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ORGANIZATIONAL ASSOCIATIONS

Corporate brands will be the only successful area of new brand building in the future . . . as technology increasingly functions as the great leveler, consumers increasingly depend much less on their evaluation of a single product.

—Stephen King of JW Thompson, UK

Companies have to wake up to the fact that they are more than a product on a shelf. They're behavior as well.

—Robert Haas of Levi Strauss

THE BODY SHOP STORY¹

In 1976, The Body Shop, an international manufacturer and retailer of skin and hair care products that breaks all the rules, began life in Brighton, England, when Anita Roddick opened her first store. Most cosmetic brands have identities based on glamorous user imagery and powerful functional, emotional, and self-expressive benefits supported by dramatic packaging and heavy advertising. In sharp contrast, The Body Shop sold its products with a hype-free presentation, reflecting values that set it apart from its competitors. The firm's "profits with principle" philosophy continues to provide a dramatic source of differentiation.

The Body Shop's unique approach to product development is based in part on history. People throughout the world have been using naturally based products to care for their skin and hair for centuries; why not capture some of this knowledge, refine it, and make it available to others? The Body Shop followed this thinking in developing such products as its Honey and Oatmeal Scrub Mask, Cucumber Cleansing Milk, Seaweed and Birch Shampoo, and Cocoa Butter Body Lotion.

The use of ingredients from less industrialized countries not only provides a basis for unique product ideas but also generates much-needed jobs and resources to improve lives in these countries. For example, the Brazil Nut Conditioner and Rainforest Bath Beads are made with Brazilian nut oil processed by the Kayapo Indians of the Amazon rain forest. In Nepal, The Body Shop obtains paper made from water hyacinth. The resulting relationships—based on the Body Shop principle of "Trade, Not Aid"—help create livelihoods for environmentally stressed communities, mostly in what The Body Shop calls the "majority world" (known to others as the Third World).

The Body Shop's involvement in the majority world extends beyond trade. In 1989, for example, The Body Shop collected a million signatures on petitions to "Stop the Burning" in the Amazon rain forest, where fires were being set to clear vast areas for development. The Body Shop's mission is not merely to sell cosmetics, but to create a global community.

As The Body Shop and its products have evolved, its antislitz, antiwaste, natural-ingredient philosophy has remained visible. Products are still developed without the use of animal testing. Simple, practi-

cal packages (featuring refillable plastic bottles with simple labels) are reminiscent of the unglaorous, no-tail-fins Volkswagen Beetle of the 1960s. No-hype salespeople, informative brochures, and The Body Shop's innovative Product Information Manual provide customers with information about the company's products and causes.

Perhaps the most differentiating characteristic of The Body Shop is its pursuit of social and environmental change. A passion for social causes pervades the culture of the firm, and The Body Shop "walks its talk" with a host of visible, meaningful efforts that include opposing animal testing, helping economically stressed communities, campaigning to help save the rain forest, and promoting recycling. The Body Shop is also an advocate for endangered species (the Animals in Danger line of children's soaps and bath products promote awareness of this issue) and a participant in exploring alternative energy resources (its goal is to supply its own energy needs with wind power). The Body Shop charter reminds employees that "goals and values are as important as our products and profits" and that "The Body Shop has soul—don't lose it."

The Body Shop identity influences employees as well as customers. Founder Anita Roddick believes that employees, like customers, are "hyped out" and need a sense of purpose that is more ennobling and involving than mere organizational profits. The charisma of The Body Shop's corporate mission provides that purpose. Employees, who are considered part of an extended family, are informed about products and environmental issues through instructional courses and newsletters, and they play an active role that ranges from educating others to participating in demonstrations.

This singular, dedicated posture provides a point of real differentiation that stimulates loyalty and commitment from customers. The Body Shop's customers are likely to be concerned with the world around them and to seek more involvement. Participating in The Body Shop is one way for customers to gain this involvement—and, in so doing, to express themselves. The acts of shopping at the store, interacting with the salespeople, using the refillable containers, and supporting the environmental positions all help provide a bond with the organization. The bond stems from a common belief that business should do more than make money, create decent jobs, and sell good products. Rather, it should help address major social problems by not only donating money but leveraging its resources to illumi-

nate and call attention to the issues. In fact, Roddick's intent is to provide customers with a sense of "excitement and passion."

FIGURE 4-1
Body Shop Visual



Reprinted with permission of The Body Shop.

The Body Shop is a good example of a brand for which the identity is largely based on organizational associations, particularly those involving values and programs. Many Japanese firms also have identities that draw heavily on organizational associations.

THE STORY OF BRANDING IN JAPAN²

Japanese firms, in general, look at brand strategy very differently than firms in other nations. First, they are preoccupied, even obsessed, with their image. Second, they often put their name on a wide variety of products, making their corporate brand the ultimate range brand (the general name for a brand that ranges over product classes). Finally they are concerned with the internal impact of the brand

identity on employees and prospective employees, as well as the external impact on customers and prospective customers.

IMAGE OBSESSION

Japanese firms care intensely about how people view them, and the identity dimensions on which they focus are remarkably similar across firms. Their highest priorities are innovativeness, being successful, and social responsibility (that is, being good corporate citizens and being sensitive to the environment). A reputation for quality is less of a concern, but only because it is not regarded as a differentiator; all firms in Japan are expected to deliver quality.

Innovativeness. For many Japanese firms, a reputation for innovation is crucial in terms of providing credibility for new products. The goal is to have an expectation in the marketplace—among the distribution chain as well as end consumers—that any new product the firm introduces will have a worthwhile advantage. Such perceptions also generate a sense of excitement and accomplishment for the firm, thus enhancing its prestige. The Japanese consumer is thought to admire firms that have the technological capability, imagination, and initiative to advance the state of the art.

For example, in 1986 Asahi Breweries was considered a tired, perennial also-ran, the maker of a third-place beer that was sliding into fourth. However, the introduction of Asahi Dry in 1987 caused the brand's share to bounce from roughly 9 percent (where it had languished for decades) to well over 20 percent—largely at the expense of Kirin, the industry leader. Asahi Dry completely changed the image of the company to that of a young, exciting, innovative industry leader. This new image affected not only the gain in market share but also the intensity of brand loyalty. Asahi Dry was able to fight off a host of imitators, in part because Japanese customers rewarded the successful innovator by buying the "authentic dry beer."

Many Japanese firms carefully avoid me-too products because of the impact on perceived innovativeness. For example, Kao Corporation (a soap company much like Procter & Gamble) strives to ensure that any new product includes a technological advancement that supports the brand's innovative identity. Kao even put its name on a line of technologically advanced floppy discs, which was a market success even though high-tech product was far from Kao's traditional domain

of soap and skin care. The credibility of the Kao name (and the large, successful company it represented) supported the new product, and the nature of the product helped, the innovativeness image of Kao.

The old image of Japanese firms being quick to copy but not very good at innovation is certainly incorrect today. Japanese firms, in fact, focus on developing core competencies that lead to innovativeness. Their R&D organizations (comparable to Bell Labs or the Xerox think tank) will tend to be more visible than would those of U.S. firms. The goal is to develop credible innovativeness signals in addition to actually supporting innovation. Along these lines, Canon has developed centers that focus on not only R&D but also creativity.

Success and Leadership. Japanese firms believe that customers want to do business with successful, well-known firms, not only to be reassured about likely product quality but also to associate themselves with the prestige of a successful firm. People in Japan want to be associated with the best. There are numerous cases in Japan of brands doing well in test markets only when a corporate brand was used to endorse the product, because the prestige and credibility of a large corporation was a necessary ingredient.

Good Citizenship. Japanese firms are interested in proving they are good citizens by being responsive to the environment and supporting the arts and other civic programs and causes. They understand that it is not enough to be "green;" they must also make sure that others understand and know about the firm's values. Hitachi, for example, ran a four-color, eight-page insert in *Fortune* explaining what it was doing to help preserve the environment. This series served to position Hitachi with respect to environmental issues, and it also provided insight into the company's values and programs. Customers are likely to feel closer to a corporation that they respect and that shares their own values.

Stretching the Mind. Japanese firms are aggressive at personalizing their organizations by focusing on issues and values that are far afield from the product and services involved. For example, in 1992 Mazda ran a ten-page insert in *Time* in which a dozen essayists and photographers set forth their own individual views on the meaning of life.

What kind of a company would introduce such a basic philosophical question and ask others (both essayists and readers) to participate in a meaningful way? Perhaps Mazda hoped customers would supply the answer: a firm with broader interests and concerns than simply making and selling cars, one whose leaders have an intellectual bent. Mazda may have felt a market segment would respect, admire, and bond with such an organization because of a similarity in interests, beliefs, and self-image. Of course, quantifying such an impact is difficult.

Relationship Marketing. Relationship marketing is a hot topic in American business. To the U.S. firm, a relationship is based on getting close to customers, understanding their problems, and developing responsive programs. It is ironic that the Japanese, by focusing on organizational values instead of specifications and action programs, may understand the nature of customer relationships better than Americans.

AN INTERNAL FOCUS

In Japan, corporate brand-building efforts often are aimed primarily toward current and prospective employees. An impact on customers is seen as almost a bonus, and certainly not as the only benefit. Japanese firms consider it vital that employees feel pride in their firm because of its values, purpose, past success, and future goals. They believe that workers who feel this pride will then be more effective and motivated and will buy into the group activities and culture that are at the heart of the Japanese management style. Corporate advertising in Japan is thus largely justified on the basis of its internal impact. In contrast, employees in the United States and Europe are rarely considered to be an important audience for a corporate advertising effort.

Stimulating Strategic and Organizational Change. In Japan, firms often engage in corporate identity (CI) programs, the goal of which is to obtain a consensus among a broad cross-section of employees as to what the corporate identity should be. The process not only results in a corporate identity for which there is "buy-in" among employees but it also provides a vehicle to stimulate change and renewal within the organization. For example, in 1985 a broad set of groups within Asahi

Breweries discussed the identity and vision of the firm. The result was a new attitude that made Asahi Dry and other programs feasible. One tangle sign of the new Asahi was a decision to change the firm's rising-sun logo, which was more than a century old.

THE PERVASIVE CORPORATE BRAND

In Japan, firms put their names everywhere; Mitsubishi alone puts its name on literally tens of thousands of brands. The parent name thus becomes elastic, meaning very different things in different contexts. The common core, though, is that behind each subbrand is a large, successful firm that is capable of being a leader in product and sales wherever it competes.

Firms such as Sony, Honda, Canon, Mitsubishi, and Toshiba further this message by investing in name-exposure activities. These corporate names are found in lights in most of the leading cities in the world. In one particularly compelling instance, a huge Toshiba neon sign overlooks (and dominates) a crowded Thai village. Aggressive sponsorship of events such as the Olympics also helps make the names of large Japanese firms a common part of the environment.

Suntory makes whiskey, but it also has its name on beer and even soft drinks, and only through great willpower did it keep its name off its chain of fast-food restaurants (which serve American-style hamburgers, pizza, and fried chicken). There is also a Suntory art museum, an elegant and important Suntory auditorium in Tokyo, and a host of prestigious firm-sponsored events. Thus the Suntory name is indeed a valuable commodity in Japan, one that is driven by more than its products.

THE PERMANENCE OF THE CORPORATE BRAND FAMILY

In Japan the corporation and its structure of products has a real permanence, because businesses are rarely sold. Thus it is easier for a Japanese firm to invest in a corporate brand, secure in knowing that a major change in its business scope is unlikely. In contrast, U.S. corporations such as GE, General Mills, and Xerox make only a temporary commitment to the family of products and brands within their portfolios. Their willingness to buy and sell businesses, thereby changing their corporate identity, makes it more difficult to justify investing in U.S. corporate brands.

THE BRAND AS ORGANIZATION

Brands in nearly all product classes are struggling to find points of distinction in the face of deteriorating market contexts. Powerful retailers and customers are focusing on price in an era of belt-tightening. A price emphasis is further fostered by aggressive or desperate competitors and by defensive players unwilling to cede market position. Product innovations are quickly copied or attract only small niches. How can brands differentiate themselves and maintain an advantage?

One answer is to base the brand identity in part on the organization behind the brand. The basic premise is that it takes an organization with a particular set of values, culture, people, programs, and assets/skills to deliver a product or service. These organizational characteristics can provide a basis for differentiation, a value proposition, and a customer relationship, as the stories of Saturn (described in Chapter 2) and The Body Shop illustrate.

Values and Culture

Saturn's organizational values of treating the customer with respect and as a friend provide the basis for a relationship. Most customers sense these values and developed attitudes and perceptions accordingly. The Saturn commitment to building a world-class economy car, another organizational characteristic, is also visible enough to affect customers' perceptions of the car. Similarly, The Body Shop's concern about such causes as the rain forests, animal testing, package recycling, and Third World economic development also draw the admiration and respect of customers.

People

The people at Saturn and The Body Shop, as encountered by customers either in person or through ads, are seen to be committed to the values and culture of the organization. They provide a credibility that could not be obtained by simple announcements of product attributes and corporate programs.

Programs

The Body Shop engages in visible activism that provides substance to its values and culture and a way for customers to participate either

actively or vicariously. Saturn's many customer-involving retail programs and its invitation to all owners to come to Spring Hill for a summer celebration reflect the values and culture of an organization concerned with much more than selling cars.

Assets and Skills

The Body Shop's access to Third World ingredient sources makes its interest and involvement in those countries' problems more credible. Saturn developed a manufacturing plant in Spring Hill from scratch in order to deliver a "different kind of car." Saturn also has a unique retail operation that visibly reflects its customer-friendly philosophy.

Organizational Versus Product Associations

Viewing the brand as organization generates *organizational associations* that can be attached to the brand as part of the brand identity. For example, Saturn is viewed as an organization that is committed to world-class quality. This perception is qualitatively different from the view that the Saturn car is a superior product; it instead reflects the organization's values, programs, and assets and skills. The implication is that an organizational commitment to quality will result in or support a claim of product quality, but it is nevertheless a different focus. Thus, just as a brand can have associations with respect to attributes, users, symbols, use contexts, country or region, and brand personality, it can also have organizational associations.

THE CORPORATE BRAND

A corporate brand such as Sony, GE, or Siemens does not necessarily need to have organizational associations as an important element of its identity. Rather, the brand-as-product perspective could dominate its identity. For example, Sony might mean quality consumer electronics, and GE Jet Engines might mean efficient engines.

For a corporate brand, however, organizational associations are usually important for two reasons. First, a corporate brand does represent an organization with a CEO and people employed in design, production, and consumer contact. Thus it is natural to focus on organizational values, employees, programs, and assets of the organization.

Second, the corporation is almost always involved with many product classes, each of which will usually have a set of product brands.

Siemens, for example, has its name on 100,000 products being marketed in 100 countries. Organizational associations such as innovation or quality provide a common denominator that can be applied over these products. The result is substantial economies of scale in building organizational associations. There is also the risk, however, that one visible product could tarnish the corporate name by delivering poor performance.

A corporate brand that is applied to many products also provides economies of scale and scope in creating visibility and awareness, since the cost involved is spread over multiple products and categories. Further, the name is exposed wherever these products are advertised or sold. Multiple products therefore translate directly into more exposure for the brand name.

ORGANIZATIONAL ASSOCIATIONS NEED NOT REFLECT A CORPORATION

Organizational associations are not at all limited to corporate brands. The issue really is whether the organizational associations are an important part of the brand identity.

Sometimes, in fact, brands that can productively focus on organizational associations should not use the corporate brand. Hidden Valley salad dressings would suffer greatly under the Clorox brand umbrella because the parent corporation is tied to bleach, which is incompatible with a food product. (Hidden Valley labels list HVR Company as the manufacturer.) Similarly, LEggs hosiery would not gain from an association with its parent company, Sara Lee. Hidden Valley and LEggs, however, could still involve organizational associations in their brand identity. As described in Chapter 2, Saturn has emphasized such associations in its brand positioning even while distancing itself from General Motors.

The visibility of organizational associations can vary greatly. For many product brands (such as Tide or M&Ms), the focus is on product attributes or user imagery, and the organization is invisible. The brand is really an abstract entity rather than a reflection of an organization. For others (such as Saturn and many service firms), organizational associations are often part of the core identity.

Organizational associations differ from but can be influenced by product associations, as will be discussed in Chapter 8. Even the nature of the products involved will matter. For example, a firm

making big-screen TVs will be perceived as being more innovative and high-tech than one making audio equipment.

ORGANIZATIONAL ASSOCIATIONS

Most brand identities provide value propositions that are tied to a product benefit, a use occasion, or a user group. These associations are usually product-class specific and involve tangible attributes, often with sharp visual imagery. In contrast, associations driven by the values/culture, people, programs, and assets/skills of the organization are qualitatively different. Less tangible, more subjective, and less tied to a product class, these associations have the potential to play a significant but different role in generating and supporting value propositions and customer relationships.

Sometimes associations, such as being community-minded, are uniquely attached to an organization. Other characteristics, such as perceived quality, could be viewed as product attributes (the product has quality designed in) which provide functional benefits (the customer benefits from superior quality) or as organizational attributes (the organization behind the brand has quality and quality programs as priorities). Which perspective dominates will depend on the source of the association links.

A host of organizational associations are available to managers. In order to provide an understanding of the way these associations work, a representative few of the most prevalent and useful will be discussed below:

- Society/community orientation
- Perceived quality
- Innovation
- Concern for customers
- Presence and success
- Local vs. global

SOCIETY/COMMUNITY ORIENTATION

Some organizations are simply "good citizens" and prove it in many ways including environmental sensitivity, sponsorship of worthwhile

charities, interest and involvement in their communities, and even how they treat employees. Organizational associations are almost indispensable in developing society/community-oriented associations. For example, Ben & Jerry's is a funky, Vermont-based, socially responsible ice cream firm with programs and policies that include the following:

- Giving 7.5% of its profits to social and environmental causes
- Creating a spin-off firm called Community Products, which markets products such as Rain Forest Crunch ice cream (using Brazilian nuts) that promote environmental awareness and provide dollars for social causes
- Paying top executives only seven times as much as the lowest-paid worker (this practice, not uncommon in Japan but highly unusual in the United States, was eventually relaxed in an effort to attract an outside CEO)
- Registering voters at a Ben & Jerry's outlet, and giving away ice cream cones as an inducement
- Establishing a Harlem franchise that employs twelve homeless workers and donates 75 percent of its profits to a local shelter

Ben & Jerry's, which started in 1978, now challenges Häagen-Dazs with sales in the hundreds of millions. It is difficult to estimate, of course, how much of its success is due to superior products and marketing, and how much is due to customers' affinity for the firm's values and programs, but it can be argued that the cost of pursuing worthy causes is fully compensated by the publicity generated by the programs and awards. (The announcement of Rain Forest Crunch ice cream drew forty media members to a press conference.) Certainly, the organizational associations have enhanced customer loyalty, although it is very difficult to say how much.

Levi Strauss earns respect for the way it treats employees and for its support of community institutions like the University of California and the Oakland A's baseball team. Saturn retailers are similarly admired for their involvement with zoos, playgrounds, and other local charities. There are undoubtedly customers who forge a richer relationship with such firms simply out of respect and admiration.

Going "green" is another way of being a good citizen. This trait can be associated with environmentally sensitive ingredients or

recyclable packaging, but a green image rooted in corporate values can be more difficult to copy, more visible, and more credible. It can be difficult, however, to know what the green route is—there may not be a consensus as to the “greenness” of a package, for example. Moreover, many effective green activities (such as reducing toxic emissions from plants) are not visible. Thus one challenge is to create brand value from what can be a huge investment.

Puffoffs

As noted above, the question is whether doing good pays off in the market. Certainly being a “good citizen” may generate feelings of respect, admiration, and liking that can help the brand by contributing to customer relationships. Consider the annual McHappy Days celebration/party in Lyon, France, which attracts some 100,000 people and raises money to send medical teams to refugee camps in Cambodia and Thailand. In the view of the McDonald’s franchise owner and sponsor, the event generates a special feeling toward McDonald’s in Lyon. A 1994 survey of nearly 2,000 U.S. adults provided some substantiating evidence that doing good pays off, even considering the tendency for people to exaggerate actions that reflect positively on their character.³

- When choosing between products of equal price and quality, 78 percent of the respondents said they would buy from a firm that contributed to medical research, education, and similar causes rather than one that did not.
- Two-thirds said they would switch brands to a manufacturer that supported a cause they deemed worthwhile.

In another U.S. survey, 83 percent of respondents said that they prefer buying environmentally safe products.⁴ Yet another found that 23 percent of American shoppers claimed to make purchases based on a company’s environmental profile and programs.⁵

“Cause” programs can add interest and visibility to a brand. Ronald McDonald House, a program (see Figure 4-2) that provides homelike accommodations for families of seriously ill children, has contributed to the McDonald’s identity in this way. Consumers in focus groups tend to perk up when Ronald McDonald House becomes the topic for discussion. By provoking not only admiration and respect but also interest, the Ronald McDonald House illustrates how a social program can add vitality to a mature brand.

FIGURE 4-2
Ronald McDonald House

This house was built by a three-year-old girl with leukemia.



In 1969, little Kim Hill was diagnosed as having leukemia, forcing her to leave home to seek special medical attention. Endless commutes and sleepless nights in hospital waiting rooms led Kim's family to help develop the first Ronald McDonald House.⁶

**Ronald
McDonald
House**

while their kids are treated in nearby hospitals. But it wouldn't be possible without the generous support of local businesses and community volunteers. If you'd like to contribute some time or money to our house here, please give us a call. Because to a critically ill child, having loved ones nearby is often the best medicine of all. Just ask 22-year-old Kim Hill.

© 1993 McDonald's Corporation

Finally, it appears that firms with better records for social responsibility get rewarded in the stock market. Although the evidence (from dozens of studies) is mixed, the consensus seems to be that a positive reputation in this area does not hurt and in some contexts helps the stock return. More unambiguous is the fact that a negative incident will have less impact on a firm with a good reputation. A classic case is the way Johnson & Johnson's reputation undoubtedly helped the firm regain the confidence of customers and investors after the Tylenol poisoning incident.

Have a Program

To capitalize on the interest in social responsibility, programs and actions must be translated into perceptions that help the organization to stand out from the crowd. To do this, a firm must obey the fundamentals of branding:

- *Have a focus.* In its pro bono work around the world, DDB Needham focuses on water—in particular, on the availability of water and the problems of pollution. It has participated in world conferences and helped develop communication programs. Other firms have focused on education, the inner city, an arts program, parks, AIDS research, or bicycling trails and events. A focus enhances both impact and visibility.
- *Be consistent over time.* With any branding effort, consistency over a long time period results in cumulative benefit to the firm. Brands with consistent involvement in a specific charity are likely to gain enhanced impact and visibility. Reebok, for example, has been associated with human rights for many years; among other things, it has sponsored Amnesty International's "Human Rights Now" world concert tour. This long-term involvement is likely to have much more impact on customer perceptions of Reebok than would a scattered charity-of-the-month program.
- *Link the program to the brand.* One way to strengthen the program/brand link is to participate in programs that are related to the firm's business. Thus Herman Miller, a furniture maker, reduces waste in its woodworking and encourages well-managed, sustainable forests. The California Casualty Insurance Company, which services teacher organizations, sponsors education programs. Kodak provides cameras, film, and other equipment to help parents put together ID kits for their children (to be used in case of an ab-

duction). This program provides a natural link to Kodak and cameras that donating money to a symphony would lack.

- *Be Branded.* A program that is branded is all the more effective. Liz Claiborne's campaign against violence toward women is called Women's Work. The Coors program to fight breast cancer, termed High Priority, has its own logo. A brand, of course, is a powerful device to crystallize the meaning and enhance the impact of a program.

PERCEIVED QUALITY

Perceived quality is a key consideration in nearly every consumer choice context. Quality can be communicated directly by showing, through demonstration or argument, that a brand's product attributes are superior to a competitor's. Visual quality cues can be employed to signal quality more indirectly. An alternative, as was shown in the discussion of Saturn in Chapter 2, is to discuss quality as a part of a firm's values, culture, people, and programs.

When organizational associations are used to make the quality claim, the focus is on the firm rather than on the products. Thus the "GM Mark of Excellence" is a corporate-wide effort spanning all General Motors brands and reflecting an organizational commitment to quality. It is also backed by programs such as Mr. Goodwrench and several visible total-quality programs that provide substance and credibility.

Many firms are committed to quality or to being "the best" at what they do. For example, Johnson & Johnson, consistently rated as one of the most admired corporations in the annual *Fortune* magazine survey, has quality and trust as its core identity. Nestlé uses the "Makes the very best" tag line for its corporate campaign, which is derived from its more familiar "makes the very best chocolate" consumer slogan.⁶

Retail Brands

Many retail chains, from supermarkets to clothing stores to automobile supply firms, market products under the name of their chain or under a brand that is closely associated with the chain. Because such store brands usually span a host of products, they are really positioned with respect to quality. Many of these brands are value brands, with acceptable quality but a relatively low price. Increasingly, however, store brands are being developed that are actually positioned as pre-

mium brands with top quality. Their value propositions thus are defined with respect to the best brands in the product class.

These retail brands often rely on packaging cues and customer trial to establish perceived quality and brand loyalty. Organizational associations, however, could also be a good vehicle to communicate quality both credibly and distinctively. Organizational associations are sensible because, after all, the retail chain is an organization. Further, any organizational associations used to enhance store brands will likely also help develop store loyalty.

Loblaws, a large Canadian supermarket chain, used organizational associations to create the upscale President's Choice brands. The brand name indicated that the products were the personal choice of the very visible president of the Loblaws chain, who presumably would not put the President's Choice name on an unworthy product. The president himself communicated facts about the organization and its commitment to quality that helped create a quality position for the President's Choice line. He also personally developed links to the customers by being visible in stores and creating a cookbook for customers.

The Tesco supermarket chain in England is another example of the use of organizational associations to create a quality position. Tesco ran a set of ads starring the comedian Dudley Moore as a buyer who was charged with finding a source for superior chickens. His search found him chasing loose "range" chickens in a forest in Bordeaux, being arrested for poaching salmon in Scotland, and being chased by large, costumed chicken characters in Chile. In the process, Moore stumbled onto sources of Italian grapes, Scottish Salmon, and Chilean Cabernet. His humorous exploits suggested the organization's willingness to go to great lengths to achieve top quality for its premium line of Tesco brands.

INNOVATION

As noted earlier, innovation is perhaps the key corporate brand association for Japanese firms. It is also important to Western firms, especially for those competing in a product class in which technology and innovation are important to the customer. For example, Oral B in dental equipment, Gillette in razors, AT&T in communication equipment, Intel in microprocessors, and Lexus in automobiles all base their competitive strategy on being the best technologically. Rubber-

maid, another fixture on the *Fortune* list of most admired corporations, provides value through innovation. Innovation is one of three cornerstones of the General Mills brand strategy, as well as a driving force at 3M. The developers of such products as Scotch tape, Post-it products, and Scotchguard protector, 3M derives more than 25 percent of its sales from products less than four years old. Figure 4-3 illustrates the 3M identity.

It is difficult to have a product or service that is demonstrably the best at any given time. There is always someone who can outspec you (to use Regis McKenna's term), and even if this has not happened yet, there are always some segments that are uninformed or unconvinced. Having strength on an intangible dimension like innovativeness provides an advantage that is more durable in such a market. For example, many buy Hewlett-Packard products because of HP's reputation as a technologically advanced firm, even if the product in question may not be the most advanced.

A reputation for innovativeness can also provide credibility in making new product claims, especially when such claims really make a difference to customers. The innovative firm will be given the benefit of the doubt because it has a track record of breakthroughs that support meaningful product claims.

Many firms—especially established, "tradition-rich" leaders like GE, Kodak, AT&T, or Coke—face the problem of being seen as a bit old-fashioned and boring. Being innovative can be a vehicle to appear more modern and up-to-date. A firm that makes products containing the most advanced features and capabilities will be seen as more contemporary.

CONCERN FOR CUSTOMERS

Many organizations, from Nordstrom to Lexus, enshrine a drive to always place the customer first as a core value. If a firm can credibly communicate such a philosophy, customers not only gain confidence in the products and services but also feel that someone cares for them. It is a lot easier to like someone who likes you.

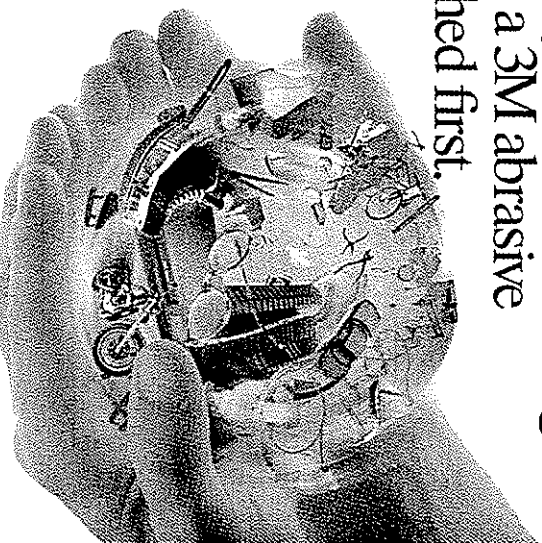
Several corporate brands have made this concept of friendship one of the defining elements of their corporate brand identity. Gateway Computer has a tag line—"You have a friend in the business"—that distinguishes it from competitors who focus on price and features. The friend metaphor is very powerful because it implies that the

FIGURE 4-3
Innovation as a Corporate Thrust

You can hardly go through a single day without touching something a 3M abrasive hasn't touched first.

Your refrigerator, your pots and pans, your shoes, your car, your desk, a chair, a floppy disk, so many of the things you touch every day without thinking twice have been touched by over 90 years of development by 3M abrasive technology.

By continuously refining and redefining abrasives and their applications to virtually every facet of our lives, 3M has produced innovations ranging from powerful abrasives that grind metal, to abrasives that conform in order to smooth and finish



three-dimensional surfaces, to precision abrasives so gentle they can polish eyeglass lenses.

In an environment that encourages people to reach and supports the cross-fertilization of ideas, 3M has changed forever the way we grind, shape, sand, clean, finish, polish and smooth. Because the one thing 3M has never changed is

its commitment to imagine the unthinkable and invent the unknown. A commitment that has resulted in more than 60,000 products that make our world safer, easier, better. And often a good deal smoother. For information call: 1-800-361-3577, that is 1-800-3M-HELP.

From rough surfaces that need heavy-duty grinding to delicate surfaces that need fine polishing, 3M abrasives are the answer. For more information, call 1-800-361-3577, that is 1-800-3M-HELP.



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3M Innovation

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brand will deliver what the customer wants: honesty, caring, dependability, and respect. In the next chapter, the brand-as-person metaphor will be explored, and the concept of a friend relationship between the brand and customers will be discussed further.

THE ROLE OF THE CEO

Some organizations are blessed with a charismatic leader—perhaps the corporate CEO—who can both represent and express the organizational associations effectively. Anita Roddick plays this role for The Body Shop. Such a person can often make corporate announcements more newsworthy and thus can gain inexpensive exposure. For example, the announcement of a new Microsoft product becomes major news when Bill Gates is invited to make a speech or appear on a national news program.

Personalizing the corporation by putting its founder/leader out front helps to create a relationship with the customer. Sam Walton, the highly visible leader of Wal-Mart, was perceived as a very appealing, even lovable person. The relationship of customers with Wal-Mart was in part a relationship with Sam Walton. In fact, in terms of representing Wal-Mart both internally and externally, the spirit of Sam Walton has remained very much a factor even after his death.

PRESENCE AND SUCCESS

The visibility and presence of the organization behind a brand can create an image of size, substance, and competence. Recall the discussion in Chapter 1 on the power of simple brand recognition—it even affected taste tests. Dealing with an organization that has the resources to back up its products and a long history of doing business is reassuring, especially in high-tech markets.

Visible success, as indicated by sales and/or sales growth, also provides customers with the reassurance of knowing that other customers have selected the brand. This comfort-in-numbers argument was behind the old (and now somewhat anachronistic) expression, "You can't get fired for buying IBM." Particularly in Japan, a background of success brings with it prestige, credibility, and the implication that the organization must be good at what it does.

An image of substance can also affect persuasion. In one study, Goldberg and Hartwick manipulated the corporate reputation of a firm that was introducing a beer in Canada.⁷ The firm was described in terms of its years in business, sales, the number of people employed, and corporate citizenship activities, but not with respect to its product expertise. In addition, the firm was described to some subjects in the study as being older and larger, while to others it was described as younger and smaller. An advertisement from another market was then shown in which a comparative taste test was described—the test results presented were extreme (the new product was superior to one hundred alternatives) for some experimental groups, and less so for others. The respondents were then asked to evaluate the advertisement claims and the product. The study showed that extreme claims created skepticism for the younger, smaller firm but were accepted for the larger, older firm.

Event sponsorships are a unique vehicle for the organization to develop a presence and a sense of substance. As noted in Chapter 1, WordPerfect was an unknown, also-ran software company in Europe until it became the sponsor of one of the continent's top bicycle racing teams. WordPerfect acquired not only exposure (because television covered the leading teams extensively) but also much of the team's visibility and prestige. PowerBar had similar success with its sponsorship of bike races and so-called ironman competitions.

LOCAL VERSUS GLOBAL

A brand often needs to make a fundamental identity choice: Should it (1) be a global brand, with the accompanying prestige and credibility, or (2) try to connect with the local market? In many markets there are brands following each strategy option.

Going Local

One strategic option is to be perceived as a local brand from a local company. Lone Star beer, for instance, draws upon the fact that a particular market segment identifies with its Texas heritage. Buying and drinking Lone Star can thus be a way to express that pride and attachment, and Lone Star promotions designed with a local flavor can reinforce such users' Texas identity.

There is almost always a niche for the local competitor. BellSouth, Pacific Telesis, and U.S. West are regional telecommunication companies that compete with AT&T, MCI, and Cellular One. A differentiation path for the former firms is to emphasize their regional heritage to customers in hopes of creating a bond. A supermarket chain attempting to establish a high-end private brand against global brands is uniquely situated to go local. It can engage in local United Way festival promotions or give a percentage of saved receipts to schools for computers, thereby indicating where its ties and loyalties (unlike those of its competitors) lie.

Use of the local route, though, is not necessarily restricted to local firms. Some of the most successful U.S. brands in Europe are accepted as part of the local culture and are not viewed as being foreign. For example, although Holiday Inn is obviously a U.S. firm, many of its European hotels appear to be local inns and are often accepted as such, particularly in Germany. Heinz is considered by the English to be "their" brand, even though it is a U.S. brand with a German name. GM's Opel is also very localized, again especially in Germany.

The go-local approach need not be overt. There was a very American element in Saturn's message, but customers needed to pick this up on their own. Unlike with Chevrolet, there was no "Heartbeat of America" tag line to make the point visible and explicit. The most successful local brands do not have to tell anyone that they are local; rather, people need only observe the brands' attitude, actions, and sometimes their accent.

The go-local strategy provides a link to customers. At the extreme, it can suggest that the brand is part of the neighborhood and stands against the carpetbagger (from the big city or from a foreign country) who does not care about or understand the local culture. At least seven country-of-origin studies have found a home-country bias—for instance, that "Made in the U.S.A." in general contributes more to brand evaluation in the United States than elsewhere.⁸ Han and Terpstra suggest that pride/patriotism and product serviceability are among the reasons for the bias.⁹

A local linkage is especially effective if an element of the global competitor's marketing program is insensitive or does not resonate with (or even offends) local sensibilities. A serious effort to go local can also result in a better understanding of the needs and attitudes of

the locality, which in turn can lead to product refinements and more effective brand identity implementation efforts.

Going Global

The other identity option, of course, is to go global. The fact that brands like Budweiser and Kirin are national in scope—or that Nestlé, Kodak, Ford, AT&T, and Nissan are truly global—provides the prestige and reassurance of a brand that has a larger audience and mission. Even for products such as detergents, it is better to be backed by a major company such as Kao (the Japanese soap company), than to be an orphan brand (that is, one not tied to a range brand or corporate brand).

A global brand signals longevity, resources to invest in the brand, and a commitment to the brand's future. A global firm will be presumed to be advanced technologically, able not only to invest in R&D but also to draw on the advancements in the countries in which it competes. AT&T is presumed, for example, to be at the forefront of telecommunications technology because of its ability to compete both nationally and across the world.

A global brand also has considerable prestige because of its ability to compete successfully in different markets. Suntory, for example, carefully positioned Midori (a melon liqueur) as a global brand when marketing it in Japan, correctly predicting that a perceived Japanese source would be a handicap. The global brand is often the established market leader; further, it can put forth a personality of being worldly and cosmopolitan, characteristics that can be very important for some product categories.

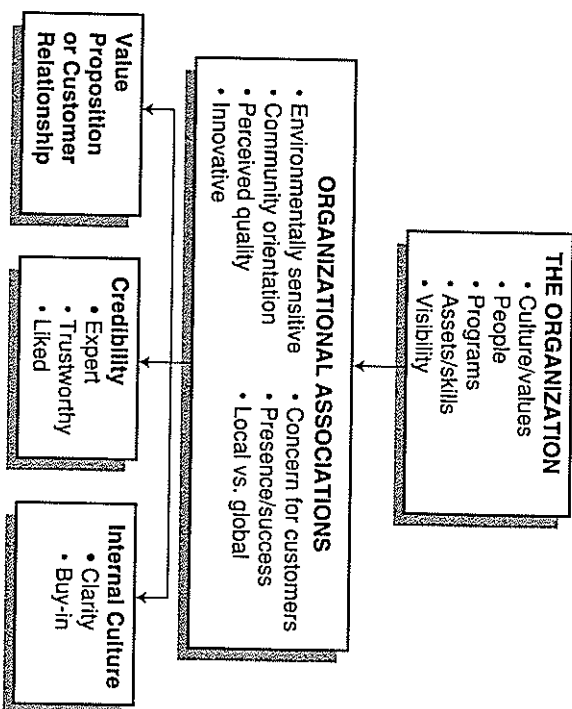
We next turn to how organizational associations work to provide value by considering their internal and external impact.

HOW ORGANIZATIONAL ASSOCIATIONS WORK

The brand-as-organization perspective is summarized in Figure 4-4. This perspective draws upon the visibility of the organization, as well as its culture and values, people, programs, and assets/skills, to identify organizational associations that might become an important part of the brand identity. The end benefit for the brand is to provide:

- A value proposition or customer relationship based on the organizational associations

FIGURE 4-4
How Organizational Associations Provide Value



- Credibility to other brands
- A vehicle to clarify and crystallize the organizational culture and values inside the organization

PROVIDING A VALUE PROPOSITION OR CUSTOMER RELATIONSHIP

Organizational associations created by Saturn, The Body Shop, Kao Soap, and others can contribute directly to a value proposition because the associations are valued by customers. In particular, organizational associations can provide functional benefits. An organization with a reputation for having a product-quality culture provides value in the form of higher delivered quality and a guarantee against unpleasant usage experiences. A concern for customers, such as that attributed to WordPerfect, can reassure customers that the product will be supported.

Emotional benefits can be stimulated by organizational associations. Feelings of respect and admiration, for example, can be con-

nected to an organization because of its programs and values. The experience of buying a Saturn can result in a relaxed, comfortable feeling, and many Saturn owners also feel pride in buying an American car. McDonald's charity involvement can stimulate feelings of affection and respect.

Organizational associations can also provide self-expressive benefits. Linking oneself (perhaps via a loan) with a bank that is a major sponsor of the local symphony could reinforce one's self-concept of loving the arts. Associating with the value-conscious Wal-Mart culture could support a self-concept of being frugal and practical. And patronizing The Body Shop is one way to express a commitment to social causes.

Most benefits in a value proposition can provide the basis for a customer relationship. In addition, relationship associations such as a sense of friendship (perhaps related to a customer-focused culture) exist at Saturn and elsewhere. The personal relationship concept will be revisited in the brand personality chapter which follows.

PROVIDING CREDIBILITY

A key way in which organizational associations work, particularly in the context of the corporate brand, is by providing credibility to brands being endorsed.¹⁰ The corporate brand is often used to endorse a product brand as part of a dual brand strategy, as in the case of the Ford Taurus, Nike Air Jordans, Campbell's Healthy Request, Chevron FastPay, or General Mills Cheerios. Each brings different associations to the dual brand (see Figure 4-5). The natural role of the product brand is to generate brand-as-product associations, whereas the corporate brand's natural role is to provide organizational associations that add credibility to the product claims. The corporate brand is like the flag bearer in front of the army, bestowing credibility on the army forces but depending on the army itself to fight the battle. Chapter 8 will explore these different brand roles more carefully.

The Credible Organization: Expert, Trustworthy, Liked

Attitude research in psychology has shown that believability and persuasive power is enhanced when a spokesperson is perceived as being expert, trustworthy, and well-liked. These same characteristics should

FIGURE 4-5
Relative Roles of Corporate and Product Brands

	CORPORATE BRAND	PRODUCT BRAND
Brand Example:	Ford	Taurus
TYPE OF ASSOCIATIONS:	Organizational	Functional benefits
Association Example:	"Quality is Job 1"	Well designed
PRIMARY FUNCTION OF ASSOCIATIONS:	Provide credibility	Provide value Proposition

be relevant when evaluating whether a claim made by an organization is credible. To what extent is the organization seen as expert or trustworthy, and to what extent is it liked?

An *expert* organization is seen as especially competent at making and selling its products. Thus the visible R&D facility at Canon indicates technological expertise, which makes product claims for a new camera more credible. Indicators that Ford delivers quality cars provide similar credibility to its new offerings.

A *trustworthy* organization will be trusted and believed when it makes claims. An organization viewed as trustworthy would be perceived as honest in its communication and dealings with customers, dependable, and sensitive to consumer needs. Some firms, such as Hewlett-Packard and Levi Strauss, are trusted because their policies toward societal problems and/or their employees are interpreted as a general commitment to "doing the right thing." That sense of trustworthiness carries over to communication about product capabilities. Trust, frequently a part of the core identity of a corporate brand (for example, Johnson & Johnson), provides a strong basis for a relationship between an organization and its customers.

An organization could be *liked* because of admiration for the firm's contributions to the community, or the organization could be regarded as fun because of the activities in which it participates. Swatch, for example, by hanging a giant watch on a tall bank in

Frankfurt or by sponsoring an offbeat contest, creates an organization one (in the target market) has to like. MelLife shares some of the feelings people have toward Snoopy because of its use of the Peanuts characters. There is less of an inclination to disagree or argue with someone you like well, and the same tendency can be hypothesized to exist when a brand is the "someone" in question. The message of a liked brand will tend to be accepted, whereas the claims of a disliked brand will be viewed with skepticism.

Impact of Organizational Associations on Credibility: Some Evidence

Kevin Keller and I conducted an experiment to explore the impact of corporate image on customer acceptance of a corporate brand extension (that is, a new product outside the current range of a firm's products).¹¹ Four different corporate images (innovative, environmentally conscious, community minded, or neutral) were created for corporations given neutral names (e.g., Meridian); the settings were baked goods, personal care products, dairy products, and over-the-counter drugs.

A major finding was that an innovative corporate image was a powerful asset, in part because of its impact on the brand extension. Innovativeness was the only corporate image dimension to enhance the perceived fit of the corporate brand extension and the evaluation of the product attributes. The implication is that an innovative corporate image gives a firm license to stretch the brand name further. An innovative corporate image also had the largest impact on the perceived quality of the extension, a finding that occurred across several positioning strategies attached to the extension.

Moreover, an innovative corporate image had a substantial positive impact on corporate credibility, making the firm appear to be more expert (with respect to designing and making the product), more attractive (likable, prestigious), and more trustworthy. Thus respondents seemed to be attracted to the innovative profile beyond simply respecting the firm's ability to innovate.

The image of being either environmentally sensitive or community minded made only a modest difference, much less substantial and extensive than the innovativeness dimension. Both images did enhance the attractiveness and trustworthiness dimensions of corporate credibility. In addition, the environmentally sensitive corporation gener-

ated a small impact on the perceived expertise of the corporation and on the perceived quality of the corporate brand extension. This, however, was partially because this firm was seen as somewhat innovative due to its environmental leanings.

INTERNAL IMPACT

There is little doubt that it is important for employees to buy into organizational values and programs. Over the years, both current business practices and social science research into employee motivation have supported this basic premise. Consider the current acceptance of group or team efforts, empowerment, and the flat organization; all require clear organizational values and goals, and employees motivated to accomplish them.

A brand identity that includes organizational associations is more likely to represent the basic goals, values, and strategies of the organization. Thus it can play a key role in articulating these elements to employees, retailers, and others who must buy into the goals and values and implement the strategies. An identity with organizational associations is more likely to provide internal guidance on some basic questions, such as the following:

- What is the purpose of the organization? Why does the company exist? What does it stand for? Are there any broader concerns and issues involved besides making products and profits?
- What are the values and culture of the organization? What is important? What is the relative importance of being environmentally sensitive, having the highest quality, being innovative, having a concern for customers, being successful or connecting locally?
- What is the organization really good at doing?
- What is the vision for the future? What will be the values, culture, and goals then?

WHEN TO USE ORGANIZATIONAL ASSOCIATIONS

Proactively using organizational associations can add cost and complexity. The worst scenario is that they could add little value and succeed in diverting resources and focus from what otherwise would be a strong product brand. When should organizational associations

be used? A strong role is appropriate when the brand involves an organization that has people, a culture, programs, and values that have substance and will do the following:

- create a value proposition that will be meaningful to customers and differentiate the brand
- promote customer relationships based on the feelings engendered by the organizational associations
- help a variety of products, thereby efficiently providing all of them with an identity umbrella
- provide employees of an organization with a sense of purpose and meaning that motivates them

If these conditions hold, the corporate brand should be a source of strength to the businesses it touches, and it should be treated as such.

ORGANIZATIONAL ASSOCIATIONS AS A SUSTAINABLE ADVANTAGE

An organization is usually more enduring, complex, and permanent than a particular product line. A perception of an organization is therefore more difficult for competitors to combat than specific brand attributes, which can be easily surpassed. Thus organizational associations can be a major source of a firm's sustainable advantage.

QUESTIONS TO CONSIDER

1. What is the soul of the organization? What are its values? What should they be in the future?
2. Are there organizational associations that will provide either a value proposition, a relationship, or credibility? Consider community/societal commitment, perceived quality (as an organizational characteristic), innovation, customer concern, success/leadership, and a global versus local focus.
3. Exactly how will the organizational associations be developed, and how will they provide value to the firm?