CHAPTER 1

THE OUTSIDE–IN PERSPECTIVE

OUTLINE: 1960 ONWARDS

In this chapter and the one that follows we set out the key perspectives on brand building. In Chapter 1 we outline the traditional outside–in led view of branding which has held sway in literature for the last 45 years – at least since Theodore Levitt published his now famous article, 'Marketing myopia' (1960) in which he argued for a customer value led view of how organisations should define themselves. In this and subsequent writings Levitt contended that marketing should be concerned with identifying and catering to customer needs. Levitt suggests that marketing is concerned with viewing 'the entire business process as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs'. This might seem like sound thinking, but we will argue that there are problems with the outside–in view both in its basic philosophical premise and in the way it is executed. Inevitably these two problems are linked: the problems are due to marketing's fundamental belief in 'unidirectional control' (Kotler, Jain and Maesincee 2002), its adherence to a sales orientation, in spite of Levitt's diagnosis (Mitchell 2000), the lack of a tightly integrated organisational effort and the reliance on advertising. In reality, marketing has too often failed what Drucker (1998) claimed it should do, which is to bring the outside world inside the organisation and to use that knowledge as the 'foundation for strategy and policy'.

In Chapter 2, we outline the inside–out view of brand building which argues that it is employees through their assumptions and behaviour that define the brand experience for customers. This line of thinking challenges the Levitt viewpoint because it argues that organisational competence and knowledge are vital elements in the marketing process. It counters the oft-cited example of the outside–in approach: the buggy whip manufacturer that could have resisted obsolescence when the car was invented by redefining itself as being in the transportation business by suggesting the transition to automotive supplier would be extremely difficult if the company lacked the knowledge to produce anything but buggy whips.[1] The inside–out view argues that as well as understanding changing needs, the organisation has to understand itself. This perspective has an equally long heritage, deriving as it does from organisational development and another defining publication: Douglas McGregor's *The Human Side of Enterprise* (McGregor 1960) which challenged the scientific management of F.W. Taylor and replaced it with Theory Y's principle of integrating individual and organisational goals. This strand of thinking travels through organisational theorists to Edgar Schein's *Organisational Culture and Leadership* (1985) and to a meeting with branding writers (Ind 1997, de Chernatony 2001, Ind 2001, Pringle and Gordon 2001) who have synthesised views on the working of the organisation with a customer orientation. Our perspective, which will be developed in the subsequent chapters, brings together the market and inside out views, but also goes beyond them to argue that all the core elements of the organisation – leadership, organisational culture, marketing, human resources and finance – need to be aligned to deliver relevant value to customers and to build the brand.

THE NATURE OF BRANDS AND BRANDING

In 1960, alongside Levitt and McGregor, E Jerome McCarthy introduced the 4Ps of marketing and the American Marketing Association (AMA) produced its glossary of marketing terms, including this on brand: 'a term, symbol or design . . . intended to identify the goods or services of one seller . . . and to differentiate them from those of competitors'. The AMA definition doesn't extend the idea of brand much beyond that of its use to identify cattle, but since then writers, associations, advertising agencies and marketers have defined and redefined the terminology. Ries and Trout (1986) extended the definition to argue that the effect of a brand is to create a distinctive positioning in the mind of the customer. De Chernatony and McDonald (1998: 20) also developed the meaning by setting out what makes for a successful brand:

> an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition.

There are alternatives to this last definition, but it does contain the essentials of identifiability, augmentation, customer orientation and competitive sustainability. If we structure de Chernatony and McDonald's definition we can see how the different elements of the successful brand interrelate. Internally the brand is defined

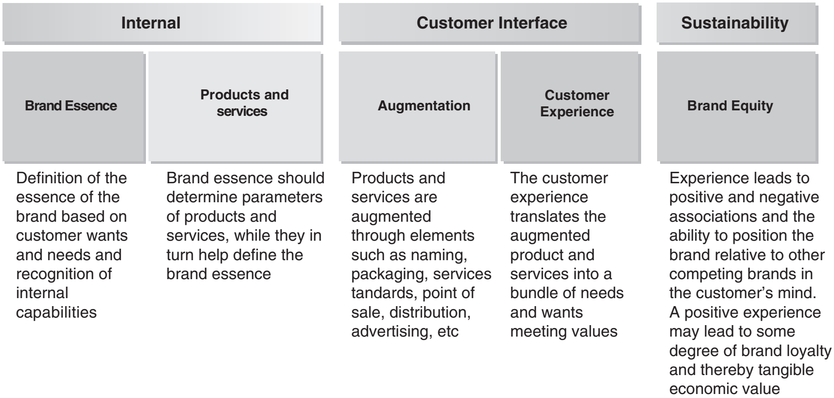

Figure 1.1 Branding model based on de Chernatony and McDonald's definition (1998)

by an understanding of customer needs and wants that determines the approach to product and service development. At the interface with customers the augmentation of the product through such mechanisms as advertising and packaging is converted into the perception of relevant values that leads to brand equity.

While the definition works well, it does lack in one sense: if brands belong to customers, this remains an organisation-centric view. If we turned the definition on its head we might argue that for the individual a successful brand is 'the product, service, person or place I consider, buy and use in preference to others that meets my aspirations, hopes and needs'. Of course, the challenge is that a brand manager must think from the organisational perspective and work with the process of branding to deliver the brand to the customer. This indicates the role of branding as a concept of transformation: it is the thing that changes products and services into something of perceived added value in the minds of customers. It effects this transformation through the meeting of emotional and functional wants and needs. This is, of necessity, an imperfect process because a customer is not always able to define wants and needs precisely (and in any case they are always changing) and the organisation has to be capable of understanding and interpreting customer values, attitudes and behaviour and then communicating the brand offer and delivering on its promises (Feldwick 1991). Achieving a distinct positioning is much to do with the ability to execute consistently and effectively (Ind 2001, Godin 2005). This is where Ries and Trout's idea (1986) of desired positioning can come unstuck because what the organisation tries to communicate is not necessarily what the customer takes out – a dissonance can emerge between the brand identity and the brand image. This dissonance can either be due to a failure to deliver what is claimed and consequently what the customer experiences or a failure to communicate effectively.

Communication dissonance occurs partly because of narcissism and seller centricity (Drucker 1998, Mitchell 2003), but also because branding is an editing process. Branding is concerned with a synopsis not the whole story, and inevitably in creating a synopsis things are lost. Even though consumers are sometimes interested to see behind the façade of the brand, the full diversity of what constitutes the brand, such as its history, the details of its performance, the design of its products, the manufacturing process and the thinking behind it, have to be edited if communication is to be viable. This process enables the brand to fulfil its role as a signifier, so that the essence can be communicated: it makes more sense to talk about a pair of Puma shoes than

> those sports trainers that have a strong design element, are made by a German company that was set up by the brother of the founder of adidas, are used by the Jamaican track team and have a symbol of a large cat.

We only do the latter when we forget or don't know a brand name or when a pop star perversely dispenses with his name and adopts a symbol instead (subsequently he had to append 'the artist formerly known as Prince'). A brand communicates its story in truncated pieces of communication. As Alan Mitchell (2003: 39) writes, the naming, matching and connecting aspects of brands are vital for the effective functioning of economies and companies: 'If we did not have brands, we would have to invent them.'

The fact that brands and branding have becomes so pervasive in our lives can partly be attributed to this signifier function, but it is also due to people's need to define themselves through patterns of consumption (Rokeach 1973, Schwartz 1992, Nunnally and Bernstein 1994, Thyne 2001). The use of brands by consumers to define their position and personality is both the driver of purchase behaviour and the opportunity for manipulation and the cause of post-purchase disappointment and anxiety. This anxiety is not created by brands *per se*, but rather by the 'anxiety of "Social Being"' (Nancy 1996) and the challenge of choice (Rosenthal 2005). Nonetheless branding is an effective exploiter of modernity and people's need for placement, in a world of displacement (Debray 2000) and fuel for a way of thinking that too often equates consumption with meaning (commodity fetishism): 'the spectacular commodity in all its forms consists essentially in the imagery (imaginaire) that it sells as a replacement for authentic imagination' (Nancy 1996: 49). Something Klein (2000) echoes when she argues that brands absorb cultural ideas and then present them as their own by nudging 'the hosting culture into the background' and then making 'the brand the star'.

While we believe it is important to understand the dangers of branding – that it can be manipulative and socially disruptive – we would also argue that branding can be useful and also enjoyable. The key is to put branding in its place – not in the negative sense of putting it down, but in determining its appropriate role as a deliverer of authentic value to customers. We can criticise its social purpose but we should also recognise its potential virtue as a conveyer of information and deliverer of experience. As consumers we may sometimes over-estimate the meaning a brand will give us in our lives, but there is still a pleasure in owning an Apple computer, an Audi car or a pair of Puma trainers or using Amazon to buy a book. Indeed the better we feel these brands understand us and our lifestyles, the greater the reward of ownership. It is to this issue that we will now turn.

UNDERSTANDING CUSTOMERS

There is an adage in marketing – indeed it may be *the* adage – that it pays to be close to the customer. The rationale for this is that the organisation is more likely to develop a beneficial relationship with the customer if there is mutual understanding. Equally the likelihood of dissonance between identity and image emerging is reduced. For a small business closeness is often intuitive: for example, a shopkeeper in a local community is close both in terms of physical proximity and customer knowledge and is able to adapt offers accordingly. However, for a larger business 'close' implies a metaphorical closeness based on an understanding of how current and potential customers think and behave. To become close does suggest a communion between the customer and the organisation in an almost intimate way with both sides willing to open up to each other. Close indicates transparency and reciprocity. The way organisations have tried to become close has been primarily through the vehicle of market research.[2]

It can be argued that much of the success of modern brands is attributable to the insights gained from researching customer attitudes and behaviour. Research has been used as a key driver in transforming many organisations from being production led to customer oriented. By using quantitative and qualitative research methods, businesses have been able to track purchase behaviour, assess attitudes to a brand, determine levels of awareness, preference, satisfaction and loyalty and test new product ideas and communication. The use of research has long been a dominant feature of fast-moving consumer goods companies (Procter &

Gamble, Unilever) but it is now used in all spheres of life from sports brands to politics. The value of market research, when well used, is that it (a) helps provide an understanding of the customer and their changing lifestyles; (b) enables managers to challenge preconceptions about the nature of customer relationships; (c) can provide an understanding of the relative strengths and weaknesses of the brand; (d) can reduce risk by limiting the range of viable options and testing concepts and communication; (e) provide an internal currency by which ideas can be sold internally and decisions assessed. Not surprisingly, brand managers and commentators are supportive of the value of research. However, we have reservations about research as a means of getting close to customers and about the way organisations use research to aid decision-making.

THE CHALLENGE OF RESEARCH

In the early 1990s the renowned police chief, William Bratton, arrived to take over the New York Transit Police. At the time there were more than 5000 people living in the subway system, 170,000 people evading the fare every day and New Yorkers considered it the most dangerous place in the city. Yet senior managers, who commuted to work and travelled round the city in cars provided for them, never met these problems. They relied on crime research (that showed only a small percentage of serious crimes were committed on the subway) to reassure themselves that everything was running smoothly and that there were no serious concerns with the management of the system. To destroy this complacency, Bratton took away his officials' cars and made them commute by subway and use it to attend meetings, which he would specifically arrange in the evenings when the journey was at its most intimidating. This experience helped convert managers rapidly to the need to change (Chan Kim and Mauborgne 2003b).

The writers of this story, of what they called 'Tipping Point Leadership', might also have recognised the remoteness of managers in a BBC television fly-on-the-wall documentary series that started in 1999 called *Back to the Floor*, where leaders of such organizations as Heathrow Airport, Burger King, Carnival Cruises and J Sainsbury undertook operational grassroots jobs for a short period where they had to confront the daily problems of complaining customers and unreasonable bosses. In each case, the experience was a real revelation for the individual and a moment of catharsis for them. In one instance – the Managing Director of J Sainsbury – the lack of customer understanding contributed to their departure from the organisation. Larry Keeley from the strategic consultancy, the Doblin Group,[3] observes that

> what they're managing (executives) in their heads is an abstraction – something they remember from their one day out in the field in 1968. Or an abstract understanding of what they think they want a programme to achieve.

Shotter (2005: 128) also reinforces the challenge and the solution. Using Wittgenstein's later philosophy as an inspiration he notes that one of the things we should do is to gather concrete examples: 'only if we walk the shop floor, go out into the field, etc., will we as managers get a sense of the real complexities "out there" – the concrete complexities out of which new relations can emerge'.

What these examples illustrate are some of the difficulties of using research. How is it that the managers of the New York Transit Police could ignore the problems of the subway system? How is it that managers of well-known brands that spend significant sums on research could know so little about their customers? The fundamental issue is that to replace the day-to-day contact with customers, research must abstract – which is why we talk about the abstraction of *the* customer. Unless the company in question is a business-to-business organisation with only a limited number of contacts, organisations must group and categorise customers. If we accept the specific individuality of people, this categorisation will inevitably be flawed because it groups people together as if their actions were a communal act rather than a set of separate 'identical instances of the same act' (Sartre 1960: 262). Yet such is the widespread faith in measurement and systems[4] there is a tendency to mistake the abstract for the real: as soon as managers start seeing numbers, they tend to stop seeing people. There is a belief that objective, logical knowledge is superior to aesthetic knowledge (Gagliardi 2006: 567). Spinoza (1677) argues that people are deceived when they start to categorise and universalise the particular: 'how easily we are deceived when we confuse universals with singulars, and beings of reason and abstractions with real beings'.

While market research can be valuable for informing decisions, the argument is that we should not over-rely on it nor mistake data for reality. It is at best an approximation based on the past (Ronell 2005) and inevitably predicated on assumptions. Also managers can universalise behaviour without always questioning the intensive processes below the surface (Deleuze 1968). This is a particular problem if we are trying to use research as part of an innovation process. Writing about research in the automotive industry, one journalist noted, 'being customer-driven is certainly a good thing, but if you're so customer-driven that you're merely following yesterday's trends, then, ultimately, customers won't be driving your supposedly customer-driven products' (Flint 1997). Generally, research asks people to rationalise their thinking and to judge how they will behave, which presupposes that people are thinking consciously (rather than thinking striking them) and acting rationally when they make purchase decisions. Equally if the requirement is to think about new to the world ideas, we are asking people to imagine possible futures in which wants and needs are not fully formed.

While we should recognise the limitation of abstraction, probably a larger challenge in the quest to get close to the customer is the way organisations misuse market research. There are several factors at play here.

1. Organisations have so much information at their fingertips that research simply forms part of the wallpaper of the organisation: always there but hardly noticed. A movement in customer awareness might excite some interest in the market research department, but it probably has limited impact on senior managers.
2. Large amounts of customer knowledge never migrate beyond the marketing department. This is largely because of the problem of departmentalisation, whereby the marketing department that is most often the commissioner of research, retains control of the knowledge rather than sharing it with other managers who might use it or with people who interact regularly with customers and would value its insights. This barrier to knowledge flow is exacerbated by other possessors of information who also exhibit tendencies to hoard data,[5] leading to insular rather than connected knowledge – a problem neatly summarised by the ex-head of HP, Lew Platt, 'if HP knows what HP knows, we would be three times as profitable'.
3. The problem of context: although trend and comparative research gives a picture of what data might mean, historically research providers have tended to deliver raw material rather than interpret it. This has created the opportunity for misjudgment and misuse by research commissioners.
4. Research is used internally for business case or political reasons, in which instance there can be highly selective use of data. There might be nothing intrinsically wrong in this, but it implies a tendency to look for yes/no answers rather than using the material as a departure point for decision-making

or an inspiration for innovation. As Mintzberg argues, ‘while hard data may inform the intellect, it is largely soft data that builds wisdom’ (Mintzberg et al. 1998, p. 71).

5. The research may well be predicated on a sense of knowing what the answer will be: ‘it does not pose what we might call an innocent question’ (Ronell 2005). This tendency colours the interpretation of the research and potentially obscures what might be wondrous.

There are several interesting examples of the misuse of research, but the launch of the Volvo Cross Country (Ind and Watt 2004) serves to make the point. This car was developed by the Swedish car maker (now owned by Ford) as a hybrid vehicle, designed to reach a new type of younger customer who might want the practicality of an estate car with the off-road appeal of a sports utility vehicle (SUV). This was a new approach toward the end of the 1990s. Part of the insight for the new car came from extensive research that was undertaken to understand the lifestyle of the potential customer. This helped to steer the brief and the decisions made in the development of the car. However, Volvo management felt the need for the reassurance of research in its largest market, the USA. The model of the car was tested in clinics and a clear-cut negative response was delivered: the research participants had never seen a vehicle like this and couldn’t put it into any existing category. As a consequence the project was closed down. However, six months later, Subaru successfully launched a new vehicle, the Outback, directly into this supposingly non-existent sector. Volvo quickly restarted its own project and rushed the Cross Country onto the market. Sara Öhrvall, who was the concept development manager of the project, says, ‘People without knowing it were looking for this alternative. These people thought a jeep impractical and too expensive and a normal estate car too boring. The Cross Country was on the spot: a perfect balance between design features and functional features.’

Volvo is a good example of an organisation with a clear focus on customers, but often organisations are narcissistic, and marketing, in spite of its supposed outward focus, can be in reality an inward-looking process (Mitchell 2003). Mitchell reinforces the point that the root cause of this is that marketers concentrate on what comes out of the organisation's operations and what they can sell, not on understanding buyers and the value that could be created in their lives. The failings of traditional market research are part of the reason for the lack of genuine customer orientation, but also corporate cultures encourage narcissism by erecting boundaries between those inside the organisation and customers outside. To get close to the customer we would argue that the proper use of market research is to help break down the boundaries and to bring a real customer presence inside the organisation. Research can also bring the customer to a wider internal audience if knowledge is shared across the organisation and used as a tool to destroy the silos that prevent horizontal communication. The goal here is to build a structure that has the potential to achieve organisation/customer synchronicity or entrainment.

The idea of entrainment will be developed and explored in the chapters to follow but we will define the overall concept briefly here. Entrainment[6] derives from the work in the seventeenth century of the Dutch scientist, Christiaan Huygens, who found that when he placed two pendulum clocks on a wall near each other and swung the pendulums at different rates, they would eventually end up swinging in at the same rate due to their mutual influence on one another. Scientists have since discovered that entrainment is prevalent in systems of oscillation, while musicians and dancers have recognised its ability to connect notes and actions in an assemblage of unity. In a business context, entrainment means the organisation is focused on building value for the customer not via abstracted thinking that see numbers and categories, but through a union of interest based on a dynamic relationship:

> 'we' always expresses a plurality, expresses 'our' being divided and entangled: 'one' is not 'with' in some general sort of way, but each time according to determined modes that are themselves multiple and simultaneous. (Nancy 1996: 65)

What entrainment means in practice for organisations is a change of perspective so that the customer is seen as an insider. It implies that 'we' means something. This represents a real challenge, because how can we truly know what others think and believe?

To create a sense of 'we', there has to be a continuous dialogue and participation both among employees and with customers based not on a power relationship but one of mutual interest. It suggests the importance of listening (Lévy 1997) and engagement and the emergence of the brand. It suggests the importance of 'co-': co-creation, co-operation, co-ordination. This does not negate the value of market research, but it does indicate that it has limits. Closeness cannot be achieved through abstraction. It necessitates presence.

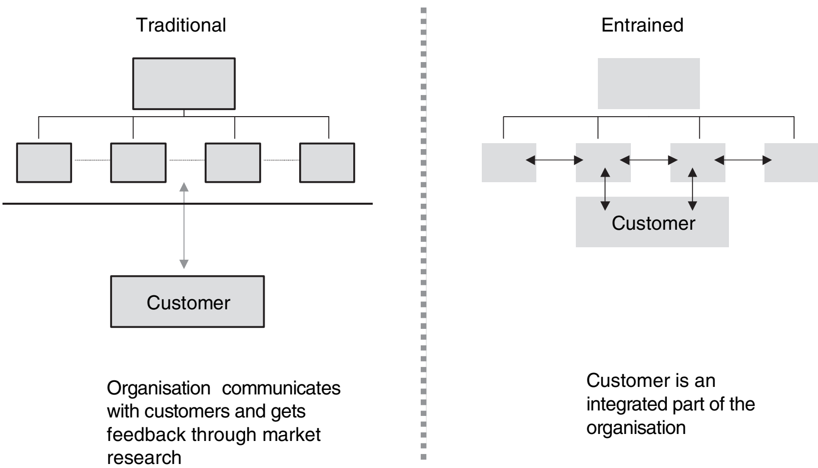

Figure 1.2 Traditional and entrained structures

USING CUSTOMER KNOWLEDGE TO BUILD BRANDS

Assuming that there is some degree of customer connectivity and understanding of customers' needs and wants, the E Jerome McCarthy approach suggests that the next important phase is to align the ubiquitous 4Ps (product, promotion, price, place) with the needs of the market. The rationale for this is that to communicate in a marketplace with a huge variety of messages a brand needs clarity. If the product, the way it is promoted, the pricing policy and the channels it is sold through lack coherence or point in different directions, customers will struggle to categorise the brand and position it relative to other offers. Although customers have some tolerance for deviation, too much inconsistency is uncomfortable and heightens risk (Sjödin 2006). As a mechanism to achieve more unity, organisations and their advisors have developed articulations of what a brand stands for. Descriptors of brands are diverse and include such variants as Brand Pyramid, Brand Anatomy, Brand Platform, Brand DNA, Brand Essence and Brand Values. In the two examples below, we can see how such ideas are articulated. In Figure 1.3, the energy and aluminium supplier Hydro has a mission statement and five values that equate to five behavioural and communication traits. Combined with the organisation's institutional talents,[7] these ideas together form what is referred to as the Hydro Way. The Hydro Way is designed to deliver a broadly consistent image to internal and external audiences, including employees, customers, politicians, the media and environmental groups.

In Figure 1.4 there is another way of defining the brand that derives from Gad (2001), which is known as the Brand Code. In this example it has been applied to the Nordic software services company, Visma.

Essentially the purpose of these creations has been to build customer-oriented statements (often based on knowledge derived

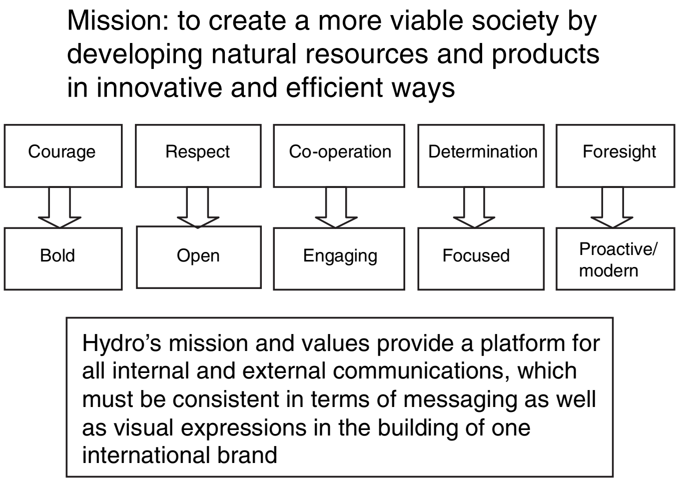

Figure 1.3 Brand mission and values: Hydro

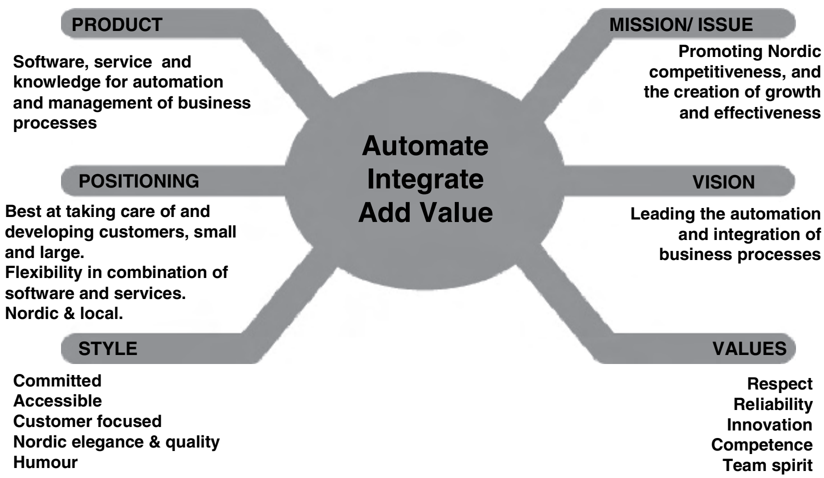

Figure 1.4 Brand code for Visma software. (Reproduced by permission of Visma and with thanks to Thomas Gad.)

from market research) that summarise in a concisely, differentiated way what the brand stands for and how the brand should address its potential market (and hopefully what the market takes out as well). As well as forward-looking visionary-type statements, brands are also constructed around what are known as values: the words, collectively agreed by the managers of the brand, that define its (seemingly) immutable needs. By referring to these needs as *values* their status is heightened, indicating their likely longevity and the dangers of transgression or compromise. If managers explore, dynamically, the meaning of the brand concealed within the values and deliver it through their actions, the status of the values is enhanced. However this is not always simple, not least because values are statements of excess. They ask for more than can be delivered: it will not be possible to adhere completely to all the values for all time in every circumstance. Yet if the values are no more than conveniences, to be ignored at the first sign of difficulty, they will cease to have relevance. This indicates the obligation of managers to work with and to test the values, to elevate their importance in decision-making, and to accept the responsibility to resolve dilemmas with imagination and integrity.

The great virtue of a brand statement is that it has the potential to provide greater consistency over time and across different presentations so that a customer can form a clear picture of what is being offered and what the benefits of use are, relative to other purchase alternatives. Generally people are looking to transform the cues they receive from different channels of communication into something they can understand (Murdoch 1994) and be confident in. According to Douglas (1966): 'the more consistent experience is with the past, the more confidence we can have in our assumptions.' (p. 46). The value for the customer in this process is that the brand shorthand is aligned to their needs and wants, which can speed up decision-making, enhance relevance, reduce anxiety and provide reassurance. The benefit for the organisation is in having a standard around which the attributes of the brand can be rallied, a basis against which brand judgments can be made and boundaries for defining the limits of brand innovation. When the process works well, the research inputs from genuine customer understanding enable the organisation to develop statements that provide a focus for all forms of communication. However it cannot, and should not, deliver absolute consistency for the customer.

Consistency is only relative. If, for example, we put ourselves in the role of a customer of a bank or an airline, how is our image of the brand formed? It might be through advertising, the look of environments, the website, the signage and all of those things that could be to a larger degree controlled by the organisation, but it is also concerned to a large extent with our interactions with people. How someone answered the phone, how they talked to us, how they dealt with our problems, are all important determinants of image[8] that cannot be dictated in an absolute sense by the organisation. There is no rule book that can deal with every eventuality. In fact, as customers, we enjoy the sense that people step outside the rules to deliver us an individualised service. The importance of employees is particularly powerful in the case of service brands but it also applies to packaged goods and online brands as well.[9] The level of direct interaction with company employees may reduce and the importance of packaging, place, online interaction and point of sale may increase, but it is still the assumptions about the brand statement and its meaning that drive the decision-making of employees – especially those involved in marketing.

GIVING BRAND VALUES MEANING

The inside–out view of brand building is the subject of the next chapter, but we will make some observations here, because they serve to point out the limitations of a purely outside-in view. One of the benefits of working through a definition of the brand is that it is a cathartic process in itself. It encourages organisational members to think closely about the nature of the brand and its points of differentiation from competitors. Even though this self-descriptive process is inevitably a simplification[10] the process of reduction – of taking the complex idea of a brand with all its nuances and reducing it to its essential features encourages people to make choices and to provide the brand with focus. This is important, because the short-handing of the brand in terms of communications to the consumer requires things to be stripped away. Not everything about the brand can be said – indeed with the competition for people's time and interest, very little can be said. However on the negative side there are dangers in the process of articulating the brand.

1. The prime movers in brand definitions are marketing departments and their agencies. This is natural as marketing is the core discipline involved in the management of the brand but the delivery of the brand goes beyond the marketing department into human resources, operations, logistics, retail and customer service. If these disciplines are not actively involved in the process of definition there is the potential limitation that the brand will not be relevant to them. It almost certainly means that people from these disciplines will feel less engaged with the brand idea and less committed to delivering it.[11]
2. While the internal barriers within an organisation discourage horizontal communication, many marketers have a myopic view of the brand in any case which does not stretch far beyond marketing communications. As McGovern and Quelch (2004), argue:

   > gone are the days when marketing consisted solely of clever promotions and attention-getting advertising copy. Talented CMOs must excel in these areas, but also be experts in market research, target market segmentation and distribution channel management and be comfortable with finance, technology and other functions. (p. 5)

   In some organisations, where the dominant culture is perhaps engineering or logistics or scientific research, the role of marketing is limited by other functions that diminish its value.[12] Both viewpoints lead to a lack of connection, with other departments and disciplines and a focus on advertising, PR, packaging and direct marketing as the key determinants of brand image. Roy Gardner, CEO of Centrica (owners of British Gas among others), argues,

> the problem is that marketers traditionally have not been very fluent in the language of finance. As a result, they have been less than able to translate their activities into the quantitative language of the boardroom. Therefore in many companies, the marketing function has become marginalised within the power hierarchy.[13]

This challenge is also part of the reason why the nature of measurement that marketing departments engage in, such as awareness and preference, is marketing communications biased rather than oriented towards business performance.

3. Leaders of large organisations do not generally come from marketing disciplines, yet if the brand is to have meaning for managers and employees, leaders need to be explicitly supportive of the brand. This is because, if leaders recognise the importance of the brand to the organisation and demonstrate commitment, it is an important signal to organisational members that the brand matters. Also it is leaders who in the process of overseeing organisational direction either give weight, or not, to the brand in terms of budget allocation and strategic relevance. When leadership support is missing, marketers can do little. They might have control over the dominion of marketing communication, but the ability to influence the brand in a more comprehensive way in terms of developing the human capital behind the brand, is lost.
4. While simplification of brand complexity is inevitable it is also problematic. There is a limited lexicon of words available to the definer and, as Kapferer argues, market research

encourages homogeneity because of the common usage of the same lifestyle studies of behaviour (Kapferer 1997). This has the potential to create internal cynicism towards the brand and, as Kapferer also argues, a sameness in advertising execution. Sometimes in an attempt to get around the lack of distinctiveness, companies and their agencies take part in flights of fancy. Rather than basing the brand definition on real insight into the organisation the desire for differentiation leads to the insertion of words that have little connection to what the organisation is or is able to deliver. This process of invention leads to advertising campaigns that communicate a point of difference, but cannot be sustained by organisational reality.

COMMUNICATING THE BRAND

While simplification of the brand can provide focus, it is important that the nuances of the brand are not lost to the organisation. Rather than striving for pure, but perhaps unsustainable, differentiation in a brand definition, marketers should also be thinking about the capacity for brand delivery, for it is in action that difference is achieved and that the nuances of distinctiveness are conveyed. The approach to brands that stresses delivery is aligned with that of realism – the idea that it is our experience of things that determines language and meaning. Therefore, when we describe a brand as 'creative', we have a set of expectations of what that might be, based on our previous experience of things that are creative. When the marketing department is considering a new advertising campaign or reviewing the packaging, it should be asking itself how to imbue the brand with creativity. If it is successful, it might also be true that the customer takes out the idea of creativity from the packaging or advertising. If over time 'creative' is explored in many different ways by the organisation in terms of innovative products and services, it (and also the customer) will begin to acquire a deeper understanding of what 'creative' distinctively and explicitly means.

This is the sort of distinction that the writer and semiotician, Umberto Eco draws when he refers to dictionary and encyclopaedic knowledge (Eco 1997). In the case of the former, the understanding of 'creative' would be constrained by the definition of the word. However in the case of the latter, experience among a community counts for more than linguistics and the encyclopaedic knowledge of creativity for the organisation grows (becomes) fuller through exploration and action – which in turn suggests the importance of knowledge capture and sharing. Indeed we might argue that brand definitions are not really definitions at all until they acquire contextual meaning by being adopted by individuals. In other words, a number of brands might proclaim they stand for creativity, but this remains a concept until employees and then customers, experience it through both intended and unintended consequences. This is not to suggest that people will understand creativity in the same way, because as we argued at the outset individuality works against neat categorisations, but past consistent experiences and feelings create an expectation of cause and effect: think 'Apple' and 'Innovation', 'Volvo' and 'Safety', 'Alessi' and 'Design'.

Achieving this cause and effect is nonetheless difficult. Of the 4Ps we have discussed, the only P that marketing has a clear control over is promotion and even that may be subject to debate if marketing budgets are dispersed to different geographies, business units or functions. The other Ps – product, price and place – will tend to involve others, including finance, logistics, research and development, engineering and sales. If marketing has a strategically strong role it may have the power to influence decision-making in these other areas, but it will remain a process of negotiation that is dependent on the depth and quality of brand understanding and commitment in the organisation and also the ability of marketers to influence the integration of the brand into the organisational fabric. When corporate cultures are more brand-resistant, even effective marketing analysis is no guarantee of the ability to align and deliver the 4Ps. The power of other organisational viewpoints can work against integration and undermine brand building, so that it is equated only with promotion.

The challenge for marketing is suggested in Figure 1.5 (below). Not only does the marketer struggle to achieve some sort of clear and consistent picture in the customer's mind through marketing communication, but somehow she has to influence other departments to recruit the right employees and develop them in alignment with the brand, ensure that the product and service experience is of the appropriate quality, safeguard future brand investments and oversee the channel strategy. Even if all of this is achievable in an idealised world, cohesion is undermined by employee actions and customer dialogue. Although

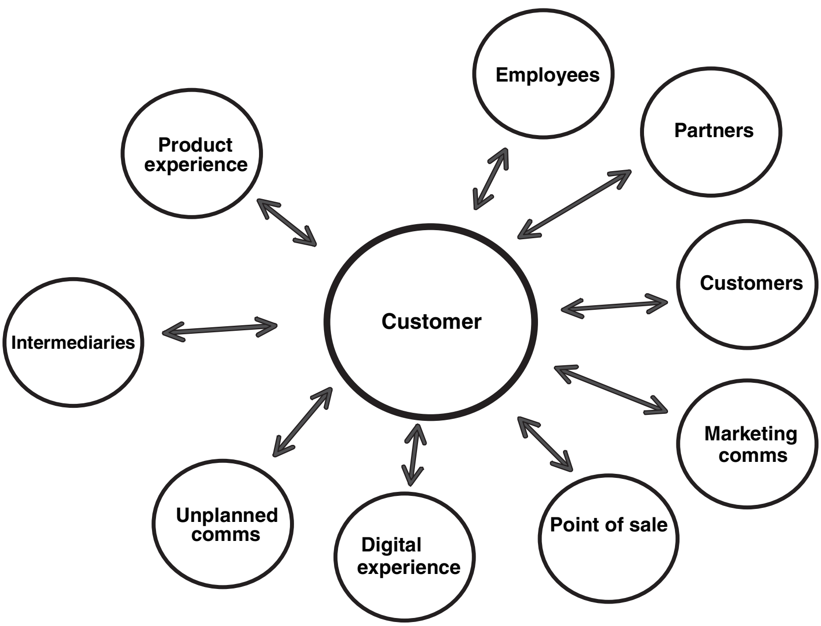

Figure 1.5 Factors influencing customer perceptions

organisations still maintain their boundaries they are increasingly transparent: 'quite suddenly, business finds itself transparent in ways inconceivable a decade ago. I don't think most marketing people have really caught up with the implications of this' (Moore 2003).

One thing that transparency emphasises is what marketing should always have known: it is the customer who has the power in the brand relationship. Yet we see that organisations often forget this and consequently rely on unidirectional control. This leads to an emphasis on the external brand equity as defined by marketing communications – and specifically advertising (Aaker 1996, Keller 2003) – as a means of influence and a tendency to underplay the other factors. Advertising has dominated the agenda of marketing directors and the textbooks of marketing because of its entertainment value, its profile, its strongly visual presence and its controllability. It can be emotionally engaging, but it is an 'at' form of communication. It is a medium of distance in that it clearly distinguishes the boundary between the organisation and its customers. It asks for observation (and sometimes engagement), but not participation. Its spectacle sets it apart. All of this works against the goals of participation and relationship building.

For example, whereas once, Coca-Cola used advertising and promotions as the main mechanism to build its brand, it increasingly seeks other methods that deliver a closer connection. Indeed, recognising that the traditional 30-second television spot can no longer deliver anything like the audience it once did, Coke President Steven J. Heyer has stated, 'the days of mass, homogenous marketing are behind us'. As a consequence Coca-Cola has been cutting its advertising budgets and investing instead in such entrainment type concepts as Coke Red Lounges in an attempt to achieve a closer bond with its customers (Business Week 2004). Primarily this is about a change of approach, but the opportunity for company/consumer dialogue and involvement has opened up the organisation to the outside and created the opportunity, partly through the Internet, for greater connectivity. Now employees can talk directly to customers, customers can blog with each other and customers can actively engage with the organisation if they want.

Online organisations such as Amazon, e-Bay and Wikipedia and the whole Open Source Movement thrive on an intensive sense of community, because they enable people to achieve a Maslowian sense of self-realisation and the plaudits of their peers. These online brand builders have largely eschewed traditional forms of marketing communication. Instead their power has grown through a transparent approach and word of mouth engagement. For example Wikipedia is a demonstration of what writer, Pierre Lévy, calls 'collective intelligence'. Wikipedia is a non-profit-making organisation that provides an online encyclopaedia. Rather than relying on a panel of experts to explain ideas, Wikipedia's entries are produced by enthusiasts. These entries are then argued over, questioned and corrected by subsequent contributors. There is no central controlling body over content (although sometimes calm and reflection will be urged on contributors when a subject generates too much heat) and everything grows organically. The army of contributors to its 1.4 million English language entries (October, 2006) and even larger non-English entries receive nothing for their efforts, except for the glow of anonymous achievement. If no one is really controlling Wikipedia and indeed no one is controlling the huge volume of individual blogs that comment on, praise and criticise brands, it becomes clear that there is a movement away from the conventional wisdom of management that suggests the brand can be controlled. Rather stabilisation comes from a culture that encourages participation – from a willingness to contribute and share (Morner 2003: 269). Our judgment is that in future, the only real control will be in having an authentic, participative brand. That means bringing the customer inside the organisation and aligning the whole organisation to create relevant value to the customer. Organisations can either see the loss of control to customers as a threat or they can seize the opportunity to build active networks of engagement and become truly entrained.

CONCLUSION

This chapter has argued that some of the shibboleths of marketing need to be questioned. It is not sufficient simply to rely on the abstraction of market research to get close to the customer. Organisations also have to try and bring customers inside and to involve them in the process of creating relevant value. This has several implications: the borders of the organisation need to be challenged, employees need to be encouraged to engage with customers and communications need to flow across internal boundaries. These are partly structural issues, but they are much more to do with attitude. Are managers confident enough to be transparent? Are employees willing to get involved? Is their sufficient humility to recognise good ideas coming outside of established elites? Are leaders willing to challenge the authority of internal fiefdoms? In the later chapters of this book, we will put forward strategies for dealing with these issues.

We have also set out the argument that an outside–in focus is insufficient because it fails to take account of the importance of an integrated approach to brand building. If the challenge is to align the whole organisation to deliver customer value, marketers must look inside as well as outside. They have to persuade others to take on the role of value delivery and to develop the meaning of the brand, the potential of which will otherwise never be fully explored. A brand is not value words on a page or a logo or an advertisement, but is rather a concept that becomes meaningful for customers through consistency of experience. In the next chapter we will show how important employees and human capital can be in creating that experience.

NOTES

1. Levitt's suggestion was that the buggy whip manufacturer should diversify into fan belts and air cleaners.
2. The estimated annual turnover of the market information industry was $17.5 billion in 2004 – up from $6 billion in 1990.
3. Interview with author, 2000.
4. Dostoyevsky writes in *Notes from Underground*: 'But man is so partial to systems and abstract deduction that in order to justify his logic he is prepared to distort the truth intentionally' (Dostoyevsky 1864: 31).
5. Kotler (1984) identifies six pertinent complaints about market research, one of which is 'marketing information is so dispersed throughout the company that it takes a great effort to locate simple facts' (p. 188).
6. *Entrainment* is the process whereby two connected oscillating systems, having similar periods, fall into synchrony. The system with the greater frequency slows down, and the other accelerates. Christiaan Huygens a notable physicist, coined the term entrainment after he noticed, in 1666, that two pendulum clocks had moved into the same swinging rhythm, and subsequent experiments duplicated this process. The accepted explanation for this is that small amounts of energy are transferred between the two systems when they are out of phase in such a way as to produce negative feedback. As they become more in phase, the amounts of energy gradually reduce to zero. In the realm of physics, entrainment appears to be related to resonance. (from www.wikipedia.org)
7. Hydro define institutional talents as those skills shared by everyone in the organisation: an ability to source business, a drive to optimize; an instinct to commercialize; a passion for social commerce.
8. Research by MORI and MCA (1999) among consumers found that 'staff attitudes and behaviours have a significant impact on customer loyalty, more so than many traditional marketing tools . . . unfortunately, consumers say that staff currently are not up to the challenge

and in many cases are actually damaging relationships with them'. Cited in Thomson and Hecker (2000).

9. Although most customers never interact directly with Amazon employees, company founder Jeff Bezos proclaimed, 'our goal is to be the Earth's most customer-centric company' – something Amazon attempts to deliver through rigorous employee recruitment and development procedures and a customer focus to software development and service delivery.
10. David Seidl in writing about the ideas of the social systems theorist Niklas Luhmann argues that 'for Luhmann self-descriptions are inevitably *self-simplifications* . . . The organisation's complexity cannot be represented in a text.' In spite of this he goes on to point out this is inevitable, because systems must be more complex than the described system (Seidl 2003: 138).
11. A research project by tompeterscompany! among 700 business professionals in the US (2002) discovered that 75% of employees don't support their company's branding initiatives and that 90% don't understand how to represent the brand effectively.
12. Research by Research International in the UK and US among 1000 employees and managers (2004) uncovered the following views about marketing: 'advertising and promotions are seen as by far the most important marketing activity. There is general agreement that internal brand building is the least important'; 'Marketing is not seen as contributing significantly to the strategic development of companies'; 'The main issue that emerges from comparing marketing with other corporate functions and professions is general low prestige and low expectations' (The Economist 2004).
13. Marketing Magazine (2004), discussing the results of a piece of Chartered Institute of Marketing research that showed that only four FTSE100 companies have board level marketers.