision**. The exploration of company roots directly leads to the question of where the company is going in future. The orientation of the brand vision is long-term and can be seen as an umbrella under which the beliefs

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[236] Cf. BECKER (2012), p. 60.

[237] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 45.

[238] For more detailed information on brand heritage in the context of the identity-based brand management approach, please see BECKER (2012).

and aims are subsumed. It gives employees orientation and direction. The statement of a company vision does not have to be specified to the last detail, but it needs to be realistic and achievable.[239]

Competencies of a company help to obtain competitive advantage in a market.[240] Only through its competencies is a company able to deliver unique products or service that cannot or not easily be imitated by competitors.[241] Competencies of a brand or company are distinguished from branding competencies.[242] The latter are seen as an important ability for managing a brand and preparing it for future challenges.[243] Competencies are developed over time and result from organisational abilities and resources. Hence, investment in human resources that inherit and redefine competencies is seen as crucial.[244] A strong commitment of employees and the intention to stay in the company is therefore important.[245] The behaviour of employees is an expression of their beliefs. Ideally the behaviour mirrors the **brand values**. Brand values bring an emotional component to the brand identity. They reflect the company's responsibility for employees, products, environment and stakeholders. The brand values are typically summarised in concise statements. They can only have a positive impact on consumer perception if they are brought to life by employees.[246] The style of brand behaviour and communication is an expression of the **brand's per-**

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[239] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 49.

[240] In the first part of the last century researchers argued that competitive advantage results from market and industry structure. This market-based view has been criticised for neglecting internal capabilities by researchers in the 1950s which was the basis for the development of the resource-based and later the competence-based view that foots on the theory of dynamic capabilities. Cf. BLINDA (2007), pp. 6 et seqq., cf. BURMANN/HALASZOVICH/HEMMANN (2012), pp. 6-16, cf. DAY (2011), cf. FREILING/GERSCH/GOEKE (2008).

[241] Cf. BLINDA (2007), p. 6.

[242] For a detailed analysis of brand management competencies in the context of identity-based brand management, please see BLINDA (2007).

[243] Cf. BLINDA (2007), p. 174.

[244] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), pp. 50 et seqq.

[245] For a detailed review on the construct of brand commitment and internal branding in general, please see PIEHLER (2011).

[246] Cf. SCHALLEHN (2012), pp. 69-71.

sonality.[247] A brand personality according to AAKER (1997) is a "set of human characteristics associated with a brand."[248] GILMORE (1919) acknowledges in his "theory of animism" that people bring objects to life by assigning human personality traits to them.[249] The brand personality is essential for a brand's identity. Depending on the self-concept of the target group, congruence between the brand's and the consumer's personality can lead to high identification benefits which again impact the image of a brand positively.[250]

These five components of brand identity are the foundation for the **brand assortment**, the sixth component. They determine the type of products and services a company offers.[251]

The brand identity composed of the six dimensions explained above has to be credible. Only a brand that is authentic finds acceptance and is trusted by consumers.[252]

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[247] The brand personality research was coined by AAKER (1997) who developed a scale that consisted of five dimensions to measure brand personality. SCHADE (2012) provides a detailed review on brand personality literature and researches the construct in the context of identity-based brand management for professional sport teams.

[248] AAKER (1997), p. 347.

[249] Cf. GILMORE (1919).

[250] In his dissertation, SCHADE (2012) was able to empirically prove that the higher the self-congruence the higher the identification with the brand which again impacts the brand image positively. Cf. SCHADE (2012), pp. 169-171.

[251] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), pp. 56 et seq.

[252] Brand authenticity in the context of identity-based brand management has been researched in depth by SCHALLEHN (2012). The study he conducted confirmed the impact of perceived brand authenticity on brand trust empirically. Cf. SCHALLEHN (2012), p. 168.
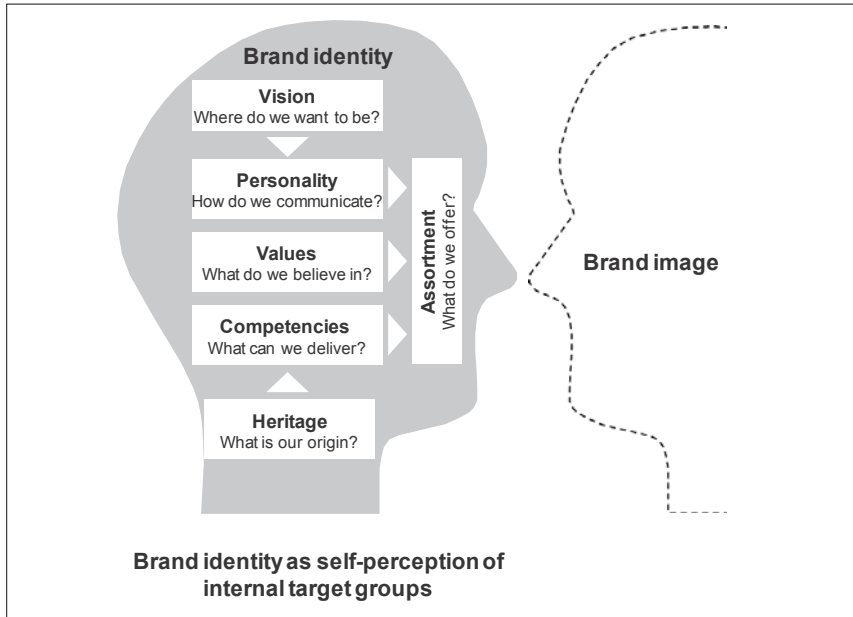
Figure 9:   **Components of the brand identity**
Source: Own illustration based on BURMANN/HALASZOVICH/HEMMANN (2012), p. 44, ARNHOLD (2010), p. 39.

1.3 Brand image

The brand image is a multidimensional construct that consists of attitudes towards a brand and has a significant influence on the consumer's purchase intention.[253] It subsumes various subjective impressions of a product or a brand. Those impressions can occur in the form linguistic, metaphoric, episodic or visual stimuli.[254]

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[253] Cf. TROMMSDORFF/TEICHERT (2011), p. 130.

[254] Cf. TROMMSDORFF/TEICHERT (2011), pp. 133 et seq.

The brand image is formed through consumers' expectations and experiences of a brand.[255] It is not only cognitive but also contains emotional, experiential and evaluative dimensions.[256] An image can only be built on the premise of brand awareness. Only if a person knows the brand, s/he can make up her/his mind about it.[257] Further, certain knowledge about a brand is required to create associations. Plus, the brand has to fulfil consumer needs adequately.[258] The consumer benefit can be either functional or symbolic. The latter becomes more and more important because in industries with high saturation, functional benefits of brands are not delivering sufficient reasons for differentiation from competitors.

The brand image is impacted through an individual's experience and perception of the brand at various brand touch points.[259] Those brand touch points include any contact between brand and consumer. This may include media impressions, contact at point of sale, customer service, brand outlets and many more.[260] At those touch points, the brand's ambassadors (employees, representatives, agencies) bring the components of the brand identity to life. Brand promise and brand performance need to be aligned, so the consumer can form a clear brand image in her/his mind.[261]

1.4   The relevance of interaction for identity-based brand management

A consumer experiences a brand at different touch points.[262] Brand touch points[263] can occur in the form of product usage, commercials, customer service or direct brand-consumer interaction. Whereas in the traditional concept of marketing, brand

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[255] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 59.

[256] Cf. TROMMSDORFF/TEICHERT (2011), p. 134.

[257] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 59.

[258] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 59.

[259] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 103.

[260] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 104.

[261] Cf. BURMANN/ULBRICHT (2013), p. 15.

[262] Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 103, cf. MEFFERT/BURMANN/KIRCHGEORG (2012), p. 361.

[263] Brand touch points include all contact points between the relevant target group and the brand. Cf. BURMANN/HALASZOVICH/HEMMANN (2012), p. 103.

touch points are created by the brand owner, in the context of social media brand touch points can also be created by consumers.[264] Social media touch points offer opportunity for interaction. Interaction comprises the exchange of content between various parties involved in the communication. Central element to interaction is reciprocity.[265] Only under the condition of reciprocity[266] does communication become interaction.[267] Hence, the exchange happens under the circumstance of mutual action. EILERS (2014) distinguishes between three forms of interaction:[268]

- "human-to-computer"[269] interaction

  With human-to-computer interaction EILERS (2014) describes a user interacting with a computer system or an internet application. The system or software has the ability to respond to the action of the user. This could be a website that is reacting towards the content the user activates or provides.

- "human-to-human"[270] interaction

  This category contains all kinds of interactions that happen between two or more individuals. Sociologists point towards the geographic component in the human-to-human interaction. Herewith, they highlight that individuals involved are usually gathered in one place at the same time.

- "computer-mediated"[271] interaction

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[264] Cf. ARNHOLD (2010), p. 48.

[265] Cf. TROPP (2011), pp. 47 et seq, cf. EILERS (2014), p. 60.

[266] "Reciprocity refers to the mutuality or bi-directionality" of a relationship. THOMSON/JOHNSON (2006), p. 715.

[267] Cf. EILERS (2014), p. 63.

[268] In her thesis, EILERS (2014) investigates the impact of social media on brand image and purchase behaviour. She compares different tools of social media communication for the industries automobile and food. For further details please see EILERS (2014).

[269] EILERS (2014), p. 61.

[270] EILERS (2014), p. 61.

[271] EILERS (2014), pp. 61 et seq.

Computer-mediated interaction has similarities with human-to-human interaction only that the communication is arbitrated through a medium. The parties involved in the communication are geographically not bound to be at the same place. They can be in different places and connect via internet. Neither is it required for the time to overlap. One individual can write a comment or post online and the other individual is able to answer or react later on.

For the context of social networks the computer-mediated interaction is predominant. Unlike media like television, radio or print, for social networks the criteria of reciprocity is fulfilled.[272] Consumers are able to interact with the brand mediated through computer software e.g. social networks. But different types of interaction need to be considered.[273] EILERS (2014) differentiates between interactive social media stimuli and passively consumed social media stimuli.[274] Among the interactive social media stimuli she subsumes personal communication between brand and user. That includes writing **personal messages**, **post comments**, **like posts** that the brand published on its wall or **share content** that the brand provided (see Figure 10). These activities can be defined as interaction because reciprocity is given. They happen as a reaction towards a stimulus provided by the brand.[275]

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[272] Cf. EILERS (2014), p. 63, cf. TROPP (2011), p. 48.

[273] Cf. EILERS (2014), pp. 218 et seqq.

[274] Cf. EILERS (2014), p. 100.

[275] Cf. EILERS (2014), p. 65.

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