

**University of Strathclyde  
Department of Marketing**

**Brand Promise Delivery from the Customer-Interface:  
Employees' Perspective**

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**A Thesis Submitted for the Degree of Doctor of Philosophy  
2008**

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## **Abstract**

Internal branding has recently been introduced to the literature as an enabler of the organisation's success in ensuring the delivery of the brand promise by their employees, particularly the customer-interface employees. Relatively few studies have been carried out to understand the internal branding concept from the viewpoint of employees, despite its importance. Moreover, there is only an assumption that when employees are identified with, committed and loyal to the brand, they would behave in ways that support the brand reality. Therefore, this research's aim was to explore the employees' perceptions regarding their role in the promise delivery process because they are as important as those of management and researchers. Furthermore, this study provided empirical evidence to support the link between internal branding and employees' brand attitudes and brand behaviours. Following a case study strategy using the hotel industry in Thailand as a single unit of study with mixed methodologies, the author could perform data triangulation by incorporating the literature review with the findings from the qualitative and the quantitative phase. This thesis revealed the important role of employees and their perceptions of the relevant internal branding mechanisms, including internal communications and training. Importantly, this thesis empirically supported the contention that internal branding affects employees' brand identification, commitment, and loyalty. It also provided empirical evidence supporting the previously assumed link between internal branding and employees' brand behaviour. Furthermore, it added to the existing knowledge that these attitudes, particularly brand identification and loyalty, need to be positively influenced because of their mediating roles. Finally, it revealed the moderating factors in the internal branding process that were identified by the internal audience. As such, this thesis sends an overriding message to management that the coordination between marketing and human resource departments with support and understanding from management is necessary to optimise the success of any internal branding campaigns in aligning employees with the brand.

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### 1.1 Research Rationale

Brand has been seen as the heart of marketing and business strategy (Doyle, 1998). Along with the acknowledgement of the values of the brand for both customers and organisations, the service sector has increasingly been interested in the branding doctrine. At the conceptual level, brands can be applied to both physical goods and service offerings. However, at the execution level, the distinctive nature of services requires an adaptation of the branding and marketing techniques (Turley and Moore, 1995; Zeithaml et al, 1985). For services, brands need to become a focal point of trust of the invisibles (Simões and Dibb, 2001). Furthermore, to ensure the success of any service brands, consistent brand experience is stressed as one of the three important themes (de Chernatony and Segal-Horn, 2000). This has given rise to brand as a promise that conveys values expected to create customer satisfaction (Kapferer, 2001). To ensure that the promise of an experience is established and delivered at every point of contact with all the stakeholders, internal branding has recently entered the literature. It has been introduced as an enabler of the organisation's success in consistently delivering the brand promise on customer's brand expectations (e.g. Davies, 2004; de Chernatony, 2002; D'Innocenzo, 2002; Drake et al, 2005; LePla and Parker, 1999; Mitchell, 2002).

Along with the rise of internal branding, the literature has increasingly stressed the crucial role of service employees in delivering the promise of a cluster of values to customers. Although human capital is vulnerable to heterogeneity, an effective internal branding process should ensure that employees have a shared understanding of the brand and are emotionally engaged with the brand, thereby enabling them to deliver the promise as expected by both management and customers. Paradoxical to the importance of employees, most of the existing insights have been gained from the perspectives of management, brand consultants, and customers. Relatively few



studies have been carried out to understand the internal branding concept from the viewpoint of employees – the audience of internal branding. Furthermore, due to its emerging stage, a limited number of researches have been conducted into the processes required to encourage brand-supporting behaviours, in particular, on the part of employees (Wittke-Kothe, 2001). The questions of what, how, and who of internal branding have remained unanswered, warranting researchers' attention.

Under this line of thought, this thesis sets out to explore employees' perceptions regarding their role in delivering the brand promise of a cluster of values. Their perceptions towards the development of the internal branding process are believed to be as necessary and relevant as the perceptions of management and practitioners.

## **1.2 Research Objectives**

Within the overall goal of this thesis – to explore the perceptions of service employees towards their role in delivery of the brand promise, the specific research objectives have been broken down as follows:-

*Research Question 1: Explore the perceptions of customer-interface employees toward their role in delivery of the brand promise.*

*Research Objective 2: Identify the internal branding tools that are perceived as relevant and effective by customer-facing employees.*

*Research Objective 3: Investigate the influences of internal branding on employees' delivery of the brand promise.*

*Research Objective 4: Investigate the role of employees' brand attitudes in the internal branding process.*

*Research Objective 5: Investigate the factors that have moderating effects on internal branding's influences on employees' brand attitudes and performance in delivering the brand promise.*

By addressing these research objectives, this study has offered several insights into the existing knowledge of both practitioners and academics.

From a theoretical stance, this thesis will introduce the perspectives of customer-interface employees regarding their role in the brand promise delivery. Furthermore, it will refine a variety of different tools to implement internal branding as proposed in the literature by discovering those that are perceived as relevant and welcomed by employees who are the intended audience. The influences of these mechanisms on the employees' brand performance will be assessed. This thesis will also explain how the employees' attitudes towards the brand, namely brand identification, brand commitment, and brand loyalty, affect the behavioural outcome expected by the practice of internal branding. By doing so, it adds to the existing knowledge about why employees' brand attitudes need to be positively influenced. Rather than assuming that the positive attitudes towards the brand will ensure that employees will be delivering the brand promise of the brand values, it will provide empirical evidence to explain the relationships of the employees' brand attitudes with the performance of employees during service encounters. Besides, it will reveal the mediating role of their attitudes within the entire process of internal branding. The moderating factors will be identified and their effects on the 'on-brand' behaviours of employees will be discussed.

From a practical point of view, the study will identify the principal managerial mechanisms that are perceived relevant and effective in influencing the overall performance of employees in delivering on the brand promise. This study will also investigate the factors that are perceived as relevant in their promise fulfilment process by employees, thereby revealing their effects on employees' performance in delivering on the brand promise.

### **1.3 Overview of the Research Approach**

This research began with a critical review of the literature in the areas of brand management in service settings, the roles of service employees, the importance of customer-interface employees, and internal branding to manage human capital of an

organisation. Based on the literature review, the aforementioned research objectives were developed.

Following the literature review was the research fieldwork, designed to follow a case study strategy with mixed methodologies. The hotel industry was selected as a unit for the single case study because the growth of the tourism industry in Thailand has also meant the expansion of the Thai hotel industry over the past ten years. The hotel industry can be affected by problems such as natural disasters, airline accidents, bomb attacks, and terrorism that deteriorate the customers' confidence. To win their customers back, players in the hotel industry pay more attention to creating a strong brand. The industry has begun to realise the importance of internal branding as they begin to acknowledge that what makes or breaks the guest's hotel experience is the service delivery rendered by customer-interface employees (Baum and Nickson, 1998). The studies in internal branding are few in numbers but the studies of this phenomenon within the hotel industry are even fewer. Due to the scarce knowledge of internal branding in the hotel industry, despite its significance for the world economy (Holjevac, 2003), this study chose to set out its research within the hotel industry to enrich the existing knowledge about internal branding. Furthermore, the choice of the hotels to participate in the case study depends on their qualitative level certifiably based on the Thailand Hotel Standard. Considering that one criterion of the hotel standard is the quality of service and the ability to maintain the quality (the standard of services), it is believed that hotels of four- and five-star, playing in an upscale to a luxury brand segment, are those who will see the importance of applying the internal branding concept to ensure that their employees deliver on the brand promise set by their brand standards. This being the case, these hotels allowed the author to explore how and why internal branding is being practiced in the real business setting.

The first phase of the research fieldwork was conducted with six luxury hotels in Thailand. The in-depth interviews were conducted with 20 senior management from different departments (GM, Department of Food & Beverage, Department of Housekeeping, Department of F/O, Department of IT, and Department of



Training/Human Resource), and 31 customer-interface employees. In total, the first qualitative phase secured in-depth interviews with 51 participants. These interviews were necessary to explore:

1. The important roles of customer-interface employees in the brand promise delivery process.
2. The key mechanisms being practiced to develop the internal branding process within the hospitality industry.
3. The importance of having internal branding implemented within an organisation by identifying the expected outcomes derived from successful implementation.
4. The moderating effects of personal variables and situational factors on the effects that the identified mechanisms have on the employees' role in the brand promise delivery.
5. How these constructs are related to one another for the purpose of assisting in the development of some hypotheses and the questionnaires to be conducted in the quantitative stage of the research.

The interviews were transcribed and content analysed. On the basis of the insights gained from the literature review and the qualitative findings, the third phase of this research has been set out by conducting a survey with customer-interface employees from five hotels of the five- and four-star ranks. The formulation of questionnaires used in this study was also guided by both the literature and the qualitative findings, with an aim to test the specific hypotheses developed on the basis of the literature and the qualitative findings. In addition, the results from the quantitative phase were necessary to validate the findings from the interviews.

The questionnaires were individually distributed to each hotel property; Hussey and Hussey (1997) term this method of doing survey as 'individual distribution'. With the results from the quantitative analysis, conclusions could be developed drawing the insights from the literature review, the interviews, and the survey. By doing so, this research followed the methodological triangulation approach to ensure that the

limitations and biases of any single method could be neutralised or, at most, cancelled by those of other methods (Creswell, 2003; Jick, 1979).

#### **1.4 Structure of the Thesis**

This thesis is constructed with 10 chapters, a synopsis of which is as follows:

**Chapter 1** introduces the research objectives, set out from the research rationale, which emphasises the significance of this study.

**Chapter 2** presents a summary and critical review of a myriad of brand definitions in the literature. The significance of brand management is also discussed.

**Chapter 3** presents the distinctive nature of service organisations which dictates how to execute the brand in the service industry. It also highlights the important roles of service employees in the service branding process.

**Chapter 4** focuses on the critical roles that customer-interface employees play during the brand promise delivery process. It also raises the internal focus concept to ensure that what is communicated externally will be converted into reality.

**Chapter 5** critically reviews the current literature on internal branding, highlighting the 'what', and the 'how' of internal branding. This discussion involves not only the marketing literature, but also the human resource management discipline.

**Chapter 6** outlines in detail the research objectives and hypotheses and justifies the methodological paradigm of this research, with particular references to the adopted research approaches of this study.

**Chapter 7** reports the key findings from the qualitative interviews with management and employees across six hotels in Thailand.

**Chapter 8** outlines the key findings of the quantitative survey of this study, linking back from time to time to the qualitative findings.

**Chapter 9** draws together the findings from the literature review and the research fieldwork to provide the conclusions of this thesis. The contribution of this thesis to the existing knowledge as well as the managerial implications will be discussed. The chapter closes with suggestions for future research.

The diagram illustrated by Figure 1.1 summarises the structure of the thesis:

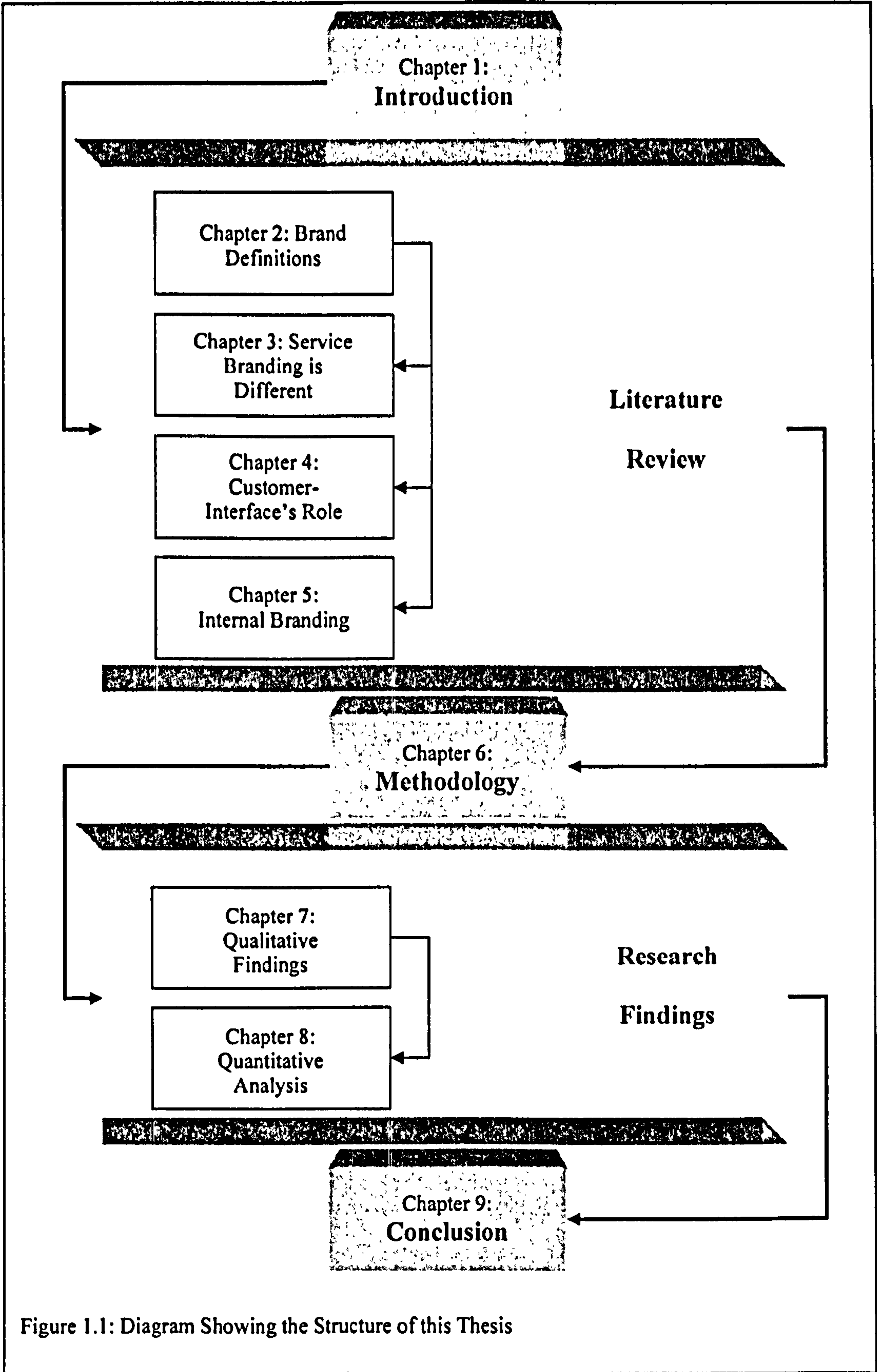


Figure 1.1: Diagram Showing the Structure of this Thesis

### What is a Brand and Why Do Businesses Need One?

#### 2.1 Introduction

The use of brand can be dated back to Greek and Roman time, where people burnt marks on their cattle to identify their ownership (de Chernatony, 2001). Its values to both manufacturers and customers have also been recognised (Hotchkiss and Franken, 1923). Today, with an increasingly competitive, intensified marketplace and lack of differentiation, the importance of building a strong brand is warranted from both manufacturers' and customers' points of view (e.g. Motameni and Shahrokhi, 1998; Klein, 1999). Recent studies in the marketing literature have witnessed managers reaching out for a brand to differentiate their offerings and thus gain a competitive advantage that resists replication (e.g. Katsanis, 1999; Skinner, 1990; Vranšević and Stančec, 2003). Another rationale for brands becoming a marketing management issue (Gardner and Levy, 1955; Shocker et al, 1994) is that customers are looking for brands as a clue to assist their purchasing decisions (de Chernatony and McDonald, 2002).

Recognising the strategic necessity of building and sustaining a strong brand, the subject of brands has been on the agenda of marketing academics and practitioners for a number of decades. However, authors have been approaching the concept of brands from different angles, raising a question as to whether the plethora of proposed concepts and definitions add confusion or are helpful (Jevons, 2005). This is important because a would-be scholar needs to know exactly what the conceptual specification of the construct is and what is and is not included in the domain to understand and develop the theories of the particular subject (Churchill, 1979). Moreover, the attempt to define what a brand is and is not should generate comparable and generalisable understanding of the subject (Dobni and Zinkham, 1990).



Under this line of thought, this chapter aims to build a theoretical background for the concept of the brand. The chapter is organised into two main sections. The first section provides a review of the myriad viewpoints on the definition of a brand. This aims to clarify the concept and adopt a definition that works for the purposes of this thesis. The second section then reviews a collection of literature regarding the values of the brand in order to make evident the importance of building and maintaining a notably strong brand in today's turbulent and competitive marketplace as well as justifying the significance of this thesis.

## **2.2 Brand Definitions**

Davis (2002) has observed that the concept of 'brand' is one of the most misunderstood notions in today's business lexicon although it has considerably developed. The review of the brand definitions reflects his remark. A number of scholars as well as practitioners have been approaching 'brand' from different perspectives, resulting in a variety of interpretations of what the brand means (Wood, 2000). From a financial perspective, a brand is viewed in relation to how it yields value on a balance sheet (Farquhar et al, 1992). Its valuation is prominent during acquisition and/or merger, investor relations, and franchise (Batchelor, 1998). Strategists take on this concept and consider a brand as an organisation's asset that needs to be integrated into the firm's strategy to achieve such competitive advantages as differentiation and barriers to entry (Melin, 1997; Tollington, 1998, 1999). In the end, it relies heavily on people from marketing and the brand management discipline to create a brand that will achieve what these perspectives expect it to be.

Within the marketing literature, the concept of 'brand' has been approached differently, leading to a myriad of definitions. For example, Wood (2000) has categorised a collection of brand definitions based on whether they are organisation-oriented (e.g. brand as identity, brand as personality, brand as added values) or consumer-oriented (e.g. brand as image). De Chernatony and Dall'Olmo Riley (1998) have added a time-based perspective as another category, based on their interviews with leading-edge consultants. This recent category aims at reflecting the view of a brand as a dynamic entity evolving along with changing customers'

demands. However, it is difficult to distinguish the time-based perspective from other categories of brand definitions since brand as identity and brand as image, for example, also need to adapt themselves to the changing environment. Styles and Ambler (1995) have offered two philosophies in approaching a brand: a product-plus and a holistic approach. Table 2.1 provides an overview of the review of brand definitions categorised into these two philosophical approaches in determining a brand definition.

<b>Philosophical Approach</b>	<b>Interpretations of 'Brand'</b>
<p><b>Product-Plus Approach</b></p> <p><b>1<sup>st</sup> View</b> Aaker, 1991; AMA, 1960; Baker, 1996; Cooke, 1996; Doyle, 1989; Kotler, 1988, 1997; Kotler et al, 1996; Levitt, 1960; Low and Fullerton, 1994; Schmitt, 1999; Stanton et al, 1991; Watkins, 1986</p> <p><b>2<sup>nd</sup> view</b> Anderson and Vincze, 2000; Vranesević and Stančec, 2003</p> <p><b>3<sup>rd</sup> view</b> De Chernatony and McDonald, 1994; Jones, 1986; Murphy, 1990; Rooney, 1995; Wolfe, 1993</p>	<p><i>Brand as merely differentiator</i></p> <p><i>Brand as a legal device</i></p> <p><i>Brand as added values</i></p>
<p><b>Holistic Approach</b></p> <p><b>1<sup>st</sup> view</b> Barwise and Meehan, 2004; Bennett, 1988; Ghose, 2002; Kapferer, 1997; Lannon and Cooper, 1983; Munson and Spivey, 1981; Pearson, 1996</p> <p><b>2<sup>nd</sup> view</b> Belk, 1988; Bem and Funder, 1978; Biel, 1993; Britt, 1966; Cleary, 1981; Delgado-Ballester and Munuera-Aleman, 2001; Goode, 2001; Holt, 2004; Lannon and Cooper, 1983; Martineau, 1958; Ogilvy, 1983; Prentice, 1987; Snyder and Gangestad, 1986; Solomon, 1983</p> <p><b>3<sup>rd</sup> view</b> Ambler, 1992 (cited in Wood, 2000); Bergstrom et al, 2002; Light and Mullen, 1996; Kapferer, 2001; Selame, 2000; Staveley, 1987; Tarantin, 2002; Ward et al, 1999</p>	<p><i>Brand as a cluster of values</i></p> <p><i>Brand as a symbolic device (e.g. identity, personality, and image)</i></p> <p><i>Brand as a promise</i></p>
<p><b>Balanced Approach – Adopted by this Thesis</b></p>	<p><i>Brand is and consists of all the aforementioned elements to benefit both the seller and the buyer</i></p>

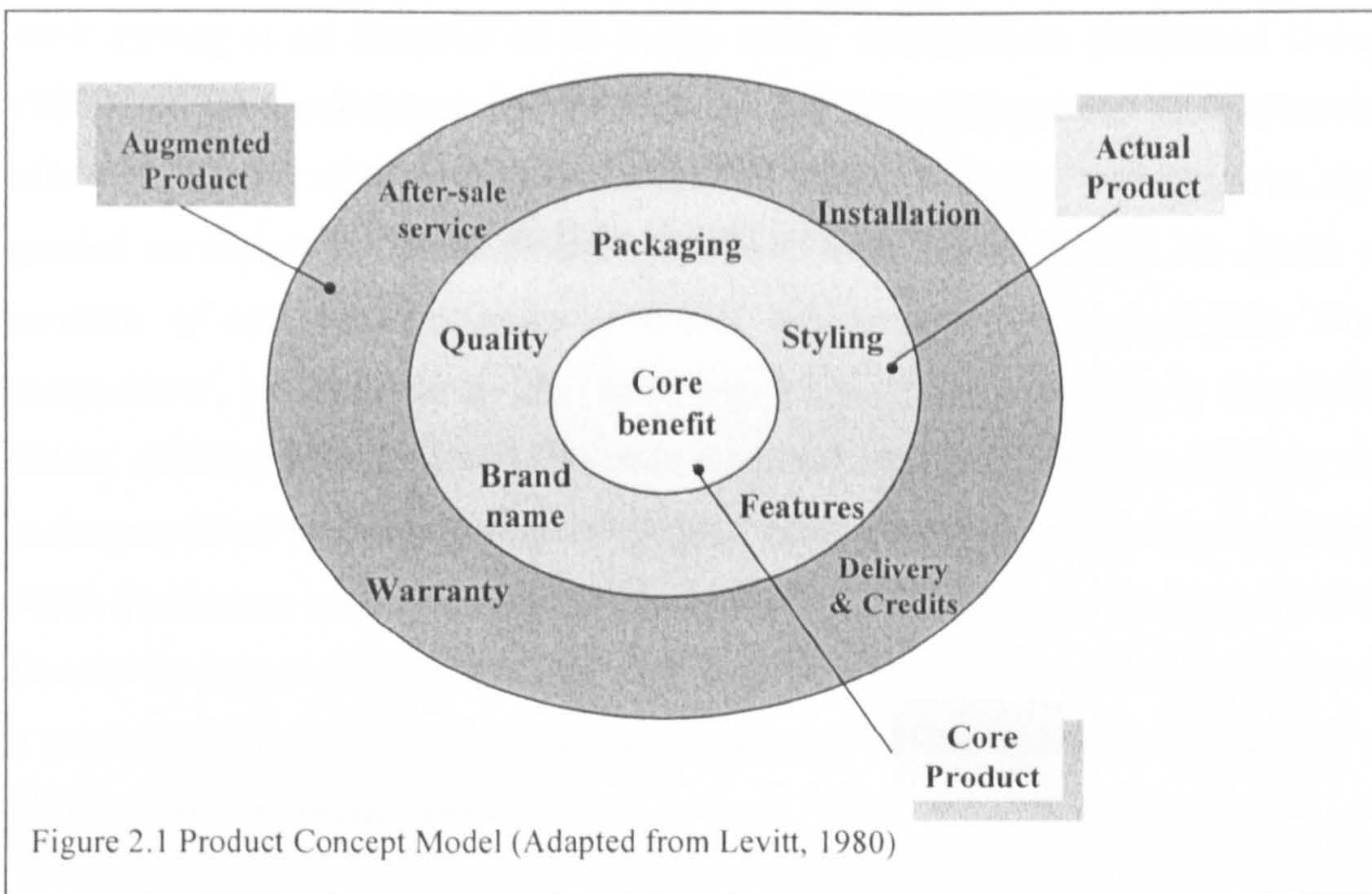
Table 2.1: Defining Brand from Two Approaches: Different Interpretation of What a Brand is



The suggested philosophical approaches of Styles and Ambler constituted a theoretical framework for the following sections: defining a brand from a product-plus perspective (2.3) and from a holistic approach (2.4). Under each approach, a variety of brand definitions are subcategorised.

### 2.3 Product-Plus Approach to Defining a Brand

This school of thought views a brand as an add-on feature of a product with an objective to make its product distinctive from other offerings in the marketplace. Figure 2.1 represents the total product concept model of Levitt (1980). This concept of product layers regards a brand as an element adding on the product to make a total package of benefits for customers.



According to Kotler (2000), a name of a brand is built around the core product. Some authors such as Zbytniewski (1992) consider it as merely a label that is secondary to the product. In fact, several marketing textbooks (e.g. Kotler, 2000; Perreault and McCarthy, 2003) still categorise brand and/or branding under the ‘product decision’ section within the marketing mix framework.



The simplest definition of a brand under this approach is to view a brand as an identifier using a name, a logo, and a symbol. To protect one product against counterfeit, a brand has grown into a legal device (e.g. de Chernatony and McDonald, 2002). Later, a brand is argued to offer added values beyond the product's basic functionality to ensure its perceived distinctiveness (e.g. de Chernatony and McDonald, 2002; Jones, 1986; Murphy, 1990; Rooney, 1995; Wolfe, 1993). In short, three brand definitions under this approach include a brand as an identifier, as a legal device, and as added values, each of which is discussed in the following section.

### **2.3.1 A Brand as an Identifier**

In the early life of the brand concept in Roman and Greek times, a brand was a burnt mark serving as an identifier of its owner and/or manufacturer (Interbrand Group, 1992). As the marketplace has grown crowded with comparable product/service offerings in terms of appearance and qualities, a brand becomes '*a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services, of one seller or group of sellers and to differentiate them from those competitors*', as proposed by the American Marketing Association in the 1960s. Ghose (2002) includes other elements such as characters, slogans, jingles, and packages, all of which are used to identify who stands behind the marks (Doyle, 1989; Hankinson and Cowking, 1995; Jackson, 2003; Low and Fullerton, 1994). Despite the importance of these elements, they are designed after the development of a product or a service, to create an awareness of the named offering and to differentiate it from the others.

A number of authors (e.g. Murphy, 1987) have, however, cautioned that viewing a brand as a name or a combination of graphical/visual features to create differentiation could place a brand at peril. This is because business-literate consumers seek values for their money (e.g. King, 1991; Berthon et al, 1999) and a number of products are functionally comparable. Due to the advanced technology, late entrants can rapidly imitate or even outperform established products with well-known brands (McAlexander et al, 2002). Therefore, this definition of a brand as a



name and/or other elements to identify its owner and/or seller is not viable because if a brand is regarded as merely a name, it cannot make a product sustainable.

### **2.3.2 A Brand as a Legal Device**

Building a brand requires a huge amount of investment and takes a long time before the goodwill can be accrued to yield financial benefits to its owner (Perrier, 1996). To protect brand equity, an organisation seeks legal protection. From the legal perspective, some authors look at brand as a trademark (e.g. Anderson and Vincze, 2000; Clifton and Maughan, 2000; Vranesëvić and Stančec, 2003). When a brand is registered, its unique features can be legally protected, preventing the product from being forged and/or counterfeited. Under this line of thought, the brand becomes a legal device that protects goodwill or brand equity (Blackett, 1998; Farquhar, 1994).

Given the definition of trademark by Graham and Peroff (1992: p. 32) – *‘a sign or symbol which consists of a word or words, letters, numbers, symbols, emblems, monograms, signatures, colours or combinations of colours’* – a brand should not be considered equivalent to a trademark. Although some authors (e.g. Alcock et al, 2003; Emmer and Henshall, 2002; Johnson, 2003; Peterson et al, 1999; Strasser, 1989) have argued for the ability of a trademark to identify and distinguish one seller’s offering from another similar to the function of a brand, a brand is not a trademark.

### **2.3.3 A Brand as Added Values**

To become a brand, a named product has to encompass added values (Fatt, 1997; Gad, 2001). In today’s crowded marketplace, a brand is differentiated and distinctive when it offers added values to buyers and/or users. Although being different remains critical, it needs to offer added benefits to match the amount of money paid by customers in order to thrive in the turbulent marketplace (Berthon et al, 1999). This, on one hand, makes a brand different from a trademark and suggests that these two terms should not be used interchangeably. In fact, several authors have considered trademark as one among several components that constitute a unique brand identity

(e.g. de Chernatony and McWilliam, 1989; Strasser, 1989), and that should be thought through during a strategic brand-building process (Merlin and Urde, 1991; Urde, 1994). On the other hand, a brand becomes more than a name given to a product or a service.

In response to the need to offer benefits beyond basic functionalities, several authors (e.g. Jones, 1986; Rooney, 1995) have defined a brand as providing functional benefits plus added values to the core product that some customers value enough to buy. As such, added values become the *raison d'être* of a brand that ensures its capability to differentiate one branded product from the others within its category (e.g. de Chernatony et al, 2000; de Chernatony and McDonald, 2001; Murphy, 1990; Wolfe, 1993). According to de Chernatony et al (1998), 'added values' are added to a product to offer a unique extra benefit or attractive functional benefits. The recent research of Mudambi (2002) has put emotional values under the spotlight. Customers were found to make buying decisions based on uneconomic reasons, resulting in the overriding influences of subjective knowledge about the brand on their buying behaviour, rather than objective knowledge. However, because a weak product's quality cannot be compensated by added values and is subject to failure (Davidson, 1976), a brand must surround its product with both functional and emotional values. This concurs with Park et al (1986) and Simões and Dibb (2001) who argue that both values are indispensable and interdependent. As such, an organisation should strive to balance functionalities with emotion-based values in designing its product.

#### **2.4 A Holistic Approach to Defining a Brand**

Contrary to the product-plus perspective that regards a brand as an additional part of a product, the holistic approach focuses on a brand itself. All of the brand's parts make up its whole existence and cannot be considered separately from the products or services to which they are attached (Ambler and Styles, 1996; Barwise et al, 1989). In effect, McWilliam and Dumas (1997) argue that all of the brand's elements are assessed simultaneously by customers. The brand is considered as a complete entity and becomes the beholder of values. In short, this holistic approach to brand definitions suggests that a brand is a complete entity that is consumed and

experienced as a whole. It underlines the significance of coordinated planning and action to achieve consistency in the total brand experience beyond the product performance (Tosti and Stotz, 2001).

Under this approach, a brand is regarded as a cluster of values, leading to a brand as a symbolic device such as an identity, personality, and image. However, de Chernatony (2001) argues that identity and personality definitions of brand reflect the organisation's perspective whereas brand as image represents the output/external perspective. However, as the balanced perspective between external and internal brand constituents is increasingly argued for, a brand is regarded as a promise. The following section elaborates on these brand definitions.

#### **2.4.1 A Brand as a Cluster of Values**

A brand does not create differentiation because it is a name or symbols that identify its seller or owners. It makes itself a unique and distinctive entity that identifies its producer/owner because of its unique values that are relevant and meaningful to customers (Berry, 1993; de Chernatony and Harris, 2000; McQuiston, 2004; Murphy, 1993; Urde, 1999; Young and Rubicam, 1994). De Chernatony (2001) has even stated that a cluster of values endowed to a brand could guide marketers to achieve differentiation.

The unique set of values and attributes of a brand provide buyers with a reason to pay for the product or service even at a premium price (Reichheld, 1996). Holt (2004) has posited that a brand that simply offers commercial, functional, and utilitarian values loses its virtue as a brand. In effect, a brand becomes a unique set of values that are tangible and intangible, functional and emotional, and/or rational and irrational (Kapferer, 2004; Murphy, 1987). The functional dimension of a brand includes, for example, technical capabilities, performance capabilities, and utilitarianism whereas the representational dimension reflects the soft values such as symbolic values, personality of a brand and social meaning (e.g. Gardner and Levy, 1955; Lannon and Cooper, 1983; Park et al, 1986; Solomon, 1983). In this sense, branding becomes a process of value and meaning creation through the synthesised



physical, aesthetic, rational and emotional elements to be endowed to a brand. McQuiston (2004) regards perceptions of high brand values as the key to building a long-lasting relationship with customers. The functional values lay a ground for emotional values to develop and create a bond with customers (Goleman, 1996; Levitt, 1980; McKenna, 1997; Woods, 2004). The importance of customer relationships becomes evident when companies are in times of disruption in the marketplace as a brand becomes armour that protects its company against undesirable incidents (Doyle, 1989; Schultz, 2005).

However, firms can gain benefits from brand values when these values are effectively communicated to customers. In particular, experience and credence goods necessitate the effective communication of brand values to all stakeholders (Northen, 2000). However, defining a brand as a cluster of values does not dictate how a brand communicates to its customers. Moreover, this definition does not suggest how brand values can establish relationships with customers.

#### **2.4.2 A Brand as a Symbolic Device**

Lannon and Cooper (1983) have proposed that *'what turns a product into a brand is that the physical product is combined with something else – symbols, images, feelings – to produce an idea which is more than the sum of the parts. The two, product and symbolism, live and grow with and on one another in a partnership of mutual exchange'*. The definition clearly suggests that the symbolism of a brand does not view a brand as a part of a product. When a physical product encompasses symbolic/representational values, it becomes a brand. Urde (1994) even argues that the symbolic meaning associated with a brand is more influential on a customer buying decision than the product. Similarly, Erdem (1998) supports that the brand's unique association and meanings enable it to stand out from a crowded marketplace.

Defining a brand as a symbolic device dictates how a brand communicates its values to customers. De Chernatony and McWilliam (1990) originated that a representational value of a brand is instrumental in signifying symbolic meaning to customers, allowing them to use their material possessions as a self-expressive tool.

Several studies (e.g. Belk and Pollay, 1985; Maffesoli, 1988; Goode, 2001) have concurred that consumers increasingly use their material possessions to communicate their symbolic and experiential values in accordance with their actual/desired social status and group membership. Furthermore, this definition leads to three interrelated but different views of a brand: brand as personality (Aaker, 1996; Goodyear, 1993), brand as identity (e.g. Barnes, 2003; Urde, 1999), and brand as image (Gordon, 2002; Newman, 1957). These views reflect the way through which an organisation communicates its brand to all stakeholders. Defining a brand as image focuses on the customers' point of view whereas identity refers to the inside perspective (e.g. how an organisation sees its brand). The concept of a brand as personality suggests how a firm personifies its brand to communicate its symbolic meaning to brand members. In this respect, de Chernatony (2001) has categorised brand as identity and as personality into the organisation's perspective and brand as image into the output perspective.

### ***Brand as Personality: an Organisation's Perspective to Personify a Brand***

A group of authors (e.g. Aaker, 1997; Baum, 1990; Biel, 1993; Blackston, 1993; de Chernatony, 2002; Kapferer, 2004; Ogilvy, 1983; Plummer, 1985; Prentice, 1987; Snyder and Gangstad, 1986; Upshaw, 1995) has proposed the concept of brand as personality as a way to communicate the symbolic and intangible meaning of a brand to its targeted stakeholders. Furthermore, viewing a brand as personality is argued to facilitate the development of customer-brand relationships because personality acts as an emotional link with customers.

The rise of new intellectual paradigms like relativism and postmodernism cherishes the concept of a brand as a holistic entity that has many characteristics of a living personality like a living thing (Cooper, 1979, 1980; Delgado-Ballester and Munuera-Aleman, 2001; Milewicz and Herbig, 1994). During the 1980s, the concept was much perpetuated by practitioners from advertising backgrounds as witnessed in the Citroën campaigns in 1986 and 1987. The campaigns focused largely on personification rather than the product functionality, suggesting the disassociation of

a brand from a product. In effect, this premise underlines that a brand has its own existence and not a mere product adjunct.

Later, the marketing literature experienced the proliferation of the studies revealing that humans assign selective human properties to a range of offerings in the marketplace such as tools, food, drink (Gilmore, 1919), household appliances (Triplett, 1994), and technologies (Mick and Fournier, 1998). Furthermore, other studies have highlighted that the ability to evoke emotion and/or feeling of brand personality is what makes a brand distinctive (e.g. Biel, 1992; Carr, 1996; Keller, 2002; Lannon, 1993; Plummer, 1985). Haigood (1999) purports that a brand with favourable personality traits is likely to be perceived as being more familiar, more comfortable, and less risky than other competing brands that have no distinct personality. Therefore, a brand remains a source of differentiation. Because the personality of a brand exists when an individual associates a feeling and a personal meaning with a brand, the differentiation based on personality is of an emotional aspect which is not vulnerable to imitations (see Aaker and Fournier, 1995; Aaker, 1997).

Defining a brand as personality allows brand values to communicate to its audiences through the use of metaphor. Several authors have agreed that personifying a brand helps to make its values vividly stand out to customers (e.g. Bacharach, 1989; Smith, 1998; Upshaw, 1995; Urde, 2003). Consequently, customers have an easier time appreciating the emotional values that the brand is offering. In this way, a brand personality is able to create an emotional bond with its customers, building up into brand loyalty (e.g. Baum, 1990; Berthon et al, 1999; Fournier, 1998; O’Laughlin et al, 2004; Upshaw, 1995). Figure 2.2 concludes that the values of a brand are projected by viewing a brand as a personality, which, in turn, establishes customer-brand relationships.

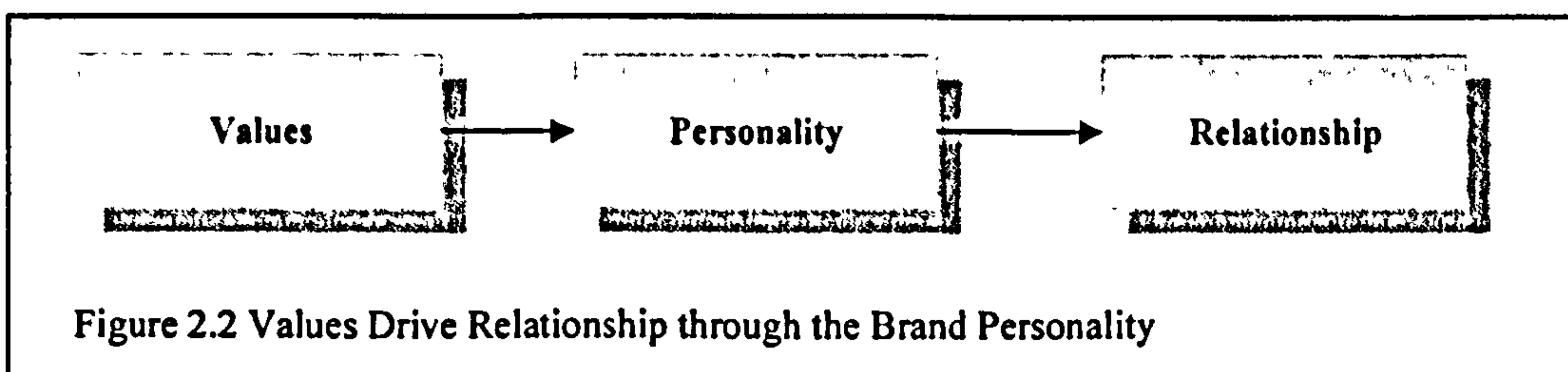


Figure 2.2 Values Drive Relationship through the Brand Personality



Doyle (1989) suggests that one can extract a brand personality from its rational characteristics. Aaker (1992) agrees that symbols, slogans, or visual imagery of an offering are a good source of brand personality. Plummer (1985) argues that a brand personality is derived from emotions and feelings. De Chernatony (2001) has proposed the 'brand pyramid' model (Figure 2.3), which encompasses these arguments.

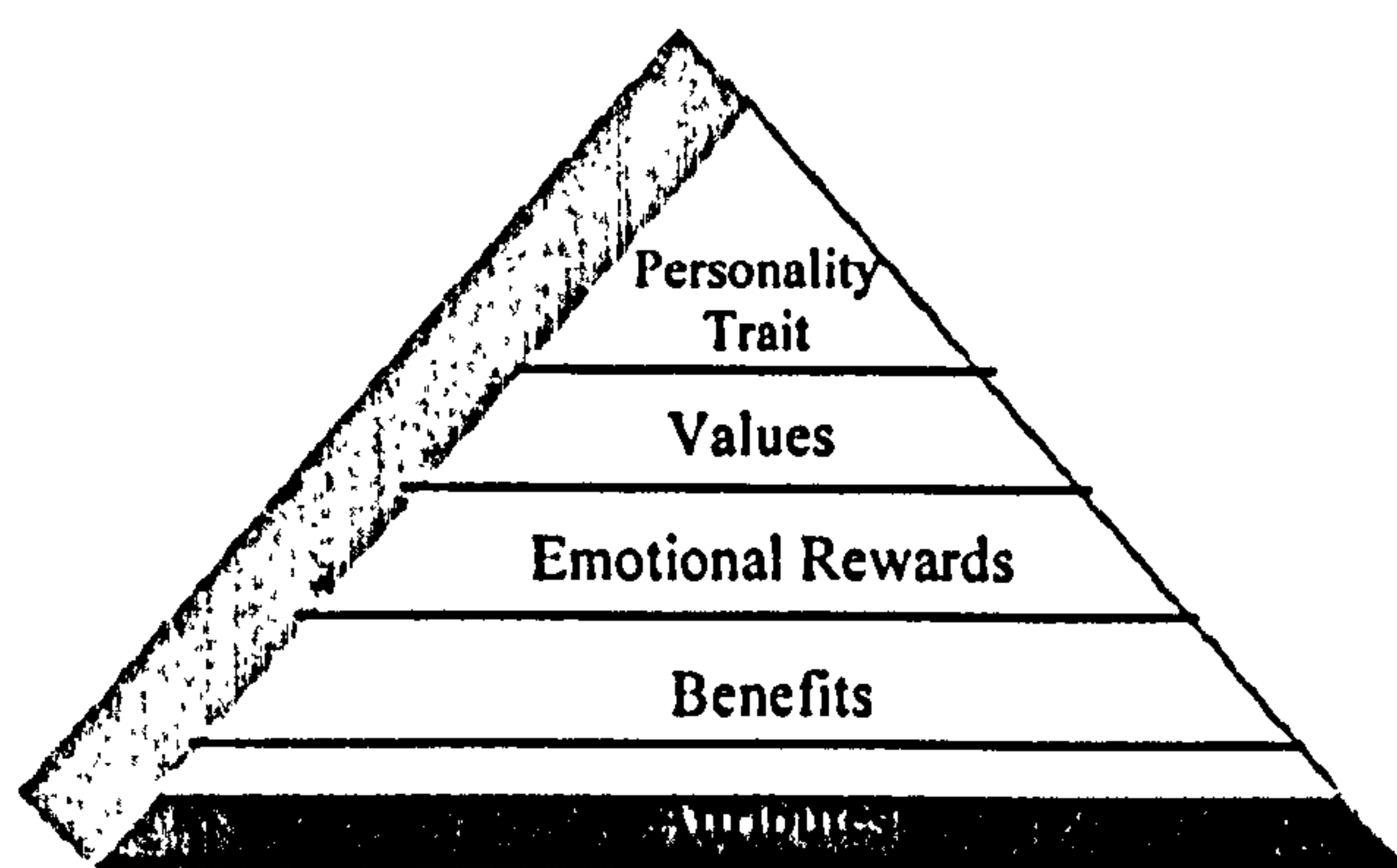
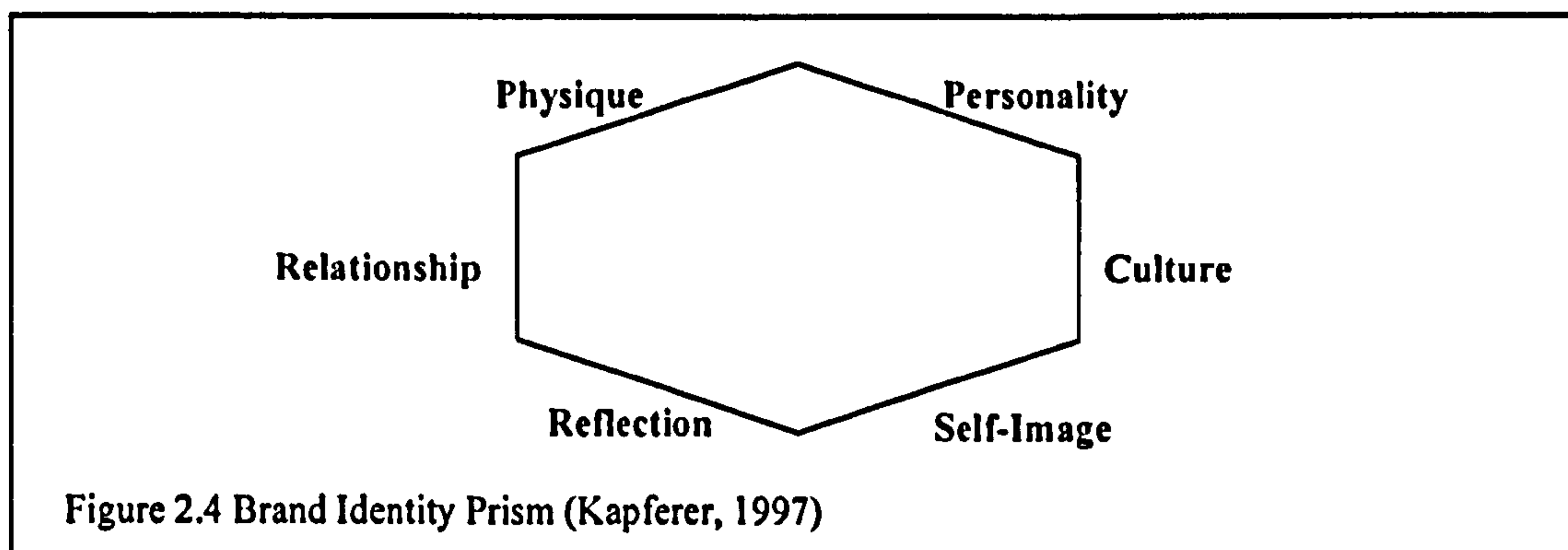


Figure 2.3 Brand Pyramid (de Chernatony, 2001)

The model indicates that the brand's attributes are the source of functional and rational benefits, which then link with emotional rewards represented through its values. To make this cluster of values easily appreciated by customers, an organisation creates a lasting personality and distinctive human characteristics for a brand. In other words, a brand personality is derived from emotional values that are extracted from the brand's physical appearances such as packaging, design, and symbols. Both rational and emotional aspects of a brand constitute its values that are personified into a personality to facilitate the communication of brand values. Under this line of thought, both product-related and non-product-related characteristics need to be synergised when creating a distinctive and desirable personality of a brand (Blackston, 1993; Boyle, 2003; Elliot, 1994; Fournier, 1998).

Despite the significance of brand personality, the terminology remains full of confusion. Some authors (e.g. Boyle, 2003; Daghfous et al, 1999) argue that brand personality is closely related to brand identity. Davies and Chun (2002) go further to refute the existence of brand personality as they consider it a measurement tool to

understand the identity and image of a brand but not the property of a brand itself. Kapferer (1997) does not, however, reject the existence of a brand personality. Rather than being a mere measurement tool, his brand identity prism as shown in Figure 2.4 suggests that it is part of the brand identity.



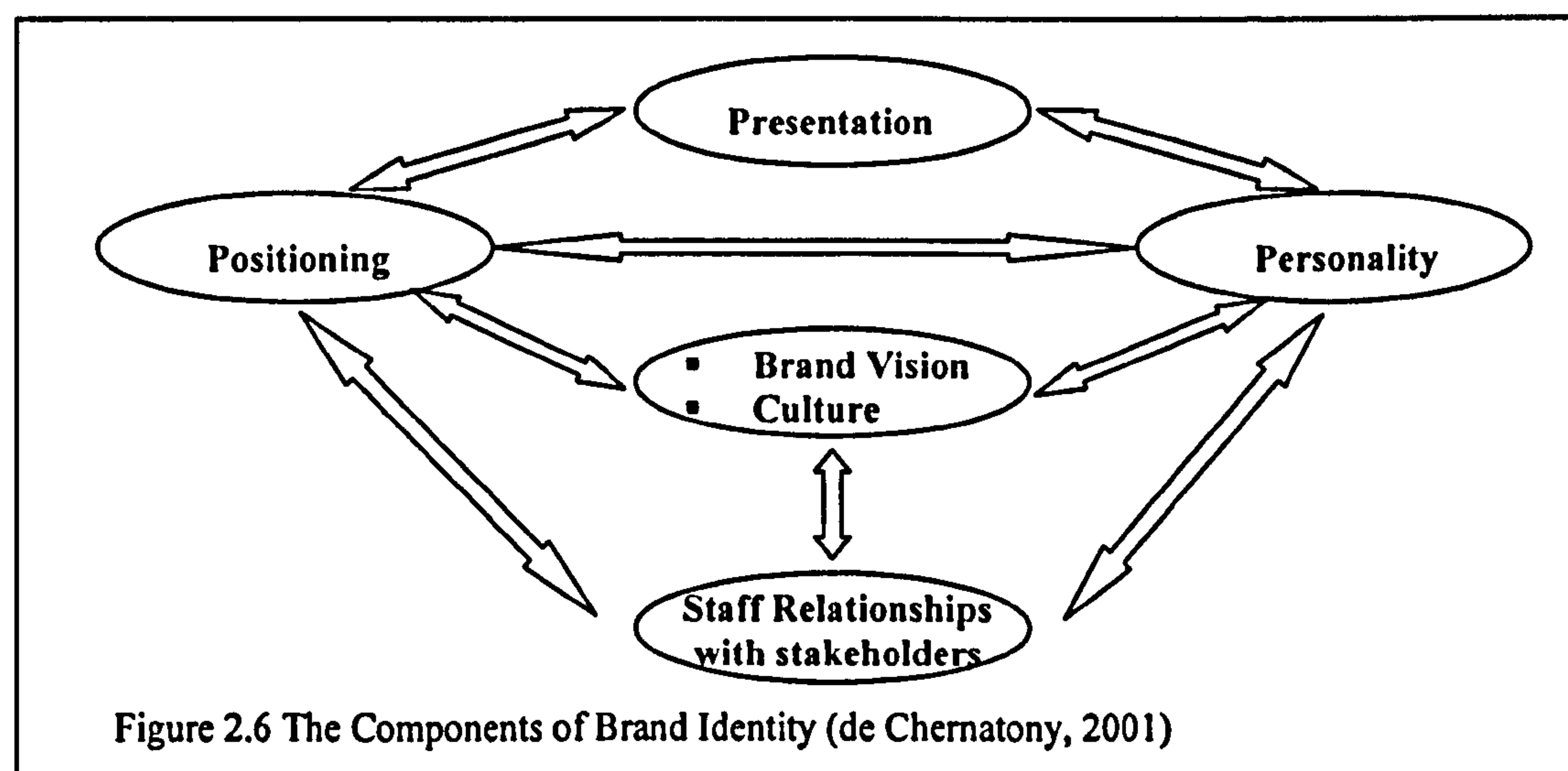
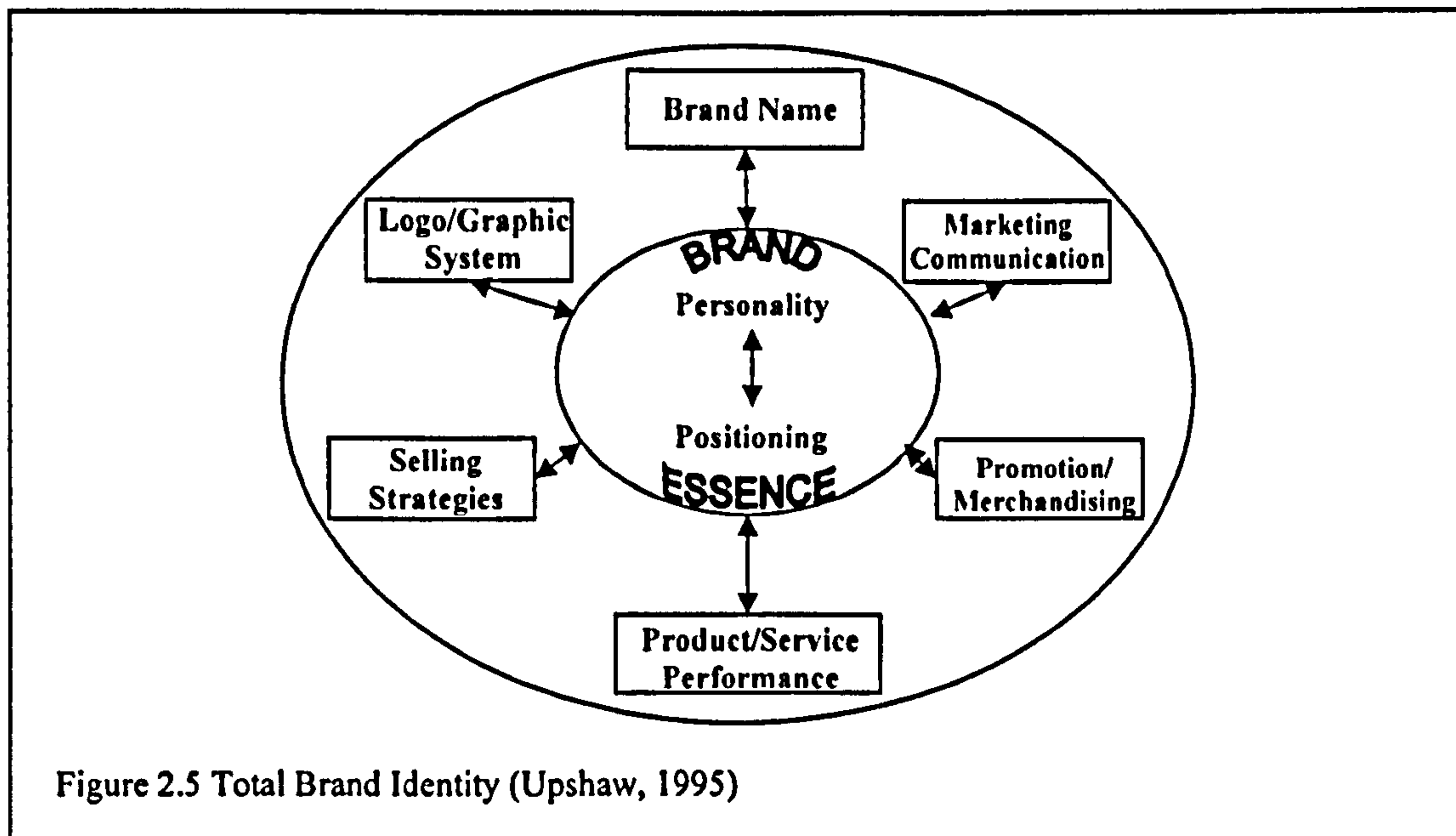
### ***Brand as Identity: An Organisation's Perspective of What a Brand is***

*'A brand is not the product but it gives the product meaning and defines its identity in both time and space'* (Kapferer, 1997: p. 17). He refutes the concept of a brand as a name, logo, design or packaging, advertising or sponsorship. These elements are not a brand but merely a brand's components. Other authors (e.g. de Chernatony, 2001; Ward et al, 1999) add that a brand has ethos, aims, and values that are specific and exclusive to itself. These elements make a brand concept appear holistic, distinctive, and unique.

Viewing a brand as identity suggests looking at the brand as a whole entity with all of its parts making up its whole existence. Ghose (2002) equates brand identity to brand reality; to elicit the brand identity, one asks: 'what is the brand? And for what does it exist and will die?' This would give an answer to the purpose of its existence (brand identity). Given this question, other terminologies such as brand essence (Upshaw, 1995; Macrae, 1996), and brand vision (de Chernatony, 2002) have been proposed in the literature as referring to the same concept. Jackson (2003) argues that, rather than saying what a brand is, one should ask what a brand is believed to be by its organisation to elicit the brand identity. As such, brand identity is the organisation's belief. Despite the differences in what brand identity is, brand identity



embodies the brand values that an organisation wants customers and other stakeholders to believe in and trust. The models proposed by several authors (e.g. de Chernatony, 2001; Upshaw, 1995) reveal that brand identity involves all marketing mix elements. For example, the total brand identity model developed by Upshaw (1995; Figure 2.5) illustrates that all marketing mix elements and brand-related elements have to be synchronised in a coherent way around the brand essence, which encompasses personality and positioning.



Another model of brand identity proposed by de Chernatony (2001) reveals the interrelated components of brand identity. Figure 2.6 shows that brand vision and culture reflect the core thinking of an organisation about a brand. Both brand vision and culture affect the positioning strategy that represents the functional values, and personality that projects its emotional aspect. This model also highlights the importance of staff in terms of their relationship with other stakeholders of the brand. As such, these two models underline the significance of the coherence of all brand elements and related activities to create and maintain the brand identity. They also regard brand personality as one among the different components of a brand identity. While the process of identifying brand personality considers the functional and emotional values of a brand as suggested by the 'brand pyramid' (Figure 2.3), viewing a brand as identity is argued to be *'more of a gestalt approach to summarising the core nature of a brand'* (de Chernatony, 2001; p. 211). That is, viewing a brand as identity allows an organisation to consider all other brand-related activities and elements to ensure that the brand is projecting a coherent symbolic meaning and experience.

The criticism about this approach to defining a brand is that it overlooks the role of customers in creating the meaning of a brand. Brand identity places an emphasis merely on the company's intention for its brand to be perceived (Gordon, 2002). Once the brand is launched with its values created by all the resources of an organisation, customers are the ones who decide what to believe about the brand. Somehow, what others believe the brand to be refers to the concept of a brand as an image or its external identity.

### ***Brand as Image: What the Public Perceives a Brand to Be***

Southgate (1994) suggests that the ownership of a brand is transferred to customers when it is launched in the marketplace. The rationale behind his argument could be drawn from the process of a brand association. Values are created only when customers make some associations (i.e. meaning, symbols) with the particular brand (Keller, 1991; Levy, 1978). Therefore, a brand resides in a buyers' or users' mind. This highlights the difference between a brand as identity and a brand as image.

While the view of a brand as identity believes in the real being of a brand or at least what an organisation thinks it is in reality, viewing a brand as image suggests that a brand is a perceived reality that is subjective and perceptual. The perceived reality is what customers perceive or believe a brand to be, but not what the brand really is (Campbell, 1998; Dobni and Zinkham, 1990; Selame, 2000). It is merely a concept within one's mind, with no physical reality (Danziger, 2000). As such, a brand is an image which is a rough summation of beliefs, ideas, and attitudes that people have associated with a particular brand in relation to other competing brands in the marketplace (e.g. Lindquist, 1974; Kotler, 1988; Kotler and Andreasen, 1996; Normann, 1984; Prahalad and Hamel, 1990; Reynold and Gutman, 1984; Romaniuk and Sharp, 2003; Spiegel, 1961). Simply put, viewing a brand as image focuses on approaching a brand from external perspectives, suggesting that the ownership of a brand as image belongs to the outside public who are willing to give meaning to the brand (Bromley, 1993).

Some authors of this philosophical approach to defining a brand (e.g. Aaker, 1991; Ericksen, 1996; Kent, 2003; Pettijohn et al, 1992; Triplett, 1994) strongly believe that the symbolic image of a brand is more important to the brand's success than the product attributes and characteristics. In this sense, branding becomes a tool for marketers and management to create an image which increases the perceived worth of brand values (Cleary, 1981). It helps an organisation to facilitate how customers link the brand characteristics with the emotions and/or feelings that a brand evokes (Oxenfeldt and Swann, 1964). For its image to contribute to its equity and success, the image must accommodate customers' self-image (Belk et al, 1982; Birdwell, 1968; Dolich, 1969; Ericksen, 1996; Grubb and Hupp, 1968; Ross, 1971).

Because the image is owned by the outside public, some authors (e.g. Alessandri, 2001; Bronson, 1985; Gray and Balmer, 1998; Hawn, 1998; Leitch, 1999; Schmitt et al, 1995) criticise this view of a brand as imposing certain restraints on a firm's ability to control how its brand is perceived by the marketplace. However, because image is partly influenced by the brand messages encrypted with functional, symbolic, and/or experiential benefits, an organisation can control its image through



carefully carving their brand-related messages to be sent to external brand stakeholders. Olins (2003) suggests that managing service providers will ensure the projection of the right brand image. Plummer (1985) also considers products, packaging, name, and channels of distribution as being instrumental in developing brand perceptions residing within the public's mind. This being the case, a brand as an image becomes the result of the current identity of a brand and its persona (Petromilli and Michalczyk, 1999); recalling that brand identity involves all brand-related activities and elements that are argued to be instrumental in influencing how a brand is perceived externally (see Figure 2.5 and 2.6). Meenaghan (1995) elaborates that brand image is a decoding process which is derived from various components of brand identity. This agrees with Urde (1999) who argues that an organisation should not let a brand image override its brand identity. This is to ensure that the fluid and ephemeral nature of an image makes the brand shift along with the fashions, markets, and trends. This, somehow, is important because although a brand evolves according to changes in its environment (Berry, 1993; Berton et al, 1999; Burghausen and Fan, 2002; de Chernatony, 2001; Ghose, 2002; Murphy, 1992), its image and identity need to maintain consistency. That is, brand identity (Urde, 1994), personality and images (Doyle, 1988) need to remain true over time. Too much change of these brand components are believed to create confusion with the brand's stakeholders. To ensure that a brand is adaptive while retaining its consistency, Rooney (1995) suggests that what the brand stands for (e.g. values) remains the same but what and how it is doing change according to environmental conditions. These two notions are termed 'core' values and 'peripheral' values by de Chernatony (2002). The former need not change because it is central to the brand's being whereas the latter is secondary and can be modified along with changes in the marketplace.

### ***Interrelations among Personality, Identity and Image***

Reviewing different interpretations of brand as a symbolic device revealed the interrelations among brand personality, brand identity, and brand image. An organisation, first, defines what it wants a brand to be and, then, communicates this to both internal and external audiences through the brand's total representation. In other words, because values are complicated and multi-dimensional, giving a brand

personality facilitates the public's appreciation of its brand values encapsulated in its brand identity. Both brand personality and brand identity send certain messages about the brand, which are decoded by external constituencies of the brand. How the public interprets the brand and creates its associations in their social setting conceptualises its image. All these processes to communicate its values imply the symbolism of a brand that projects the brands' and users'/buyers' personality (Lannon, 1993; Vinson et al, 1977), identity (Belk, 1988; Holt, 2004; Karande et al, 1997), and image (Britt, 1966; Grubb and Hupp, 1968). In effect, a brand is a value-signifier to a firm as well as to other relevant constituencies (Baudrillard, 1983; Elliot, 1997; Featherstone, 1994).

The interrelations among these three views of a brand to signify brand values give rise to the balanced perspective under the holistic approach. In essence, they suggest the cohesion of all brand elements to ensure consistent brand experience.

#### **2.4.3 A Brand as a Promise between Internal and External Constituencies**

A brand is *'the promise of the bundles of attributes that someone buys and provides satisfaction ... The attributes that make up a brand may be real or illusory, rational or emotion, intangible or invisible'* (Ambler, 1992 cited in Wood, 2000). Selame (2000) views a brand as *'an assurance of an expected level of quality and service'* (p. 48) when its promise is constantly fulfilled. Light and Mullen (1996) have enlisted different brand definitions in their book *'Your Brand is your Future'*: *'a written contract of intrinsic value; an expectation of performance; a covenant of goodness with its users; predictable; an unwritten warranty; a mark of integrity; a presentation of credentials; a mark of trust and reduced risk'* (p. 3).

These examples of brand-as-a-promise definitions imply that external stakeholders, not limited to customers, take a brand proposition as a contract or a promise from an organisation. This promise encompasses brand values that must create intangible and tangible satisfactions (Kapferer, 2001). Furthermore, the promise of a cluster of values needs to be delivered over and over again so that a brand becomes credible and a focal point of trust and assurance (O'Loughlin et al, 2004). As such, it helps



reduce any potential perceived risks when customers know little about the product/service (Herbig and Milewicz, 1993; Janiszewski and van Osselaer, 2000; McNeal and Zerren, 1981; Montgomery and Wernerfelt, 1992; Shimp, 1993). Taking into account the intangibility of service organisations, this definition is deemed appropriate as it facilitates the customer's evaluation process of branded service offerings. According to a group of authors (e.g. Deighton, 1992; Ghose, 2002; Ryder, 2004), a brand becomes a device that assists customers in predicting the outcome of a particular brand's consumption because it is strongly identified with a particular set of values, benefits, and quality (Friedman, 1985; Skinner, 1990). Consequently, a brand helps customers capture what is being offered and what is not (Hankinson and Cowking, 1995), and reduces their searching costs (Biswas, 1992; Landes and Posner, 1987).

Wood (2000) criticises this definition for its sole emphasis on customers' needs and satisfaction. She argues that viewing a brand as a promise focuses on attracting and retaining customers. However, several authors (e.g. Barkan and Semans, 2000; McQuiston, 2004; Olins, 2003; Tarantin, 2002) have argued for the consistent brand experience as a focus of defining brand as a promise. For example, Olins (2003) proposes that a brand needs to be coherent, that it feels the same throughout all touchpoints for every stakeholder group. McWilliam and Dumas (1997) argue that a synergy between perceptions and associations creates a brand experience. Brand associations refer to what a brand stands for, which links back to brand identity. As brand identity incorporates the concept of brand personality, both concepts contribute to the development of a brand promise that needs to be attended to and understood by all members of an organisation. Then, this brand promise is proposed to external brand audiences, which develop their own perceptions. Therefore, this definition of a brand, while encompassing the three concepts of a brand under the view of symbolism (i.e. identity, personality, and image), is more of a balanced approach to branding rather than being either consumer-oriented or organisation-oriented as argued by Wood (2000). Indeed, Staveley (1987) suggests that defining a brand as a promise indicates the balanced perspective. Because a brand is a compact between manufacturers and its customers, the promise has to be internally understood and the

entire organisation has to be committed to deliver on it. It needs to permeate throughout all actions of a company (Tilley, 1999). Then, a brand promise can facilitate the communication of a brand image and its associations to external constituents (Berry, 1995, 2000; Bitner, 1982). Although an organisation is first to understand what its brand is, Keller (1998) stresses that its precise understanding needs to be in accordance with the understanding of the public's perception and belief about the brand. This suggests that a brand should be treated from a balanced approach and defining a brand as a promise facilitates the adoption of this balanced perspective.

## **2.5 A Balanced Approach: A Definition for this Thesis**

The review of the literature within the two approaches to defining a brand suggests a greater support for the holistic approach than for the product-plus approach. Building a brand from a holistic approach ensures that the total brand presentation is in coherence. In particular, service organisations need their customers to experience their brands in a similar fashion at every touchpoint to ensure that their brand becomes a point of trust that reduces perceived risks associated with their service characteristics (McQuiston, 2004; Selame, 2000). Within the holistic approach, the view of a brand as a promise seems to recognise the significance of both inside and outside perspectives to establish and maintain a coherent, total brand experience. It is unclear how defining a brand as a cluster of values allows an organisation to communicate these values to the customers to be appreciated. Some definitions such as brand as identity and brand as personality focus on the organisation's perspective whereas the others, such as brand as image, take on the customers' perspectives. However, rather than selecting one definition for this thesis, the author agrees with de Chernatony (2002) who asserts that interpreting the brand solely on one interpretation is wrong. *'Rather, these differing interpretations should be seen as building blocks for a brand and a balance needs to be struck between the way that some of the input perspectives help customers achieve greater satisfaction in particular roles. A brand is thus an amalgam of interpretations'* (p. 52). Moreover, the author also reflects upon Kapferer's (2001) observation that each definition reflects what a brand is but not completely because a brand means all of these things



simultaneously; no brand exists without a product, a market, and an image. Therefore, the author believes that the holistic approach allows the scope to merge different views as it appears to also capture the meaning of a brand under the product-plus approach such as an identifier of a manufacturer. Furthermore, different views under the holistic approach are closely related because all views argue for the significance of both tangible and intangible values. Then, one needs to ensure that the internal understanding of a brand's symbolism is in accordance with the understanding of the external perceptions of the brand (Keller, 1998). This suggests that the perspectives of both manufacturers and customers have to be considered to develop a coherent branding programme which induces a strong and successful brand. Finally, given that the brand has its own entity, it should not be regarded merely as a name attached to a product and service offering to signify ownership.

To summarise, the following statements depict the common elements that appear among an amalgam of brand definitions:

- Fundamentally, all brands have a name, a logo, and a symbol (Aaker, 1991; AMA, 1960; Baker, 1996; Cooke, 1996; Doyle, 1989, 1994; Kapferer, 2001; Kotler, 1988, 1998, 2000; Kotler et al, 1996; Levitt, 1960; Rooney, 1995; Schmitt, 1999; Stanton et al, 1991; Strasser, 1989; Watkins, 1986). Ghose (2002) includes other essential elements such as characters, slogans, jingles, and packages. These elements are used to identify who stands behind the marks (Doyle, 1989; Hankinson and Cowking, 1995; Jackson, 2003; Low and Fullerton, 1994).
- Ultimately, brands are created to make one offering differentiated and distinctive from their competitors in the marketplace (Baker, 1996; de Chernatony and McWilliams, 1989; de Chernatony, 2001; Dibb et al, 1997; Doyle, 1989; Hughes and Jeanes, 2004; Interbrand Group, 1992; Jacoby et al, 1971; King, 1991; Levitt, 1980; Michell et al, 2001; Mudambi et al, 1997; Smith, 2004; Ward et al, 1999) to attract people and provide them with reasons to buy (Hankinson and Cowking, 1995; Jones, 1986).

- Differentiation is created not merely from a name or symbols, but essentially from the unique brand's values that are relevant, sought-after, and meaningful to customers (de Chernatony and Harris, 2000; McQuiston, 2004). These values must incorporate both functional and emotional aspects (Bhat and Reddy, 1998; de Chernatony and McDonald, 2002; Kapferer, 2004; Murphy, 1987) because the former provides the latter a ground to develop and create a bond with customers (Goleman, 1996; Levitt, 1980; McKenna, 1997; Woods, 2004).
- A brand is a dynamic entity. It evolves according to changes in its environment (Berry, 1993; Berthon et al, 1999; Burghausen and Fan, 2002; de Chernatony, 2001; Ghose, 2002; Murphy, 1992). Paradoxically, a brand needs to be true to what it stands for; brand identity (Urde, 1999), personality and image (Doyle, 1988) need to remain true over time. It is, thus, suggested that what the brand stands for (brand values) remains the same while what and how it is doing change according to environmental conditions (Rooney, 1995). According to de Chernatony (2001), the central value of the brand need not change but the peripheral values can be modified to suit changes in the marketplace.
- A brand becomes a promise that needs to be fulfilled at all touchpoints (McQuiston, 2004; Yovovich, 1993). Brand needs to be internally understood by all members of the entire organisation. At the same time, it needs to take account of how the brand is perceived by the external brand constituents. The result is that the congruence between the internal and external understanding of the brand (Webster and Keller, 2004).

Recognising all the important aspects of a brand, the author has adopted the following definition for the purpose of this thesis.

*A brand is a name, a logo, symbol, or graphic designs, or a combination of these elements. It is imbued with functional and emotional values that are relevant and*



*meaningful to its stakeholders. These values are proposed as a promise of what the brand represents and has to offer to both internal and external constituencies. All these elements make a brand differentiated and distinctive.*

Having adopted a clear definition for this thesis, the next section will review writings on the value of a strong, favourable brand. The purpose is to illustrate the importance of having a successful brand in today's competitive marketplace, thereby justifying the purpose of this thesis.

## **2.6 The Importance of Strong Brands**

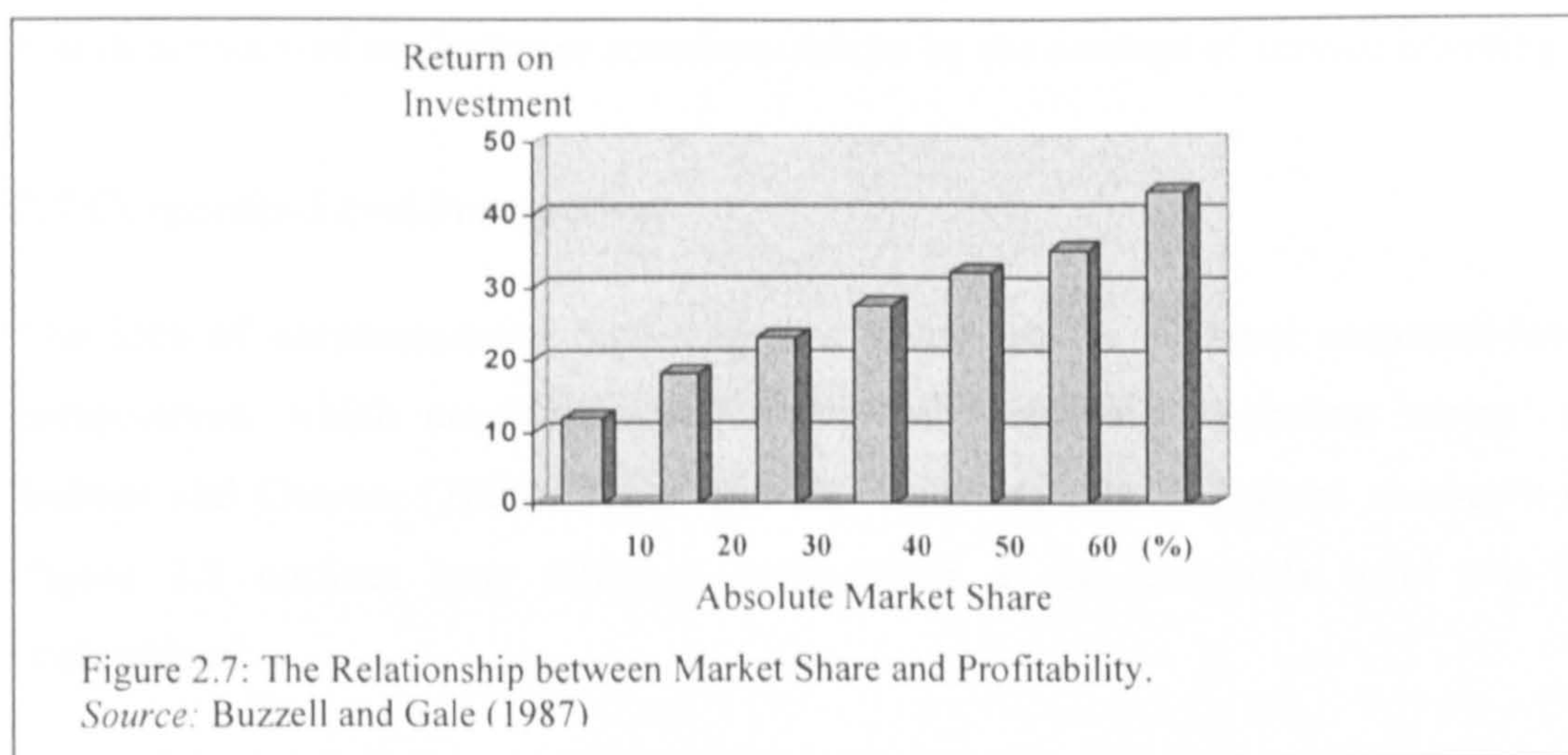
McCarthy (2004) has observed the increasing recognition of intangible assets as a factor of business success. Chin et al (2005) have recently observed that the literature has begun to accept a significant role of non-financial information in determining a firm's performance or value. One of the intangible assets is brand (Barth et al, 1998; Kallapur and Kwan, 2004). Contrary to the U.S., European firms particularly in the U.K. accept brands as identifiable assets rather than merely goodwill (Farquhar et al, 1992; Olsen et al, 2005).

In the marketing and branding literature, the terminologies such as 'brand valuation', 'brand asset', and 'brand equity' have emerged to support the brand's capability of generating values for an organisation. A slight difference of these terminologies exists; brand equity is an asset whereas brand valuation is not an asset but the financial worth of an asset (McCarthy, 2004). Hence, the two concepts are related to each other. Brand equity is the result of a well-crafted brand, enabling the brand to demand a higher price premium and to earn greater volumes and/or greater margins (de Chernatony, 2001).

Although building a brand requires a huge investment and multiple resources, a number of authors (e.g. Aaker, 1996; Berthon et al, 1999; Collins-Dodd and Louvière, 1998; Davis, 2002; de Chernatony et al, 1998; Doyle, 1989; Park and Srinivasan, 1994; Schultz, 2005; Srivastava and Shocker, 1991; Urde, 1994) have affirmed that a well-managed brand will eventually make money for an organisation.



For example, de Chernatony et al (1998) have purported that a successful brand provides a firm with high Return on Investment (ROI) and Return on Sales (ROS), which are financial measures of profitability. Doyle (1989) adds that a brand becomes strong because of its differential advantages that give customers a reason to buy and retailers a reason to stock. He also refers to the PIMS findings of Buzzell and Gale (1987); the studies of 2,600 businesses showed that, on average, products with a market share of 40% generated three times the ROI of those with a market share of only 10% (Figure 2.7).



Doyle (1989) has revealed that a relatively strong brand generates more Return on Sales (ROS) than a relatively weak brand. Table 2.1 reveals the U.K. study of grocery brands of Doyle (1989); the number one brand generates over 6 times the ROS of the number two brand. The rest are weak brands with weak profits.

<i>Rank</i>	<i>Net Margin (%)</i>
1	17.9
2	2.8
3	-0.9
4	-5.9

Table 2.2: Market Share Rank and Average Net Margins for UK Grocery Brands

Source: Doyle (1989)

Later, Doyle (2001) found that a firm grows faster and is able to increase the level of cash flow when it is able to charge a price premium. With higher margins and increasing levels of cash flow, it is possible that a firm can leverage the strength of its brand in the marketing mix in order to acquire new customers (Ambler et al, 2002), thereby extending its market.

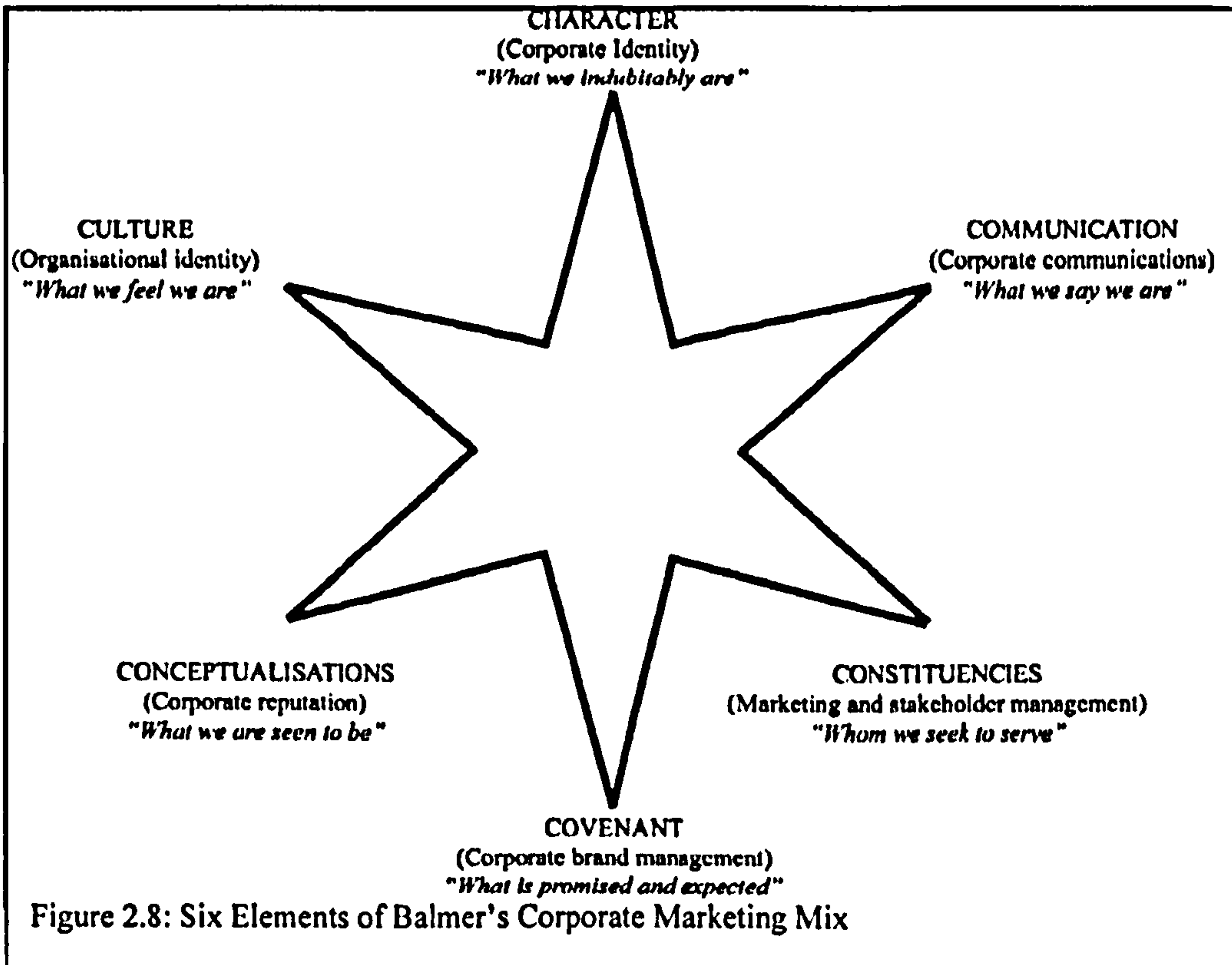
The rise of corporate branding over the recent years has been observed. Therefore, a brief discussion about corporate branding is worthwhile. Also, the section will highlight the focus of this thesis which is on service branding although corporate brands are viewed as similar or somehow driven by the concept of service branding.

## **2.7 Corporate-Level Perspectives**

The idea of corporate-level marketing has given rise to different corporate-level perspectives, which are synthesised under the 'corporate marketing vortex' of Balmer and Greyser (2006). The corporate marketing mix of Balmer as shown in Figure 2.8 outlines how different perspectives at the corporate level can be orchestrated.

The 'corporate marketing' concept involves different elements such as character, culture, communication, conceptualisation, constituencies, and covenant. The focus of this thesis is on the '*covenant*' element (Please refer to Table 2.3 for explanation of each element of the corporate marketing mix). Given the explanation, covenant looks at corporate marketing from the perspective of corporate branding and is related to the promise delivery of the organisation. That is, all attributes of the organisation's identity need to be made known in the form of a clearly defined branding proposition, which underpins organisational efforts to communicate, differentiate, and enhance the brand vis-à-vis key stakeholder groups and networks (Balmer, 2001). Because of the corporate brand's strategic importance, the involvement of middle and senior management is prevailing (Hankinson, 2007).





**Table 2.3: Explanation of the 6Cs of Corporate Marketing Mix**

<b>Corporate Marketing Mix</b>	<b>Explanation</b>
<b>Character</b>	The factors (i.e. tangible and intangible assets of the organisation, organisational activities, markets served, corporate ownership and structure, organisational type, corporate philosophy and corporate history) that make the organisation distinctive from another
<b>Culture</b>	Employees' collective feeling (i.e. values, beliefs, and assumptions) about the organisation
<b>Communication</b>	The various outbound communications channels (including employee behaviour, word of mouth, and media/competitor commentary) that an organisation uses to communicate with customers and other constituencies.
<b>Conceptualisation</b>	The perceptions that customers and other key stakeholder groups hold of the corporate brand
<b>Constituencies</b>	Corporate marketing needs to meet the wants and needs of customers as well as other stakeholder groups
<b>Covenant</b>	An informal contract that underpins a corporate brand

### **2.7.1 Corporate Brand**

The concept of corporate brands has captured the interest of both academic and practitioner; a number of authors have argued for its potential benefits inherent in managing and developing the brand at the corporate level (e.g. Aaker and Joachimsthaler, 1999; Greyser, 1999; Fombrun and van Riel, 1997). For example, some authors (e.g. Brown and Dacin, 1997; Ind, 1997) argue for a significant impact of a strong corporate brand in creating positive customer perceptions of existing product and new product extensions. A respectable example is the UK-based company Virgin, which has successfully extended its brand identity as 'challenging and cheeky' to different products and services; for instance, music, soft drinks, insurance, airline transportation, and rail travel (Hatch and Schultz, 2003). Balmer and Greyser (2003) have considered corporate brands as strategic resources that provide the basis for superior performance. Others (e.g. Ackerman, 1998; Balmer, 1995, 2001; de Chernatony, 2001; Ind, 1997) have viewed that corporate branding allows an organisation to make an explicit use of its vision and culture as part of the corporate brand's unique selling proposition. As such, rather than having the values stemming from marketing and creative advertising, a corporate brand's values are latent in the values of the organisation's founders, owners, management, and personnel (Balmer and Gray, 2003).

Like conventional product branding, corporate branding has the creation of preferences and differentiation as its goal (Knox and Bickerton, 2003). However, the shift towards corporate brands has been accentuated by the difficulties to maintain credible product differentiation in today's sophisticated and complex marketplace (Hatch and Schultz, 2003). The differentiation created, thus, needs to be considered for the whole corporation, not only for individual products. Specifically, corporate branding aims at expressing the values that encourage key stakeholders to feel a sense of belonging to it. This is pertinent to another characteristic of corporate brands: a multiplicity of stakeholders. While product brands address a rather homogeneous target group, a corporate brand aims at all stakeholders simultaneously (Ind, 1997). When a corporate brand is strong and favourable, it provides an organisation with '*a powerful navigational tool to a variety of stakeholders for a*



*miscellany of purposes, including employment, investment and, most importantly, consumer buying behaviour'* (Balmer and Gray, 2003: p. 972-973). A well-defined corporate brand could act as a strategic framework that gives companies a clear sense of direction, allowing them to align their different activities with who they are and what they stand for (Schultz and de Chernatony, 2002). This argument resonates with the definition of corporate branding provided by Einwiller and Will (2002), which also takes account of a variety of stakeholder groups: *'a systematically planned and implemented process of creating and maintaining favourable images and consequently a favourable reputation of the company as a whole, by sending signals to all stakeholders by managing behaviour, communication, and symbolism'* (p. 101).

In essence, corporate branding becomes the philosophy that embraces the entire organisation (Hulberg, 2006) that goes beyond the department of marketing to create marketing-communication activities towards a pan-company activity. Thus, corporate branding emphasises the focus within an organisation. An organisation needs to integrate different disciplines, such as marketing, organisation theory, strategy, and corporate communications, to fully understand how corporate branding works in practice (Harris and de Chernatony, 2001; Hatch and Schultz, 2003; Ind, 2004). It is furthered that every single source of communication must be governed by similar messages to assure that everything an organisation says and does communicates to the public (Brønn, 2002). This is pertinent to the embracement of the important role that employees play in the corporate branding process, which is closely related to the multiplicity of stakeholders (Anixter, 2003; Balmer, 1995).

### **2.7.2 Corporate Brands and Service Brands**

Similarly, both service branding and corporate branding need to pay attention to trust (Doney and Cannon, 1997; Morgan and Hunt, 1994). This implies that a corporate brand's promise needs to be fulfilled, for example, by delivering a good or service of the quality which the consumer expects (Sichtmann, 2007). Likewise, de Chernatony et al (2003) argue that service brands are also about the delivery of promises through personal interactions. As much as the need for multidisciplinary of corporate

brands, they also highlight the need for senior management's involvement and multi-disciplinary management to build a successful service brand. Therefore, employees are as important in service branding as corporate branding. That is, both corporate and service branding place the role of employees at the centre of the process. Also, while product branding focuses more on the external world of the brand, service brands, like corporate brands, need a balanced internal and external orientation.

The similarities between corporate branding and service branding are observed by several authors. For example, Abimbola (2006) has indicated that the distinction between corporate and service brands is not always so clear although the distinction between corporate and product brands is clearly pinpointed by a number of authors. According to Berry and Lampo (2004), most often, a service organisation's name is regarded as a brand by customers. Thus, based on the similarities they share and the customer's perception of an organisation's name, one could understand the blurred distinction between the two concepts. In view of the similarities between building corporate and service brands, it is argued that the four-step process for building corporate brands suggested by Gregory and Sellers (2002) is relevant to service brand-building (de Chernatony et al, 2003). In essence, McDonald et al (2001) consider that the distinctive nature of services is a driver of the corporate branding concept. Also, most organisations would include the new service under the established corporate brand rather than building a corporate brand from scratch. However, it is emphasised that the different brands under the corporate brand should strive for an alignment of values among the organisation, brand and employees (de Chernatony, 2001) whilst each individual brand's values need to be communicated (McDonald et al, 2001). This thesis would endeavour to introduce a preliminary understanding of how to align the employees' values with the brands' to ultimately achieve the alignment of the three elements. In fact, Dobree and Page (1990) suggest that service brands should create ownership across all levels of the organisation. To do this, it needs to measure delivery against the proposition but it, first, has to overcome internal barriers. When this is realised, an organisation could aim at expansion. In particular, the organisation understood by this thesis is the corporate



brand which has a mixed portfolio of brands that may have been acquired through acquisitions or corporate restructuring (Kay, 2006).

## 2.8 Summary

This chapter attempted to lay the ground for this thesis to develop. It started with a review of a variety of brand definitions proposed by different authors in order to have a proper definition of a brand for the purpose of this thesis. It observed that first, a brand is regarded as an add-on element to the product. Ambler and Styles (1996) initiated another approach to define a brand – a holistic approach that regards a brand as a complete entity. The definitions that fall into this approach are more or less communication-oriented as they reflect how an organisation communicates brand values to the public. The more recent knowledge approaches a brand from a balanced perspective, stressing the equal importance of both the organisation and the outside public in defining a brand. Thence, a brand is viewed as a promise proposed by an organisation to deliver a particular set of values, benefits, and quality to its intended audiences so that they know what can and cannot be expected from the brand. It also summarised some common characteristics of the concept among various publications. At the end of this review, a working definition for this thesis has been put forth:

*A brand is a name, a logo, symbol, or graphic designs, or a combination of these elements. It is imbued with functional and emotional values that are relevant and meaningful to its stakeholders. These values are proposed as a promise of what the brand represents and has to offer to both internal and external constituencies. All these elements make a brand differentiated and distinctive.*

The final section provided justifications for the importance of a strong brand. In particular, a strong, successful brand is positively correlated with an organisation's performance such as market share, profitability, and market growth. Having developed an understanding of the definition of brand and why it is important, the next chapter reviews writings on how service branding is different from product branding, thereby giving rise to the pivotal role of service employees.

### **Service Branding is Different: Service's Distinctive Characteristics and their Implications for Branding**

#### **3.1 Introduction**

The service sector has, for some time, become the largest and most dynamic element within the economy of advanced capitalist nations (Jones et al, 2002). Over the last two decades, service industries have experienced an increase in competition due to the advancements in technology, deregulation, privatisation of public corporations, and the removal of trade barriers toward globalisation of operations (de Chernatony and Dall'Olmo Riley, 1999). Consequently, the concept of brand and branding has become increasingly acknowledged in the service sector. However, the growth of the service branding literature does not match that of the service sector as a whole. The branding studies are mostly associated with physical goods (Faust and Eilertson, 1994; Krishnan and Hartline, 2001; Shostack, 1977; Turley and Moore, 1995). At the conceptual level, brands whether of service or physical goods are similar because they have to encompass a cluster of relevant and meaningful functional and emotional values. In the execution of branding, service organisations may face challenges (de Chernatony and Dall'Olmo Riley, 1999) because the idiosyncratic characteristics of services require an adaptation of the branding and marketing techniques that have so far been deployed for physical goods (Turley and Moore, 1995; Zeithaml et al, 1985). Additionally, the service nature accents the role of service employees and recognises them as the representative of the brand (Bateson, 1992).

This chapter addresses several service characteristics and discusses their implications for creating a successful service brand. At the end, the crucial role of service employees in fulfilling the service brand promise will be highlighted.



### **3.2 Distinctive Characteristics of Services Challenge the Branding Concept**

Whilst McDonald et al (2001) have contended the appropriateness of applying the principles of marketing and the concept of brands to both products and services, they have remarked on differences in the execution of service and product brands. De Chernatony and Dall'Olmo Riley (1999) concur that, at the conceptual level, brands of both services and physical goods are similar as they have to encapsulate a cluster of relevant and sought-after functional and emotional values. However, at the execution level, there are some challenges for service brands. This is because service offerings pose different marketing problems and opportunities for service marketers (Lamb and Cravens, 1990), which can be logically extended to the branding concept.

The idiosyncratic characteristics of services require an adaptation of branding and marketing techniques usually employed for physical goods (Turley and Moore, 1995; Zeithaml et al, 1985). These include intangibility, inseparability of production and consumption, and heterogeneity of quality (Bateson, 1992; Grönroos, 1978; Rathmell, 1966; Shostack, 1977). Simões and Dibb (2001) argue that the power of strong brands can increase customers' trust of intangibility, thereby reducing customers' perceived risks. Inseparability and heterogeneity highlight the significance of employees' actions and attitudes in building service brands. While inseparability addresses the positive influences of employees on customers' brand perceptions (e.g. Ind, 2003, Jones et al, 2002), heterogeneity places concerns about the variability of quality delivered by employees to consumers during service encounters (Berry and Lampo, 2004; Bitner et al, 1990). This being the case, the brand faces challenges to keep its promise, thereby adversely affecting its success.

### **3.3 Intangibility: Risk of Being Perceived as Commodity**

The common concept that is mentioned when counter-arguing the direct application of marketing principles to services is 'intangibility' (Berry, 1980; Eiglier and Langeard, 1975; Flipo, 1988; Levitt, 1981; Shostack, 1977). It is the only characteristic that is common to all services and the critical factor that sets services apart from products (Bateson, 1979; Bebeko, 2000). The intangible nature of service

brands hinders the communication of brand values to their public, thereby making a brand's differentiation difficult to perceive. Often, the intangible nature of services is associated with perceived risks. To overcome the intangibility's shortcomings, a service organisation strives for a strong brand through a strong brand image. The previous chapter has clearly explained that brand image is developed from the core brand values embedded in brand identity and is projected through brand positioning and brand personality. In order to establish the desired brand image, a brand promise needs to be delivered at every service (de Chernatony and Segal-Horn, 2001; Selame, 2000). This suggests that, in services settings, it is justified to view a brand as a promise of a cluster of values that are interpreted into certain experiences.

### **3.3.1 Evaluating the Brand Values is Difficult**

Services are immaterial, impalpable, and incorporeal (e.g. Flipo, 1988; Shostack, 1977). Therefore, they are difficult to define, formulate, and/or grasp mentally (Berry, 1980). Similarly, the recent empirical study by Bielen and Sempels (2003) indicates a bi-dimensional concept of intangibility: physical and mental intangibilities. The former refers to the lack of physical evidence that renders services impalpable, the latter concerns the difficulties in mentally understanding and visualising them (Bateson, 1979). It is generally agreed that intangibility is related to customers' evaluation of service qualities, incurring problems to an organisation as well as to customers and the public (Firth, 1993; Rathmell, 1974). Customers find making comparison among different, competing services difficult. Even when they are willing to make a comparison among various offerings, their comparison is often subjective because an objective comparison from the invisibles is not easy (Fitzgerald, 1988; Fryar, 1991). As customers face difficulties perceiving differences among competing offerings, service organisations are challenged to communicate their service benefits. Although Mittal (2002) has remarked that a value proposition can be a viable tool to create differentiation, he contended that the core value of services is often intangible, rendering the proposition abstract and too general. The study of Daun and Klinger (2006) that content-analysed the published information resources of the hotels illustrates the difficulties that service organisations face in positioning their brand in the form of a value proposition or a brand promise. Their



study has revealed ambiguity and the lack of distinguishable differentiation between the luxury hotels' brand promises proposed in those published resources. This suggests that the intangibility that hinders customers' perceptions of a brand's benefits and values makes brand differentiation difficult to convey. This depletes the virtue of a brand and/or branding as a key competitive strategy used by major service companies. Only when a brand makes one service offering distinctive and differentiated from others can it be considered a competitive, strategic tool (Reynolds, 1999). Hence, the intangible nature of service offerings makes brands vulnerable to being perceived as a mere commodity (de Chernatony and McDonald, 2002).

It is somehow argued that there are some tangible elements of services. However, it is accepted that it is still more difficult for customers to evaluate services than evaluate the quality of a PC, for example (e.g. de Chernatony and McDonald, 2001).

### **3.3.2 Uncertainty of Service Quality Heightens Perceived Risks**

The difficulties in evaluating service quality are further associated with customers' perceived risks. Schiffman and Kanuk (2000) define perceived risk as an uncertainty that consumers face before buying a product or using a service. Zeithaml (1981) claims that most service brands and service companies possess an inherent level of risk because of the difficulties in evaluating their performance and quality. The literature has identified different types of perceived risks: namely, financial, performance, time, physical, psychological and social risk (Havlena and Desarbo, 1990; Jacoby and Kaplan, 1972; Murray and Schlachter, 1990; Roselius, 1971). The salience of each risk varies across product categories (Kaplan et al, 1974). Laroche et al (2004) elaborate that the different dimensions of risk are product specific and independent of each other. For example, a computer buyer may encounter performance and financial risks while an internet browser faces time and performance risks. Other dimensions of perceived risks exist during these buying decision processes but at a relatively low degree. To prevent any potential risks, customers turn to brand to help them evaluate the services before the purchase (Dawar and Parker, 1994). Hence, service organisations attempt to create a strong,



successful service brand to serve as a risk-reducing device. In particular, the more consequential, complex and variable the brand, the more assurance it needs to provide (Berry and Lampo, 2004).

To ensure that the brand can attenuate the levels of perceived risks associated with buying decisions, a brand has to deliver over time on the service quality, benefits, and values that they promise the public. Roselius (1971) has long conjectured that a well-known brand with favourable past experiences, rather than a single favourable past experience, is capable of reducing these risks. Therefore, this observation stresses the importance of a brand as promise, which needs to be delivered at every service encounter. When brand values (i.e. quality, symbolic benefits, and experiences) are delivered as promised to the public, the brand creates trust and assurance.

### **3.4 Inseparability: The Rise of Service Employees' Crucial Role in Branding**

Unlike the manufacturing process, most services require the presence of customers and service providers at the point of sale; the production and consumption processes happen simultaneously (Mangold and Babacus, 1991; Singh, 1991; Yoon et al, 2004; Zeithaml et al, 1985). In addition, the service delivery process requires the engagement and/or involvement of customers in relation to the design of the outcome (Gummesson, 1995). Although some services such as self-service and call-centres do not require the presence of customers and service providers within the same physical setting, interactions among them exist (Edvardsson et al, 2005).

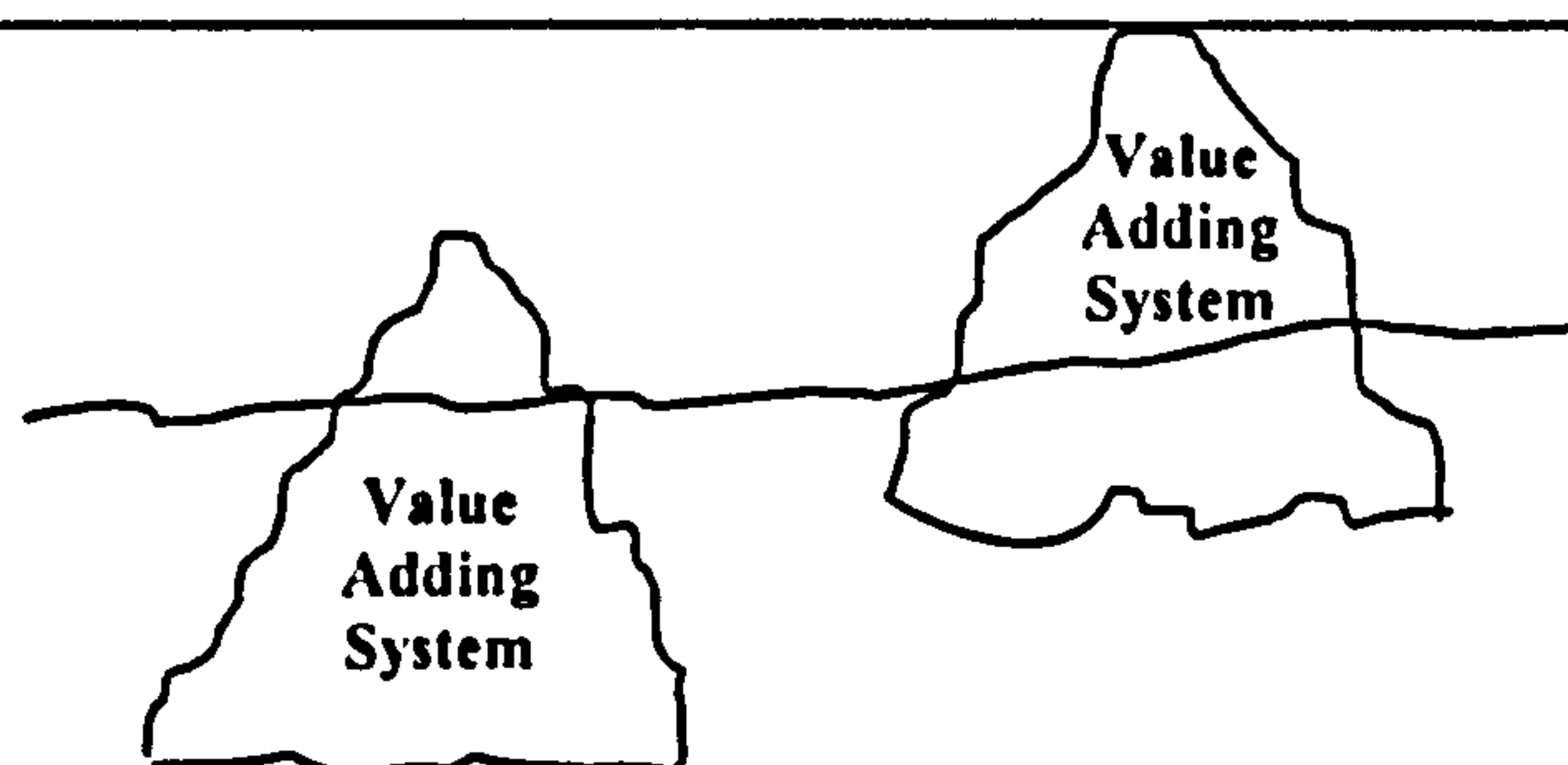


Figure 3.1 The Product and Service Branding Icebergs (de Chernatony and Segal-Horn, 2001)

An intimate contact between customers and the service process renders the production process, once invisible in product brands, now visible to service brands' customers (Carmen and Langeard, 1980; de Chernatony and Segal-Horn, 2001). The product and service branding icebergs have illustrated this notion, supporting the reasons that service branding needs different execution techniques (Figure 3.1).

The concept of inseparability does not limit itself only to the influence of having both customers and service providers under the same setting but it also indicates the influence of having several customers sharing the same service setting as well as the influence of customers' interactions with the entire presentation of a service brand.

### **3.4.1 Customer Involvement Highlights the Human Capital's Significance**

The significance of inseparability increases under certain conditions. Berry (1983) posits that when a customer requires a high degree of personalisation, such as in professional services, the impact of the inseparable nature of service is heightened. Moreover, when customers share the same setting simultaneously such as airline travel, restaurants, and hotels, the impact of this service nature becomes more salient (Grove and Fisk, 1983; Lovelock, 1983). The behaviours of individual customers affect the extent to which the service performance and the service experience are perceived (Grove et al, 1992). In effect, *'crowding, unruly or unanticipated behaviours on the part of others sharing the service or an unwillingness or inability to co-operate with the service production on the part of the individual customer can destroy a service performance'* (p. 102). It follows that the presence of both passive and active participants has an impact on the delivery process of brand promise (Booms and Bitner, 1981; Langeard et al, 1981; Lovelock, 1983; Martin and Pranter, 1989).

Authors have long seen customers as a source of production inputs in the forms of their information, their bodies, or their labour (Fuchs, 1968; Hill, 1977; Lovelock, 1983; Mills, 1986). Indeed, their efforts and information are necessary before the service transaction can be consummated (Kelly et al, 1990; Mills and Moberg, 1982). Since the service quality is somehow dependent on their information and/or efforts,



customers exert a certain level of influence on the outcome and the experience of the service transaction (e.g. Argote, 1982; Gummesson, 1991). The concept of the 'co-production and co-consumption' constellation of Edvardsson et al (2005) has reflected this role of a buyer as a creator of the end product. McDonald et al (2001) relate the level of customer participation in the service process to the way customers evaluate a service brand. McDonald et al (2002) argued that actively-involved customers tend to be more satisfied with the service outcome because they believe that they contribute towards the quality and value of the service. In this light, Davies (1996) suggests that services requiring a high degree of customer involvement have to clearly define, educate, and manage the role of customers to avoid frustration that will weaken their promised experience, and thus the brand itself. The empirical research conducted by Hansen (2003) has found customer's knowledge as having a significant and positive influence on the extent to which customers are willing to be involved in the service delivery and disclose their information, which can be helpful to improving the received service quality and experiences. The close contact between service providers and customers enhances employees' understanding of the customers' views, thereby allowing them to amend and/or improve their approach to individual customers. The recent studies also support that, by having customers as co-creator, a service company can add values to the core services (Abraham, 2004; Hill and Nimish, 1992) such as customisation of service delivery (Bell, 1981; Surprenant and Solomon, 1987). As such, the interaction between customers and employees is a crucial aspect in service branding (e.g. Fryar, 1991; Jones et al, 2001) and the second largest reason why service businesses fail or succeed (Keaveney, 1995). Moreover, because employees can influence customers' perception during the service delivery (de Chernatony, 2001), the role of employees appears under the spotlight.

Even though some authors (e.g. Bowen and Schneider, 1988; Namasivayam, 2003) have considered customers as the sole producers and employees as mere facilitators of the production process, the empirical study of Staggs and Youndt (2004) indicates that, regardless of the level of co-production, the role of employees remains significant. Their study, thus, underlines that firms with high human capital always



outperform those with low human capital. Bandura (2001) asserts that, although consumers desire some controls of the production process, they need support from organisational representatives in obtaining the service product they purchase. Similarly, Namasivayam (2003) has revealed that customers evaluate service brands based on the degree of support they seek and receive. Hence, the role of employees is important. In effect, Papasolomou and Vrontis (2006a) argue that because of the inseparable nature of services, service providers are an integral part of the service delivered to external customers. Other studies have supported that employees with high skills are more effective in ascertaining and serving customers' needs, thereby rendering high levels of customisation (Shostack, 1977; Tansik, 1990; Wathen, 1995). The degree of service customisation is found to positively correlate with the potential to create differentiation (Heskett, 1986; Norman, 1984). It is, therefore, logical to argue that service employees could be a source of service brand differentiation.

### **3.4.2 Customer-Firm Interactions: Service Employees as a Critical Element**

Based on the framework of Grove and his colleagues (Grove and Fisk, 1983; Grove et al, 1992) illustrated by Figure 3.2, customers interact not only with human capital but also with other non-humanic elements within the particular service setting such as buildings, equipments, and employees' uniforms.

In this figure, actors refer to service personnel whose presence and behaviours help determine the service. Audience represents customers who receive the service outcome. They fulfil their roles in relation to the delivery of the service brand promise within the physical environment or the service setting. The service rendered determines its performance. This model posits that both humanic and non-humanic elements contribute towards the total service experience. Later, they purported that human elements (service personnel and customers) are, however, the main contributors to the nature of the service performance. The other elements embodied in the physical setting set a frame for service interactions and experiences. This corroborates several other authors who conjecture that personal interactions between service employees and customers are the major contributors of added values and

differentiation (Eiglier and Langeard, 1987, 1994; Munos, 2002; Tocquer and Langlois, 1992). Vandenbosch and Dawar (2002) concur that the values created during personal interactions are the major differentiating factors. Given the similar functional utility of various service offerings under the same category, it sounds logical to consider employees as a source of brand differentiation, driving the brand to thrive.

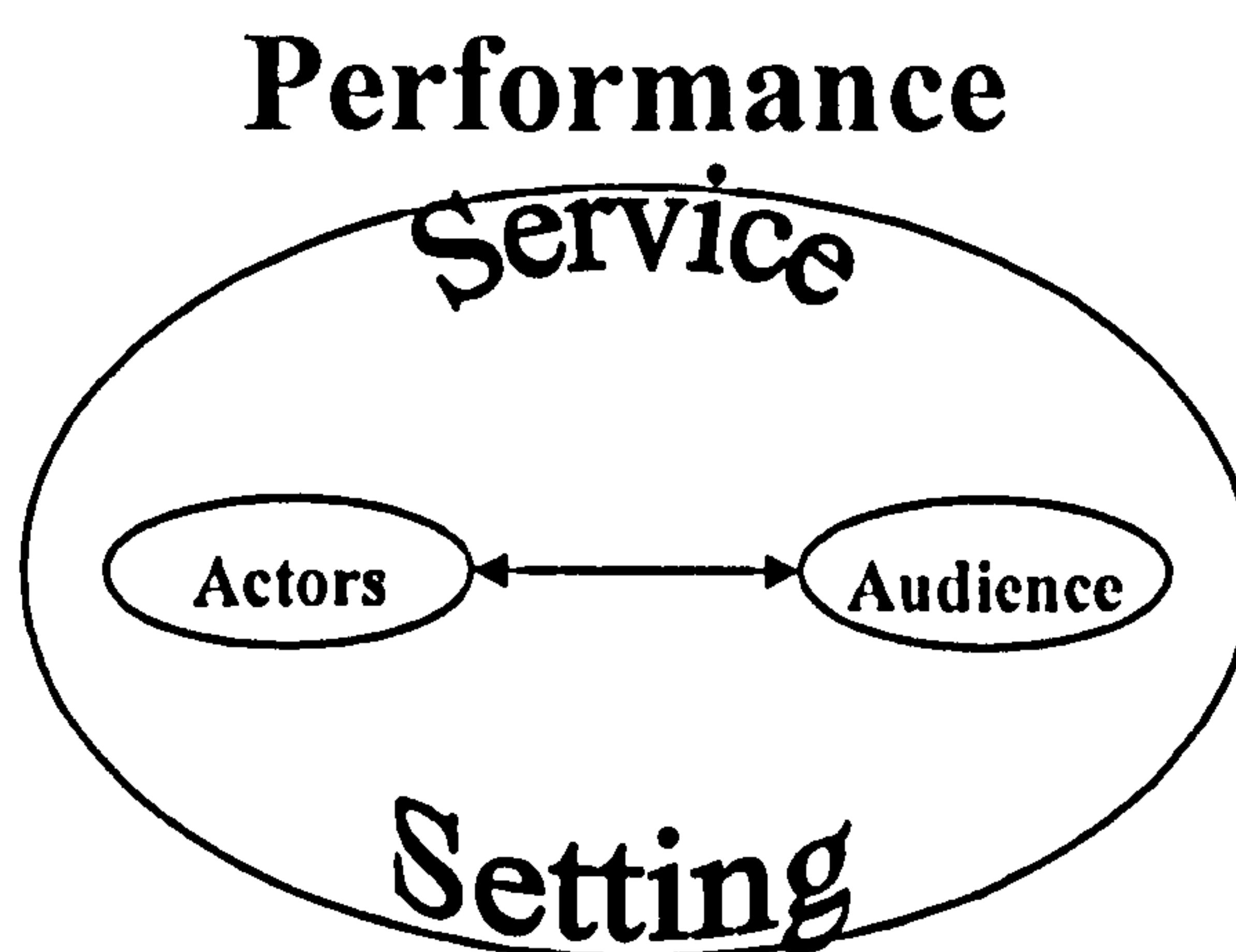


Figure 3.2: Service Experience as Drama (adapted from Grove et al, 1992)

The caveat is that employees must deliver the brand promise to customers at each personal interaction (de Chernatony et al, 2003). Poor performance could create a mismatch between customers' expectations set by brand promise and the service actually delivered by service providers. This mismatch between what is espoused and what is enacted results in a failure to maintain long-term relationships with customers. The overall credibility and strength of the brand is hurt, whereby gaining consumer trust and loyalty is not viable (Burmam and Zeplin, 2005). As such, inseparability of services poses a challenge for developing a strong service brand: *'the greater the involvement of human beings in the production of a good or service, the greater the variability'* (Berry and Lampo, 2003: p. 20). This statement further reflects another challenge of service branding: the heterogeneity or variability of service experiences (i.e. service quality and service performance) due to the reliance on human labour.



### **3.5 Heterogeneity: A Challenge to Consistency of Service Brand**

To alleviate any perceived risks related to the unpredictability of a service, customers must experience a brand as promised (i.e. values, benefits, quality, and performance) each time they come into contact with the brand. This is because a brand can provide assurance to customers when it is a promise of sameness and predictability (Keller, 2002). That is, a brand promise needs to be fulfilled at all interactions that its stakeholders have with the brand. In addition, the inseparability accentuates the role of service employees in terms of their influence on the extent to which customers perceive and experience the brand. Papasolomou and Vrontis (2006b) regard the influence of service providers on customers' brand perception as a reason why companies need to ensure that employees are delivering the service at the quality level promised by the brand. Although consistency in the delivery of a service brand promise is argued to be one among three important themes for a successful service brand (de Chernatony and Segal-Horn, 2001), it is difficult to achieve such brand consistency as service involves human interactions. Thence, a service brand is vulnerable to unpredictability, thereby challenging the process of building a strong, powerful service brand.

This notion reflects 'heterogeneity', another characteristic argued to be uniquely associated with services (Bateson, 1992; Bell, 1981; Grönroos, 1978; Rathmell, 1966; Schlissel, 1977; Shostack, 1977). It implies *'the potential high variability in the performance of services'* (Zeithaml et al, 1985: p. 33), whereby service performance suffers from non-standardisation. The literature addresses the variability of service performance and quality from customer to customer, from employee to employee, from day to day (e.g. O'Brien and Deans, 1996; Zeithaml et al, 1988). This implies the difficulties of a service brand to constantly fulfil its brand promise.

#### **3.5.1 Individual Customers are Different: Reliance on Employees to Customise Service Brand Experience**

One source of variability in service performance is customers. The involvement of customers in a service delivery process allows a service to be tailored to their needs.



Several authors (e.g. Norman and Ramirez, 1994; Onkvisit and Shaw, 1989; de Chernatony, 2001) have viewed it as a positive opportunity for a service organisation. They have argued that some organisations may seek an opportunity for strengthening their brand by performing high levels of customisation. By doing so, they may follow the concept of employee empowerment. However, the caveat is that internal communications must be strong and effective enough to motivate and retain their customer-focused employees within a set of brand standards.

In addition, customers have different needs and expectations in services (Tearre, 1998), thereby having different criteria of assessment (Rafiq and Ahmed, 2000). Subsequently, customers may expect, experience, and evaluate a service brand differently; they may perceive the brand promise being delivered differently, which involves brand quality, experience, and perceived brand values. Given a brand as a cluster of functional and emotional values, the customers' subjective evaluation of brand values (Fitzgerald, 1988; Fryar, 1991) may explain the extent to which they experience and evaluate the brand. It is also possible that the different criteria deployed by individual customers are influenced by their experience of the brand in the past. This highlights the role of individual service providers who deliver a particular brand promise; because they have different personalities and behaviours, they could adversely affect the perceived consistency of the brand. Simply put, as employees are different, customers may experience a brand differently, thereby hurting the credibility of the brand promise.

### **3.5.2 Individual Employees are Different: Disparate Performance**

The service delivery process involves customers with several transactions, which may create disparate experiences. This imposes a challenge to service consistency (Berry, 1980; Lewis, 1989). A series of separate service incidents experienced by stakeholders gradually accrue to constitute their overall perception of a particular service brand (i.e. values, image, experience, and quality). However, individual employees have different personalities, attitudes and behaviours (Bitner et al, 1990). Besides, *'people who represent the organisation lose their tempers, get tired and anxious, and sometimes have just had enough that day'* (Olins, 2003: p. 75). The

statement reflects another perspective that argues that the same employee may perform differently on different occasions and from day to day (e.g. Sasser et al, 1978; Wirtz and Mattila, 2001). Along the course of a 'service journey', customers may be exposed to a given service event in different ways (Johns, 1999). The different interactions with different service providers may, consequently, contribute to different expectations of customers toward the brand (de Chernatony and Dall'Olmo Riley, 1999).

The differences in employees' behaviours throughout the course of service transactions raise a problem in controlling the consistency of service brand performance and experience (Bitner and Zeithaml, 1987; Clemes et al, 2000). Different service experiences affect the extent to which customers are satisfied with individual transactions. Inconsistent service satisfaction adversely affects the perceived service quality. The literature contends that service quality is developed from a cumulative experience of customer satisfaction from each specific, discrete transaction (e.g. Bitner and Hubbert, 1994; Rowley, 1998). The different service quality perceived as a result of different service encounters affects the consistency of customers' perceptions of a service outcome (Solomon et al, 1985). Given Klaus's (1985) definition of quality as customer's values, the perceived value of service brands can also be at peril. Furthermore, the study of Jones et al (2002) has empirically related service experiences with value perceptions. They found that a difference in service experiences is related to a difference in value perceptions. Subsequently, the establishment of the brand's position and image is affected (Snoj et al, 2004). Given the well-defined customers' perceptions of a firm as a creator of brand differentiation (e.g. Morrall, 1995; Timberman, 1985), the inconsistency in service performance can undermine the importance of employees as a source of the firm's distinctiveness. All these determine the credibility of a brand promise, which encompasses a cluster of functional and emotional values that symbolically represent a brand and make it distinctive and unique.



### **3.6 Service Branding: A Shift toward Being Promise-Centric**

De Chernatony and Segal-Horn (2000) have found that a service brand that is to thrive has to have a focused position. The focused position needs to be clearly communicated internally and externally through a concise statement of the brand's benefits. This concise statement is a brand promise, or named interchangeably by other authors, a brand mantra and a value proposition (e.g. de Chernatony, 2002; Deighton, 1992; Ghose, 2002; Ryder, 2004). Similarly, the review of brand definitions has found that the interpretation of brand as a promise has commonly been adopted for service branding (e.g. Ambler and Styles, 1996; Berry, 2000; Mistry, 1998; Ward et al, 1999). This brand definition is deemed appropriate for services because it provides the balanced perspectives: the internal and external perspectives of branding. The promise provides internal constituencies with the specific values to be delivered. For the external stakeholders, the brand promise suggests the brand quality and the experience to be received, thereby providing customers with assurance (Keller, 2002; Selame, 2000). As such, *'branding plays a special role in service companies because strong brands increase customers' trust of the invisible purchase. Strong brands enable customers to better visualise and understand intangible products. They reduce customers' perceived monetary, social, or safety risk in buying services, which are difficult to evaluate prior to purchase. Strong brands are the surrogates when ... no automobile on test-drive'* (Berry, 2000: p. 128).

The literature has agglomerated a number of studies (e.g. Mitchell and Greatorex, 1993; Roselius, 1971) that revealed the power of a strong brand to lower the risks associated with buying service offerings. A strong brand enhances any service's mental representation through brand identity system management. Together with brand positioning, brand personality facilitates the projection and appreciation of the service's brand values. The aim is to craft a favourable brand image residing within all stakeholders' minds (Rao and Ruekert, 1994; Upshaw, 1995) because a well-crafted image makes the brand's position distinct and differentiated from competition (Oxenfeldt and Swann, 1964). Therefore, several respectable authors (e.g. Ambler and Styles, 1996; de Chernatony, 2001; de Chernatony and Segal-Horn, 2002;



Selame, 2000; Ward et al, 1999) suggest that a brand is a promise of certain experiences developed out of the functional and emotional values of a brand and projected through positioning and personality. At the core of brand identity lie the core brand values. A cluster of these values can be projected through the physical environment as well as service employees' behaviours and attitudes.

Berry and Lampo (2004) have argued that rational and emotional values are experienced by three types of clues deployed by customers (Table 3.1).

<b>Table 3.1 The Composite of Three Types of Clues to Create the Total Experience</b>	
<b>Type of Clues</b>	<b>Implications</b>
Functional Clues	The technical quality of the offering. They are the foundation and cannot be compensated for by other clues. Companies cannot compete without customers' confidence in their competence. It is rare enough to create a differentiated brand.
Mechanics Clues	They are associated with objects and include sights, sounds, smells, tastes, and textures. They provide a tangible representation of the intangible service. They offer a setting for the service to communicate the brand image that the company seeks.
Humanics Clues	They are stimuli emanating from people. Mechanics and humanics clues are interpreted emotionally. They typically offer the best opportunity to create a strong, differentiated brand for labour-intensive services that customers experience directly.

Source: Berry and Lampo (2004)

The functional clues are the foundation that cannot compete with other clues. Differentiation solely on functionality is, however, difficult to sustain. Mechanics clues facilitate the visualisation of an intangible service. This type of clue is closely related to the servicescape concept as it includes facility design, equipment, furnishings, signs, displays and colours, and other sensory clues. They give a signal to customers of what they can expect from a particular service brand and create a critical 'first impression' before customers experience other types of clues. Their impact on brand strength is the greatest when contributing directly to customer value creation. Humanic clues provide an organisation with the best opportunity to create a strong, differentiated brand for any service that relies on human performance. Human interactions present the best chance to exceed customers' expectations, provide memorable service experiences, and build customers' trust in a firm.

The following sections address the role of branding in relation to making intangibles tangible, having customers as participants in producing services, and the role of employees in delivering the brand promise.

### **3.6.1 Tangible Presentation of the Intangible Brand Values**

Mechanics clues, at a minimum, offer a setting for a service to communicate brand image (Berry and Lampo, 2004). Drawing upon the corporate identity literature, visual manifestation is a key to project the desired identity and make an organisation distinctive from others (e.g. Abratt, 1989; Argenti and Druckemiller, 2004; van Tonder, 2004). The corporate identity mix elements are managed to acquire a favourable corporate image among key stakeholders to enhance corporate reputation and goodwill (Baker and Balmer, 1997; Melewar and Saunders, 2000). These visual clues have to reflect the organisation's branding strategy (Olins, 1978). Therefore, the branding process strategically guides the coherent presentations of all visual components. The tangible presentations of the brand can provide stakeholders with well-defined reference points to project a set of values. In the branding literature, Olins (1995) argues that the 'environment' in which the brand is being delivered helps transmit brand values to the public during and after the transaction. Wakefield and Blodgett (1994) argue that the quality of the service environment is as important as the quality of the core service offering.

The service marketing literature has emphasised that a service company is often perceived as a brand for customers (e.g. Berry and Lampo, 2004; Boyd et al, 1994; de Chernatony, 2001). Therefore, all tangible elements used to represent a service organisation, termed as visual identity systems by the corporate marketing literature and as servicescape in the service marketing literature, help an organisation externally communicate and position its brand. The concepts of visual identity and servicescape highlight the significance of physical surroundings (i.e. ambient conditions, spatial layout and functionality, and signs, symbols and artefacts) in creating the first impression of a brand on customers and other stakeholders. Furthermore, because they are part of a brand identity system, the physical



surroundings are capable of projecting brand values (McDonald et al, 2001). As suggested by Figure 3.2, the physical symbols and representations are part of customers' interactions with a service brand and/or a service organisation as well as providing customers with some clues about the brand. In addition, the significance of servicescape or the physical surroundings is dependent on the type of service business.

Figure 3.3 illustrates that the longer the time that customers spend within a facility, such as resorts, hotels, and amusement parks, the more important the servicescape becomes.

Time Spent on Facility	Importance of Servicescape	Type of Service	
		Functional Services	Leisure Services
Low (minutes)	Low	Drive-through bank Dry-cleaners	Miniature golf Video game rooms
Moderate (hours)		Health clinics Law offices	Sporting events Upscale restaurants
Extended (days)	High	Schools Hospitals	Resorts (Hotels) Amusement parks

Figure 3.3 Servicescape Typology  
Adapted from: Wakefield and Blodgett (1994)

Figure 3.4 further indicates that the complexity of the servicescape also depends on the type of service organisations. That is, when the service businesses require customers to interact with employees under their service 'factory', their servicescape needs to be elaborate and complex rather than lean and simple. Given the customers' role as a co-producer, signs and other artefacts help guide the interpretation of the particular social setting. They communicate something about the place to various



users such as educating customers of their roles in co-operating with a service provider to co-produce their service purchase (e.g. Becker, 1977; Davis, 1984; Wener, 1985; Wineman, 1982).

Types of Service Organisations Based on Who Performs Actions within the Servicescape		Physical Complexity of the Servicescape	
		Elaborate	Lean
Self-service (customer only)	Golf Land Surf'n'Splash	ATM Post office kiosk Movie theatre Express mail dropoff	
Interpersonal service (both customer and employee)	Hotels Restaurants Health clinic Hospital Bank Airline School	Dry cleaner Hot dog stand Hair salon	
Remote service (employee only)	Telephone company Insurance company Utility Many professional services	Telephone mail order desk Automated voice-messaging based services	

Figure 3.4 Typology of Service Organisations Based on Variation in Form and Usage of the Servicescape (Adapted from Bitner, 1992)

Another group of authors have recognised that different physical elements (Table 3.2) constitute the firm's image (Abratt, 1989; Kotler, 1973; Lindquist, 1974; Schmitt et al, 1995). The physical setting of service brands enhances mental representations which assist in creating a brand's image (Laroche et al, 2004). Together with brand identity that tangibly communicates brand values through the servicescape, brand image as a result of projected brand identity deploys a servicescape to help customers capture the service brands' intangible proposition (i.e. values, promise, and quality). As such, the servicescape or the physical surroundings help customers and the public make comparisons among different service brands (Greenland and McGoldrick, 1992).

Since brand identity and brand image (Jones et al, 2002) are a source of brand differentiation, it sounds logical that several authors have advocated the physical environment as another effective device to create brand differentiation (Aubert-Gamet, 1996; Bitner and Zeithaml, 1996; Héla, 2002; Kotler, 1974), thereby overcoming the difficulties in projecting brand values due to their intangible nature.

<b>Table 3.2 Servicescape Dimensions</b>	
<b>a) Ambient Conditions</b>	Temperature Air Quality Noise Music Odour Etc.
<b>b) Space/Function</b>	Layout Equipment Furnishings Etc.
<b>c) Signs, Symbols, and Artefacts</b>	Signage Personal Artefacts Style or Décor Labels (e.g. Name of company, name of department)

Mittal (2002) has argued that, for the physical environment to provide a service brand with differentiation, it has to be unique and connotative because uniqueness gives a service firm its identity. However, as most physical elements are susceptible to being easily replicated (Dibb and Simkin, 1993), it is difficult to maintain a differential advantage derived from the servicescape. The study of Berry and Lampo (2004) has, thus, underscored the importance of humanic clues in developing a strong service brand. Mechanics clues or physical surroundings are not sufficient to establish customers' relationships. The symbolic visual manifestation of brands serves to create a ground for knowledgeable and committed staff to build relationships with customers. However, the interactions between customers and service employees are the key to fulfil, if not exceed, customer expectations, to



provide memorable service experiences, and to create customers' trust in an organisation.

Bitner (1992) remarks that the physical surroundings communicate to the public about brand values and its people within the setting. Therefore, the attention towards service employees should not be at the expense of the physical surroundings. That is, the values projected through the physical environment should be in congruence with service employees' behaviours and attitudes. When this happens, de Chernatony and Segal-Horn (2001) believe that an authentic delivery of the brand promise is realised and a positive image can be created. Their study also underlines that for service organisations, a brand should be regarded as a promise that sums up a tangible component and an intangible component plus the integrating system that enables communications with employees, thereby enabling all of them to deliver the brand promise in a similar fashion. The concern is that the authors found little emphasis being placed on the need to create employees' shared understanding of the brand's promise although service branding needs to focus on internal brand members (de Chernatony and McDonald, 2002) to ensure that the brand promise is constantly fulfilled.

### **3.6.2 Involving Customers to Co-Produce the Service Outcome**

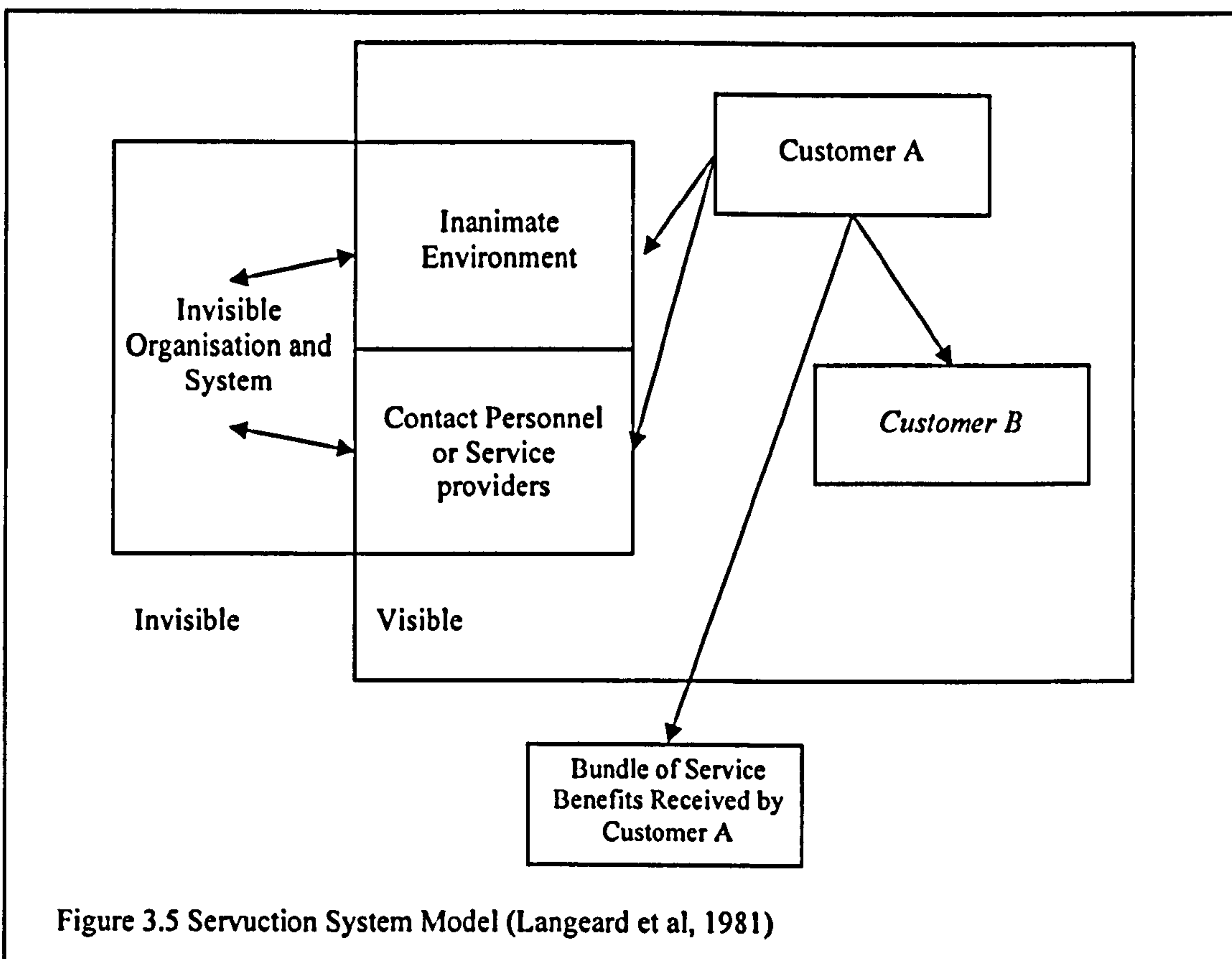
Due to the inseparable nature of services, a customer is considered a participant, a human resource or a partial employee in a service delivery process (Canziani, 1997). A number of authors have discussed the role of customers in service delivery (e.g. Bowen, 1986; Bowen and Schneider, 1985; Bowers et al, 1990; Goodwin, 1988; Kelley et al, 1990; Larsson and Bowen, 1989; Lovelock, 1996; Mills et al, 1983). Chase and Aquilano (1995) has argued for decoupled operations to remove customers from more and more process steps to reduce inefficiencies normally associated with customer presence in the system. As customers are presumed to have relatively negative effects on a service operation, interactions with them should be kept at minimum. Service should be designed to reduce inefficient customer contacts, i.e. service processes that minimise customer contact in all service interactions. This contact strategy needs to be envisaged on a step-by-step basis in service blueprints



rather than drastically by attempting to eliminate customers from the service process altogether. However, a number of service industries (i.e. hotels, restaurants, healthcare as depicted by Figure 3.3 and Figure 3.4) require customer presence during the service delivery process. Also, even with customer contact reduction, i.e. mailed tickets and automated telephone information lines to reduce contact with theatres in certain steps of the service delivery system, people are still expected to be physically present during the show. Furthermore, automating the production line may lead to the lack of personal service delivery. These potential drawbacks necessitate employees on operational requirements; otherwise, the original marketing intent of improving customer-perceived quality could be at risk (Lohr, 1985; Lovelock, 1984; Normann, 1984; O'Connor et al, 1988; Upah, 1980). Besides, as employees are considered a good source of customer information, an organisation may then lose the opportunity to rectify any mismatch between what is promised and what is actually delivered.

Other authors seek to manage customer interactions rather than to follow decoupled strategies. Design tools such as the blueprint (Shostack, 1977) and the process flowchart (Kimes and Mutkowski, 1989) have been borrowed from the manufacturing domain and used to diagram the important elements of the service process, including the customer point of entry, customer participation in process steps, and point of exit from the service delivery system. The design of customers' role scripts is then developed along the lines of task descriptions and job specifications (Zeithaml and Bitner, 1996). The script is created by dramaturgical metaphors to micro-manage service encounters. Viewing a blueprint as a depiction of the steps comprising the delivery of a service process (Shostack, 1977) ensures that management can effectively manage their customer contacts by educating customers about the service system in the firm. As customers are considered a source of information about expectations for service design and quality improvement (Parasuraman et al, 1985), the blueprint should be designed to invite feedback for competitive assessments or new process design. In effect, Bechet and Walker (1993) suggest that the assignment of tasks have to be updated continually so that the analysis of the process blueprint (i.e. which activities should be eliminated,

automated, contracted out or reassigned) can be revisited to match the change of human and technological competences. The service assessment ensures an identification of any potential service delivery errors due to poorly specified blueprints. Clearly specified task elements enhance the viability and cost-effectiveness of potential labour substitution (e.g. automation or standardisation). A firm should also attempt to assess continually the points in the process where customers introduce uncertainty into the service delivery system and where customer needs may outweigh operational goals of efficiency and productivity (Canziani, 1997). The concept of task specifications should be kept apart from the concept of customer-server interaction; the former is independent from the latter since service process steps can be divergent and still be out of the visibility of the customers. Figure 3.5 represents the Servuction System Model of Langeard et al (1981) to highlight the aforementioned argument.



The model portrays well the simultaneous nature of services. It depicts the influences of employees and servicescape of the overall perception of the customers as well as



those of customers on the customers. It also resonates with the metaphor of services as live theatre (Grove et al, 2000), which depicts the definition of services as live performances (e.g. Berry 1980; Deighton, 1992; Lovelock, 1983; Zeithaml and Bitner, 2000). However, it does not make evident the potential role of customers as co-producers, which is argued to be important within the service-production process, particularly when the Nordic school has argued for the value-in-use based on a service logic (e.g. Grönroos, 1978, 2006; Gummesson, 1979; Vargo and Lusch, 2004). To elaborate, it neglects the external client productivity because the focus is, according to Martin et al (2001), more on how internal, organisation productivity changes (either on-stage or in the backstage) will affect customers. Thus, it does not discuss how changes internally could influence the productivity of the external client, especially when it is now moved towards a service logic where the concept of value-in-use (where value is created when services or products are consumed by customers) rather than value-in-exchange is stressed (Grönroos, 2006).

However, the model has effectively portrayed, for the purpose of this thesis, that some service process steps are not visible to customers. Besides, it also stresses the role of employees in delivering a service brand. In a service setting, customers interact with service providers along with other customers. De Chernatony (2001) has even asserted that services brands are based on people interacting with other people: *'As a service brand is more about a promise, the performance of a deed, or an experience ... Service blueprints were devised to map the service systems which involve all people who are adding value to the customer's experience of the brand'*.

By mapping human interactions, an organisation stands a better chance of highlighting the effects of day-to-day actions as well as detecting opportunities to enhance the quality of the service rendered (Cooper et al, 2005). Zeithaml and Bitner (1996) suggest that blueprints can be developed at a variety of levels. From their points of view, blueprints can be drawn from the aspects of service processes (i.e. at the basic service concept level, for specific services within a family, for service variations for specific market segments). Each blueprint can, however, have an indicator to another related blueprint in that firm's operational system. De



Chernatony (2001) offers a service blueprint's breakdown (Table 3.3) that stresses simplicity to ensure the appreciation of the important activities involved in the service delivery process.

<b>Table 3.3 A Service's Blueprint Breakdown</b>	
<b>Customer Level</b>	The actions of customers at each stage customers pass through and interact with the service brand provider in buying, consuming, and evaluating the brand
<b>Onstage Level</b>	Contact employees' actions that are visible to customers during their interactions
<b>Backstage Level</b>	Contact employees' actions that are unseen by customers as they relate to the activities undertaken by supporting staff
<b>Support Level</b>	All the unseen internal supporting services
Source: De Chernatony (2002)	

The four-level breakdown resonates with Figure 3.5 in that the involvement of customer-employee interactions exists even when a role script and a blueprint are used. It further indicates that, even though some service process steps are invisible to the customers, they remain reliant on employees. Therefore, the major advantages foreseen in his study are a clearer understanding of the customers' roles and influences in the service delivery process and the ways that staff and supporting systems (e.g. IT) can support the brand. He also underlines the importance of revisiting the blueprint to amend it to better fit the brand. Finally, by linking the different activities along the service process with the four levels of a service blueprint, management can better see what is to be changed to ensure service brand promise delivery. Because service brands have a number of customer-employee interactions, a service blueprint allows management to work with their staff to ensure that each service encounter provides the right impressions about the brand. De Chernatony further entails the advantages of using a blueprint; it encourages management to look at the brand and manage different encounters in a holistic manner to ensure a coherent service brand offering.

Another suggestion to manage customer involvement with the service delivery process is based on the notion that customers should be viewed as organisational members or 'partial employees' (Barnard, 1948; Parsons, 1970), who engage in the process temporarily. To ensure that these partial employees perform the behaviours that support the service encounters, some mechanisms have to be developed (Bowen and Schneider, 1985; Mills, 1983, 1986). This has given rise to the 'organisational socialisation concept' (Dubinsky et al, 1986), which is the common method used to influence employee performance. Having said that, it is not restricted to employees and it can, thus, be applied to service customers. This concept is different from the consumer socialisation introduced by Ward (1974). While consumer socialisation aims to develop customer skills, knowledge, and attitudes relevant to the marketplace in general, the organisational socialisation process aims to engender an individual's adaptation to and appreciation of the values, norms, and required behaviour patterns of an organisation (Schein, 1968). Organisational socialisation is capable of eliciting a range of responses from individuals with regard to their understanding and acceptance of organisational values, norms and expectations. A number of methods are available for following organisational socialisation with customers. These include formal socialisation programmes, organisational literature, environmental cues, reinforcement, and observation of other customers. Kelley et al (1990) have provided a comprehensive list of examples of each method (see Table 3.4).

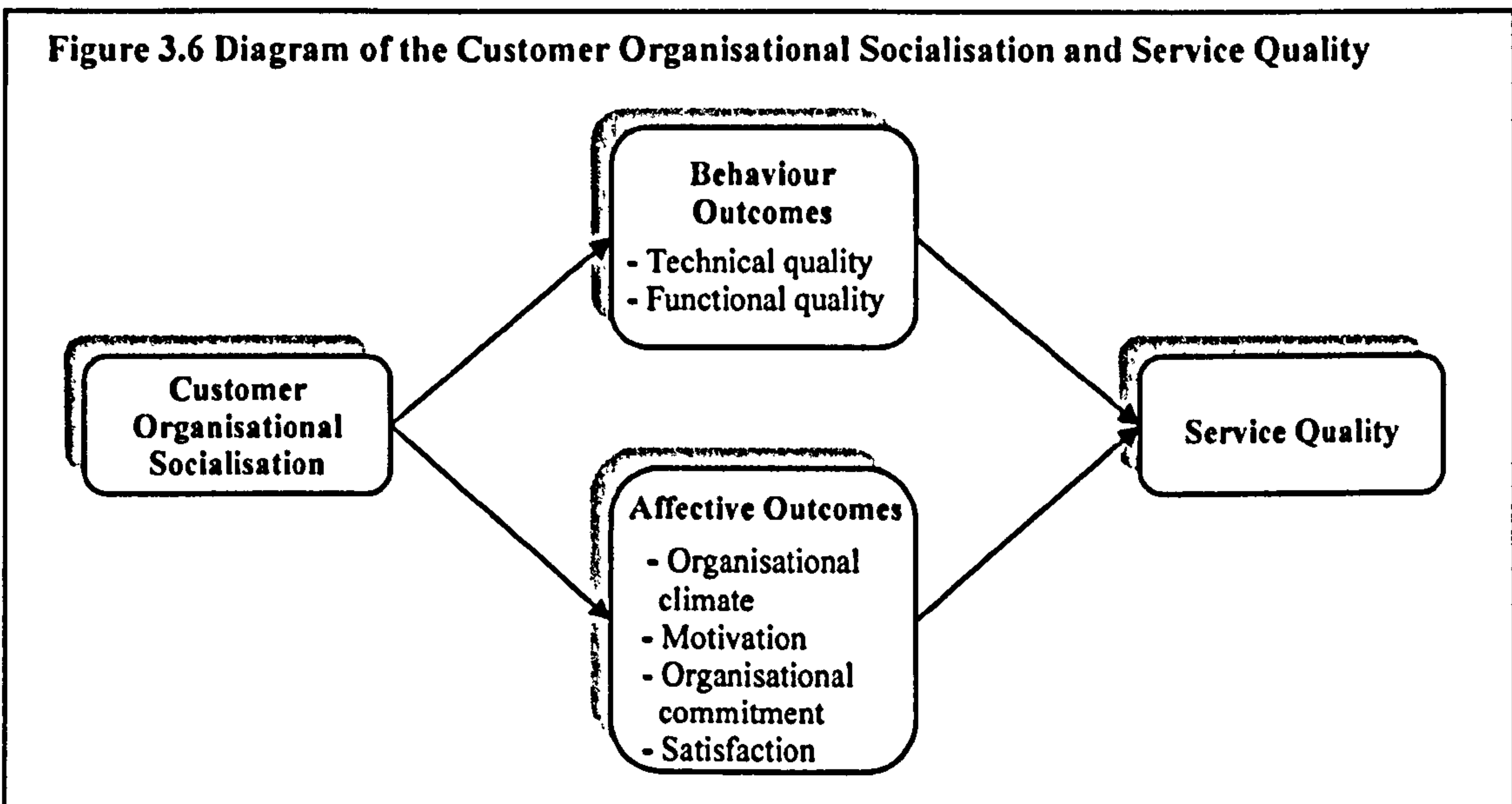
Figure 3.6 illustrates the behavioural and affective outcomes of organisational socialisation on the customers' part (Feldman, 1981). Based on Grönroos's (1983) framework of service quality as having technical quality and functional quality, Kelley et al (1990) have proposed two additional components which focus on customers as partial employees. These include the customer technical and customer function aspects of service quality. As the process of organisational socialisations succeeds in developing an understanding of organisational norms (Feldman, 1981; Louis, 1980; Schein, 1968), service customers better understand the normative expectations associated with their roles. They have an accurate expectation for the resources that should be provided during the service encounter – technical quality, as



well as how those resources should be provided – functional quality (Kelley et al, 1990).

<b>Table 3.4 An Example of Each Organisational Socialisation Method</b>	
<b>Method</b>	<b>Examples</b>
Formal socialisation programmes	Health spas formally train customers to use their facilities. Banks train customers to utilise automatic tellers.
Organisational literature	Service organisations distribute pamphlets and annual reports to customers to communicate their values.
Environmental cues	Banks, hotels, rental car agencies, and airlines use environmental cues (e.g. poks, tills) to dictate appropriate queuing behaviours to customers.
Reinforcement	Higher fee incurred due to more billable time when customers do not fill the forms prior to meeting with accountant implicates negative reinforcement. Lower fee due to less billable time as customers fill the forms (which is not obligated) prior to meeting implicates positive reinforcement.
Observation of other customers	New customers of an service organisation observe other, more experienced customers. Fast food customers may determine whether or not they should bus their own tables by observing the behviour of other customers.

Adapted from Kelley et al (1990)





Therefore, the process of socialisation influences individuals' behaviours. With an accurate and clear understanding of what can be expected, their expectation for service should be more aligned with perceptions of actual service-delivery behaviours, thereby enhancing the perceptions of service quality. However, the effort of employees should not be overlooked. Only when employees deliver service benefits, values, and quality as promised is the customers' expectation for the service closely aligned with what is actually delivered and experienced.

The affective outcomes, including organisational climate for service, motivation, organisational commitment, and satisfaction, also imply the role of service providers during a service encounter. For example, the organisational climate is a set of descriptive characteristics concerning service delivery and service quality. Customers use it to make sense of what should be done during the encounter, and of the customers' service-related behaviours. Motivation is further classified into motivational effort and motivational directions. Organisational socialisation increases motivational effort as individuals learn of the task associated with their role in the service delivery process (Feldman, 1981). The process of socialisation gives accurate role perceptions (e.g. Dubinsky et al, 1986; Feldman, 1981; Porter et al, 1975; Wanous, 1989), and greater motivational direction (Terborg, 1977). The study of Mill et al (1983) has found that motivated customers tend to provide resources to the service organisation that facilitate the service delivery and enhance service quality, thereby ensuring that the brand promise is kept. Referring back to employees as having close contact with customers, they pass through customer information to the organisation as well as using it to customise the service experience. Therefore, service employees who interface with customers are crucial in enhancing the outcomes of organisational socialisation and service quality. This being the case, what is promised and what is expected are in synchronisation.

Although the proposed link between organisational commitment and service quality is the conceptual view of Kelley et al (1998), they have argued that customer satisfaction should benefit as a result of the congruence between expected and actual roles (Liechty and Churchill, 1979; Parasuraman et al, 1988; Smith and Houston,

1983), or the congruence between what is promised and what is actually delivered. Therefore, it is proposed that one potential result of a customer experiencing higher levels of customer satisfaction with the service delivery process will be stronger identification and involvement with an organisation (Kelley et al, 1990). This again implicitly implies the importance of service employees in delivering on the brand promise. When employees deliver the service experiences as promised, the gap between expected service and perceived service should be narrowed, thereby enhancing the level of service quality perceived by the customer.

### **3.6.3 Focusing on Employees to Ensure a Consistent Service Brand**

De Chernatony and Segal-Horn (2001) have argued that the concept of brand as a promise needs to consider employees as well as customers. Service organisations have to attempt to create employees' shared understanding of the brand promise so that the perpetuated expectation and the actual delivery can be in congruence. Denby-Jones (1995) argues that the focus of service branding has shifted towards stakeholders, especially service employees, because of the visibility of the value delivery system of service brands wherein customers are the active participants. All these are subject to quality variability.

*'Just as labour intensity can produce unwanted variability in the service, so it can produce pleasing variability when an employee performs with uncommon grace, kindness, respect, resourcefulness and problem-solving persistence'* (Berry and Lampo, 2004: p. 21). This statement accepts the heterogeneity inherent in relying on human performance. However, the crucial role of service employees in delivering on and beyond the brand promise is not to be overlooked. Their empirical research underscores the significance of human elements in developing strong service brands. It has revealed that employee behaviours are the most influential in shaping customers' perceptions of their high- and low-preference brands. The attributes of employee behaviour in their research include employees' attitudes, competence, and personalisation of service. They concluded that; *'Functionality is essential but insufficient. Innovative mechanics can spark interest, stimulate trial and, for certain services, offer core benefits. Humanics play a more pervasive role because treatment*



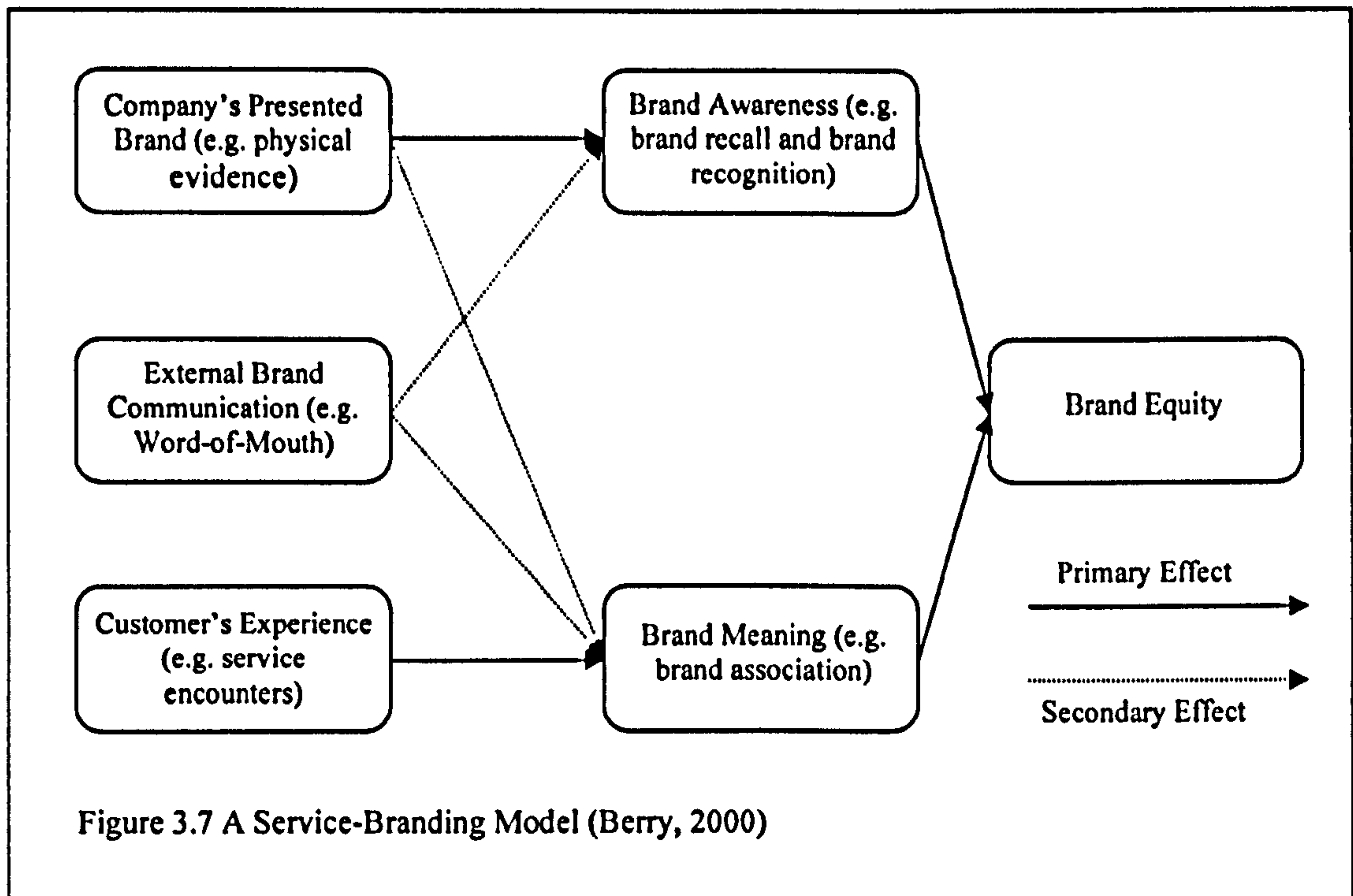
*of the customer is central to the service experience. Customers want service employees to provide service. The primary reason many service brands underperform is too many managers who don't insist – through their own behaviours, policies, and resource allocation – that service employees provide service'* (p. 22). This resonates with the findings of de Chernatony and Segal-Horn (2001) that specify the role of staff in reinforcing brand values at every point of contact where customers connect with the brand. McDonald et al (2001) add that management can attempt to create consistent service brands through their employees. Because employees are the embodiment of service brands in the eyes of customers (Grönroos, 1994), the focus should be placed on employees to ensure that they deliver on the brand promise at every point of contact. When they are involved with the brand and its values, they are willing and able to deliver high-quality services.

The prevailing role of employees in service branding has been captured in Berry's (200) Service Branding Model (Figure 3.7). Similar to Keller (1993), Berry advocates that brand equity is comprised of two components – brand awareness and brand meaning. The primary source of brand awareness is the company's presented brand, i.e. the company's controlled communications including advertising, the physical appearance of service providers, company name and logo, and service facilities. Brand meaning, on the other hand, is mainly influenced by customer experience with the brand or the company, as he argues that the primary brand of services is the company. Two dimensions of brand equity are argued to be secondarily influenced by external brand communications that are essentially uncontrolled by the company, such as word-of-mouth communications and public relations. To attract new customers, the presented brand and external brand communications are surrogates for what a brand stands for. However, to retain customers, the customer experience overrides the other two attributes.

The presented brand, albeit well-carved, cannot rescue the weak service that customers experience during their interactions with the brand. Although the presented brand and external brand communications have a secondary impact on brand meaning, service employees remain relatively influential as service businesses



are labour-intensive and human performance plays a critical role in building the brand. According to Keller (1998), brand meaning and brand awareness are the two dimensions of brand knowledge. Brand awareness refers to brand recall and brand recognition whereas brand meaning refers to the brand association-related issues (i.e. types of association, favourability, strength of association, and uniqueness of brand association).



Berry's (2000) model (Figure 3.7) does not depict the influence employees have on brand awareness. Bitner (1992), however, suggests otherwise. She argues that customers recall the service brand's benefits because of the cues from the physical evidence and the behaviours of service employees. O'Cass and Grace (2003) criticised that these models were based on the perspectives of brand consultants and marketing practitioners. Given that the brand belongs to the customers after it is launched, they conducted research to unearth the dimensions that are perceived as significant in service brands from customers' perspectives. The findings suggest that employees, facilities, experience, and word-of-mouth are the significant dimensions.

Various branding models have addressed these dimensions but individually (e.g. de Chernatony and Dall'Olmo Riley, 1999; Grossman, 1994; Keller, 1998). Although Berry's service branding model depicts service facilities and employees in terms of their appearance when referring to the company's presented brand, it does not explicitly address the manner in which they deliver the service or their interpersonal interactions. The study from the customers' perspective, however, indicates that human interactions in services are far more important than the appearance of employees. Padgett and Allen (1997) have agreed that service experience induces an active construction of meaning that is associated with the behaviours, thoughts, and feelings that occur during consumption due to the simultaneous process of production and consumption. Similarly, Betterncourt et al (2001) have underlined the role of service employees during service encounters as influential in shaping brand image in customers' minds.

Above all, the internal focus has been encouraged as employees' attitudes and behaviours are significant in brand promise delivery, thereby highlighting the role of service employees in the service branding process (Schultz and de Chernatony, 2002). In particular, of all employees in service organisations, customer-contact employees, in many cases, are the first and only representation of a service firm (Hartline et al, 2000). Bitner (1992) argues that there are far more customer-contact employees than other service employees. They have a critical role in a servicescape including retail stores, hotels, tourist venues, restaurants, and other service environments. Their behaviours in delivering the service are, thus, influential on customers' impressions of the firm as well as the brand. The next chapter is devoted to discussing why customer-facing employees, in particular, are considered as playing a crucial role in the service branding process.

### **3.7 Summary**

The growing importance of the services sector has made service organisations aware of the importance of brands: for example, brands represent a source of sustainable competitive advantage (McDonald et al, 2001). Although the principles of marketing as well as of branding seem appropriate for both services and manufactured goods,



the difference of the service characteristics requires different executions. Because of the intangibility factor, the brand values are difficult to evaluate, thereby heightening the customers' perceived risks (Zeithaml, 1981) as well as increasing the risk of the brands being perceived as commodities (de Chernatony and McDonald, 2002). The challenges do not limit themselves to the intangible nature of service but extend to reflect the inherent problems of the simultaneous process of the service delivery. The inseparability of production and consumption of service offerings underlines personal interactions between customers and service employees as the representative of the brand (Bateson, 1992). An organisation can take information from the customer involvement to influence their perceptions during the service delivery process. However, the inseparable nature of services implies the reliance on human performance which challenges the attainment of consistency in perceived service quality. Customers, whether they are regarded as co-producer or the creator of the end product, need service employees to provide them with services (Berry and Lampo, 2004). The reliance on human performance renders the service quality heterogeneous, thereby challenging the consistency of a service brand's quality.

Given the nature of service businesses, service brands become a promise that sums up a tangible and an intangible component with an integrated system. The physical evidence or servicescape helps make tangible the intangibles. The visual representation of the brand needs to be compatible with the brand promise proposed to the public. Service employees, however, have relatively more influence with the customers' experience with the brand, and thus the customer retention. Therefore, an organisation should focus internally on the attitudes and behaviours of employees. The congruence between the humanic and non-humanic elements assists the coherent projection of the brand values that are difficult to communicate to all stakeholders. Despite the importance of servicescape as a setting creator, the interactions that customers have with service providers have a more pervasive role (Berry and Lampo, 2004). Of all service employees, those who are at the interface with external stakeholders seem to have a critical role (e.g. Doyle and Stern, 2006). Their influences will be discussed in detail in the next chapter.

# The Roles of Customer-Interface Employees in Delivering the Brand Promise

## 4.1 Introduction

Service branding is different from product branding at the execution level because it heavily relies on employees' actions and attitudes (de Chernatony and Dall'Olmo Riley, 1997). Being key to the delivery of the brand promise, good service employees are vital to the service brand's success (de Chernatony, 2001). They have a crucial role in brand management because they are present at the interface between the organisation and the market (Harris and Ogbonna, 2000), thereby contributing to the competitive advantage of the organisation. During service encounters, customers want to obtain the service product that they have specified and are in the process of producing (Namasivayam, 2003; Van Raaj and Pruyn, 1998). As customer-interface employees are the only representation of a service brand (Hartline et al, 2000), customers depend on them to help generate a product of suitable dimensions and specifications (Namasivayam and Denizci, 2006). Wilson (2001), thus, argues that planned marketing communication activities used to externalise the brand promise may be either negated or strengthened by the way the customer-interface employees behave during service encounters. The importance of their role is particularly emphasised in high-contact services as they are instrumental in transferring the brand values to customers (Goleman, 1995).

This chapter aims to address the significance of customer-interface employees' roles in relation to brand promise delivery. It will discuss why it is claimed that employees who are at the interface of the brand and external stakeholders are central to the service organisations' brand management. Their influence on the outcome experienced by customers and other public are covered. The chapter ends with the emphasis on the need to ensure that customer-interface personnel are aligned with brand values to warrant the delivery of the brand promise.



## 4.2 Customer-Interface Employees are Central to Service Brand Management

The previous chapter has shown that most authors refer to service employees in general when placing an emphasis on their being central to the branding process of service companies. On the one hand, the effective brand promise delivery involves employees at all levels across an organisation; whether they are back-office or front-office personnel, they are key players in delivering on the brand promise (e.g. Harvey and Filiatrault, 1991; Lovelock, 1996). On the other hand, a number of authors have focused largely on the important role of service employees who are at the interface between customers and the brand. They, however, refer to customer-interface employees by using different terms (i.e. contact personnel, service providers, customer-contact employees). In spite of the different terms used, the commonality is that they refer to service employees who are visible to customers during service encounters. For example, when Berry (2000) argued for the powerful influence of service employees in relation to their performance, she used the term 'service provider': *'service providers make or break a brand for the customers' actual experience with the service always prevail in defining the brand for them. With their on-the-job performances, service providers turn a marketer-articulated brand into a customer-experienced brand'* (p. 135). According to the Servuction System Model (Figure 3.5), service providers refer to those whose performance is visible to customers. The term 'service provider', thus, concurs with 'contact personnel'. Nguyen and Leblanc (2002) term all employees located at the organisation's frontline and having direct contacts with customers as 'contact personnel'. Contact employees or customer-contact employees are used interchangeably by Hartline and Ferrell (1996) and Rafaeli (1993) to refer to service employees who interact with customers during service encounters. Kale (2007) has argued for the important role of service employees in facing customers during the delivery of the brand promise. In the same study, other terms such as frontline employees as well as customer-interface employees were used interchangeably. As such, these different terms represent service employees who are at the interface of the organisation and the market, thereby having a direct contact with customers and other constituents who come into the firm. For the purpose of this thesis, service

employees who come into contact with customers during service delivery to fulfil the brand promise are considered customer-interface employees.

A number of studies have argued for the significance of customer-interface employees in influencing the success of a brand in a service setting. Most service organisations brand their offerings to ensure perceived differentiation, thereby entailing other advantages perceived as different and unique in the marketplace. As the nature of service businesses hinders customers' ability to evaluate service qualities, values, and thence differentiation (George, 1977), branding services is about more than giving a name to service offerings. Service branding needs to fulfil the brand promise that is proposed to the public intentionally (i.e. marketing communications, visual identity) and unintentionally (i.e. word-of-mouth). The key players central to service brand delivery are customer-interface employees, whose behaviours with customers provide the clues that customers use to evaluate the extent to which the promises are fulfilled, thereby influencing their overall evaluation of the brand (Bitner, 1995; Grönroos, 1990; Parasuraman, 1987). Simply put, customer-interface employees are one of the key components during the service delivery process because they influence customers' and stakeholders' perceptions of the brand as well as the organisation.

### **4.3 Customer-Interface Employees as an Input to the Delivery of a Brand Promise**

As services are produced and consumed simultaneously, customers are brought into close contact with employees. Although 'back office' service personnel are important to the effective delivery of a service brand, they appear invisible from the customers' perspectives (refer to Figure 3.5 Servuction System Model of Langeard et al, 1981). The visible part of a service organisation in the model consists of physical surroundings and contact personnel. Although service employees are generally thought to be important in bringing about the brand reality, most authors (e.g. Bateson, 1985; Czepiel et al, 1985; Eiglier and Langeard, 1977; Evans, 1963; Grönroos, 1983; Grove and Fisk, 1983; Knisely, 1979; Langeard et al, 1981; Lovelock, 1996; Solomon et al, 1985) have placed an emphasis on the role of service



employees in relation to the delivery process. By focusing on their importance during service delivery, some authors have further stressed that they have to deliver value propositions rather than merely demonstrate them (Hart, 1998; Rust and Zahorik, 1993). This implies the significance of customer-interface employees who are in direct contact with customers during the delivery of the brand promise.

The moment when customers directly interact with any aspect of a service organisation (i.e. employees and physical surroundings) is termed a service encounter (e.g. Lovelock, 1988; Surprenant and Solomon, 1987) or the moment of truth (e.g. Carlzon, 1987; Lewis and Mitchell, 1990; Norman, 1984). The emphasis of these terms is on the interpersonal viewpoint. For example, Solomon et al (1985) defines service encounters as the face-to-face interactions between a buyer and a seller in a service setting, involving human interactions and role performances (Czepiel et al, 1985). This is the moment that customers judge the value of a service brand (Collier and Meyer, 1998) and subsequently rate their level of customer satisfaction (McDougall and Levesque, 2000). Therefore, these moments have to be of high quality, which is not limited to high visual quality (Grönroos, 2002) but should also include the functional and emotional quality that is associated with the way that service is provided by employees who interact with customers (Hardaker and Fill, 2005). This being the case, a cluster of functional and emotional values that a brand promises to its constituents is livened when service employees who are in direct contact with customers enact the brand values that are promised. The importance of customer-interface employees is further stressed by Nguyen and Leblanc (2002) who note that they are generally the first point of contact when customers encounter with a brand. Their major role in the delivery of the brand promise remains until the completion of a transaction. Therefore, in service encounters, customer-interface employees are predominant actors along with clients.

The concept of boundary spanners also accentuates the significance of customer-interface employees during the delivery of the brand promise. As they are at the interface between the outside public and the organisation during service encounters, customer-interface employees often play the 'boundary-spanning' role (Schwepker

and Hartline, 2005; Thompson, 1967; Zeithaml and Bitner, 2000). Boundary-spanning employees link the service organisation with the environment (e.g. customers) within which it operates, and provide a communication medium with its audiences (Bateson, 1985; Bowen and Schneider, 1985). They work together with customers to create the services, thereby putting customers in what some authors have called a co-producer role (Bateson, 2002; Lovelock, 1984). As customer-interface employees are one of the key actors during the brand promise delivery process, customers form global evaluations of service quality of the entire organisation based on their behaviours. Eiglier et al (1977) identified three elements including appearance, competence, and behaviour of contact personnel that customers use to evaluate the performance of the employees they encounter. In short, by playing an important role in the delivery of a brand promise, customer-interface employees play a larger part in determining service excellence (Grove et al, 1998), quality, and performance (Eiglier et al, 1977), thereby influencing customers' perceptions of the brand and the organisation.

#### **4.4 Customer-Interface Employees Influence Customers' Perceptions toward the Delivery of a Brand Promise**

In an appreciation of the importance of service providers' performance in the delivery of a brand promise, Howard Schultz, Starbuck's founder (1997) places an emphasis on the role of his people to deliver the brand through their being informed about the business, excited about the coffee, and enthusiastic about the brand. He relates the success of his corporate brand to the service providers who deliver the brand promise during interactions with customers and other public. Apart from being instrumental in the brand delivery process, customer-interface employees have a certain degree of influence on the extent to which customers perceive that the brand has successfully delivered on its promise.

The study of Parasuraman and his colleagues (1985) conducted with a sample of service executives purported that employees who are at the constant interface with the market are critical in forming a customer's level of perceived service quality. They are the keys to creating first impressions which are meant to last, thereby



constituting the brand image. Often, they are also the last contact that customers have at the end of the service delivery process. Therefore, their role in creating impressions starts from the first point of contact and ends at the last point of it (Nguyen and Leblanc, 2002). The power of impression has been underlined by Donnelly (2004). In agreement with Parasuraman et al (1985), he addresses the influence of personal interactions between customers and frontline employees. Their experience during personal interactions creates a service evaluation and the formation of a lasting opinion. As he values the power of first impressions, he stresses that frontline employees have to 'put their best foot forward' to ensure that customers become motivated to return for future business.

Recently, Balmer and Wilkinson (1991) have depicted the influence of customer-facing employees on customers' and other stakeholders' perceptions of the brand as well as the organisation, which subsequently affects the success of brand positioning (Samli and Frohlich, 1991). Nguyen and Leblanc (2002) concurred that employees, being the mirror of the organisation's values, influence the perceived image of the organisation. Other studies have seen them as a potential source of competitive advantage that are resistant to imitation (Bharadwaj et al, 1993). The following section addresses the important role of customer-interface employees in delivering on the brand promise, thereby ensuring that the expected level of service brand quality is met and the bond between customers and the brand is created to facilitate customers' brand loyalty.

#### **4.4.1 The Determinant of Service Quality and Customer Satisfaction**

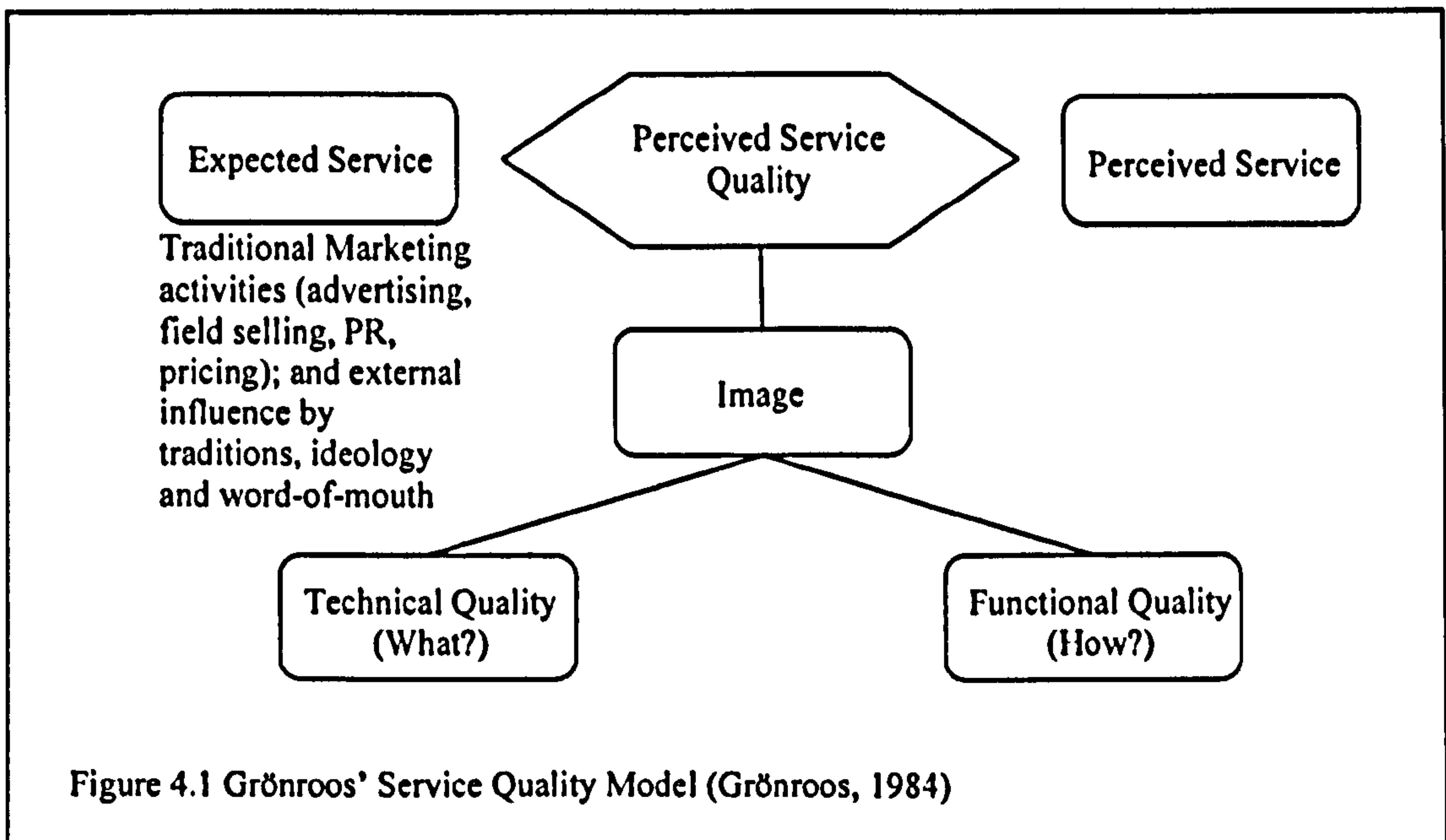
Chapter 2 has clearly suggested that a brand is a promise proposed by an organisation to deliver a particular set of values (e.g. utilitarian benefits, symbolism, and quality), so the promise communicates to external brand members (e.g. customers) what can and cannot be delivered by the brand (e.g. the level of quality, benefits, and experience). As such, the concept of service quality is discussed in this section of the thesis to illustrate that, as employees play an important role in delivering on the brand promise, they are, somehow, a determinant of the level of the brand quality that is perceived and evaluated by customers during their encounters

with the brand. It should be noted that the brand promise encompasses the level of service quality expected by both an organisation and customers.

The concept of quality has been a focus of the service sector to ensure their competitiveness and the survival of service businesses (Crosby, 1991; Heskett et al, 1994; Schlesinger and Heskett, 1991). Numerous studies (e.g. Heskett et al, 1994; Piercy, 1995) have propagated that the perceived levels of service quality or the perceived degrees of service excellence exert positive influences on customer satisfaction and potentially engender customer loyalty. Authors have regarded the two concepts – customer satisfaction and service quality – as conceptually distinct but related ones (Berry and Parasuraman, 1991; Parasuraman et al, 1988; Crosby et al, 1990; Fisk et al, 1993; Oliva et al, 1992; Shemwell et al, 1998). That is, while service quality is a cognitive, evaluative and objective construct, satisfaction is a combination of an affective, subjective component with a cognitive, evaluative and objective component. In the early days, some studies indicated that service quality was an outcome of customer satisfaction (e.g. Bitner, 1990; Oliver, 1981; Parasuraman et al, 1988). These days, a number of studies have suggested that quality is an antecedent, not an outcome, of satisfaction (e.g. Anderson and Sullivan, 1993; Bolton and Drew, 1991; Oliver, 1993; Shemwell et al, 1998). Despite this conflict, there is agreement that customer satisfaction, like service quality, drives customer loyalty, thereby realising economic goals such as low turnover and revenue growth (de Ruyter et al, 1998; Heskett et al, 1994; Strauss and Neuhaus, 1997).

Service personnel who interface with customers are responsible for a customer's perception of the performance and quality of a service brand (e.g. Berry and Parasuraman, 1991; Bitner, 1990; Bowen and Schneider, 1985; Davidson, 1978; Grove et al, 1998; Gummesson, 1987, 1988; Lovelock, 1994; Shostack, 1977; Lehtinen and Lehtinen, 1982). When customers interact with service providers, the judgments of the perceived service quality occur instantaneously (Chung-Herrera et al, 2004). Grönroos' (1984) Service Quality Model (Figure 4.1) supports the influence that service employees interfacing with customers have on perceived service quality.





In his model, customers' expectations are inferred from all marketing-related activities and other external influences such as word-of-mouth. These expectations are compared to what customers perceived as being delivered. The results form customers' perceptions of the service quality. It can be noted from the model that the perceived levels of service quality are not only based on the technical outcome of the service process but also on subjective attributes. These include service employees' attitudes towards customers, their approachability, appearance, and personality, which customers experience and evaluate during their interactions with those employees. The influence of service providers is even more prevalent in service organisations that are high in experience and credence qualities because services high in credence qualities, for example, pose difficulties for customers in evaluating the outcome. The promise delivery process of these service brands obstructs the customers' evaluation of the technical quality. Thus, customers turn towards the functional aspects as a basis of their perceptions. Concurrently, the study of Mangold and Babakus (1991) in healthcare services indicates that patients have difficulties in determining the technical qualities (i.e. the accuracy of the diagnoses and the appropriateness of the treatment) of the services they received due to their lack of knowledge. They infer surrogates from the functional quality or the manner in which the service is delivered (i.e. the attentiveness of the nurses and the thoroughness of explanations given about their illness and treatments). It is, thus, necessary for

customer-interface employees to perform their role effectively to ensure that customers receive the brand as it is promised by the organisation.

The importance of customer-interface employees also mirrors the related but distinct concept of service quality and customer satisfaction. Empirical research has affirmed the importance of the quality of personal interactions during service encounters in the assessment of customer satisfaction with services. For example, the study of Crosby and Stephens (1987) conducted with the life insurance industry has found that customer satisfaction with contact personnel is a significant predictor of overall satisfaction with the service. Additional studies in other businesses such as professional services (Day and Bodur, 1978; Quelch and Ash, 1981), medical services (Brown and Swartz, 1989), and retail outlets (Westbrook, 1981) also note the importance of contact personnel's behaviours in influencing customer satisfaction with a service brand (Bitner, 1990; Surprenant and Solomon, 1987). In the banking sector, Hinkin and Tracey (2003) have found that satisfaction with human interactions may even overcome other technical problems. As such, the process and manner of the service delivered by customer-interface employees is used more significantly by customers as a basis for their evaluations than the core service outcome.

Although the model conjectures that brand image and/or corporate brand image can sometimes minimise the effects of occasional negative experiences, Berry (2000) argues that the company's total product can disproportionately moderate those effects. Therefore, service providers, by being perceived as the brand promise deliverer (Dall'Olmo Riley and de Chernatony, 2000), play a crucial role in influencing how customers perceive the brand and the organisation's service quality. In effect, several authors have included service providers as one of the determinants of service quality. Lehtinen (1985), by recognising the interactive nature of service quality, proposes that the two-way relationship between customers and service providers has an influence on the outcome of service encounters. In the hospitality industry, service employees are considered elements of the product that customers expect to receive (Bowen, 1997). As such, the behavioural performance of



employees, particularly those at the forefront, determines the perceived service quality as evaluated by customers, thereby influencing customer satisfaction (Bitner, 1990; Gwinner et al, 1998).

By extending the influence of employees' behaviours on the perceived service quality, some authors (e.g. Aldrich and Huber, 1977; Harris and de Chernatony, 2001; Thompson, 1967) add that employees, as an interface between the brand's internal and external environment, can potentially become a source of customer information for service organisations. One of the main tasks of any marketing department is to acquire information about customers. Some authors have pointed out that detailed customer information is often one of the keys to competitive advantage in today's marketplace (Deighton, 1996; Peppers and Rogers, 1993). Especially in service industries where providers need to judge the needs and preferences of individual customers and adapt the delivered promise accordingly (Lovelock, 1983), frontline personnel who are a source of such knowledge are important. Due to their close contact, frontline employees understand what their customers desire better than other employees in the firm (Bitner et al, 1994). An organisation can make use of the obtained information in two basic ways: 1) contact employees use the knowledge to facilitate their interactions with customers and 2) the firm makes use of it to aid their decision-making.

Employees' understanding of customers wants assists them in meeting or exceeding customer expectations, which is essential for the effective delivery of service quality (Kundu and Vora, 2004), thereby ensuring the sustenance and growth of the company (Sureshchandar et al, 2002). Parasuraman et al (1985) have revealed that contact employees' knowledge of customers is a major determinant of service quality. Because quality is believed to be important as a differentiation strategy for service and manufacturing industries (Cândido and Morris, 2001), contact personnel become a good source of brand differentiation. Service firms should attempt to use information gathered by contact personnel in making strategic decisions such as new service development and service modifications (Schneider and Bowen, 1984). Although quality is an important differentiation strategy, brand differentiation is

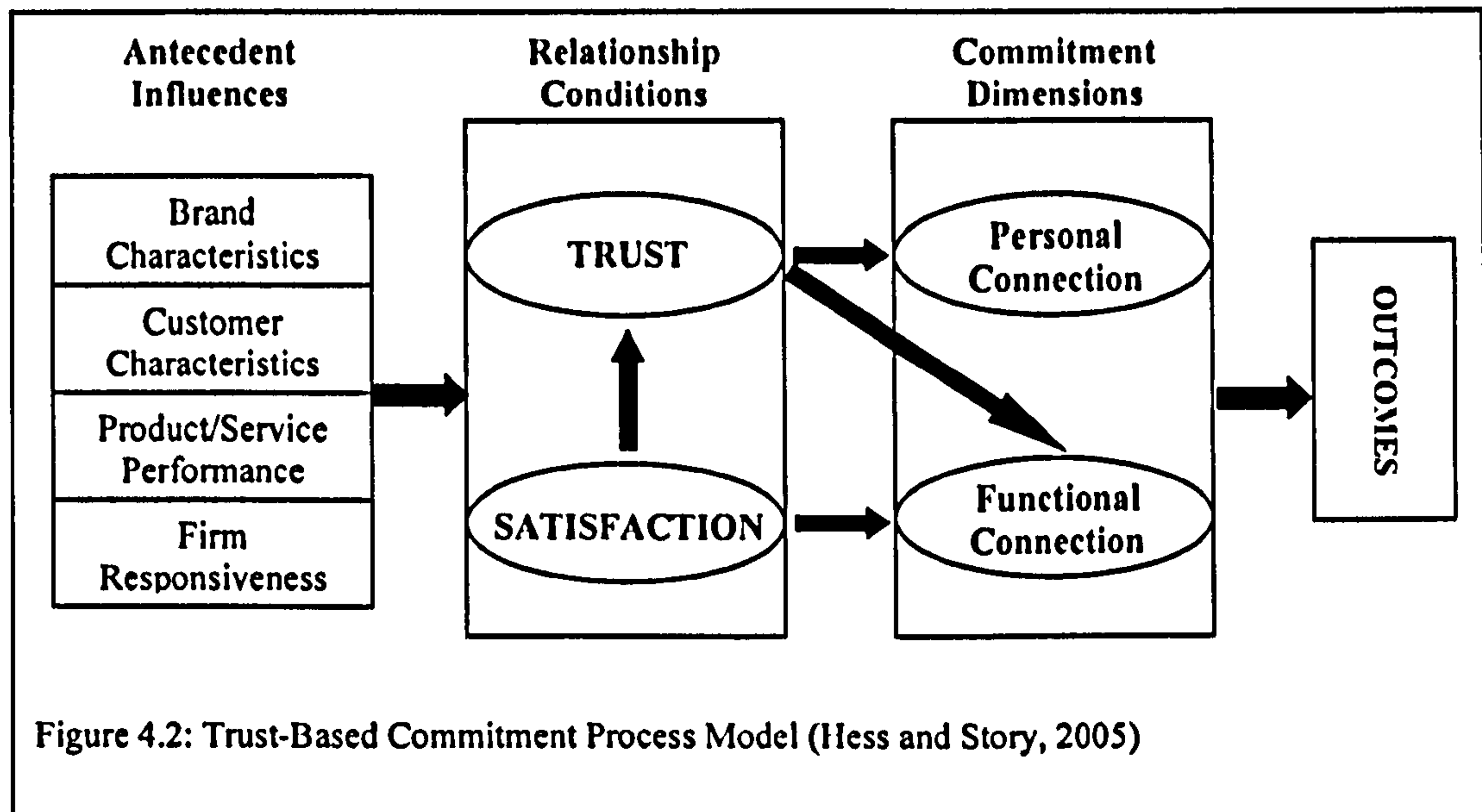
infertile when brand's added values are not perceived by its clients (Héla, 2002). When the added values are perceived as relevant and sought after by customers, service brands appear far from being commodities. As such, the customer knowledge contributed by contact personnel provides the organisation with another source of differentiation.

#### **4.4.2 An Input to the Establishment of Customer-Brand Relationships**

Because of their physical proximity and the feedback received from customers (Rafaeli, 1989), employees often share some kind of psychological bond with customers, thereby potentially building a relationship with customers. Customer-brand relationships have become a competitive imperative and the dominant paradigm of marketing (Grönroos, 1997; Gummesson, 2002). It is well-founded that relationships are more profitable than individual transactions. Therefore, most firms have experienced a shift from simply satisfying customers towards creating relationships with their clients (Hakansson and Snehota, 1995; Hess and Story, 2005; Normann, 1991). Furthermore, the distinctive nature of services indicates that customers also desire to establish relationships with a service provider to secure a sense of reliability and familiarity (Guttek and Welsh, 2000).

Hess and Story (2005) propose a trust-based commitment relationship model (Figure 4.2). The crucial constructs and components of their model are satisfaction, trust, personal and functional connection, and commitment. According to them, committed relationships are built on performance cues as indicated by satisfaction, but the depth of commitment is more closely tied to indications that a partner is trustworthy, *'that a brand has your best interest in mind, is responsive to your needs, and will stand behind their performance'* (p. 314). This statement also stresses the significance of keeping the brand promise and the importance of employees in delivering that promise to customers based on the brand values characterised by its identity, image, and personality. In effect, the element of 'trust' is particularly highlighted for a service brand, which suffers from its intangibility (Chapter 3).





Any personal relationship, whether interpersonal or between a person and a brand, is built on trust. Spekman (1988) has long observed trust as the cornerstone of long-term relationships. Likewise, both conceptual (Gundlach and Murphy, 1993; Nooteboom et al, 1997) and empirical (Garbarino and Johnson, 1999; Tax et al, 1998) studies to date have posited trust as a key determinant of relational commitment. For example, Urban and his colleagues (2000) propose that customer trust is an essential element in building strong customer relationships and sustainable market share. Reichheld and Scheffer (2000) have nicely concluded that *'to gain the loyalty of customers, you must first gain their trust'* (p. 107). Other authors (Garbarino and Johnson, 1999; Tax et al, 1998) have empirically found the consequences of perceived trust to be outcomes such as loyalty and cooperation, thereby producing long-term relationships.

In a marketing context, it is impossible to completely detach trust from satisfaction. Trust and satisfaction are highly related concepts and some conceptualisations of trust even include satisfaction as a component of trust (e.g. Sirdeshmukh et al, 2002). The model of Hess and Story (2005) has accordingly proposed trust as being at the core of the relationship-building construct and distinguished the construct from satisfaction. Previous discussions of the relationships between brands and customers relate trust to a combination of brand and product or service attributes – altruism,

integrity, quality, and reliability (Hess, 1995; Moorman et al, 1993; Morgan and Hunt, 1994; Garbarino and Johnson, 1999). In the world of brands and customers, perceived quality and product/service reliability are, however, isolated and then combined into a summary construct called satisfaction. Transactional and enduring satisfaction result in the formation of functional connections with the brand. Functional connections promote rather shallow relationships that rely on utility and reliability. In contrast, trust promotes personal connections between customers and a brand. Personal connections promote deeper relationships that go beyond utility and reliability. Trust is, thus, considered to be one of the factors that differentiate relationships from transactions (Delgado-Ballester and Munuera-Aleman, 2001; Garbarino and Johnson, 1999; Morgan and Hunt, 1999; Sirdeshmukh et al, 2002). The remaining components of trust are altruism and integrity. Unlike quality and reliability, these reflect on the brand rather than what is produced by the brand. Brands express these by doing such things as resolving problems quickly, providing consistently good food, and greeting customers with friendly, efficient employees. These factors point towards the role of customer-interface employees.

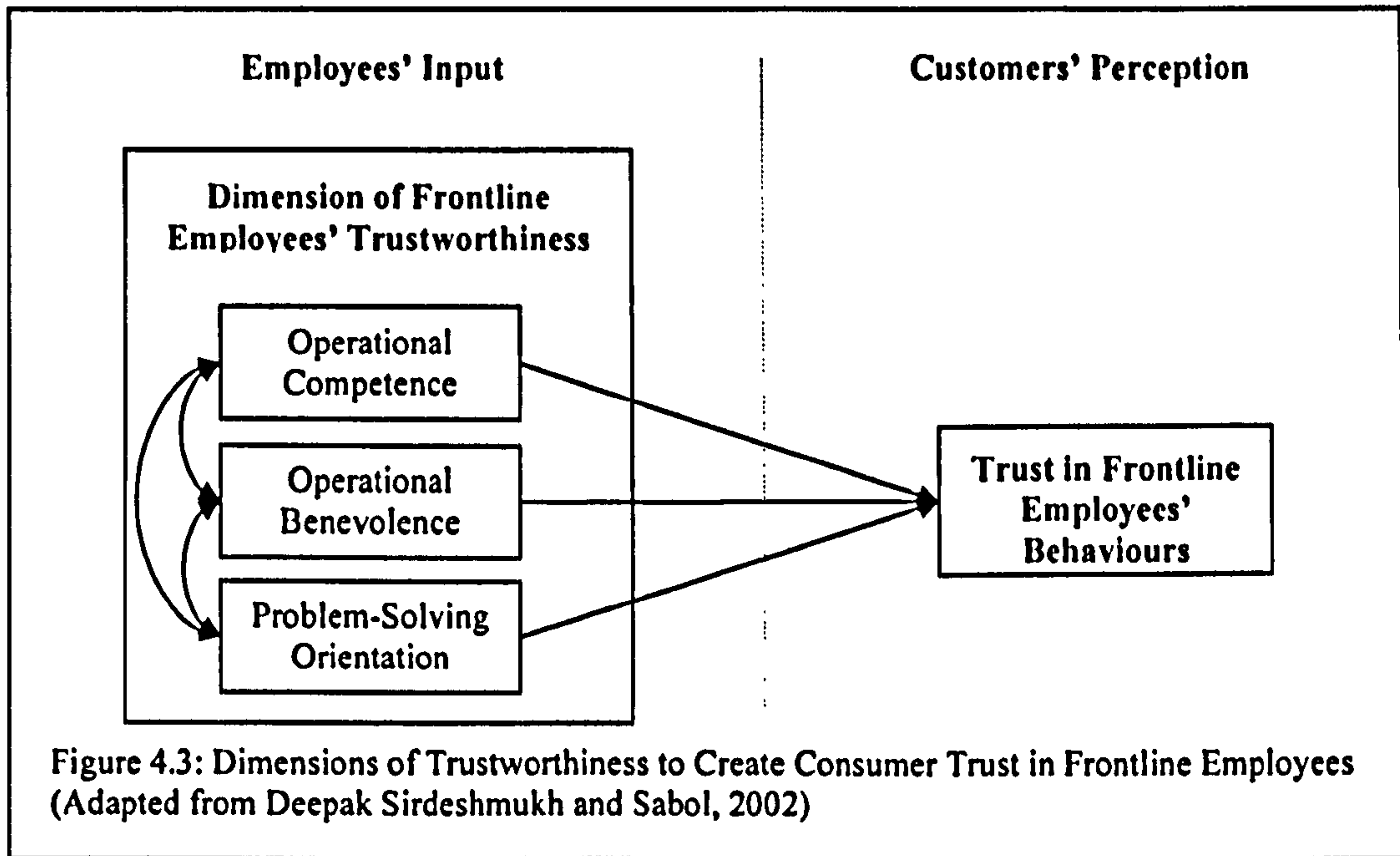
The study of Hess and Story (2005) has not explicitly addressed the importance of contact personnel in the process of building a customer-brand relationship that possesses a high level of commitment. This, however, does not lessen the valuable input of customer-interface employees in the process since several studies in relationship marketing (e.g. Crosby and Stephens, 1987; Deepak Sirdeshmukh and Sablo, 2002; Doney and Cannon, 1997) have recognised the critical role of contact employees in directly fostering strong long-term customer-brand relationships. An empirical study within the French commercial bank sector by Paulin et al (2000) has demonstrated the importance of contact personnel and the social aspects of commercial banking relationships. The finding shows that the change of contact personnel, or the account managers in this study, weakens the perceived relationship that customers have with the bank. With reference to trust as a crucial component of customer-brand relationship, the influences of contact personnel on the relationships have been found to spill over into consumer trust in relational exchanges. Employees



who are apparent during service encounters are found to be one of the key antecedents of consumer trust.

Another valuable study conducted by Shamdasani and Balakrishnan (2000) has revealed that, to ensure customers' brand loyalty, trust and satisfaction need to be established. One of the antecedents of service encounter relationship quality is attributed to contact personnel attributes – expertise, similarity, knowledge of the customer, and friendliness. Expertise enhances trust by inducing customers' confidence with the brand while similarity promotes trust because it facilitates initial dialogue and the establishment of comfort between customers and service providers. Knowledge of the customer refers to the effort expended to understand the customer's needs and learning his/her specific requirements (Parasuraman et al, 1985). Therefore, with it comes the security and confidence of the customer in receiving the best possible service. As such, these attributes of contact personnel resonate with altruism and integrity – two components of trust in Hess and Story's (2005) study – which reflect customers' general belief that the brand is looking out for them, will do whatever it takes to make them happy, and is responsive to their needs (Hess, 1995). The friendliness of service providers enhances the building of rapport and creates a two-way communication process, which should enhance their knowledge of customers.

The importance of customer-interface employees in building a trusting relationship has been further supported by another empirical study of Deepak Sirdeshmukh and Sabol (2002). They have enlisted different facets of the trustworthiness of contact personnel towards consumer trust – operational competence, operational benevolence, and problem-solving orientation. If a consumer trusts in management practices, an organisation is likely to create customer loyalty. As customer loyalty is indicated as an intention to perform a diverse set of behaviours that signal a motivation to maintain a relationship with the focal firm (Zeithaml et al, 1996), consumer trust is a condition of long-term customer-brand relationship. Figure 4.3 captures the different facets of frontline employees' trustworthiness and their relationship with consumer trust.



Consumers expect consistently competent performance from an exchange partner. Several studies (e.g. Doney and Cannon, 1997; Mayer et al, 1995; Sako, 1992; Smith and Barclay, 1997; Shamdasani and Balakrishnan, 2000) have noted the significance of competence in inducing trust and motivating repeat transactions. Doney and Cannon (1997) reveal that salesperson expertise is a significant predictor of the buyer's trust in a salesperson. According to Crosby et al (1990), the competency and expertise of a salesperson as perceived by customers has an enhancing effect on the relationship quality (i.e. trust and satisfaction). Swan et al (1985) report that salesperson competence was an important determinant of a customer's perceived trust in the salesperson. Likewise, Busch and Wilson (1976) have found that salespeople with higher levels of perceived expertise and referent power were viewed as more trustworthy, with expert power being more influential than referent power. Smith (1998) further supports the view that supplier representative expertise has a strong impact on both trust and satisfaction. Operational benevolence includes both a benevolent motivation as well as operationalised behaviours to make the motivation visible to customers. Empirical findings have corroborated the influence of perceived 'extra role' actions to put the customer's interest ahead of self-interest in the development of customer trust. For example, in the study of consumer trust in a brand, Hess (1995) demonstrates that altruism, or the perception that the brand has



the consumer's best interests at heart, explains the greatest proportion (40%) of variance in trust. Another report from Smith and Barclay's (1997) study has shown that operational benevolence as part of the company's character has a significant effect on investment in buyer-seller relationships. The problem-solving orientation dimension has been empirically found to play a critical role in building lasting relationships in service settings (Deepak Sirdeshmukh and Sabol, 2002; Smith et al, 1999; Tax et al, 1998). Because of service heterogeneity and intangibility, it is likely that problems often arise during the course of service delivery (Bitner et al, 1990; Zeithaml and Bitner, 1996) and/or in the post consumption phase (Smith et al, 1999; Tax et al, 1998). Therefore, the manner in which service providers approach such problems are critical incidents that provide insight into their character (Kelley and Davis, 1994; Smith et al, 1999). It is found that the failures of frontline employees in the service delivery process can cause dissatisfaction to a larger degree than tangible problems such as stock-out (Smith et al, 1999). Hart et al (1990) note that every customer's problem provides an opportunity for an organisation to prove their commitment to service and thus build customer trust to prolong a quality relationship. Another study conducted by Tax et al (1998) suggests a similar picture. The results of their study have indicated that first-time customer's dissatisfaction with problem handling is strongly and directly related to trust in a service organisation. This is also true for existing customers although this effect may be moderated by favourable previous experiences.

Deepak Sirdeshmukh and Sabol (2002) have demonstrated the differential effects of these trustworthiness dimensions on consumer trust. Frontline employees' competence acts as both a motivator and a hygiene factor. That is, it contributes equally to trust building and depletion. In contrast, employees' benevolence is found to be more of a hygiene factor than a motivator. Their studies have found negative effects whereby the trust-depletion effect (hygiene) is significant and large but the trust-enhancing effect (motivator) is relatively weak, albeit significant. Regarding problem-solving orientation, their findings were in accordance with previous studies that recognise it as being instrumental in shaping trust judgments (Tax et al, 1998) and in building consumer trust (Hart and Johnson, 1999). A unit positive change in

employees' problem-solving orientation strongly boosts customer trust; therefore, it is a motivator. Furthermore, although the two facets of customer trust have been found to have a reciprocal relationship, customer trust generated by frontline employees' behaviours has a stronger and more robust influence on customer trust than management practices, regardless of the context (Folkes, 1988; Deepak Sirdeshmukh and Sabol, 2002). Other studies from the service literature have provided similar empirical support; satisfaction with contact employees contributes to the customer's judgment of the core service (Bitner et al, 1990; Crosby and Stephens, 1987). Deepak Sirdeshmukh and Sabol (2002) explain that the more robust influence of customer-interface employees on consumer trust is attributable to the fact that judgments based on observed behaviours (presented by employees) are likely to be dominant. When providers act in a way that builds consumer trust, the perceived risk with the specific service company is likely to be reduced as the customer can make confident predictions about the provider's future behaviours (Mayer et al, 1995; Morgan and Hunt, 1994). Gassenheimer et al (1998) add that, when service providers' behaviours and practices reduce perceived risks within the relational exchange context, it is argued that consumers act cooperatively towards such a trustworthy service provider and demonstrate behavioural evidence of their loyalty. These studies summarise the importance of trust as a key element in building strong customer relationships and sustainable market share (Urban et al, 2000). They also reflect the importance of customer-interface employees in developing and maintaining the trusted relationships.

Hess and Story (2005) have revealed the importance of personal connection in developing a committed relationship. While functional connections resulting from transactional and ongoing satisfaction provide benefits to a customer, such as reduced search costs and lower perceived risks, relationships based on a personal connection are more resilient to product failure (Hess et al, 2003). This underscores the power of emotional ties between customers and a brand that goes deeper than performance quality. When personal connections are established, relationships are more enduring as they are usually accompanied by emotional investment and personal attachment to the brand (Burnham et al, 2003; Duncan and Moriarty, 1998;



Morgan and Hunt, 1994; Sheth and Parvatiyar, 1995). Berry and Lampo's (2004) statement underpins the importance of emotional ties by claiming that '*the truth is, what makes a brand powerful is the emotional involvement of customers*' (p. 22). They argue that, after service organisations have orchestrated their three clues (i.e. functional, mechanics, and humanics clues), they need to establish an emotional connection with customers. A notably strong brand has to reach beyond a purely rational and economic message towards the creation of a personally rich experience, and spark customer feelings of closeness, affection and trust. This underlines that for service organisations, a brand has to represent a promise that comprises a cluster of rational/functional and emotional values. The argument has been supported by several studies of Wohlfeil and Whelan (Wohlfeil, 2005; Wohlfeil and Whelan, 2006; Whelan and Wohlfeil, 2006). They have highlighted the experiential dimension of consumer behaviours as a significant source of competitive advantages that stand against the saturated state of the brand communication landscape. In fact, the ability to distinguish offerings based on their quality and functional benefits has long been a challenge for marketers (Kroeber-Riel, 1984; Wemberg, 1993).

Emotional connections require values alignment between the brand and the customers. Although the intangibility element is argued to hinder customers' values perceptions, the concept of brand personality lying at the core of brand identity facilitates the transmission of the brand values to customers and the other public (de Chernatony, 2002; O'Loughlin et al, 2004). A number of studies have perpetuated the power of brand personalities to attract customers whose personalities are congruent with the brands (Fournier, 1998) as well as those who aspire to possess the personalities inherent in the brand (Sirgy, 1982). The literature has also recognised the role of an emotional tier in a well-established brand personality, thereby increasing preference and patronage as well as developing trust and loyalty (Biel, 1992; Sigauw et al, 1999). The concept is supported by Fournier (1998) who indicates that customers in personal relationships with a brand are more likely to anthropomorphise the brand and its traits and will be more responsive to humanised appeals. Hence, the role of customer-interface employees as the representative of the brand personalities (Jacobs, 2003) again highlights their crucial part in creating

customer-brand relationships. In addition, the unique personality based on service providers' behaviours and personalities contribute to the brand image (Padgett and Allen, 1997). As their personalities are not reproducible (Jacobs, 2003), the unique image created should be sustainable. Simply put, brand personality and image are sought after to facilitate the development of the brand-consumer relationships (i.e. Barnes, 2003; Blackett and Harrison, 2001; Dall'Olmo Riley and de Chernatony, 2000; de Chernatony, 2002; Lassar et al, 1995; Ryder, 2004; Webster, 2000).

In addition, the promise of brand values needs to be constantly kept to ensure the good quality and long duration of customer-brand relationships (Berry et al, 1991; Calonius, 1988; Grönroos, 1984; 1988; McQuiston, 2004; Zeithaml et al, 1993). The constantly kept promise creates customer satisfaction which generates customer's trust and commitment towards the relationship with the brand (i.e. Berry, 2000; Garbarino and Johnson, 1999; Gwinner et al, 1998; Liljander and Roos, 2002; Sheth and Parvatiyar, 2000). It is, however, noted that strong relationships are linked to the creation of client's perceived value (Paulin et al, 1997, 1998). Viewing brand personality and brand image as a relationship builder in part supports the significance of emotional values to attain personal connections. In addition, the recent study of Deepak Sirdeshmukh and Sabol (2002) has found that the customers' values also play a partial mediating role in the relationship between consumer trust and their relationship with a service provider. The following section further addresses how the concept of values underlines the significant role of contact personnel in service brands.

#### **4.4.3 The Representative of Brand Values to Ensure Customers' Perceived Values**

The branding literature has long emphasised the significance of brand values that need to be relevant to customers. De Chernatony (2001) has emphasised that brand values delivered to outside public in the form of a brand promise need to be relevant and appreciated by the target audience. A number of authors have reasoned that brand values are the basis on which an intimate bond with a brand can be developed (Barnes, 2003; Muniz and O'Guinn, 2001; Valentine and Gordon, 2000). The



importance of the relevancy of brand values is further stressed in the Deepak Sirdeshmukh and Sabol study (2002) that found customer values act as a partial mediator between customer trust and the customer's intention to maintain a relationship with a service provider.

In addition, given that employees are the brand character (i.e. brand personality), the brand values are argued to be projected through the customer-facing employees. Several authors have supported this notion. For example, Berry (1995) has argued that often employees who are at the interface between the brand and customers are seen as the service firms by the customers. Berry and Lampo (2004) have clearly stated that the brand aspirations as articulated by marketing programmes become the brand reality when the employees are playing their on-the-job role to fulfil the brand promise, therein promoting the brand values. Schultz and Schultz (2001) argue that values are formulated into a statement of the brand's essential promise that requires employees to fulfil their responsibilities. In particular, emotional values that are recognised as relatively resistant to imitation can better be articulated through personal interactions between employees and the target audience. Therefore, contact personnel are the mirror of the organisation's values (Nguyen and Leblanc, 2002). Holding to this notion, contact personnel who are at the organisation's front line and have direct contact with customers are an important dimension of a service organisation's image. Authors have unearthed the impact of corporate image on consumer behaviour (Abratt, 1989), particularly on customer loyalty (Andreassen and Lindestad, 1998). The process of building a corporate image is lengthy and often linked to symbols and values (Herbig et al, 1994). As such, service employees, as a mirror of the brand values in the eyes of customers, need to deliver up to customers' expectation as set by the brand promise to ensure a positive customer perception of the brand (e.g. Doyle and Stern, 2006).

From the customer relationship aspect, values should be viewed from the customer perspective. Values are seen to be a super-ordinate goal that regulates consumer actions at the lower levels, including behavioural intentions of loyalty toward the service organisation (Carver and Scheier, 1990). As long as relational exchanges lead

to the attainment of their super-ordinate goal, consumers indicate their inclination to be loyal toward the brand. Otherwise, they are motivated to disengage and demonstrate lack of loyalty. In many service industries, consumers are constrained by switching costs, market constraints, or other impediments, the circumstances in which they are unable to disengage. Hence, the notion that values drive behaviours and thus loyalty, albeit imperfectly, has received substantial support among marketing practitioners (Neal, 1999) and scholars alike (Chang and Wildt, 1994). For example, Bolton and Drew (1991) have found that values are a significant determinant for consumers to remain loyal to a telephone service as shown by their behaviours of continuing the relationship and engaging in positive word-of-mouth. Other empirical studies conducted in different contextual settings such as business-to-business and personal computers (e.g. Chang and Wildt, 1994; Kumar and Grisaffe, 2004) have supported this linkage. Additional studies show that values are affected by consumer trust. To illustrate, trust creates values by providing relational benefits derived from the aforementioned trust facets (i.e. operationally competent, benevolent, and problem solving) and by reducing exchange uncertainty. A consumer is then able to form consistent and reliable expectations of a service provider in an ongoing relationship. In this sense, trust affects loyalty through its influence in creating value. As such, the effect of trust on loyalty is conditional on its ability to enhance value. *'Without net increments in value, consumer trust is good to create but apparently does little good for the bottom line'* (Deepak Sirdeshmukh and Sabol, 2002: p. 32).

Customers come to a particular brand because they expect to experience the brand values that are proposed via the brand promise. They anticipate that the possession of the particular brand reflects the personal values that they have (O'Malley, 1991). Accordingly, the brand choice is affected by an individual's values because a person's intentions and actions are guided by his or her own values (Henry, 1976; Gutman, 1991; Kahle et al, 1986; Kennedy et al, 1988; Pitts and Woodside, 1983; Wiener, 1988). In addition, customers rely on their own values to evaluate whether the brand will allow them to achieve the goal or purpose promised during and after their consumption (Wilkie, 1994; Woodruff, 1997). The study of Daghfous et al

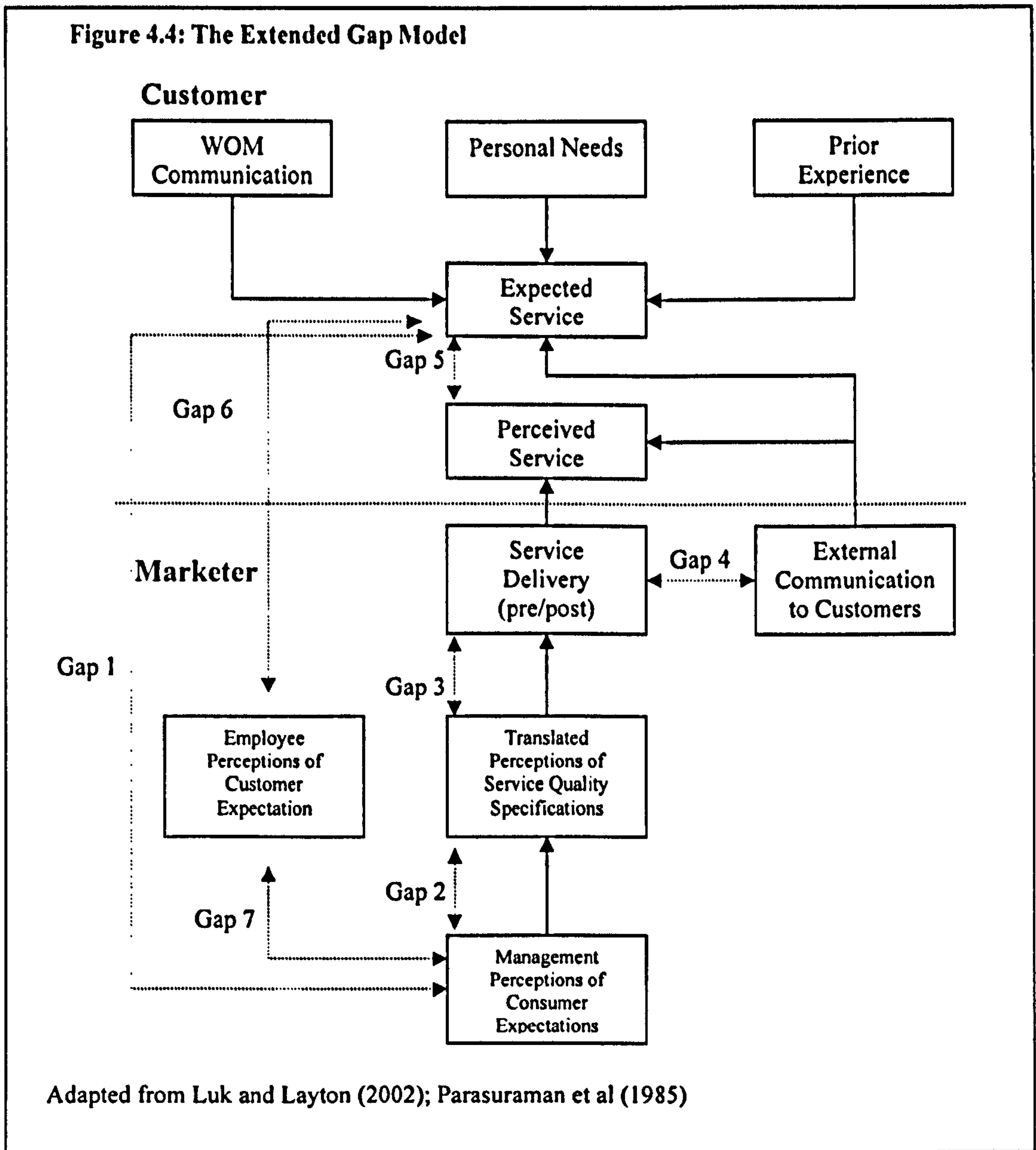


(1999) has proved that the demand for a product is affected by the values held by consumers. As such, it is important that marketers and management understand the values that are important to their target market and craft the brand to communicate the values that resonate with customers (Southgate, 1994). However, values are often the images or cognitive representations underlying customers' needs and goals (Peter and Olson, 1987; Rokeach, 1973; Wilkie, 1994). It has been documented that employees' behaviours as observed and experienced by customers constitute a brand image (Parasuraman et al, 1985; de Chernatony and McDonald, 2002). Indeed, the extent to which the relevant and credible value proposition promotes the establishment of long-term relationships relies heavily on the ability of employees in delivering the brand promise to its client (Jacobs, 2003). Accordingly, it is important that customer-interface employees enact the espoused brand values as promised to assure customers that what has been proposed is actually being delivered and received. While this, on one hand, creates trust, the consistently kept promise engenders customer's intention to engage with the brand and indicates the duration and quality of relationships between the brand and consumers (Berry et al, 1991; Calonius, 1988; Grönroos, 1984; McQuiston, 2004; Zeithaml et al, 1993).

#### **4.5 Internal Brand Focus to Ensure the Delivery of a Brand Promise**

Kelley et al (1990) have specified that values have to be communicated appropriately and consistently to both employees and customers since inconsistencies in the brand values understood by the two parties may jeopardise the customer's perceptions of the service quality. Along the same line of thought, the importance of frontline employees' understanding of a service brand and the service delivery that meets customers' expectations seems to be highlighted by the study of Luk and Layton (2002). Their study extends the SERVQUAL model of Parasuraman et al (1985) that discusses 5 gaps to include another 2 gaps highlighting the importance of customer-interface perceptions of a service brand. The original model proposed by Parasuraman et al (1985) included a set of five gaps which focus largely on management's perception of service quality desired by customers and the service tasks required to deliver such an expected service to them. The model also attends to

the customers' perception of service; gap 1 and 5 are associated with the external customers as these gaps have a direct relationship with customers (Figure 4.4).



Amongst the five gaps, gap 5 is argued to be a function of the other four gaps (ASI Quality Systems, 1992; Curry, 1999; Luk and Layton, 2002). These gaps have to be controlled and, ideally, closed by service marketers to ensure the congruence between what the brand is espousing and what is being enacted. Gap 3 and Gap 4 have implicated the importance of contact personnel. Gap three indicates the role of service personnel in delivering the service to customers. They need to provide the



service according to the management's set of service quality specifications. Gap 4 highlights the role of contact employees in communicating the brand messages to customers. However, the five gaps have failed to capture the significance of service providers' perceptions of what is being promised to customers by the company and what is being expected by customers as a result of the brand promise.

Luk and Layton (2002) have found that Gap 6 in the service delivery process affects the customers' perceived service quality. Their proposed Gap 6 reflects the discrepancy between the perception of the brand by service providers and customers' expectations. There are a number of studies (Mohr and Bitner, 1991; Hubbert et al, 1995) that have indicated the potential misunderstanding of frontline employees of the benefits wanted by customers. This can negatively affect the interactions between the two parties because employees may fail to deliver what customers perceive as being promised by the organisation. Their misunderstanding of customer expectation can cause them to render the service contrary to the service specifications defined by the management. Although management is responsible for designing, or modifying, the service on the basis of their understanding of customers' expectations (Brown and Swartz, 1989), their attempt could be jeopardised because of the discrepancy between management's understanding and service providers' understanding of the customers' expectations. A number of researchers believe that another gap can be included in the model. For example, Derrick et al (1989) investigated the perceptions of quality across three levels of employees, including senior management executives, middle management staff, and frontline workers in a variety of industries. Their findings indicated the lack of a consensus on the meaning of quality, albeit a similarity in the perception of quality. By comparing the level of importance of some selected service attributes to customer satisfaction, George and Tan (1993) have found a discrepancy between management and frontline employees. Another study by Luk and Layton (2002) within the hotel industry has provided empirical support for Gap 7. In this light, employees may face uncertainties during service encounters due to their confusion on management expectations, thereby reducing their ability to deliver on brand promise.

Accounting for these gaps, management needs to internally focus on their employees. Some studies have revealed that customer-interface employees such as room service providers have a better understanding of the customers' perception of quality service than management have (Lewis, 1993; Martin, 1995; Zeithaml et al, 1990). Given that employees are a source of customer information that can provide a brand with a competitive advantage (Aldrich and Huber, 1977; Deighton, 1996; Harris and de Chernatony, 2001; Peppers and Rogers, 1993; Thompson, 1967), vertical and horizontal communication channels within service organisations are suggested. This will ensure an exchange of information to reflect changes in customer needs and thus create a coherent understanding of what needs to be delivered (Luk and Layton, 2002). The internal focus also facilitates the alignment of employees' perceptions of the service quality specified by management and narrows the seven gaps in service quality, whereby the brand promise is delivered as proposed and expected. The importance of the 'internal focus' notion is further supported by several studies that indicate a strong link between employee understanding of brand and customer satisfaction.

#### **4.6 Consistency between Projected Brand Image and Customer's Perception of a Brand**

The study of de Chernatony and Dall'Olmo Riley (1997) has provided an insight from brand experts; one dominant theme that emerged is that the consistency between brand plans and consumer's perceptions of the brand is related to organisational success. Bachman (2001) also emphasised the consistency between the projected brand image and the consumer's own perception of the brand. Consistency becomes a prevailing notion for service brands that suffer from their distinctive nature. Being intangible, complex, and variable, a brand needs to be a focal point of trust that guarantees the consistent level of quality (Laroche et al, 2004).

Employees who facilitate the interface between the organisation and the market can make a significant contribution to the organisation's competitive advantage (Harris and Ogbonna, 2000). Senior management's desired positioning in the market needs



to be consistent with the service actually being delivered by their employees. All elements that help to place the brand in that positioning must be free of elements contradictory to the intended image (Héla, 2002). This is particularly important when Booms and Bitner (1982) argue that customers perceive the firm as a homogeneous entity. As such, all elements that communicate the brand concept have to be coherently crafted. Olins (2003) has affirmed a need for brand coherence at every touch point: *'wherever you touch a coherent brand, as a customer, a supplier, a shareholder, and employee, it feels the same'* (p. 175). According to him, the behaviours of employees as experienced by customers together with environment, communication, and product are keys to projecting the brand's central idea. Usually, service providers are the only points of customer interface during their interactions with a service brand. Therefore, contact employees who interface with customers should behave in ways that are consistent with the brand values proposed as a brand promise (Schultz and Schultz, 2002) that guides the crafting of brand image, identity, and personality (Morsing and Kristensen, 2001). All elements that involve the creation of these brand components have to be coherently synchronised so that a brand can consistently deliver its values as promised. It is vital that employees who are the providers of service during service encounters possess the right pattern of behaviours consistent with and supportive of a brand's advertised benefits. Unless the customers' brand expectation as set by an organisation's communication activities and other marketing activities is fulfilled at the time they enter the service firm, customer's satisfaction and perceived service quality are negatively affected. Along this line of thought, if the behaviours of service providers, who are an antecedent of service quality and customer satisfaction, are inconsistent, the credibility of the brand will be undermined (Samli and Frohlich, 1992). As their behaviours partially explain the customer-brand relationship development and maintenance, behaviours inconsistent with what the brand espouses negatively affect the trust element, whereby the customer-brand relationships are at peril.

Taking account of several transactions during a 'service journey', each encounter of a customer should project a similar brand experience that is in accordance with the brand promise (Hardaker and Fill, 2005). This being the case, it is necessary that

employees have a shared understanding of the brand values that they need to represent to the external constituents of the brand, as they are indeed the personal manifestation of the brand (Berry and Lampo, 2004; Olins, 2003) and its values (Zeithaml et al, 1988). When their behaviours are aligned with brand values and other elements involved in the positioning of the brand (i.e. brand personality, brand image, and brand identity), the brand promise can live up to reality, thereby the sought-after differentiation can be maintained.

However, as employees are human beings, not robots, inconsistencies in the performance of tasks are inevitable, causing variation in the outcomes delivered (Rafiq and Ahmed, 2000). The marketing literature suggests that, to minimise the effects of the service's intangible and inseparable characteristics, the use of careful planning, control and automation are suggested (Levitt, 1972). The industrialised view of managing a quality outcome implies a rigid structure and an almost inflexible approach unlikely to accommodate differing customer needs (de Chernatony and Dall'Olmo Riley, 1999). This view also fails to consider the realities of the human element in the provision of a service and its ability to customise each brand experience so as to better satisfy the particular needs of each customer. De Chernatony and Dall'Olmo Riley (1999) argue that, while it is appropriate to implement systems and procedures to minimise the human error inherent in any service transaction, the standards prescribed need to be adaptable to fulfil all customer needs. Of additional note, the personality and behaviours of employees contribute to the unique brand personality and image (Jacobs, 2003) – one among several sources of brand differentiation. In support of this, Harris and de Chernatony (2001) have suggested the alignment of internal (employee) actions with the external (consumer) perceptions so that the delivery of superior service quality is ensured, thus entailing customer satisfaction that induces a competitive advantage. In short, brand management should attempt to focus on internal as well as external activities to ensure consistency across time and differing situations, without having to impose inflexible codes of practices.



## **4.7 Summary**

**Customer-interface employees refer to service providers who are in direct contact with customers and other external stakeholders. Although the involvement of all employees in the entire organisation is necessary in service branding, customer-interface employees are often the visible part of the brand promise delivery process. They are the predominant actors in the service delivery process, linking the organisation with its environment. Because they are the interface between the brand and customers, their behaviours and attitudes form the basis for customers' evaluations of the service quality (Eiglier et al, 1977; Grove et al, 1998; Parasuraman et al, 1985). Several studies (e.g. Nguyen and Leblanc, 2002; Samli and Frohlich, 1992) have further found their influences on the customers' impressions, and customers' and stakeholders' perceptions towards the brand and the organisation, which determines the success of the brand positioning. Therefore, they are the potential source of competitive advantage that is not easily reproduced (Bharadwaj et al, 1993).**

**The role of employees as a source of customer information is further emphasised for the customer-interface employees. Because of the close contacts they have with customers, the information flowing between customers and frontline employees allows them to respond to the customers' needs better than other employees in the company (Bitner et al, 1994). The effective delivery of service quality is important to the sustenance and growth of the company (Kundu and Vora, 2004; Sureshchandar et al, 2002). Moreover, they are a source of brand differentiation because their knowledge of customers becomes a major determinant of service quality that is linked to the differentiation strategy for service industries (Cândido and Morris, 2001). Apart from being a source of customers' information, the close contacts between employees and customers render employees various opportunities to build relationships with customers. Moreover, these personal connections promote deeper relationships that go beyond utility and reliability (Hess and Story, 2005). Indeed, the literature has addressed that employees who are in close contact with customers are one of the key antecedents of consumer trust that is the cornerstone of long-term relationships. Customer-interface employees are, in particular, a source of customer**

satisfaction and trust that contributes to customer loyalty to the brand (Shamdasani and Balakrishnan, 2000).

Above all, customer-contact employees are the brand values' representatives. As they project the brand personality (brand character), they anthropomorphise the brand and its traits, making it easier for customers to capture the brand values, which indicates the type of relationships they want to have with the brand (Fournier, 1998). To ensure that service providers deliver the brand values as encapsulated in the brand promise, internal focus has been encouraged for service organisations. This is particularly emphasised because service brands need to provide consistent service quality so that they can benefit from a risk-reducing device and a focal point of trust. It is necessary that what is being communicated externally is coherent with what is actually being delivered by employees. Schultz and Schultz (2001) claim that customer-interface employees need to behave in ways that are in alignment with the brand values proposed as a brand promise so that the projected image does not conflict with customers' own perceptions of the brand.



### Internal Branding to Ensure the Employees' Brand Promise Delivery

#### 5.1 Introduction

The previous chapter has revealed the influences of employees, particularly those at the customer-contact level, on the brand promise delivery process; they have an impact on the perceived service quality (Bowers et al, 1990; Hartline et al, 2000; Iacobucci and Ostrom, 1995; Parasuraman et al, 1985; Solomon et al, 1985; Surprenant and Solomon, 1987; Zeithaml et al, 1988), the customer's perceptions of brand image (Berry, 2000; Bitner et al, 1998; Swartz and Brown, 1989), and customer satisfaction (Bitner et al, 1990; Dean, 2004; Kelley and Hoffman, 1997; Winsted, 2000). As customers' expectations about a brand are set by the brand promise communicated through mass media campaigns, it is critical to ensure that the promise is constantly delivered each time customers encounter the brand if a brand is to thrive. All the elements of brand positioning made through advertising and other elements such as physical elements have to be in harmony with customer-interface employees' behaviours (Bateson, 1985).

However, the inseparable nature of service dictates the involvement of customers during the service delivery process. Their close proximity to customers explains why customer-interface employees have a better understanding of what customers expect from the brand. Therefore, their behaviours could deviate from management's service specifications, entailing further gaps in the delivery process. Service organisations realise the internal focus on their employees to ensure that employees' attitudes and behaviours are aligned with their brand values encapsulated into the brand promise (de Chernatony, 2001; Tosti and Stotz, 2001); the brand promise is thence realised. The consistency theme that accentuates the coherent brand at all touchpoints to achieve congruence between the projected brand and the perceived brand also raises the importance of aligning the employees' behaviours to the brand

values. The emerging concept in correspondence with aligning employees' behaviours with brand values is labelled internal branding in the branding literature.

This chapter discusses the link between an internal focus and an external focus in order to set a ground for the importance of internal branding. It then discusses the 'what' issue of internal branding and its linkage with internal marketing before developing into the discussion about the 'how' and the 'why' of the construct. The chapter concludes with the factors that could challenge the success of an internal branding programme.

## **5.2 The Link between Internal Focus and External Focus**

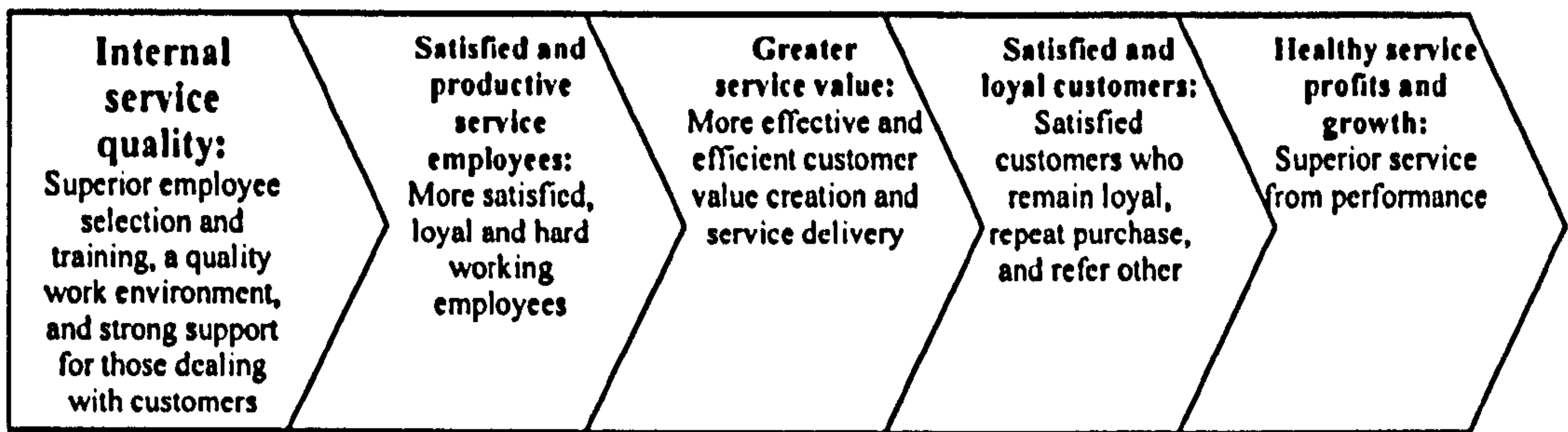
Various authors (e.g. Palmer, 1994; Piercy and Morgan, 1990) have postulated that marketing should not be confined to the external market of customers. Instead, it must be practised internally within an organisation in order to make external marketing strategies work. Similarly, service branding has begun to recognise the centrality of employees in building a successful brand (de Chernatony et al, 2003). Therefore, it has been claimed that an organisation's focus needs to be on both the internal and the external market to achieve successful marketing. A number of publications have provided evidence to support this notion. Zeithaml and Bitner (1996) have assumed the close link between employee and customer satisfaction. The former is argued to precede the latter (Fisk et al, 1993; Pfau et al, 1991). Other studies have provided evidence for the relationship between employees' job satisfaction and superior service quality delivery (e.g. Hartline and Ferrell, 1996), thereby securing an organisation's customer base (e.g. Collier, 1983).

### **5.2.1 The Link between Internal Service Quality and External Service Quality**

A model of the service profit chain (Figure 5.1) proposed by Heskett (1992) provides a conceptual link for success in creating the internal service quality that encourages internal satisfaction and superior service performance.



**Figure 5.1 A Model of Service Profit Chain**



Source: Heskett et al (1994)

The basic premise of this conceptual model is that satisfaction of employees is a precursor to satisfaction of customers (Fisk et al, 1993; George, 1977; Rosenbluth, 1991; Secretan, 1996; Woodruffe, 1995). With the focus of an organisation on employees' understanding of service quality, management can expect employee satisfaction that ensures an effective service delivery which customers will value. Consequently, customers are satisfied and loyal to the service organisation, whereby it has healthy profits and growth. This notion highlights the potential effects that service employees' attitudes toward their organisation may have on customers' attitudes toward the firm. With this being the case, employees who are satisfied with the brand will deliver on the brand promise and thus induce customers' brand satisfaction, thereby enhancing brand success. Therefore, the internal market should be attended to and satisfied first and to the utmost (Sasser and Arbeit, 1976).

Although the model has been criticised for little concrete empirical evidence (Varey, 1995), it has made an attempt to explicitly reveal the importance of an internal market. In fact, several authors have perpetuated the link between employee satisfaction and customer satisfaction over several decades (e.g. Buchanan, 1990; Clark, 1997; Reichheld and Kenny, 1990; Schlesinger and Heskett, 1991; Schneider, 1973; Schneider and Bowen, 1985; Schneider et al, 1980; Thomson et al, 1999; Zeithaml and Bitner, 1996). Other studies have argued for the relationship between employees' job satisfaction and employee commitment. For example, Hoffman and

Ingram (1991) report that job satisfaction is an antecedent of employees' customer-oriented behaviours. Both components influence the effort that a service provider is willing to expend to serve and satisfy their clients (Babakus et al, 1996; Pettijohn et al, 2002; Siguaw et al, 1994; Wood et al, 1986). A number studies have supported the importance of customer-oriented behaviours of employees; they have further indicated that customer-oriented behaviours of employees lead to satisfaction of both internal and external customers (Hartline and Ferrell, 1996; Jones and Farquhar, 2003; Papasolomou and Vrontis, 2006a; Pitt et al, 1999) to ensure customer retention and customer loyalty (Collier, 1983) and to sustain the commercial objectives of an organisation (Greene et al, 1994).

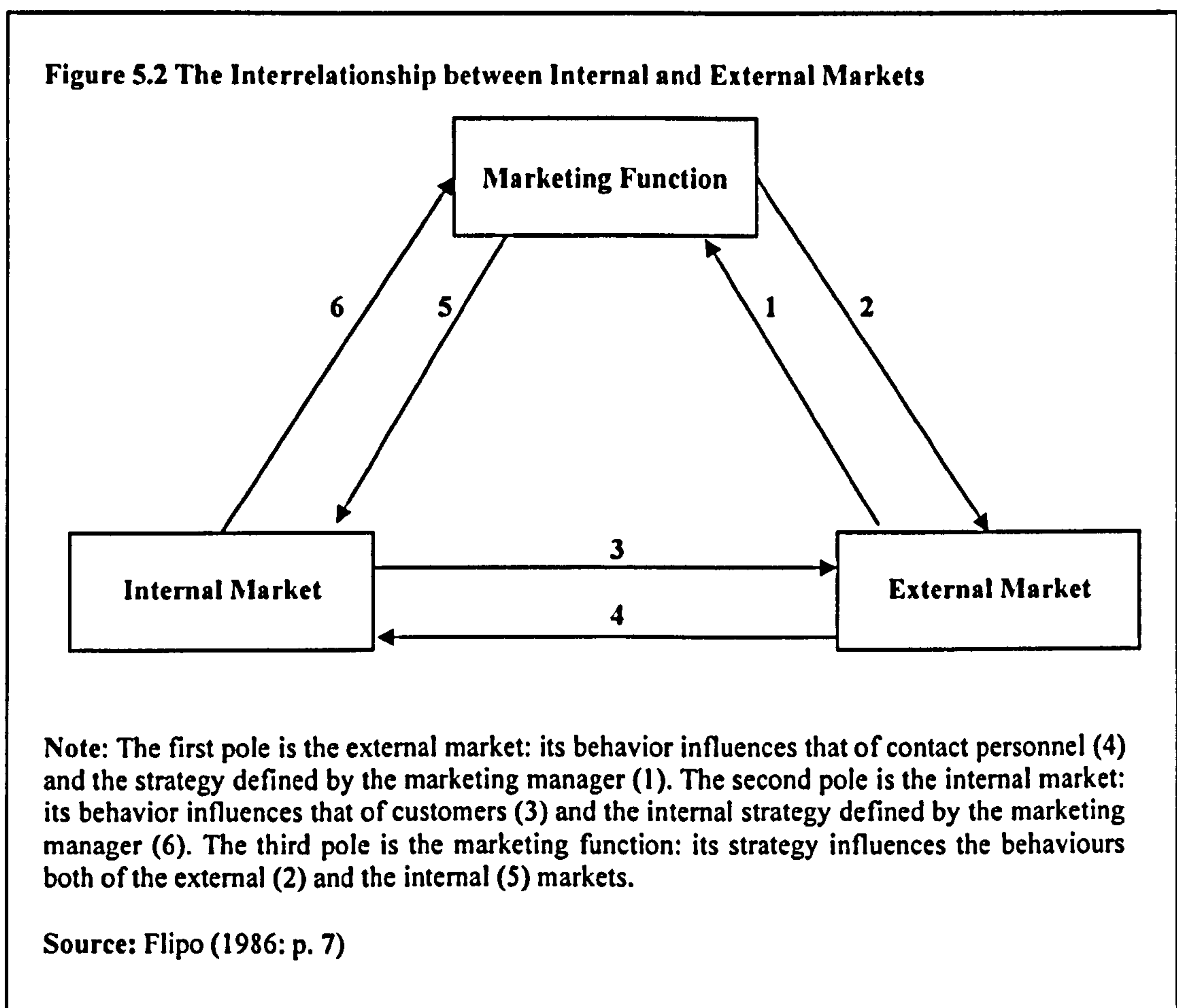
### **5.2.2 The Balance Approach of Internal/External Orientations to Ensure the Brand Promise Delivery**

Rather than being customer-centred or customer-oriented as traditional marketing was defined (Zeithaml and Bitner, 1996), balancing an external orientation with an internal orientation is argued to be more effective; in particular, a service branding process has its employees at the centre (de Chernatony et al, 2003). Notwithstanding the centrality of employees in a service branding process, Mellor (1999) is concerned about too much emphasis on employees, without a link to customers. She cited a statement of Rob Duboff and Carla Heaton of Mercer Management Consulting in Boston, MA as implying the link between external and internal focuses: *'To develop effective, long-term relationships with profitable customers, firms must also develop effective long-term relationships with valuable employees'* (Mellor, 1999; p. 26). She, thus, recommends that the best practice is to work on both customer and employee retention in an integrated and simultaneous manner.

Lings (2004) referred to many examples of service marketers that balance between their external focus on customers and competitors, and an internal focus on service processes and employees. Wong and Saunders (1993) have found that merely using an external focus on customers is a poor guide for long-term corporate strategy and companies that demonstrate the best performance have a combination of internal and external approaches. Gummesson (1998) has argued that there is another form of



marketing myopia apart from Levitt's (1960): there is a danger of inward-focused managers, as Levitt suggested, as well as of firms who follow blindly to satisfy customers. Figure 5.2 illustrates the interrelationship between internal and external markets in the form of triangular, bipolar sets of relations. An organisation needs to deal with internal and external markets where the success in the latter is dependent on the success in the former (Flipo, 1986). As such, there is a need to take account of the interests of multiple stakeholders (Greenley and Foxall, 1997). Ambler (2000) has furthered that internal interest needs to precede external efforts. This is because the internal exchanges between the organisation and its employee groups have to be successful before the organisation succeeds in achieving its goal in the external markets (Band, 1991; Ciampa, 1992; Judd, 1987; Lewis, 1991).



Whilst the importance of the internal audience (employees) is important, potential variability of service rendered is unavoidable due to the reliance of a service brand on its human labour. In an attempt to ensure that service employees deliver on the

brand promise at every touchpoint, the concept of 'internal branding' has been introduced.

### **5.3 Internal Branding and Internal Marketing**

Internal branding has been argued to be as important as external brand management (Davies, 2004; de Chernatony, 2001; D'Innocenzo, 2002; LePla and Parker, 1999; Mitchell, 2002). According to Drake et al (2005), the creation of internal branding through the practice of internal marketing (IM) is referred to as an enabler of an organisation's success in delivering the brand promise to meet customer's brand expectations. The study of de Chernatony and Cottam (2006) affirms the significance of internal branding. It has revealed that the more successful financial brands tend to have employees who possess a clear and consistent understanding of their brand and of their behaviours' influences on customers' brand perceptions. This concept has been steadily growing in popularity among corporate giants such as Southwest Airlines (D'Innocenzo, 2002), Standard Register, Cisco, Ernst & Young (Boone, 2000), BASF (Buss, 2002), Sears, BP, IBM, Nike and Miller Brewing (Mitchell, 2002). These examples of firms reflect the realisation of the power of an informed workforce committed to delivering the brand promise (Aurand et al, 2005). In effect, the internal branding doctrine has captured the interest of marketers as well as human resource (HR) professionals.

A growing number of recent studies have been dedicated to enriching the knowledge of the role of HR management in internal branding (Aurand et al, 2005), the behavioural approach to build brand commitment internally (Burmann and Zeplin, 2005), and ways to apply the concept within the real business setting (Hallam, 2003; Papasolomou and Vrontis, 2006a). Although a substantial potential exists for synergy between internal and external branding initiatives, Boone (2000) has witnessed the disconnection between external and internal branding systems: *'[M]any companies invest little to ensure that employees transform brand messages into reality in terms of the customer's experience. It's one thing to tell customers who you are and quite another to show them who you are'* (p. 36). Also, there appears to be misunderstandings around what internal branding actually is, according to Gapp and



Merrilees (2006). The literature needs answers to what, how, and who of the internal marketing questions (Rafiq and Ahmed, 2000). The lack of answers is in part due to its current emergent phase as a concept (Vallaster, 2004; Varey, 1995). Simply put, much of the thinking is currently conceptual with little systematic work on how it should be done in practice (Ahmed et al, 2003). Before going deeper towards the answer of 'how' internal branding should work, the following section will address the definition of internal branding and its relationship with internal marketing.

### **5.3.1 Internal Branding: What is it?**

Alan, CEO of Inward Strategic Consulting has defined internal branding as '*a cultural shift within an organisation, where employees become more customer focused and more business focused*' (Alan, 2004: p. 9). His definition implies that, unlike traditional branding that targets its initiatives at external stakeholders, internal branding focuses its efforts toward employees. Also, it suggests the importance of being both customer-focused and business-focused or the balance approach of internal and external orientation.

The 'internal branding' concept has emerged to ensure that brand messages (i.e. brand promise) are transformed by employees into reality that reflect the brand experience expected by customers (Boone, 2000). As such, internal branding focuses on promoting the brand inside an organisation, namely to employees (Ahmed et al, 2003), through the adoption of the branding concept internally; an example would be, directing a message, service product and logo to employees (Davies, 2004). The recent studies of Aurand et al (2005) and Burmann and Zeplin (2005) have proposed that internal branding enables employees to deliver on the brand promise because it engenders a shared understanding of a brand among the entire organisation, which then develops into their identification, commitment and loyalty. Thomson et al (1999) have also supported that an effective communication of brand with employees enhances their intellectual (understanding) and emotional engagement (commitment) with a brand. Papasolomou and Vrontis (2006b) have also found that internal branding is capable of engendering employees' brand loyalty; this became evident while studying internal branding within the UK retail banking industry. Therefore,

internal branding is instrumental in influencing employees' attitudes and shaping their behaviours to ensure that the brand promise is delivered to customers each time they encounter the brand, thereby fulfilling their brand expectations (Drake et al, 2005). It aims at creating employees' understanding of brand values and engaging them in living brand reality (de Chernatony and Segal-Horn, 2001). Other authors (e.g. Allen, 2000; Hankinson, 2002; Kotter and Heskett, 1992; Thomson et al, 1999; Rucci et al, 1998) also support the view that internal branding facilitates the alignment of employees' understanding and behaviours with a brand. It holds that when they are identified with and committed to the brand, they can perform in ways that fulfil the brand promise, thereby living up to customers' brand expectation. With the shared understanding among employees of the significance of the brand, an organisation can expect the attainment of consistency in branding decisions such as corporate design (Balmer, 1995; van Riel and Balmer, 1997), corporate behaviour (Lingenfelder and Spitzer, 1987) and corporate communication (van Riel, 1995). Therefore, the corporate branding literature has also considered internal branding as a means to create a powerful corporate brand (de Chernatony and Segal-Horn, 2001; Hatch and Schultz, 2001; LePla and Parker, 1999).

Apart from enabling employees to deliver on customers' brand expectations, Mitchell (2002) mentions another reason for internal branding as a method to ensure the congruence between internal and external brand messages. He states that *'another reason is to help push the company to achieve goals that might otherwise be out of reach'* (p. 101). To support this, the example of IBM is proposed. In 1997, IBM aimed to be embraced as a leader in e-business. An internal branding campaign was adopted to align employees around the idea of the internet as the future of technology. It successfully changed the way employees thought about everything they did, from how they named products to how they organised staff to how they approached selling. With employees having a clear sense of direction and purpose, IBM was more successful than Microsoft in having customers associate their name with the term 'e-business'. This example also reflects the consistency in corporate behaviours, corporate communication, and corporate design that were mentioned earlier.



In short, internal branding helps ensure that employees are connected emotionally with a brand so that they are informed about the ways they approach their jobs. It encourages employees' transition from being informed, to understanding the information, then to becoming committed, and eventually changing behaviours to support the company's goal (Anon, 2001). Consequently, employees have brand vision in their minds guiding the brand-related decisions. Since internal focus ensures that an organisation develops a brand promise that takes account of its strengths and capabilities and its employees' behaviour and attitude, external markets (e.g. consumers) are not over-promised.

### **5.3.2 Internal Marketing: Its Relationship with Internal Branding**

Internal marketing was first proposed by Berry et al (1976) as a solution to the problem of heterogeneous performance of service employees, long before other scholars (e.g. Cahill, 1996; Collins and Payne, 1991; Flipo, 1986; Piercy, 1995; Pitt and Foreman, 1999; Richardson and Robinson, 1986; Winter, 1985) discuss and develop the concept. From the service marketing literature, internal marketing (IM) has been regarded as a key mechanism to achieving excellent service and to successful external marketing (Greene et al, 1994), as well as to upgrading job satisfaction (Conduit and Mavondo, 2001; Rafiq and Ahmed, 2000; Tansuhaj et al, 1991) and to improving organisation performance (Nebeker et al, 2001; Pfeffer and Veiga, 1999). Like internal branding, IM has employees as its focus. Several studies have specified employees as internal customers and jobs as internal products (Berry, 1981; Cahill, 1996; Greene et al, 1994; Hult et al, 2000). Internal marketing aims to create employees' satisfaction with their jobs (Fisk et al, 1993). Mirroring the internal branding definition provided by Alan (2004), IM also aims to create customer consciousness culture (Conduit and Mavondo, 2001; Grönroos, 1985; Heskett, 1987; Kotler, 1991; Pfeffer and Veiga, 1999) such as customer-oriented behaviour and service-minded behaviours. These are necessary in order to increase the perceived service quality through employee motivation created by a marketing approach (Piercy and Morgan, 1991). Implicitly discussed in the literature, IM enhances employee motivation and retention through its influence on satisfying employees' needs (Papasolomou and Vrontis, 2006a).

Another group of academics has created the term 'strategic HR' for a similar concept (e.g. Bekkers and van Haastrecht, 1993; Cahill, 1996; George, 1977; Piercy, 1995; Piercy and Morgan, 1990, 1991). Reviewing the literature regarding strategic HR, one can assume the commonalities this term shares with internal marketing. For example, strategic HR defines all employees as internal customers who must deliver excellent service to external customers to support overall strategy (Kasper et al, 1999). The underlying assumption is that, by viewing employees as the organisation's most valuable asset and treating them as internal customers, the organisation will gain a competitive advantage and achieve its objectives. Like internal marketing, the effective practice of strategic HR will contribute significantly towards achieving success in the external market in terms of high service quality, customer satisfaction, and retention (Papasolomou-Doukakis, 2002). It aims to create a service-oriented and customer-oriented mindset among all members in an organisation at all levels (Cowell, 1984; Grönroos, 2000; Voima and Grönroos, 1999; Papasolomou-Doukakis, 2002), reflecting its objectives in influencing the knowledge, attitudes, and behaviours of employees (Stauss and Hoffman, 2000). Strategic HR also claims that it is a vital means for creating internal commitment to achieve customer orientation by adopting the marketing concept internally and giving employees the status of internal customers with the same level of importance as external customers (Woodruffe, 1995). Since this concept is based on similar, if not the same, principles, this thesis will refer to IM while also embracing the strategic HR concept.

The close link between internal marketing and internal branding is underpinned by the existence of several publications (e.g. Gapp and Merrilees, 2006; Hankinson, 2004; Mitchell, 2002; Papasolomou and Vrontis, 2006b) that discuss internal branding along with internal marketing. Both focus on employees and, particularly, on the way employees deliver the brand experience. Whilst they share some similarities, they are distinct from one another. The article of Mitchell (2002) in Harvard Business Review focuses on internal branding but mentions internal marketing and its linkage with external marketing to make a successful internal branding campaign. While internal marketing is about applying the marketing



concept internally to ensure a consistently high quality of service delivery (Lings, 2004; Mudie, 2003; Varey and Lewis, 2000), it does not explicitly focus on ensuring the alignment of employees' behaviours with brand values. Instead, internal marketing focuses on customer-oriented behaviours of employees to ensure a high quality level of service delivery. Unlike internal marketing, internal branding places a particular emphasis on shaping employees' brand attitudes and behaviours so that they are intellectually and emotionally engaged in the brand and deliver a brand promise in ways that reflect the espoused brand values encapsulated in the promise. It aims at ensuring that employees are aligned with brand values so that customers who come into contact with the brand can experience the brand as it has been promised. However, the brand promise sets customers' expectations through different marketing-related activities, but needs to be fulfilled by employees. It is, therefore, logical that internal marketing used as a strategic tool to meet and/or exceed customers' expectation (Papazolomou-Doukakis, 2002, 2003) is argued to support the internal branding practice by Mitchell (2002).

#### **5.4 Coordination of Marketing and Human Resource Knowledge in Internal Branding**

Previously, internal branding was promoted as the responsibility of marketing. By viewing advertising as a means to link internal and external brand marketing campaigns, Mitchell (2002), for example, proposes that the design and execution of an internal branding campaign should be the responsibility of the department of Marketing. *'The marketing people have the necessary skills, they understand the context surrounding the external campaign, and perhaps most importantly, they are uniquely positioned to match the internal campaign to the external campaign'* (p. 102). Bergstrom et al (2002) proposed that internal branding is a brand itself. Arguing that a brand is about communicating a meaning of some kind, they believed that internal branding concerns the organisation's communication of something. Also, they referred to three things when mentioning internal branding: 1) communicating the brand effectively to the employees; 2) convincing them of its relevance and worth; and 3) successfully linking every job in the organisation to the delivery of the brand essence. These arguments underscore the importance of internal

communications as a function of marketing relevant to the internal brand building process.

However, Machtiger (2004) has recently remarked that a pitfall in internal branding is relying solely on internal communications to achieve it. He argues that internal branding requires a broader integrative framework across marketing, management and human resource (HR) disciplines. Marketing then functions as a link to communication, service, and quality. Both service and quality could in part be enhanced by understanding techniques devised by the HR function, as it is involved in developing the human asset to enhance the organisation's economic performance (Pfeffer, 1998) and its brand's success (Zerbe et al, 1998). Furthermore, although HR people are adept at working with employees, they are not necessarily doing it in the context of fostering brand values. Therefore, they should work their principles and knowledge in coordination with those from the marketing and branding department (Aurand et al, 2005). When management understand and orchestrate marketing and HR theories, it is argued that employees will better accept and internalise brand values and align their attitudes and behaviours accordingly (Vallaster and de Chernatony, 2003). The rebranding project at Pearl Assurance, a financial service business, has shown evidence of a successful internal branding programme. The result of the campaign has justified the invested expenses in reallocating communications, training, and HR budgets. This is supported by Lovelock (1992) who states that *'by coordinating the efforts of marketers and human resource management to identify and address the needs and concerns of employees, the work environment and morale will improve and thus service to external customers will also improve'* (pp. 22-30). Another study with UK charities by Hankinson (2004) has gone further to purport that internal branding is the responsibility of the whole organisation.

While the marketing and communication directors were thought primarily responsible for the brand's external face and its promotion to external stakeholders, there is a lack of clarity in the lines of responsibility regarding internal branding. However, the review of the internal branding literature has legitimised the



coordination of marketing and HR people along with the understanding of management as vital to the success of internal branding campaigns. Indeed, the review of IM mix has supported this notion. Reviewing the IM mix is relevant because IM is argued to be instrumental in implementing successful internal branding initiatives.

A number of authors have proposed different elements of an IM mix. Some key elements and their authors are identified as:

- 1) Gummesson (1991): communication, training, education and information;
- 2) Cahill (1995); Grönroos (1985): motivating and developing, educating, or training employees;
- 3) Berry and Parasuraman (1991): attracting, hiring, and retaining employees;
- 4) Thompson et al (1978), Sasser and Arbeit (1976): attracting, retaining, and motivating high quality staff.
- 5) Foreman and Money (1995): rewards (rewarding and motivating employees), development, and providing a vision.
- 6) Ahmed et al (2002): strategic rewards; internal communications; training and development; organisational structure; senior leadership; physical environment; staffing, selection and succession, interfunctional coordination; incentive systems; empowerment; operational/process changes.
- 7) Tansuhaj et al (1988): employee recruitment, training, motivation, communication and retention.

In reviewing these elements of an IM mix proposed by different authors, the common themes identified seem to relate to internal communication and human resource practices.

## **5.5 Internal Communication: The Marketing Function**

Terry (2003) has observed a trend that merits marketing knowledge to engage employees successfully with the brand in terms of internal branding activities. He argues that marketers understand people's motivations, needs, desires, and weaknesses. They are knowledgeable in shaping people's perceptions. Because they know the brand, they are capable of communicating the brand to an internal audience. Hence, marketing people add value in the field of internal communications and help the company to improve performance from the inside out.

### **5.5.1 The Roles of Internal Communications in Internal Branding**

Communication is defined as a process by which individuals share meaning. It is the means of creating and implementing behavioural changes both within and outside an organisation (Cheney, 1991; Cheney and Christensen, 1998; Dibb et al, 1991). In traditional branding and marketing, communications target external audiences to create an awareness of an organisation, its values and brand identity, and its specific product/service benefits. Internal communications, thus, are about communicating with people inside an organisation.

Apart from communicating brand values (i.e. brand mantra, brand essence, and brand promise) and other brand-related messages, internal communications are used to influence employees' behaviours. Authors have considered internal communications as an effective motivation mechanism (Bekkers and van Haastrecht, 1993; Piercy, 1995; Piercy and Morgan, 1990, 1991; Rafiq and Ahmed, 1993). Past studies have revealed that internal communications are capable of reducing employee resistance because it enables an individual to understand the process of an organisational change (Foreman, 1997; George and Berry, 1981). Firms and Lightfoot (1996) add that good communications could encourage innovative actions that are in line with the strategic objectives of an organisation. Others have found that internal communications are capable of generating understanding of and employees' commitment to an organisation's goals. For example, the meta-analysis of Mathieu and Zajac (1990) shows that communication has a fairly strong effect on

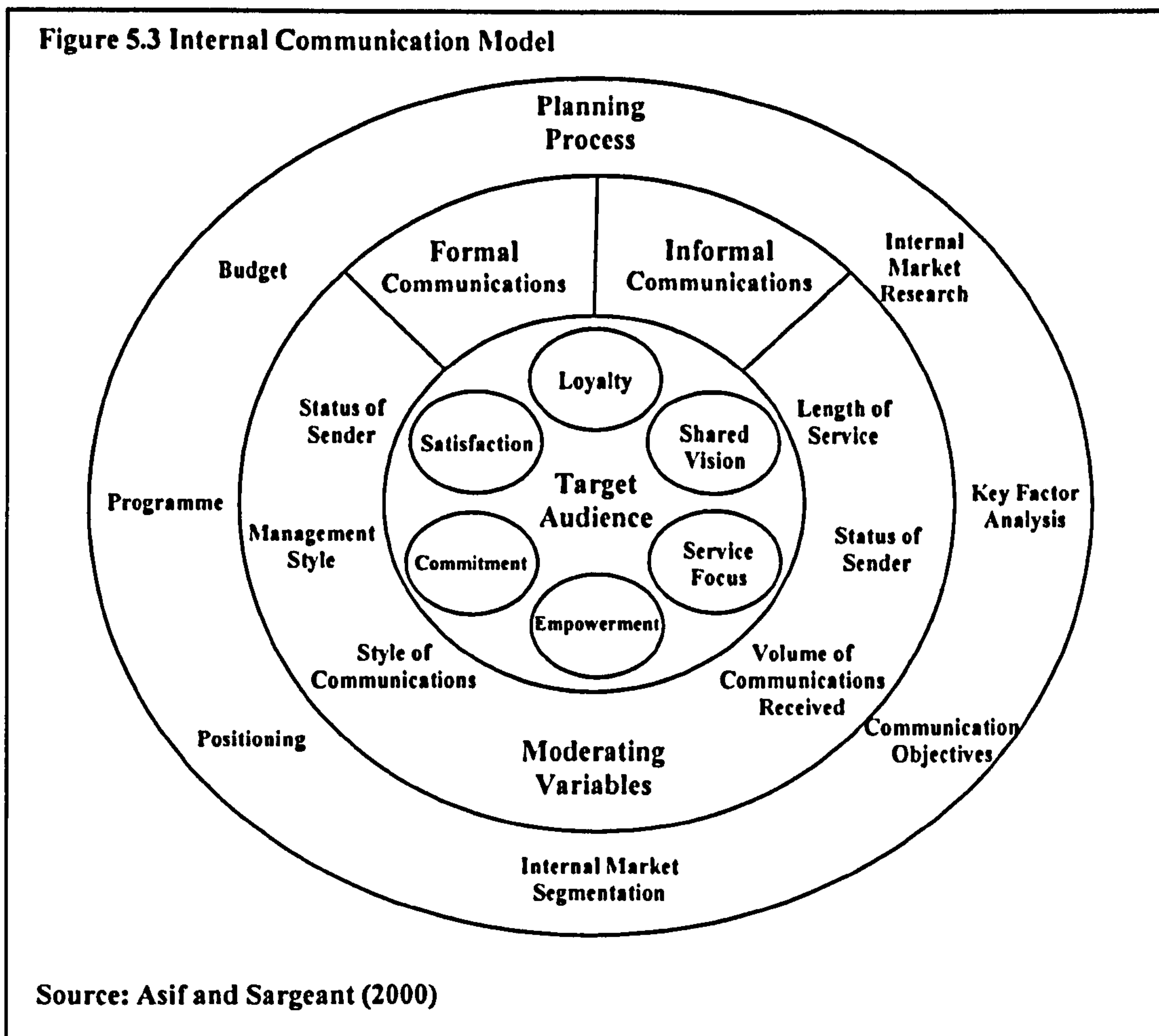


commitment. The internal marketing literature has considered it as a strong device to induce employees' customer-oriented behaviours and service mind (George and Grönroos, 1991). Because internal communications target every member in an organisation, any potential for misunderstandings, discrepancies and conflict within and between departments can be reduced (Cheney and Vibbert, 1987; Gilly and Wolfinbarger, 1998; Gioia, 1986; Smircich and Morgan, 1982). When every member in an organisation shares an understanding towards the necessity to foster customers' needs, the level of service quality can be positively enhanced (Acito and Ford, 1980; Piercy and Morgan, 1994; Reukert and Walker, 1987; Wolfinbarger and Gilly, 1991).

Similarly, the internal branding literature has recently recognised the importance of internal communications. Burmann and Zeplin (2005) argue that internal communications are important to raise awareness and reinforce brand values. Hallam (2003) suggests that internal branding initiatives need support from communication strategies, which should not only take account of external but also internal communication practices. The rebranding project at Pearl Assurance illustrates the importance of internal communications in building the brand from the inside out; the first point of the project's focus was communication programmes which aimed at securing people's commitment and encouraging behaviour change (Zucker, 2002). Moreover, as good communications disseminate clear, concise, and timely information about the issues of central concern to staff, these messages lessen employee uncertainty, which might act as a threat to their motivation. As such, Tourish and Hargie (1998) report that good organisational communications reduce a level of employees' perceived uncertainty. Burmann and Zeplin (2005) elaborate that when employees understand their role regarding the brand promise fulfilment, the potential of their role conflict and ambiguity is lowered. Therefore, internal communications could bring about the success of internal branding because it encourages a clear understanding of the company's objectives and goals, and employees' roles in relation to them, thereby positively affecting employees' commitment and motivation (Foreman, 1997; George and Berry, 1981; McDonald, 1995). In contrast, an ineffective communication system is found to have a negative impact on employees' commitment, leading to staff who are less effective in their

jobs (Larson and Fukami, 1984), absent more often (Steers, 1977), and leave an organisation with higher staff turnover (Angle and Perry, 1981).

The outcomes of internal communications such as loyalty, service focus (or service-minded), commitment, and employees' satisfaction (i.e. less job uncertainty) also appear in the model of internal communication proposed by Asif and Sargeant (2000), which is represented by Figure 5.3.



The literature has clearly revealed that internal communications engender a shared brand understanding among employees within an organisation (e.g. Cheney and Vibbert, 1987; Gilly and Wolfinbarger, 1998; Gioia, 1986). They motivate employees to deliver a high level of service quality as employees understand the need to deliver on what customers need and expect from a brand (Acito and Ford,



1980; George and Berry, 1981; McDonald, 1995; Piercy and Morgan, 1994; Reukert and Walker, 1987) as well as lowering the level of employees' absenteeism.

However, the literature seems to be missing the empirical research to determine whether internal communications is influential in enabling employees to perform their role in delivering the brand promise, which is the focus of internal branding. Furthermore, there have been few, if any, studies that empirically investigate whether employees' commitment to deliver the brand promise and their intention to stay are influential on their performance in delivering on customers' brand expectations as set by the proposed brand promise. Understanding the potential influences that the commitment and loyalty of employees have towards the brand could help assess their mediating effects on the relationship between internal communications and employees' performance in delivering the brand promise; internal communications influence employees' performance through their influences on employees' brand commitment and loyalty.

It could be argued that the study of Schweiger and Denisi (1991) offers empirical evidence of internal communications' influence on an organisation's performance. On the one hand, one studied organisation with effective internal communications did not see any fall in performance or commitment when facing a merger scenario and job satisfaction fell by merely 2 percent. In contrast, another firm without effective internal communications experienced a 20 percent decrease in performance, 11 percent decrease in commitment, and a 21 percent decrease in job satisfaction during the same scenario. On the other hand, the study does not state whether the organisation's performance was measured by the behaviour of employees in reinforcing the delivery of the brand promise, which is the focus of this thesis. Furthermore, it does not reveal whether employees' commitment as induced by internal communications could be considered a mediator of the relationship between internal communications and employees' behaviours that support the delivery of the brand promise.

## 5.5.2 Implementing Internal Communications

Foreman (1997) has proposed a framework of internal communications that includes three important components: 1) atmosphere for communications; 2) communication process; and 3) communication methods. He argues that these three components need to be orchestrated to achieve a truly effective system of internal communications. This is supported by other authors who agree that internal communications need to be devised in an integrated way; all diverse elements of a typical communication mix need to work together to deliver a consistent and coherent message to the target audience to optimise the effectiveness of a communication programme. Also, internal communication processes have to be aligned with a brand and an organisational structure because *'organisations whose internal communication structure is not aligned with their brand and organisational structure will not add value'* (Quirke and Lamb, 1999: p. 24). However, Duncan and Moriarty (1998) state that most internal brand communications have not been strategically managed. Asif and Sargeant (2000) observe that the majority of communication process models in the literature take the form of sequential-decision models, so they have proposed their model as represented by Figure 5.3 based on their research with bank respondents. The major components of the model, apart from the perceived outcomes, include the process of communication, the tools and techniques employed, and moderating variables. It appears that the three elements of the internal communication mix of Foreman (1997) have influenced Asif and Sargeant's (2000) model. The atmosphere and the methods in Foreman's framework became the tools and techniques employed in the model of Asif and Sargeant. Taking account of strategic internal communications, they recommend the planning process as the first mix to be completed at the beginning of the project. The planning process suggested by their model is supported by other studies. For example, the understanding of how employees interact, express, and socialise within an organisation provides the knowledge to develop materials that are relevant to and reflective of the language of the organisation's members (Mitchell, 2002). Moreover, according to Quirke (1995), *'unless you know what people's concerns are and how they get their communication, you may as well be broadcasting to outer space'* (p. 110). The understanding of the internal market becomes more prevalent since employees of today are more



sophisticated, better educated, more selective, and more critical than ever, whereby they are particular on how they want to receive the information. The information from the internal market also enables effective target segmentation.

### **5.5.3 Internal Communication Techniques**

To ensure that an organisation obtains positive perceived outcomes as suggested by the model in Figure 5.3, an organisation should strive for a balance between informal and formal forms of communication. This suggestion is supported by other authors. For example, Wood (1999) views internal communications as a good source of information because they help an organisation to retain its global perspective and to keep track of new developments in other departments. Formal communications are indispensable because they are the primary source of information, thereby being a vital means of communicating to employees the changes taking place within an organisation. The recent study of Henkel et al (2007) proposes the combination of formal management control and informal management control to ensure the performance of an employee and their behaviours that support the brand. The terms they used to measure these 'management' controls actually refer to formal and informal communication methods such as information booklets and a written brand manual for formal management, along with meeting and counselling with employees on branding issues for internal management. Their study has, thus, supported the balance between formal and informal communications within an organisation to optimise the expected outcomes.

The formal lines of communication should be established to support both top-down and bottom-up communications. This pertains to the two-way communications recommended by some authors as an approach to an effective implementation of internal communication campaigns. Sonenberg (1991) adds that an organisation should consider lateral and diagonal communications together with downward and upward communication. He reasons that, while the two-way communications ensure that employees are informed and willing to share, lateral communications ensure that employees understand the interdependency between their actions and organisational performance. Also, diagonal communications are important to ensure effective

service delivery because this type of communication encourages employees to contact and network with whoever has the information necessary to accomplish an activity. To successfully encourage these types of internal communication, an organisation should ensure that its communication climate is open in order to gain mutual understanding and trust between managers and staff within and across departments (Varey, 1995).

Gibb (1961) has identified two types of climate: supportive/open climate and defensive/closed climate. The former type facilitates effective message transmission and is cherished by internal members (DeCharms, 1968). It positively influences employees' behavioural intentions to provide service (Schmit and Allscheid, 1995) or to be service focused. Moreover, with the perceived open climate, an organisation can expect to strengthen employees' satisfaction three to four times and commitment twice more (Arnott, 1987), thereby being considered as a source of a competitive advantage in service marketing (Higgins, 1996). On the contrary, the latter communication type hinders successful message transmission, and communications become infrequent and distorted (Likert, 1967), preventing an organisation from achieving employees' shared vision and understanding of a brand/organisation.

#### **5.5.4 Internal Communication Tools**

Apart from the different techniques of internal communication, the literature has revealed a variety of tools deployed in an internal communication campaign. From the literature review, three broad categories of tools are used by management to bring messages down the line; they are identified as follows:

- 1) Mass methods such as business newsletter or notice boards;
- 2) Written memos;
- 3) Face-to-face communication between managers and their staff.

The use of mass methods reflects the notion of applying marketing-like tools to implement an internal marketing/internal branding project. Scholars (e.g. Howard, 1998; Olins, 2003) and practitioners (e.g. Hallam, 2003; McCaskey and Symes,



2004; Zucker, 2002) have enlisted these tested and tried communication tools (Table 5.1); namely, business newsletters, company-wide publications, brand book/manual, CD, PowerPoint slides, road show, intranet, and facilities such as conference rooms. The list of different communication tools suggest that an organisation can deploy not only printed materials (e.g. a script, a newsletter, and a magazine), but also audio-visual (CD, television) and other electronic communications (PowerPoint shows).

**Table 5.1: Examples of Mass Communication Tools**

<b>Authors</b>	<b>Communication Tools</b>
<b>Hallam (2003): Internal Branding Campaign at Washington Mutual</b>	Full script (explaining each brand rally of the whole campaign) video of a complete tier one rally CD with sound effects and brand jingle step-by-step guide to brand manager choreography of the 'brand song' PowerPoint document for brand games Advice sheet with recommended "do's and don'ts" Check list for materials evaluation kit contact list of people who could provide additional coaching if needed
<b>McCaskey and Symes (2004): An Internal Branding Study with Travel Inn</b>	Regional road-show for the launce of 100 percent satisfaction guarantee Check Inn newsletter: a quarterly newsletter distributed to all 7,000 team members regularly refers to Values, Mission and Vision Business quality newsletter is issued monthly by the department responsible for the campaign operation SMARTI intranet site Annual conference with general managers and front-of-house managers who take materials back to share with their site teams Team member question and answer sessions with the executive team on a regular basis
<b>Olins (2003)</b>	Brand manuals Graphics Innovative presentation
<b>Zucker (2002): Internal Branding Project at Pearl Assurance</b>	An internal magazine to reflect the revised brand style and to maintain interest in the brand programme Brand gallery to provide news about the brand ranging from best practice case studies to showcaing new literature photography Common areas to strategically place TV screens to carry bold customer imagery or to carry breaking news
<b>Henkel et al (2007): A Cross-Sectional Survey among Senior Market Managers and CEOs of German and Swiss Companies</b>	Information Booklets A Written Manual of Branding Issues Brand-Related Job Descriptions

Of all the different tools used, company-wide publications and business letters are found to be the most successful tools because they effectively share the brand story with employees based on inserted examples of how to deliver on the brand promise in their daily responsibilities. Based on Tapp's (1996) argument for the simple communication of complex messages to achieve effective branding, internal branding has to create rapid understanding which is best affected through simple messages. This is supported by the study of Hankinson (2004) with UK charities which raises a criticism on the use of brand manuals and/or brand handbooks. He found that brand manuals and handbooks tend to be so lengthy that they are *'more often confined to the filing cabinet, pending reading'* (p. 87) while documents of poster size or even credit-card size could serve a more practical function in internal communications. Mitchell (2002) has argued for the effectiveness of advertising. According to him, external advertising can best serve as a bridge linking internal and external marketing campaigns because both external and internal audiences are the target of the advertising messages. He further argues that, although it is quite an expensive method, advertising is the most powerful form of communication that compensates its expenses.

Additional attention should be paid to the presentations and materials of these tools. Howard (1998) suggests the use of creative and eye-catching materials to charm and attract employees. His suggestion is in accordance with Olins (2003) who underlines the use of graphics and innovative presentation to help employees easily capture the brand concept. That is, the symbolism of the presentation facilitates the process that employees go through to make sense of the content; an effective form of presentation helps employees to understand the message without going through the whole content. The caveat is that the expensive, appealing presentations, eye-catching materials, and innovative forms need to mirror the brand concept that the campaign is propelling; otherwise, they are ineffective. The real-case internal branding project at Washington Mutual reflects such an argument. During the middle of the course, the project needed to drop the expensive brand books distributed to all employees because the classy look of the books negated the brand concept of 'value for money'. Mitchell (2002), thus, emphasises that the whole message has to *'ring true for employees and*



*must draw on the company's soul ... focus on the essence of the company'*. In short, one lesson learnt from this example is that detailed information to communicate the on-brand behaviour needs to be provided along with materials that are in line with the brand concept embodied by the brand promise.

The written memos, printed, audio-visual, and even electronic tools have been observed by Howard (1998) to be mostly used as a back-up. The tool that exerts the foremost pervasive influence is argued to be face-to-face communications or personal communications. Two studies of Larkin in 1980 of the Communication Climate in Australian Organisations (cited in Mackay, 1994) have so far supported this argument. Recently, Heath (2002) conducted a study at University Health System in San Antonio with the objective of measuring internal communications. The result indicates that face-to-face communication was preferred by most employees. The findings were generalised to encompass any industry and organisations of any size. Tourish and Hargie (1998) also report that *'staff express a consistent preference for face-to-face communication'* (p. 179). To explain why face-to-face communication is a favourite method for message receivers, Klein (1994) conducted research that revealed that face-to-face communications allow interaction, giving people an opportunity to ask questions, offer opinions, give and receive feedback. All of these are the unique advantages over printed sources of information, video programmes, and slide shows. The study of Straus and McGrath (1994) has summarised these findings. Between face-to-face groups and computer-mediated groups, they found that the former groups performed better under time constraints and task interdependence. Because the latter groups operated their communications by way of e-mail, electronic conferencing or voice-mail, channels that offered limited information and no personal interaction, this group was without the luxury of immediate clarification or feedback (Andres, 2002; Carmel, 2002). Moreover, some studies have found that the lack of social context as experienced by computer-mediated communication led to an increased negative tone that included assertive and hostile language (Siegel et al, 1986; Sproull and Kiesler, 1986). Howard (1998) concludes that face-to-face communication is the cheapest, fastest, most personal, and most interactive medium at present and no other methods have been found to be

better than people talking and listening to each other. This tool also reinforces the above arguments for an open climate for interactive, two-way communications. However, although some studies have provided empirical evidence that internal communication tools have an influence on employees' performance, the performance was measured in terms of such items as their effectiveness under time constraints and their task interdependence. This may explain why internal marketing, which includes internal communications, is positively related to the level of service quality. However, in terms of internal branding, the focus is on the brand promise fulfilment by individual employees at each service encounter. Hence, there is a need to understand whether internal branding as practiced through internal communications is capable of inducing employees' brand-supporting behaviours to ensure the delivery of the brand promise.

## **5.6 Human Resource Practices**

Human Resource (HR) wisdom becomes increasingly important for its virtues of enhancing the potential of human capital to help an organisation survive and prosper in today's hostile business environment. In the service sectors, employees' capabilities have a significant influence on shaping the perception of customers towards the level of service quality. Several authors have argued for HR practices as being important for an organisation's sustainable competitive advantage because it enhances the potential of its human capital potential (Porter, 1990; Senge, 1990). Haynes and Fryer (2000) observe that human resource management (HRM) is often argued to play a vital role in securing a high level of service quality. Recently, Xu et al (2006) recommended that service companies invest significant amounts of time and effort on HRM issues. A minimal investment in human resource development is found to lead to a declining level of customer service (Schlesinger and Heskett, 1991). Kaplan and Norton (1996) add that effective HR practices ensure the satisfaction of shareholders, customers, and employees. Concurrently, the study of van Looy et al (1998) with the hotel industry indicates that employees' perceptions towards their jobs exert an influence on customers' perception of a service organisation. They discovered that interactions between hotel guests and employees communicate how employees perceive their work experience, thereby affecting the



impression that customers have of the service organisation. George and Weimerskirch (1994) observe that often successful firms invest resources into programmes aiming to increase their employees' performance and job satisfaction. In this light, the literature has so far documented positive relationships between effective HR practices and a firm's economic performance (e.g. Becker and Huselid, 1998; Huselid, 1995; Macduffie, 1995; Pfeffer, 1998; Ulrich, 1997; Yeung and Berman, 1997) and between HR practices and employees' commitment (Haynes and Fryer, 2000). Hence, authors (e.g. Berry, 1981; Browning, 1998; de Chernatony and Harris, 2000; Haynes and Fryer, 2000; Grönroos, 1978; Schneider and Bowen, 1993; Teas et al, 1979; Zerbe et al, 1998) postulate that the success in HRM determines the success of a brand and a firm.

The following section discusses the concept of HR within the context of internal brand marketing, whereby the relevant and important techniques are addressed.

### **5.6.1 The Role of Human Resources in Internal Branding**

The prevailing involvement of HR in an internal branding process could be drawn from the definition of internal marketing provided by Berry and Parasuraman (1991):

*'Internal marketing is attracting, developing, motivating, and retaining qualified employees through job-products that satisfy their needs ... it [internal marketing] is the strategy of shaping job-products to fit human needs' (p. 51)*

And by Kotler (1991):

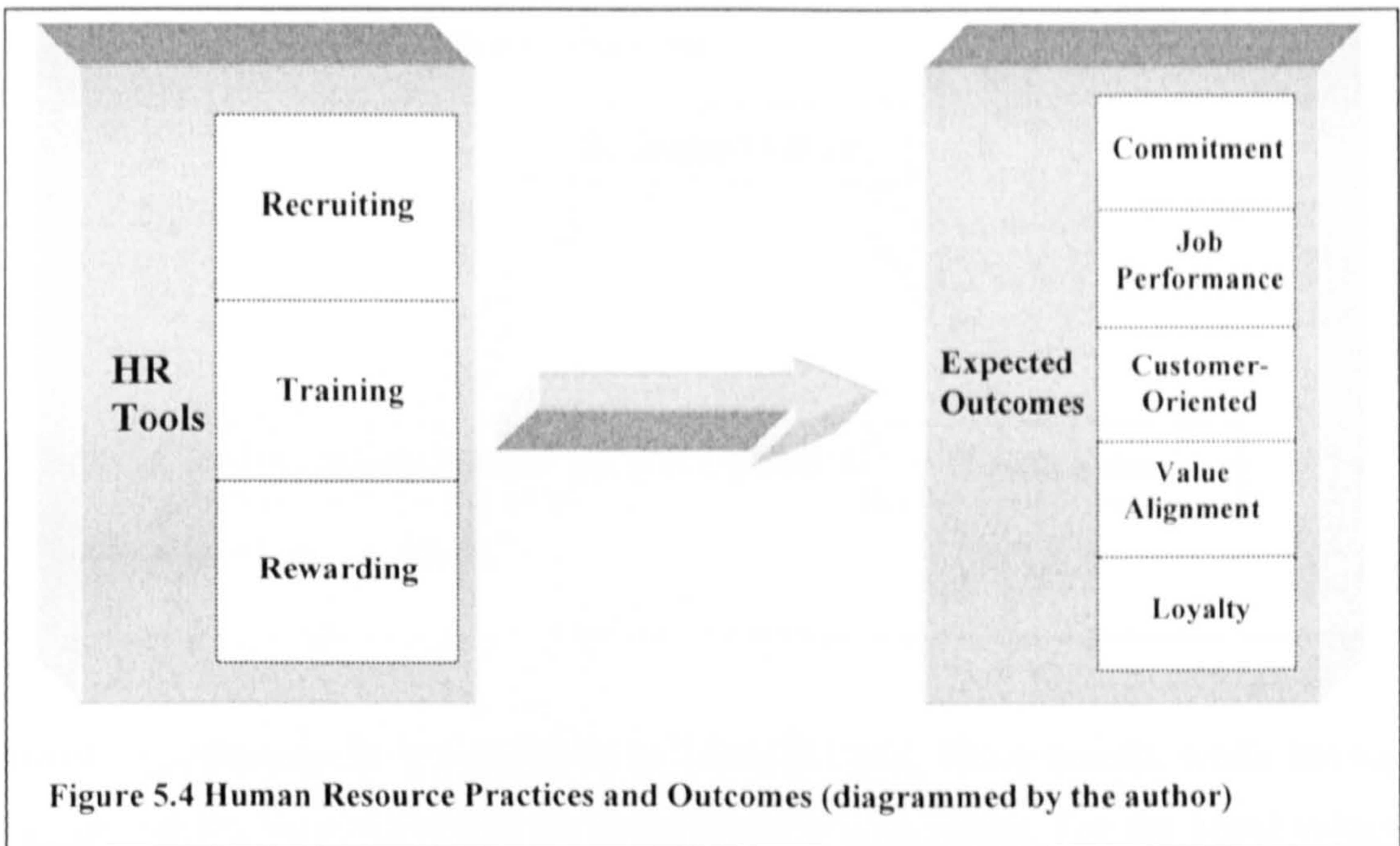
*'The task of successfully hiring, training, and motivating able employees to serve the customer well' (p. 20).*

Other authors (e.g. Sasser and Arbeit, 1976) agree that getting, keeping, and motivating high-quality personnel are important for service organisations, especially those that have human labour as the only differentiating factor among competing organisations. Moreover, some authors argue that creating employee commitment is

at the heart of HRM (Guest, 1995; Storey, 1995; Tyson, 1995) because committed employees deliver consistently high service quality (Babakus et al, 1996; Pettijohn et al, 2002; Siguaw et al, 1994; Wood et al, 1986). The studies of Meyer and his colleagues (Meyer and Smith, 2000; Meyer et al, 2002) concur that the practice of human resource management plays a significant role in enhancing employees' affective commitment although this link can be mediated by the way employees perceive their organisation's commitment towards them. Ultimately, to engender such levels of commitment, they need to be educated, motivated towards, and then aligned with the organisation's goals (Winter, 1985). They need to appreciate the logic and benefit of a clear understanding of their role and have a proper pattern of behaviour that satisfies customers (Helman and Payne, 1992). Consequently, they are attuned to the mission, goals, strategies, and systems of the company (Gummesson, 1987). This being the case, HR involvement could help internal branding to make employees understand the importance of their role in delivering on brand promise, enabling them to fulfil customers' brand expectations in a similar fashion to ensure customers' perceived consistent brand experience.

Schlesinger and Heskett (1991) believe that frontline workers are important. HR policies, namely recruiting, training, and compensating, are also important and should be designed and developed with frontline workers in the middle. When managers believe that jobs can be filled by almost anyone, they ask little of potential employees, using minimal selection criteria, expecting low performance, and offering low wages. In return, employees expend little effort to fulfil their task. When training is rudimentary at best, a reasonable policy in a system gives workers no room to exercise discretion or judgment. And if there are rare opportunities for advancement, an organisation is said to be exposed to the cycle of failure. Together with the review of IM mix and its definitions, the principal tasks of HR in the internal branding context could be identified as follows: hiring the right people; training people to deliver a service brand as promised, and rewarding and remunerating appropriately to maintain their behaviours. Figure 5.4 summarises all these arguments.





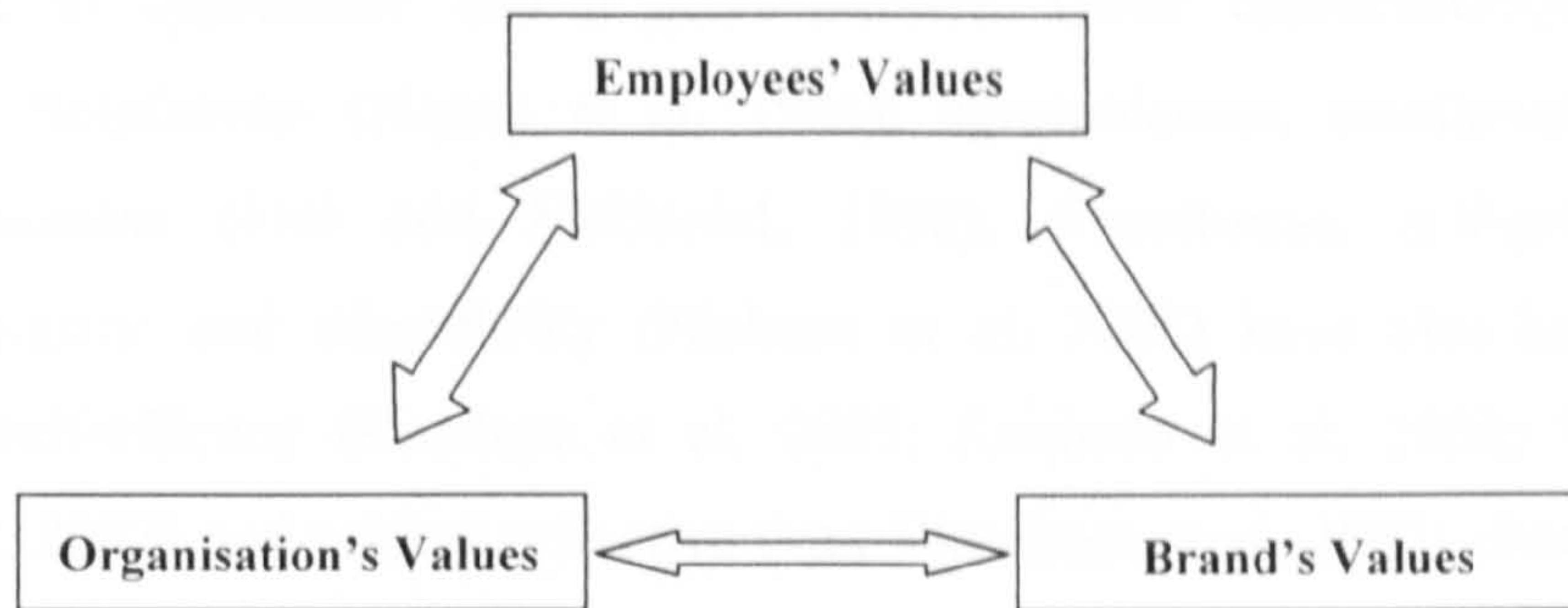
### 5.6.2 Recruiting the Right People

One critical responsibility of the HR department is to recruit and select job candidates. Service organisations depend largely on the performance of their employees (Lovell, 2001), underscoring the process of attracting and hiring the right candidates. Kundu and Vora (2004) argue that recruiting the right people is critical particularly for service organisations that rely heavily on employees to deliver their brand promise and represent brand values (e.g. image, symbolism, benefits, and quality). Organisations, thus, need to look for candidates who have attributes suggesting potential productivity, quality, profits, and added values for customers.

Traditionally, an organisation and its management recruited employees based merely on functional knowledge. Recently, de Chernatony (2001) has argued for the importance of the internal value alignment among three components: the values of employees, the organisation, and the brand (Figure 5.5). When these values are aligned, brands are more likely to succeed.



**Figure 5.5 The Need for Internal Alignment**



Source: de Chernatony (2001)

Some organisations have a portfolio of branded lines. These brands, while having unique values, have to support the organisation's core values. For the brand values encapsulated in its promise to be effectively delivered, employees, particularly those who are the interface between the brand and its clients, need to have their values in line with those of the brands and thus the organisation. De Chernatony places an emphasis on selecting and hiring the candidates based on perceived value-fit with the organisation and the brand because the values that drive behaviours are difficult to change. Kunde (2000) remarks that, unless employees are aligned with the brand's values, the investment in promoting the brand promise will not bear any fruits. De Chernatony et al (2003) have stipulated that staff recruitment based on the level of value congruence is sometimes more viable than focusing merely on technical/operational skills. Halbesleben and Buckley (2004) stress that the hiring pattern of an organisation affects its culture, service standards, and reputation. Recognising the importance of both skills and values, they propose that selection of the right people involves two primary processes: the prediction of performance and the assessment of person-organisation fit.

An array of different service employee characteristics has been proposed for different industries. For example, the retail and hospitality industries have been found to value 'social skills', personal characteristics (Jackson et al, 2002) and aesthetic characteristics or soft skills (e.g. looking good and/or sounding right, dress sense/style, voice/accent, and physical looks) (Warhurst and Nickson, 2001). Martin



and Grove (2002) studied the hospitality industry and found that the top two criteria were pride in appearance and a good attitude. Other characteristics such as sociability, helpfulness (Hogan et al, 1984), agreeableness, emotional stability, conscientiousness (Frei and McDaniel, 1998), friendliness, self-presentation, honesty/integrity, and adaptability (Nickson et al, 2005) have also been noted. Recently, self-efficacy (Karatape et al, 2005; Krishnan et al, 2002; Wang and Netemeyer, 2002) and critical reflective (van Woerkom et al, 2002) characteristics have been argued to be additional vital characteristics. The former is found to have a direct and indirect influence on the extent to which employees make an effort to perform up to the brand standards that ensure the brand promise fulfilment. Critical reflective behaviour is important particularly when some authors (e.g. de Chernatony 2001) argue for the importance of recruiting the candidates whose values are in line with the brand but remark that values are difficult to change (de Chernatony, 2001; de Chernatony et al, 2003). Some authors argue that workers with critical reflective characteristics often challenge norms, examine assumptions behind their reasoning and actions (Marsick and Watkins, 1990) and evaluate organisational goals and strategies (Brooks, 1999). Therefore, Argyris and Schön, 1996) believe that these employees could learn and change their underlying values. This being the case, effective recruitment could support internal branding in aligning the behaviours of new employees with the brand promise delivery process.

### **5.6.3 Training – An Approach that Develops a Pattern of Brand-Supporting Behaviours**

*'Quality service requires skilled and well-trained service staff'* (Baum, 1995: p. 118). This statement suggests the importance of training to enhance employees' potential to deliver the expected level of service quality. Other authors agree that training is a means to increase the proficiency of an organisation's human capital (Chase and Bowen, 1991; Heskett et al, 1994; Staggs and Youndt, 2004).

Training is a common approach in HR principles to establish and develop employees' behaviours that are aligned with the expectations of an organisation and, presumably, of customers. The Travel Inn's internal branding project provides



evidence of an HR team working with the marketing concept and management. McCaskey and Symes (2004) have indicated that, rather than relying on an HR team, line managers and team members took part in the process of the design and delivery of training courses. Along with the training programmes, they made use of communication vehicles to circulate the vision, mission, and values to the team members and ultimately all employees. Other recent studies regarding internal brand marketing also reveal that the training and development programme is a vital tool to shape employees' behaviours so that they deliver on the brand promise. The study of the UK retail banking industry by Pappasolomou and Vrontis (2006a, b) found that training or development programmes are an integral part of IM practice. The message sent is that internal marketing is capable of instilling employees with a customer service orientation within their brand networks so that a strong service mentality pervades the entire organisation. Therefore, it supports the notion that internal marketing ensures that the expectations of customers towards service quality are met. However, as internal branding aims at ensuring the delivery of the brand promise which includes the projection of brand values, brand image, and other aspects separate from service quality, their study has not yet answered whether training supports internal branding to ensure employees' brand-supporting behaviours.

Snell and Dean (1992) stress that current employee skills, knowledge and productivity need to be continuously developed because an organisation needs to maintain and improve its superiority in the marketplace. Moreover, Rafiq and Ahmed (2000) argue that the right type and level of training reduce employees' role ambiguity, whereby employees deliver the service that meets customers' expectations more effectively. This renders training a pervasive tool along with internal communications which can also reduce employees' uncertainty. Arthur et al (2003) stress the importance of training not only in terms of enhancing the employees' skills but also in terms of shaping new employees' attitudes and behaviours to fit the organisational goal.



The case study of Papasolomou-Doukakis (2002) conducted with the UK financial service industry emphasises the key role played by training in securing employees' and management's awareness of the brand and corporate issues (e.g. customer relations and customer orientation) and of their importance. Similarly, Anh and Kleiner (2005) relate internal branding to a clear perception of employees towards their role, which subsequently leads to a clear understanding of the organisation's mission, corporate culture, and corporate values. This, therefore, enhances their job satisfaction which engenders employees' work commitment, motivation, and teamwork. Other authors purport that successful employee development programmes (training) are related to a decrease in staff turnover (Baum, 1995; Henkoff, 1993). Baum (1995) considers training and development programmes as '*strong motivators and can contribute to reducing attrition rates*' (p. 199). Apart from an increase in productivity and profit, Rao (1999) adds that effective training programmes positively affect a brand image. Other authors (e.g. James et al, 1977; Szilagyi, 1977) argue that training assures that employees perform their tasks well even when they are facing work overloads. However, it was not specified that their job performance was measured in terms of the extent to which they delivered on the brand promise, which is an important purpose of internal branding.

It is cautioned that an organisation needs to realise that different departments may require different training programmes. The organisation must undertake an organisational analysis, task analysis, and personal analysis to ensure that the right training and tools are provided to employees so that they understand the brand promise (Kevin and Chapman, 2004) and their performance is effectively developed (Goldstein and Ford, 2002; McGehee and Thayer, 1961; Sleezer, 1993; Zemke, 1994). What remains unclear is the extent to which employees live the espoused brand values embedded in the brand promise due to the influence of training as part of internal branding.



#### **5.6.4 Remuneration and Rewards: Increase Employee Morale to Maintain On-Brand Behaviours**

Rewards are considered as an important motivator driving employees to deliver the brand promise (Miliman et al, 2002). In the sales marketing studies, financial incentives are found to be an important factor in influencing employees' motivation (Haring and Morris, 1968; Litwin and Stringer, 1968; McClelland, 1975). Aurand et al (2005) concur that an organisation's HR people need to design and implement compensation systems that enhance employees' motivation behind their delivery of the brand promise. They suggest that an organisation reward employees whose behaviours are in line with the brand.

Several reward mechanisms have been mentioned: gain sharing, profit sharing, top executive incentives, bonuses, and merit pay (e.g. Ehrenberg and Milkovich, 1987; Heneman, 1992). These pay systems supplement a base salary to represent an organisation's recognition of individuals and teams that add value to the company and its stakeholders through their excellent service performance. In other words, rewards are given to employees who perform up to the brand standards, or represent a promise of future rewards when they achieve the standards (Hoffman, 1999). With this being the case, the promise of pay-for-performance systems could enhance employee productivity (Kanter, 1987; O'Dell, 1987). Other studies have documented that the reward and recognition schemes are tied to employees' sense of belonging or ownership (e.g. Burke and Terry, 2004; Dessler, 2003; Kennedy, 2003). The study of Anh and Kleine (2005) within the theme park industries has suggested that an organisation can engender employee commitment not only by financial incentives but also non-financial incentives such as discounts on company merchandise, special previews, parties when a new attraction opens, and recreational programmes. They go further to view financial incentives as a costly, short-term mechanism. Despite this, Anh and Kleine (2005) admit that pay rewards remain the most preferred type by employees, with recognition as a runner-up. Other reward schemes such as service recognition awards, peer recognition programmes, attendance awards, and milestones for years of service are additional tools cited by Laurie and Kleiner (1995) as having similar impacts on employees as financial incentives do.



Apart from using incentive schemes to enhance employees' motivation, the provision of proper incentives is argued to help an organisation retain the right, effective employees. The employees who are of superior performance are one of the firm's unique resources. Several authors have argued that a unique set of skills and resources help establish a competitive advantage that is difficult to be copied and replicated by competitors (Barney, 1991; Day and Wensley, 1988; Mahoney and Pundian, 1992; Rumelt, 1991). As an organisation is successful in recruiting the right people and training them to improve their skills and productivity, it should aim to retain the best people so as to secure a key source of differentiation. Like acquiring new customers, acquiring new employees is more costly than retaining the best people since an organisation has invested a huge sum of resources in training and aligning employees' behaviours with the brand (Kaye and Jordan-Evans, 2002). As it requires time for its investment to be paid back, retaining fully trained employees is an efficient strategy to ensure benefits from the productivity of the investment (Doeringer and Piore, 1971). In addition, a high turnover rate adversely affects employees' morale and thus overall service quality (Zeithaml and Bitner, 2000).

### **5.7 Internal Branding's Outcomes: From Attitudes towards On-Brand Behaviours**

The concept of value alignment to ensure that service providers deliver the brand promise as required by the brand standards has been widely discussed. The concept has endeared two employee attitudes: identification and commitment. The cornerstone is to get employees to understand and believe in the values of an organisation so that a brand can successfully be developed (Ind, 2001). According to a number of authors (e.g. Allen, 2000; de Chernatony and Segal-Horn, 2001; Hankinson, 2002; Kotter and Heskett, 1992; Thomson et al, 1999; Rucci et al, 1998), internal branding is a doctrine that assists an organisation in aligning its employees' understanding and behaviours with its brand by creating their understanding of and engagement in brand values. As a brand is a promise that embodies brand values (i.e. functionality, symbolism, benefits, and quality), a brand acts as the flagship that directs employees' behaviours (de Chernatony, 2001).



While agreeing that, when employees internalise the brand values, they are more attuned to the behaviours that are appropriate for brand sustainability, Burmann and Zeplin (2005) have identified that employees need to conform and identify themselves with the brand and the organisation before their values become aligned with the brand's. According to Thomson et al (1999), employees can better fulfil the brand promise when they have intellectually and emotionally bought into the brand. That is, their study has underlined the importance of creating a shared understanding and commitment among employees so that they align their behaviours with the brand values encapsulated in the brand promise. Other authors have supported that, when employees' commitment exists, they tend to internalise the brand values that translate into on-brand behaviours (Ambler and Barrow, 1996; Barrett, 1998; Kotter and Heskett, 1992; Rucci et al, 1998). Although the internal branding publications have not mentioned brand loyalty as the attitude needed to enhance the behaviour of employees, internal communication and HR developments have suggested that employees' loyalty to the organisation and the brand (as service brands are the organisation) is one among the expected attitudinal outcomes. Furthermore, several authors, due to the confusion of the term commitment (Allen and Meyer, 1990), have argued that identification, involvement and loyalty constitute employee commitment (Legge, 1995a; Mowday et al, 1982; Porter et al, 1974). Nevertheless, the literature has documented that employee loyalty is a separate construct from commitment and business performance (Loveman, 1998; Silvestro, 2002). The following section particularly addresses these three attitudes in relation to the extent to which employees perform up to the brand standards so as to ensure the brand promise fulfilment.

### **5.7.1 Employees' Brand Commitment**

The success of any service brands depends largely on the extent to which employees are committed to the brand. Authors have reported that an organisation with employees who are committed to their brand tends to perform better than its competing counterparts (Kotter and Heskett, 1992; Rucci et al, 1998). Wong and Saunders (1993) argue that committed employees are motivated to do what is wanted by customers again and again. Although several authors (e.g. Guest, 1995; Shepherd



and Mathews, 2000; Storey, 1995; Tyson, 1995) argue that employee commitment is a shared responsibility between line management and the HR function, the previous discussion in the chapter has suggested the additional involvement of the marketing function. Burmann and Zeplin (2005) further support the coordination between internal communications and the HR function to induce employees' brand commitment so that they perform not only what the brand requires but what is considered as extra-role behaviours. Their study, however, underscores the confusion about the distinctiveness of these constructs (i.e. brand identification, brand loyalty, and brand commitment).

Schiemann (2006) has recently proposed the ACE model. His model has captured 'brand identification' and 'brand commitment' separately. Brand identification is under the 'alignment' element, which is *'the extent to which employees are connected to or have a line of sight to the business strategy, it includes the correctness of employees' goals or accountabilities with unit, department, and overall organisational goals, along with the employees' level of brand identification'* (p. 36). Brand commitment is viewed as 'engagement' in terms of *'a more recent evolution of earlier employee satisfaction and commitment research. In general, the literature has evolved from job satisfaction and morale to employee commitment to workforce engagement'* (p. 36). Furthermore, they do not refer to the intention to stay with the organisation, which is one of the aspects of brand loyalty. Despite this, they do not provide further explanations to assist in the distinction between these constructs.

Brand commitment is defined as *'the extent of psychological attachment of employees to the brand, which influences their willingness to exert extra effort towards reaching the brand goals'* (Burmann and Zeplin, 2005: p. 284). The term commitment has been used extensively in the internal branding context (Ind, 2001). Thomson et al (1999) have defined emotional buy-in as employees' commitment. Their definition resonates with the definition provided by Burmann and Zeplin (2005): *'emotional buy-in describes the employees' commitment to achieve the goals through their emotional attachment and associations'* (Thomson et al, 1999: p. 825).



Burmann and Zeplin (2005) believe that organisational commitment and brand commitment are synonymous. This is found to be logical as service brands are often the companies per se (Berry and Lampo, 2004). Other authors (e.g. Meyer and Allen, 1991) have divided commitment into three principal dimensions: affective, continuance, and normative commitment. Others (Cook and Wall, 1980, 1981; Porter et al, 1974) have argued that affective commitment includes identification, involvement and loyalty. Continuance commitment represents the cost to the employee associated with leaving the organisation, which is termed calculative commitment by some researchers (Becker, 1960; Kanter, 1968). Normative commitment is the totality of internalised normative pressure to act in a way that meets organisational goals and interests, and suggests that individuals exhibit behaviours solely because they believe this is the right and moral way in which to behave (Weiner, 1982: p. 421). Other authors have mentioned behavioural commitment to refer to an individual's identification with a particular behaviour and adjustment of his/her attitude to fit that behaviour (Salancik, 1977). Kelman (1958) and O'Reilly and Chatman (1986) have distinguished three drivers of brand commitment: compliance with the brand identity, identification with the brand identity, and internalisation of the brand identity. While commitment is accepted as a dimensional construct, there is evidence that its components are discussed as separate entities. For example, compliance as a driver of commitment is seen as a separate construct, as the literature has recognised the recent interest in having employee commitment rather than employee compliance. Farnham and Pimlott (1990) and Legge (1995b) have argued that competence and commitment are of management's interest rather than containment and compliance. If compliance is a true driver of commitment, it is difficult to neglect employees' compliance to aim for their commitment. In addition, Garbarino and Johnson (1999) have viewed that employees' commitment drives personal identification with the organisation, psychological attachment, concern for the future welfare of the organisation, and thus loyalty.

As a result of the review of the term commitment, this thesis defines employees' brand commitment as an emotional attachment to the brand in line with the term



affective commitment in the literature. Such commitment enables employees to work in ways that support the delivery of the brand promise to achieve the brand's vision and goals.

### **5.7.2 Employees' Brand Identification**

The study of Mael and Ashforth (1992) has revealed that organisational prestige and distinctiveness are among the different antecedents of employees' organisational identification. The review of internal communications and human resource management has shown that, through these mechanisms, an employee understands better the significance of his/her brand and how it will make the world different from the other brands – termed as brand vision by de Chernatony (2001). In fact, Free (1999) believes that internal branding exists to assure that employees translate the brand vision into their everyday actions and behaviours. Therefore, internal branding that is effectively implemented should induce employees' brand identification.

A number of studies have criticised the assumed components of identification, extra effort, and desire to remain the commitment construct as suggested by Porter et al (1974). On the contrary, this group of authors (e.g. Benkhoff, 1997; Peccei and Guest, 1993) suggest that these components should be considered as separate concepts. In effect, identification refers to a sense of belonging to the group and a perception of being intertwined with the group's fate; for example, employees who identify themselves with the brand perceive the success or failures of the brand as their own (Burmam and Zeplin, 2005; James et al, 1977). Similarly, Shore et al (1995) regard employee identification as the extent to which employees are emotionally attached to the organisation. As service brands are often the companies in the customers' eyes (Berry and Lampo, 2004), this can be extended to assume that employees who identify themselves with the brand for whom they are working are likely to perceive that their fate is intertwined with the brand because they are emotionally attached to the brand. This suggests that employees' brand identification is the stage where the goals of a brand and those of individuals become increasingly integrated and congruent. The research shows that, once employees identify themselves with an entity, they are more likely to believe in the quality of the



products, the competence of management and the ethical standards of the business more than those who do not. They take pride in their group membership and this is likely to trigger behaviour that enhances an external image of the brand and its organisation (Benkhoff, 1997; Oakes and Turner, 1980), implying the success of the delivery of the brand promise. However, this mechanism will result in consistent patterns only under certain circumstances. First, expectations have to be clear to employees and unambiguous across their social network within the organisation. Secondly, different subgroups must not hold conflicting views on priorities and standards. Line managers, for instance, have to preach and practise the same policies as personnel specialists (Benkhoff, 1997). These circumstances underline the need for internal communication and HR development programmes in particular, as these two function as a means to create and reinforce a clear, shared understanding of the brand concept (i.e. brand values, brand standards). Also, these practices have to work in coordination with management to ensure the strategic integration within themselves (Storey, 1992).

Based on these studies, when employees feel a sense of pride in the brand, they should believe in the service and product under its brand and share the brand's fate as their own. Thus, employees' brand identification as referred to by this thesis reflects the employees' pride in the brand and their sense of belonging with an attempt to exclude an emotional attachment to an organisation. This definition is thus in line with Burmann and Zeplin's (2005) and James et al (1977). It is further noted that some authors (e.g. Burmann and Zeplin, 2005) argue that identification is an antecedent of employees' brand commitment although some have merely argued that they are separate constructs (e.g. Benkhoff, 1997; Peccei and Guest, 1993).

### **5.7.3 Employees' Brand Loyalty**

Several researchers have used the term commitment and loyalty interchangeably. For example, Chen et al (1998) use loyalty in lieu of commitment to supervisors when referring to subordinate's attachment to supervisors. Loyalty towards a supervisor reflects the relative strength of a subordinate identification with, attachment to, and



dedication to a particular supervisor. Bloemer and Odekerken-Schroder (2006) have referred to Allen and Meyer's (1990) commitment construct as attitudinal loyalty. However, as reviewed by Kondratuk et al (2004), commitment and loyalty are independent from one another.

Most research in the literature has explored employees' loyalty in terms of length of service. Under this line of thought, employee loyalty resonates with the continuance or calculative commitment construct. The research of Bloemer and Odekerken-Schroder (2006) has assumed that loyal employees are those who exhibit a relatively stable and conscious tendency to engage in a relationship with their employer. Holding to this definition, employee loyalty then enhances employee commitment. This is supported by Benkhoff (1997) who has found that employees who intend to stay with the brand are more likely to comply, the fundamental driver of employee brand's commitment (Burmam and Zeplin, 2005; O'Reilly and Chatman, 1986). Although Stroh and Reilly (1997) have measured loyalty by the items that are related to an employee feeling pride in the organisation and expressing a willingness to remain with the present company, the former is related to the concept of employee's brand identification in this thesis. Furthermore, Reichheld (1994; 1996) conceptualises loyalty as a willingness to remain with the present company, which is influenced by job pride and satisfaction. When this happens, the customer retention is then viable. Inferred from these researchers' conceptualisations, employees' brand loyalty in this thesis refers to the employees' intention to stay with the brand, which reflects the cognitive aspect.

Several studies have found that customer satisfaction is not only widely argued for its positive influence on service productivity and profits, but employee loyalty is also seen as critical to the capability of service organisations to respond effectively to customer needs. It drives down costs through reduced recruitment and training expenditures and all the cost efficiencies which accrue from skilled workers who are up to speed and familiar with both the tasks at hand and their customers, thereby improving an organisation's profits (Reichheld, 1996; Reichheld and Sasser, 1990; Rust et al, 1995). The study of Loveman (1998) with a regional U.S. bank has shown



a positive correlation between employee satisfaction and employees' stated loyalty (not with tenure). The study of Silvestro (2002) has found an empirical support that satisfied employees are more likely to refer others to the store and stay the longest. However, his study negates previous studies in terms of the relationship between employee loyalty and business performance. The study reveals that the stores where employees are happiest and stay the longest achieve the lowest profit. As such, the relationship between employee loyalty and business performance is more complex as it varies by operational context and on the basis of cost structure differences between services. That is, higher recruitment and training costs, resulting from high employee turnover may only translate directly into the bottom line if employee-related costs represent a significant proportion of total costs. As the studied organisation had store labour costs representing only 7 percent of sales, employee turnover would have a less significant impact on profit than, for example, gross margins. Therefore, employee loyalty as measured by length of service has no significant impact on the organisations' bottom line. Despite this, loyal employees tend to exhibit less absenteeism, whereby labour turnover tends to be lower. Some studies argue that brand loyalty is somehow influenced by employees' commitment. In particular, Pritchard et al (1999) find that commitment is a key precursor to loyalty. Studies within marketing (Brown and Peterson, 1993) and in organisational behaviour (Reichers, 1985) consider commitment as a key antecedent to retention, which is related to brand loyalty in this thesis. Above all, these elements, when coupled together, ultimately lead to an improved performance for the organisation (Beer et al, 1985; Guest, 1987; Shepherd and Mathews, 2000).

#### **5.7.4 Employees' Brand Performance: The Delivery of the Brand Promise**

Internal branding aims at inducing employees' behavioural changes to support the brand promise delivery (e.g. Ahmed et al, 2003; Boone, 2000; Drake et al, 2005; Free, 1999) Internal communications and HR practices are argued to be instrumental in achieving its goal (Burman and Zeplin, 2005). They are both considered as having a central role in generating employees' identification with, commitment to, and loyalty towards the brand (Benkhoff, 1997; Bratton and Gold, 1999; Brewer, 1994; Guest, 1995; Legge, 1995a, b; Schweiger and Denisi, 1991; Storey, 1995; Thomson



et al, 1999). However, there is a lack of empirical evidence to affirm the link between internal branding and employees' brand performance in delivering the brand promise. In addition, although some research suggests that HR and internal communications have a positive relationship to employees' job performance and/or an organisation's performance, they did not measure these performances in the internal branding context, which focuses on the extent to which employees deliver on the brand promise that encapsulates brand values. In addition, a number of studies in the internal branding context from both internal communications and human resources assume that, when committed employees make an effort to deliver on the brand promise, they fulfil the expectations of customers towards the brand (e.g. de Chernatony and Segal-Horn, 2001). However, the assumption that employees' brand attitudes influence their behaviours in supporting the delivery of the brand promise is yet to be supported empirically. Thus, this thesis recognised a need for research to empirically explore these proposed relationships among employees' attitudes and their performance in delivering the brand promise during service encounters within the internal branding context.

## **5.8 Factors Challenging the Success of Internal Branding**

The literature from both internal communications and human resource management discusses potential factors that may moderate the success of both practices, thereby affecting the effectiveness of internal branding in engendering brand-supporting attitudes and behaviours. Based on the studies of several authors (e.g.; Birdi et al, 1997; Hellervik et al, 1990; Maurer and Tarulli, 1994; Schneider, 1983), the two main set of factors that may influence internal branding are: 1) personal factors, and 2) situational factors or the work environment.

### **5.8.1 Personal Variables**

Personal variables are found to be related to the performance of salespeople who are at the interface between a brand and customers. Several studies have investigated and tested the correlations between various determinants and employees' performance,



and their job satisfaction (e.g. Barrick and Mount, 1991; Brown and Peterson, 1993; Churchill et al, 1975; Karatepe et al, 2006).

Churchill et al (1975) observe that the past studies have included such factors as age, height, sex, weight, race, appearance, education, marital status, number of dependents, club memberships, and other similar characteristics as predictors of employee performance. Age has found to have an influence on employees' perceived motivational factors. The study of Simons and Enz (1995) with hospitality employees shows that workers whose age range is over 30 years old rated security and good working conditions as the most important factors, behind good wages. On the contrary, younger workers rated opportunity as the second most significant factor, followed by interesting work. Security and good working conditions were ranked as a low priority for younger workers, which somehow reflects the high rate of turnover in the hospitality industry. Another study by van Woerkom et al (2002) supports that age deters the effectiveness of human resource development activities. With an increase in age, the multitude of experience increases but the diversity of experience decreases. As employees have to be motivated to analyse, assess, and internalise the brand's vision and organisation's goals, age should also affect the effectiveness of internal communications. Given that diagonal and lateral communications are as important as two-way communications, when employees are less self-motivated and do not challenge themselves to discuss and share their understanding with their colleagues, it is difficult for an organisation to secure the expected outcomes.

Work experience was also revealed by their study as having some impacts on the HRD activities as well as internal communications. The study of van Woerkom et al (2002) also indicates that the longer employees stay with a job, the more experience they gain, but the less they will put themselves up for debating any particular issues. In particular, the model of Asif and Sargeant (2000) represented in Figure 5.3 has proposed that length of service is one of the moderating variables in the internal communication process. However, they did not provide further discussion, and the



model is more or less of a conceptual nature although generally based on their interviews with bank respondents.

Other factors such as the different cultural and career backgrounds of employees could influence their search for extrinsic motivation. Kenneth Kovach's (1987) longitudinal study with industrial employees reveals that employees preferred their jobs to be interesting and their efforts to be appreciated over job security and good wages. However, when the study was conducted with employees in one Caribbean hotel, good wages and good working conditions became the first and second most preferred forms of motivation.

### **5.8.2 Situational Factors: Organisational Work Environment**

Scotts (1999) have cited the studies of Levinson (1970) and McGregor (1972) that employee resistance to effective performance management practices is common. Many studies of human resource management (HRM) have addressed the influences of situational factors on the participants' attempts to change their behaviours (Mathieu et al, 1993; Peters et al, 1988; Reiber and Reiber, 1996; Wexley and Baldwin, 1986). For example, Maurer and Tarulli (1994) have identified that company policies, supervisor support, and company orientation towards development are positively related to HR activities. Organisational climate is another factor found to be related to the process of employees' motivation (Tyagi, 1982). Similarly, internal communications have also been challenged by similar factors such as organisational climate (e.g. Higgins, 1996; Schmit and Allscheid, 1995).

Some authors have identified several variables concerning work environment as part of an organisation's climate (Guion, 1973; Steers and Porter, 1983). Work environment is the global perception that employees have of an organisation. These perceptions contribute to the overall climate of the organisation (Churchill et al, 1979). How they perceive an organisation affects their behaviours (Campbell et al, 1970). Good working conditions are a high-potential motivator whereas hostile and distrusting working conditions can, contrarily, diminish employees' motivational levels. However, employees in different departments and positions may look for



different motivations due to the different nature of their tasks. According to Simons and Enz (1995), housekeeping employees rated good working conditions as the third important factor while the food and beverage people rated this four, and employees in the front desk position posted it at 5.5. Despite this, the competitive environment at work adversely affects knowledge sharing (van Woerkom et al, 2002). This being the case, the work environment may moderate the effectiveness of internal communications that encourage employees to contact and network with each other to obtain the right information in a real-time manner (Sonenberg, 1991), thereby ensuring the effective delivery of the brand promise. In addition, the effect of training can be attenuated by the perceived work environment. Several studies have found that the social context of a work environment exerts a significant influence on the extent to which the trained skills can be transferred to the job (Colquitt et al, 2000; Fecteau et al, 1995; Tannenbaum et al, 1991; Tracey et al, 1995).

The support from peers as well as supervisors is another variable of the work environment and has a significant effect on the employee development processes. Schneider et al (1998) argue that support for frontline personnel comes not only from general facilitative conditions, such as supervisor support, but also from other employees from the same and different departments. In particular, Susskind et al (2007) indicate that co-workers and supervisors play an important support role in customer-service interactions. Furthermore, Eisenberger et al (1990) report a link between perceived organisational support and an employee's attendance and job performance.

Other studies have reported that employees' brand identification is enhanced when they perceive that management programmes are designed to recognise their problems (House, 1971; House and Mitchell, 1974; James et al, 1977; Tyagi, 1982). In particular, management needs to show their commitment to secure the success of the internal branding process. Mellor (1999) believes that strong leadership is necessary for internal branding, particularly when an organisation aims to communicate and guide the right behaviours to its employees. Several authors have realised the importance of management as they stipulate that their commitment to live the brand



promise with an exciting vision is a precursor to the constitution of internal commitment across an organisation (Awamleh and Gardner, 1999; de Chernatony, 2002; Tosti and Stotz, 2001). This is because, when employees perceive that their leaders truly support the espoused values by both words and actions, they are inclined to accept and pay attention to internal branding efforts. Therefore, management is the foremost important group to express a personal affective commitment to improve effort, push promulgation of a quality-oriented vision throughout their firm, and devise effective reward schemes to compensate employees' efforts and commitment (Ahmed and Parasuraman, 1994; Wall and Zeynel, 1991). Apart from the commitment of leadership, non-verbal communication of leaders and the multi-level nature of relationships among communicating members are found to challenge the success of internal branding in influencing employees' attitudes and behaviours (Cole, 2001; Vallaster and de Chernatony, 2006). Good relationships among communicating members with effective internal communications enhanced the success of internal branding. In general, employees are found to prefer supervisors who are considerate and employee oriented (Likert, 1961; Vroom, 1964).

Another factor that could challenge the effect of internal branding on employees' attitudes and behaviours is employees' perceived autonomy. Several studies have supported the positive link between perceived autonomy or empowerment and employee performance in terms of employee commitment and involvement (Milliken, 1996; Scotto, 1996). The level of empowerment is also related to employee job satisfaction (Singh, 1998; Spector, 1997; Tetrick and LaRocco, 1987; Wright and Cordery, 1999) in terms of decision-making latitude (Niehoff et al, 1990; Westman, 1992), and perceived task autonomy (Brown and Peterson, 1993). The effectiveness of employee development programmes can be synergised with employees' perceived autonomy. Skilful and competent employees who gain greater control over their jobs are found to be more cooperative and creative, thereby expending more efforts to fulfil the brand promise. Without giving them perceived control, they cannot perform well (Tomer, 2001). Fundamentally, it is an attempt by an organisation to provide their frontline employees with discretion to make day-to-



day decisions about job-related activities (Bowen and Lawler, 1992; Conger and Kanungo, 1998) in order to satisfy external customers during the moment of truth (Carlzon, 1987; Carr, 1990). It releases employees from strict supervision and makes autonomous behaviours legitimate in the context of the service exchange with the apparent support from an organisation (Shamir, 1980). However, the caution given by King and Grace (2005), who conducted a case study with hotel managers, is that an organisation should set a certain boundary for employees rather than giving them total freedom during service delivery. They should be allowed to have adequate flexibility but under a semi-controlled environment so that control obliges employees to work under certain guidelines.

Overall, the effects of internal branding on employees' brand attitudes and behaviours to deliver the brand promise can either be enhanced or attenuated by both personal factors and situational factors.

## **5.9 Summary**

Internal branding has recently been introduced to the branding literature as an instrument for influencing employees' attitudes and behaviours. The successful implementation of internal branding should ensure that employees are aligned with the brand so that they consistently deliver the brand promise at every service encounter. Internal marketing has long emerged in the literature of service marketing. Mitchell (2002) argues that internal marketing becomes the instrument through which internal branding attains its objectives. Internal communications and human resource management are argued to be the most important mechanisms to disseminate the brand messages and reinforce its values to employees across the entire organisation. Therefore, the recent wisdom suggests the coordination of professionals from the two disciplines. When management synergise the two principles together, they can better reinforce the on-brand behaviours in their employees.

Some challenging factors may deter the effectiveness of internal communications and human resource management. Personal variables and situational factors that



constitute the global perception towards the organisational climate are argued to affect the employees' identification, commitment, loyalty, and behaviours, all of which are the expected outcomes of the internal branding campaigns.

### The Research Objectives and Methodology

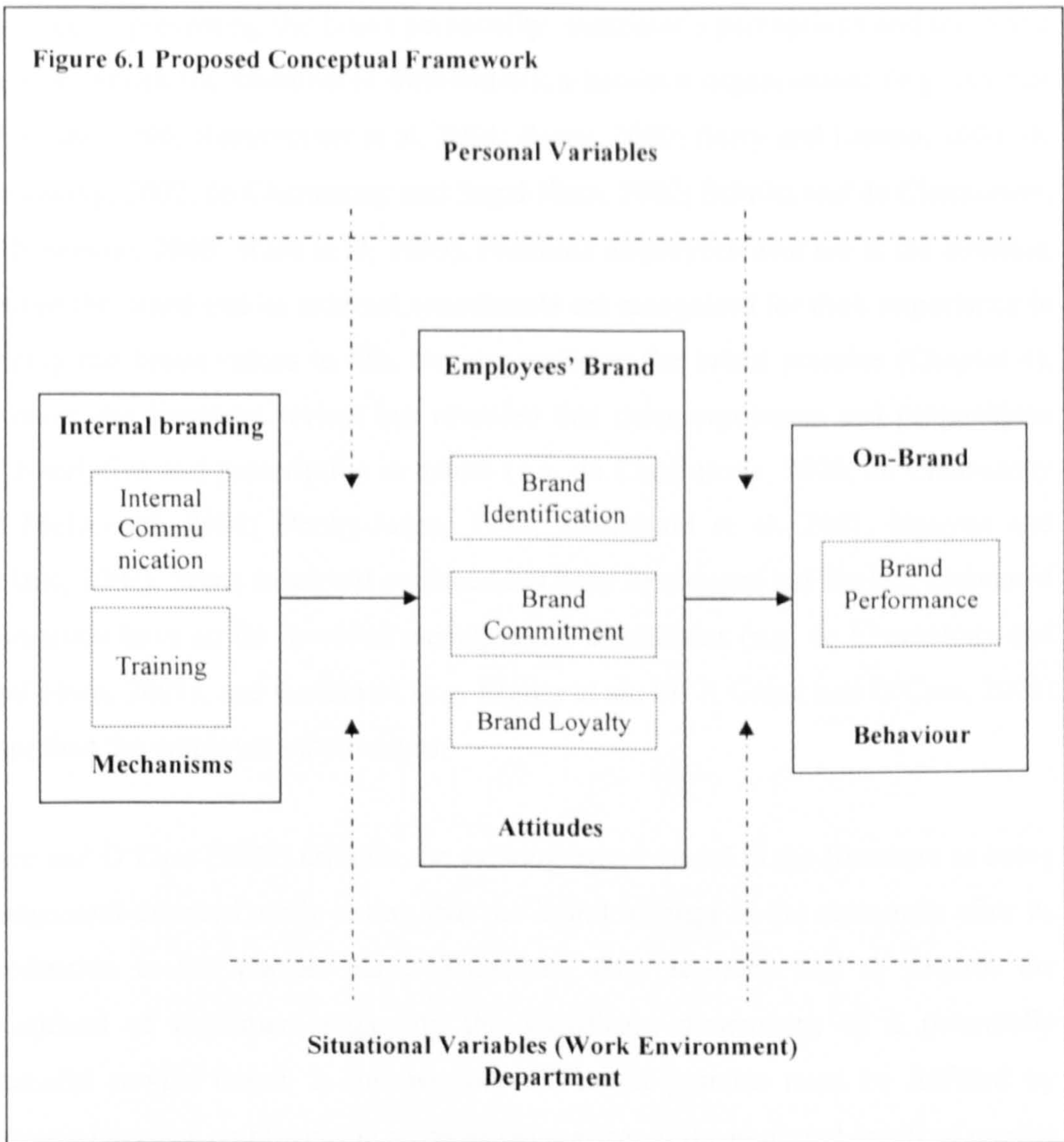
#### 6.1 Introduction

Grounded on the literature review in previous chapters, the research objectives and hypotheses have been developed and will be discussed in this chapter. The first section gives a concise summary of the literature review, which resulted in the research objectives and hypotheses that form the basis for the fieldwork of this thesis. Figure 6.1 presents a conceptual framework derived from the literature review and research objectives discussed in the first section. It illustrates that internal branding has an influence on the extent to which employees perform their role in delivering the brand promise and their attitudes towards a brand. All proposed relationships are seen as moderated by personal factors and the work environment.

The first section will be followed by the rationale to justify the use of the case study approach that selected the hotel industry in Thailand as a unit of study with mixed methodologies to address the research objectives. Taking account of an epistemological stance, the chapter will then highlight the reasons why the study involves both qualitative and quantitative approaches to conduct the primary research. The research instruments, the sampling approach, and the data analysis procedures will also be covered. The chapter ends with the study's limitations.



Figure 6.1 Proposed Conceptual Framework



## 6.2 Research Objectives and Hypotheses

This section will outline the research objectives and hypotheses that have been formulated after the extensive literature review discussed in chapters 2, 3, 4 and 5.

### 6.2.1 Customer-Interface Employees' Perceptions of their Role in Service Branding

Arguing that a brand has to encompass both functional and emotional values and deliver them to customers and other stakeholders, several authors have suggested that employees are the key elements that project the emotional aspects of a brand. The



employees representing the brand personality, customer's perceptions and the brand image, establish the sustainable differentiation between organisations (e.g. Ambler and Styles, 1996; Betterncourt et al, 2001; Berry, 2000; Berry and Lampo, 2004; de Chernatony, 2002; de Chernatony and Segal-Horn, 2002; Schultz and de Chernatony, 2002; Selame, 2000; Ward et al, 1999). Frontline employees who are at the interface between the brand and its external constituents are recognised for their importance in bringing the brand values to life, thereby realising the brand promise (Chapter 4). However, the literature review has revealed that these arguments and propositions are descriptive and prescriptive in nature (e.g. de Chernatony, 2002; de Chernatony and McDonald, 2002; Denby-Jones, 1995; McDonald et al, 2001; Nguyen and Leblanc, 2002). Some empirical evidence has been introduced but the key sources of information have so far involved management, consultants (e.g. de Chernatony and Segal-Horn; 2001), and customers (e.g. Eiglier et al, 1977; Grace and O'Cass, 2003) rather than the employees themselves.

Grace and O'Cass (2003) criticise the existing brand model in the literature as being management-oriented while noting that the brand belongs to the customers after its introduction to the market place. Therefore, their research had to unearth the perceptions of customers regarding the significant dimensions of a potentially successful service brand. It follows that the brand promise must be fulfilled by customer-interface employees in a consistent manner at the expected levels of quality at every point of customer interaction. For customers, frontline employees are perceived as the brand per se. The importance of this understanding of customer-interface employees' perceptions toward their role in the brand promise delivery is highlighted even more when some research (e.g. Hackman and Oldham, 1976; Staw, 1977) argued that employees' beliefs about their impact on the organisation influenced how they perceived their task's meaningfulness. Subsequently, the perceived meaningfulness is related to employees' motivation, thereby leading them to believe that successful performance will result in the attainment of intrinsic outcomes (Hackman and Lawler, 1971). Taking into account the previous chapter's theoretical ground, the first research question is thus established as follows:



*Research Question 1: Explore the perceptions of customer-interface employees toward their role in the delivery of the brand promise.*

### **6.2.2 Internal Branding: Identification of the Principal Mechanisms Perceived as Relevant and Effective by Customer-Interface Employees**

Recently, internal branding has become an emerging concept in the literature. It is regarded as important as the external branding process (Davies, 2004; de Chernatony, 2002; D’Innocenzo, 2002; LePla and Parker, 1999; Mitchell, 2002). According to Boone (2000), the objective of internal branding is to ensure that a brand message is transformed into reality by employees during customer interactions with the brand. This is supported by other authors who propose the adoption of internal branding to ensure that brand values are translated into day-to-day behaviours by employees so that they deliver the brand as promised (e.g. Allen, 2000; de Chernatony and Segal-Horn, 2001; Free, 1999; Hankinson, 2002; Kotter and Heskett, 1992; Rucci et al, 1998; Thomson et al, 1999). This is because internal branding encourages employees’ transition from being informed, to understanding the information, then to becoming committed, and eventually changing their behaviours in ways that support the company’s and brand’s goals (anon, 2001).

Internal marketing is closely related to the internal branding concept as through the practice of internal marketing, internal branding is argued to assure an organisation’s success by ensuring that employees perform in ways that support the delivery of the brand promise (Drake et al, 2005). Although the concept of internal marketing was recognised by the literature before internal branding, some authors argue that internal marketing questions of what, how and who remain unanswered (Rafiq and Ahmed, 2000). Despite some efforts to suggest the internal marketing mix, the propositions of a successful internal marketing mix have not yet reached a consensus (Chapter 5). Based on the argument of Gapp and Merrilees (2006) that the concept of internal branding remains unclear, it can be logically extended that the answers to what, how, and who of internal branding necessitates researchers’ attentions as well.



Past studies suggest that internal communications as the function of marketing staff are an important instrument in the process of building internal branding (e.g. Bekkers and van Haastrecht, 1993; Bergstrom et al, 2002; Piercy, 1995; Piercy and Morgan, 1990, 1991; Rafiq and Ahmed, 1993; Thomson and Hecker, 2002). However, Machtiger (2004) argues that the sole reliance on internal communications is one of the six pitfalls in internal branding. He indicates that an integrative framework across marketing, management, and human resource disciplines is essential. Moreover, although Burmann and Zeplin (2005) argue that internal communication is essential to raise awareness and reinforce the brand values, marketing staff are not as adept at working with employees as HR people, so they may simply push brand messages to employees, rather than inform and influence their attitudes and behaviours. However, Aurand et al (1995) contend that while HR people are adept at working with employees, they may not do so in the context of fostering brand values. Therefore, the coordination between HR and the marketing/branding department should be encouraged (Zucker, 2002). Furthermore, a number of studies have proposed an array of internal communications tools and human resource practices that an organisation can deploy to influence their employees. However, most of these studies were conducted largely with management. Even though some researchers (e.g. de Chernatony and Cottam, 2006; Papasolomou-Doukakis, 2002; Papasolomou and Vrontis, 2006b) involved both management and employees in their studies, more management were used as informants than employees. In particular, after the review of a case history of QinetiQ and its internal survey with employees, Hardaker and Fill (2005) suggest that the degree to which the message strategy adopted by an organisation reflects its audience's preferred information processing style has an impact on the level of employees' intellectual and emotional engagement. Therefore, there is a need to understand the employees' perspective regarding the internal branding tools that will help an organisation to optimally influence its employees to deliver the brand promise. Therefore, the following research objective is established:

*Research Objective 2: Identify the internal branding tools that are perceived as relevant and effective by customer-facing employees.*



### 6.2.3 The Influences of Internal Branding on Employees' Brand Promise Delivery

Chapter 5 has revealed that internal branding is argued to be about promoting the brand to employees so that their behaviours are changed to reflect the brand values inherent in the brand promise. The literature has documented a number of empirical research studies that provide evidence for the influences of internal branding and/or internal branding mechanisms (HR and internal communications) on employees' loyalty to (e.g. Allaway, 2005; Baum, 1995; Papasolomou and Vrontis, 2006a, b), commitment to (e.g. Aurand et al, 2005), and identification with (Burmann and Zeplin, 2005) the brand. However, the number of studies remains small, necessitating more research to enrich the knowledge in the field of internal branding and employees' attitudes. Furthermore, although internal branding is argued to shape employees' brand behaviours, this link has not yet been empirically investigated. Although Burmann and Zeplin (2005) have proposed the link between internal branding and employees' behaviours that are in line with the brand values, their model is largely conceptual as it was based on the extensive review of the literature and in-depth interviews with only 11 brand managers and branding experts. This is an important issue as internal branding focuses on the success in influencing employees to deliver what the brand promises to customers each time they come into contact with it. Therefore, the following research objective is:-

*Research Objective 3: Investigate the influences of internal branding on employees' delivery of the brand promise.*

Based on both the literature and the results of the initial qualitative phase, specific hypotheses are formulated as follows:

*Hypothesis 3.1: Internal branding positively influences employees' brand performance.*

*Hypothesis 3.2: Internal branding positively influences employees' brand identification.*



*Hypothesis 3.3: Internal branding positively influences employees' brand commitment.*

*Hypothesis 3.4: Internal branding positively influences employees' brand loyalty.*

#### **6.2.4 Employees' Attitudes toward Brand: The Roles in the Internal Branding Process**

The literature has revealed confusion about the concept of these three attitudes; while some use 'identification', 'commitment', and 'loyalty' interchangeably (Legge, 1995a, Mowday et al, 1982; Porter et al, 1974), others have regarded them as interrelated but distinct concepts (e.g. Loveman, 1998; Silvestro, 2002). Some authors have argued that identification leads to affective commitment, suggesting an emotional attachment that employees have with the brand (e.g. Allen and Meyer, 1990; Burmann and Zeplin, 2005). Others consider commitment as a key precursor to brand loyalty factors such as retention, (Brown and Peterson, 1993; Hayitz and Howards, 1999; Reichers, 1985) or the intention to stay with the particular hotel in this research. Therefore, it is believed that identification should lead to commitment, which subsequently drives employees' brand loyalty. In effect, the qualitative phase of this doctoral research indicates that employees expressed these attitudes toward the brand and, somehow, referred to them as interrelated but distinct issues. Moreover, some authors may assume that when employees are intellectually and emotionally engaged with a brand (e.g. de Chernatony and Segal-Horn, 2001; Thomson et al, 1999), they will perform behaviours that are in line with brand values, thereby ensuring the delivery of the brand promise. Anon (2001) states that internal branding encourages employees' transition from being informed, to understanding information, then to becoming committed, and eventually changing behaviours to support the company's goal. These arguments could potentially suggest that employees' brand attitudes (i.e. identification, commitment, and loyalty) precede employees' delivery of the brand promise. Still, there is a lack of empirical research to explore the relationship among employees' attitudes toward a brand and their relationships with employees' brand behaviour in terms of their role in delivering the brand promise. Furthermore, internal branding is argued to influence



employees' behaviour changes so that they deliver on the brand promise as proposed to external customers (Allen, 2000; Hankinson, 2002; Kotter and Heskett, 1992; Thomson et al, 1999; Rucci et al, 1998). However, this link is not yet empirically determined, either. As such, the following research objective and specific hypotheses are established:

*Research Objective 4: Investigate the role of employees' brand attitudes in the internal branding process.*

*Hypothesis 4.1: Employees' brand identification has a positive relationship with employees' brand commitment.*

*Hypothesis 4.2: Employees' brand commitment influences employees' brand loyalty.*

*Hypothesis 4.3: Employees' brand attitudes act as a mediational factor on the relationship between internal branding and employees' brand performance.*

#### **6.2.5 Moderating Effects in the Internal Branding Process**

The literature has accumulated a number of studies that identify an array of factors that may interfere with the impact of both internal communications and human resource practices (Section 6.8). However, myriad factors identified in the past studies may or may not be relevant to the internal branding context of this research. Therefore, the following research objective is established:

*Research Objective 5: Investigate the factors that have moderating effects on internal branding's influences on employees' brand attitudes and performance in delivering the brand promise.*

A number of authors have found that, for example, the condition of the work environment challenges the effectiveness of HRM and internal communications, both of which are key mechanisms of internal branding as identified by the literature. For example, work environment exerts an influence on employees' intentions to change their behaviours (Mathieu et al, 1993; Peters et al, 1988; Reiber and Reiber, 1996;



Wexley and Baldwin, 1986). Other authors have agreed that work environment could be a high-potential motivator when employees are satisfied with its condition (e.g. Campbell et al, 1970; van Woerkom et al, 2002). The support from management and co-workers are also argued to affect the internal branding process. Eisenberger et al (1990), for example, report the link between the perceived organisational support, and employee attendance and job performance. Other studies have reported that employees' brand identification is enhanced when they perceive that management programmes are designed to recognise their problems (House, 1971; House and Mitchell, 1974; James et al, 1977; Tyagi, 1982). Finally, past studies suggest that when employees are allowed certain levels of autonomy in their jobs, their level of performance, commitment, and involvement are higher (e.g. Bateson, 1985; Bitner et al, 1994; de Chernatony and Dall'Olmo Riley, 1999; Milliken, 1996; Scotto, 1996). Because commitment is an antecedent of loyalty, this should also affect employees' loyalty to the brand. Based on the qualitative findings, employees' perceptions toward payment and rewards were reported as the other factors that moderate their attitudes and behaviours toward the brand and the delivery of the brand promise. Therefore, the following specific hypothesis under research objective 5 is formulated as follows:

*Hypothesis 5.1a-d: Employees' perception of their work environment exhibits a moderating effect on the relationship between internal branding and employees' brand attitudes and between internal branding and employees' brand performance; specifically, the links will be stronger for employees with high satisfaction with their work environment.*

Past studies (e.g. Churchill et al, 1975) suggest the potential moderating effects of personal variables such as age, height, sex, race, education, marital status, and other similar characteristics as predictors of employees. The study of Simons and Enz (1995) indicates that older employees (over 30 years old) emphasise job security more than younger workers who seek better opportunities or job advancement. Van Woerkom et al (2002) find that age deters the effectiveness of human resource



development activities. With an increase in age, the multitude of experience increases but the diversity of experience decreases. It can, thus, be logically argued that older workers are inclined to be more identified with, committed to, and loyal to the brand than younger staff. Similarly, the former tend to perform the delivery of the brand promise better than younger people. Therefore, another specific hypothesis under research objective 5 is specified as follow:-

*Hypothesis 5.2a-d: Age moderates the effects that internal branding has on employees' brand attitudes and employees' brand performance; specifically, the links will be stronger for older employees than for younger employees.*

Although Churchill et al (1975) did not discuss the effect of education in detail, the qualitative phase of this doctoral research reveals that educational background could possibly be another important moderator in the process of internal brand building. Based on the findings of interviews with management, employees who possess higher degrees tend to have more capabilities, skills and opportunities in job advancement, thereby affecting their attitudes towards brand and behaviours in relation to the delivery of the brand promise. Hence, another hypothesis under this research objective is:

*Hypothesis 5.3a-d: Educational background moderates the effects that internal branding has on employees' brand attitudes and employees' brand performance; specifically, the links will be stronger for well-educated employees than for less-educated employees.*

Work experience has also been revealed by their study as having some impacts on the HRD activities as well as internal communications (e.g. Asif and Sargeant, 2000; van Woerkom, 2002). The study of van Woerkom et al (2002) also indicates that the longer employees stay within a job, the more experience they gain, but the less they will put themselves up for debating any particular issues. Moreover, the qualitative



findings from the first phase of this research revealed that work experience measured by the length of their service with the brand has a moderating impact influence on their performance as well as their attitudes. Based on the literature and the qualitative findings, the following hypothesis is developed:

*Hypothesis 5.4a-d: The length of service moderates the effects of internal branding on employees' brand attitudes and employees' brand performance; specifically, the links will be stronger for employees who have worked a shorter time than those who have worked longer with the brand.*

In addition to the aforementioned factors, different job positions have been found to influence the effectiveness of motivational factors (e.g. Tyagi, 1982; Simon and Enz, 1995; Yetzer, 2000). In particular, Yetzer (2000) found that housekeeping employees in the hotel industry value training and education programmes, thereby suggesting that employees from different departments may be influenced by internal branding in different ways. Therefore, the following hypothesis is specified as:

*Hypothesis 5.5: The department for which employees work moderates the effects of internal branding on employees' brand attitudes and employees' brand performance.*

All these research objectives and hypotheses are shown in Figure 6.1 illustrating the conceptual framework of this research. The internal branding mechanisms (internal communication and training) may have an influence on the extent to which employees perform their role in delivering the brand promise. However, internal branding also influences the attitudes that employees hold toward the brand in terms of their identification, commitment, and loyalty. Through these attitudes, the mechanisms can influence the behaviours of employees, suggesting the mediating effects of employees' brand attitudes. Moreover, personal variables and situational factors or work environment could potentially moderate the influences of internal



branding. Employees from different departments may also be affected differently by internal branding.

The following sections will discuss the research methods used to address the research objectives and to test the hypotheses outlined above.

### **6.3 Ontological and Epistemological Assumptions**

According to Creswell (2003), to produce sound research that answers the aforementioned objectives and tests the hypotheses, researchers should be able to identify '*what knowledge claims are being made*' and '*what methods of data collection and analysis will be used*' (p.5). Knowledge claims refers to the philosophical assumptions about the relationship between data and theory that guide how and what researchers will learn during their inquiry. Easterby-Smith et al (1996) have argued that the understanding of philosophical issues is very useful because it provides researchers with guidance in designing their research. The knowledge of philosophy helps the researcher to select the methods by which data is collected and analysed to provide valid answers to the research questions. Researchers with a clear knowledge of their philosophical stance are enabled to indicate the limitations of their approaches and adapt research designs according to the constraints of different subject or knowledge structures. Similarly, it is claimed that, for researchers to implement sound research, they have to be aware of their knowledge claims, which suggests the methods they use to collect and analyse the data.

In social science research, knowledge claims have been mainly influenced by researchers' ontological and epistemological assumptions (Crotty, 1998). Ontology describes the nature of reality (Healy and Perry, 2000). Two extreme philosophical traditions describe the inquiry of reality; one posits objective truth for everyone and the other is defined subjective reality that is experienced differently by individuals in different contexts as it is socially constructed (Guba and Lincoln, 1994). The two positions of acknowledging reality refer to positivism and social constructionism (Easterby-Smith et al, 2002). One corner of the philosophical positions is positivism, whose view of reality can be implied by the statement of Comte (1853): '*there can*



*be no real knowledge but that which is based on observed facts'*. (p. 5). That is, positivism considers that reality is external and objective. The knowledge is significant only when coming from observations with the observer being independent of what is being observed. Researchers of this ontological paradigm aim to identify causal explanations and fundamental laws that explain regularities in human social behaviour based on objective criteria rather than by human beliefs and interests. They need to formulate and test hypotheses deductively, leading to the application of quantitative methods to generalise regularities in human social behaviour.

Although the positivist paradigm has been developed over the last one and a half centuries, another group of researchers have criticised the assumptions of positivism, such as the notion of 'scientism' that holds that knowledge is significant only when it is derived from the use of objective measures (Keat, 1981). Habermas (1970) strongly argued against the claims of positivism of being independent of values and interests while, in practice, supporting the interests of the more powerful members of society. This led to the introduction of the new paradigm 'phenomenology' or 'social constructionism' (e.g. Husserl, 1946; Shotter, 1993; Taylor and Bogdan, 1984; Watzlawick, 1984). Within this paradigm, it is believed that reality is subjective, socially constructed and given meaning by people (Husserl, 1946). The task of social scientists is to appreciate the different constructions and meanings that people place upon their experience rather than aiming to measure how often certain patterns occur. As human action is based on how people make sense of different situations rather than on a direct response from external stimuli, researchers from this paradigm should be able to understand and explain why people have different experiences by adopting qualitative methods. Table 6.1 has summarised the assumptions of the two paradigms.

The existence of these two contradictory paradigms is not without criticism. Some authors have suggested that researchers choose a research paradigm that is deemed coherent with their ontological position (Johnson and Cassell, 2001). Easterby-Smith (1996) has observed that most authors have restricted their choice of research methods due to their epistemological stance, i.e. the quantitative/deductive methods



for objective reality and qualitative/inductive methods for the subjective paradigm. However, a growing number of authors have begun to contend that restraining oneself within either the objective or subjective paradigm is not beneficial for social science research (e.g. Baker, 1991; Easterby-Smith et al, 1991; Hirschman, 1986; Nancarrow et al, 1996; Strauss and Corbin, 1990). In effect, Patton (1990) observes that researchers have begun to focus on applying the method that works for solving the research.

<i>Assumption</i>	<i>Question</i>	<i>Positivism</i>	<i>Phenomenology</i>
Ontological	What is the nature of reality?	Reality is objective and singular, apart from the researcher	Reality is subjective and multiple as seen by participants in a study
Epistemological	What is the relationship of the researcher to that researched?	Researcher is independent from that being researched	Researcher interacts with that being researched
Axiological	What is the role of value?	Value-free and unbiased	Value-laden and biased
Rhetorical	What is the language of research?	Formal Based on set definitions Impersonal voice Use of accepted quantitative words	Informal evolving decisions Personal voice Use of accepted qualitative words
Methodological	What is the process of research?	Deductive process Cause and effects  Static design - categories isolated before study  Context-free Generalisations leading to prediction, explanation and understanding Accurate and reliable through validity and reliability	Inductive process Mutual simultaneous shaping of factors Emerging design - categories identified during research process Context-bound Patterns, theories developed for understanding  Accurate and reliable through verification

Adapted from Creswell (1994: p. 5)

This suggests that the problem is the important issue instead of the methods, underlining the importance of the use of any approaches that allow researchers to



understand the problem (Rossman and Wilson, 1985). This has led to another position about claims on knowledge that applies to mixed methodologies – pragmatism (e.g. Cherryholmes, 1992; Fielding and Fielding, 1986; Murphy, 1990; Patton, 1990; Rorty, 1990; Rossman and Wilson, 1985; Tashakkori and Teddlie, 1998). Although pragmatism is less well known than either the quantitative or qualitative strategies, it is a paradigm wherein researchers can employ a multi-method matrix using multiple approaches to data collection in a study (Campbell and Fiske, 1959). Both qualitative and quantitative methods can be used together, whereby the researcher benefits from both inductive and deductive approaches for developing existing theory or extending theory and testing its applications (e.g. Baker, 1991; Easterby-Smith et al, 2002; Hirschman, 1986; Nancarrow et al, 1996; Strauss and Corbin, 1990). Table 6.2 summarises the procedures of quantitative, qualitative, and mixed methods research to highlight their distinctive natures.

<b>Table 6.2 Quantitative, Qualitative, and Mixed Methods Procedures</b>		
<i>Quantitative Research Methods</i>	<i>Qualitative Research Methods</i>	<i>Mixed Methods Research Methods</i>
Predetermined	Emerging methods	Both predetermined and emerging methods
Instrument based questions	Open-ended questions	Both open- and closed-ended questions
Performance data, attitude data, observational data, and census data	Interview data, observation data, document data, and audiovisual data	Multiple forms of data drawing on all possibilities
Statistical analysis	Text and image analysis	Statistical and text analysis
source: Creswell (2005: p. 17)		

Considering the nature of the research problem of this thesis as discussed in the above section and the discussion of the main research philosophies, the pragmatism approach is deemed appropriate in guiding the design of this research study. The concept of internal branding lacks an understanding of what it actually is, resulting in the lack of a consistent theoretical framework. Recent studies also report the limited literature about both internal marketing and internal branding (e.g. Papasolomou and

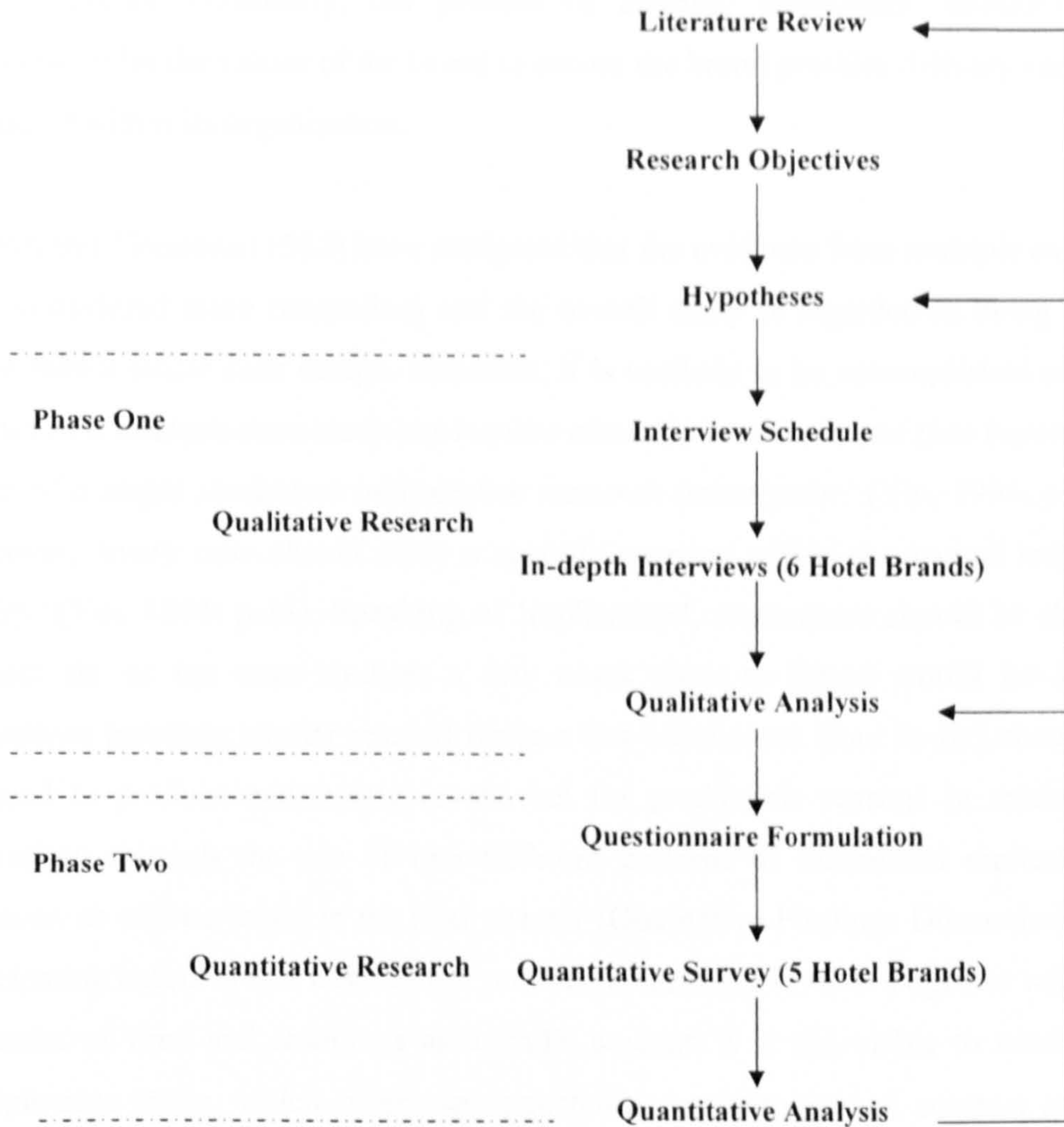


Vrontis, 2006a, b). Furthermore, there is little empirical evidence, if any, that investigates the relationships between the tools and employees' brand behaviours, the relationships between the employees' attitudes and their performance of the brand promise delivery, and thus the interplay of these constructs within the whole process. It, then, follows that some authors have argued that there are currently no measurements for internal branding and marketing offered, albeit it is important to the marketing science (Lings, 2004). Therefore, an initial exploratory qualitative phase with senior managers and customer-interface employees is necessary to identify the relevant constructs. Moreover, these qualitative interviews should be useful as they allow the information gathered from the literature review to be supplemented and tested. Based on the possible link among the identified concepts, the quantitative method with a large sample can be followed as a sequential procedure (Creswell, 2003). This last phase should unearth formal relationships between constructs while supporting findings from the qualitative research.

Figure 6.2 summarise the itinerary of this research study: starting with the literature review, the research objectives and hypotheses were developed to guide the qualitative phase of the study. The findings of the qualitative study assisted in validating the constructs identified during the literature review as well as refining the hypotheses to be tested.



Figure 6.2 Iterative Research Design



#### 6.4 Research Design: Justification for a Single Case Study Design and the Unit of Study

Merriam (1988) has proposed that the case study is '*an intensive, holistic description and analysis of a bounded phenomenon such as a programme, an institution, a person, a process, or a social unit*'. Perry (1998) adds that a case study should be selected when researchers want to explore complex social processes and take a holistic perspective on real-life events. Considering the literature review, the internal branding process is a complex social construct as it involves individuals from different departments and positions, and encompasses different mechanisms and factors surrounding the process. Moreover, the case study should allow this research



to be analysed within a bounded phenomenon – the hotel properties – to reflect its real-life events. Ultimately, the process of aligning employees' attitudes and behaviours with the values of the brand to ensure the brand promise delivery can best be studied within its organisation.

Herriott and Firestone (1983) have instigated that the evidence from multiple cases is often considered more compelling and the overall study is regarded as being more robust than a single case design. However, it is unlikely to be accomplished as *'the conduct of a multiple-case study can require extensive resources and time beyond the means of a single student or independent research investigator'* (Yin, 1994: p. 45). Moreover, *'every case should serve a specific purpose within the overall scope of inquiry'* (Yin, 1994: p.45). Speaking of 'replication', researchers should be able to conduct six or ten case studies; a few cases (two or three) would be literal replications (predicts similar results) while a few other cases (four to six) should be designed to produce contrasting results but for predictable reasons (a theoretical replication) through the use of two different patterns of theoretical replications. However, as will be found in the next chapter (Qualitative Findings Discussion), the participating hotels in this case do not produce contrasting results. Together with the constraint of time and resources as a Ph.D. student, it is not viable to conduct a multiple-case study, which offers an opportunity to compare and contrast among different cases. Moreover, to pursue a multiple-case study, a rich, theoretical framework has to be established, stating the conditions under which a particular phenomenon is likely to be found and the conditions when it is unlikely to be found. As discussed earlier, the theoretical framework of the internal branding process has not yet been strongly established and some confusion remains as to its actual definition. Therefore, it is not possible to conduct an effective multiple-case design. Single case studies, on the contrary, allow researchers to confirm, challenge, or extend the theory's propositions, contributing to knowledge and theory building.

Single cases are a common design for doing case studies (Yin, 1994). The literature has also documented some research in the 'internal branding' and 'internal marketing' areas that used a 'case study' method (e.g. Gapp and Merrilees, 2006;



Papasolomou-Doukakis, 2002). Two types of single case study methods have been identified, a holistic design and an embedded design. The holistic design is not advantageous as some specific phenomenon in operational detail is necessary for investigations. Therefore, an embedded single case design is selected for the theory in order to gain more powerful and detailed results, allowing sub-units (different departments) to be compared with each other. In addition, referring to the literature, different departments should account for the mean differences in employees' brand performance. In addition, as it is argued that investigators are allowed to retain the holistic and meaningful characteristic of real-life events, such as organisational and managerial processes (Yin, 2003), the phenomenon observed does not need to be replicated in a laboratory setting to be better understood (Rowley, 2002). With respect to the ontological position discussed in the earlier section, as a case study approach allows the mix of methods to be conducted, the selection of the case study is even more reinforced. This is referred to by some authors (e.g. Jensen and Rodgers, 2001; Yin, 2003) who argue that, in case study research, any data collection method used to conduct rigorous research and derive valid and reliable conclusions can be used.

The unit of study in this research is the hotel industry in Thailand, represented by 6 organisations during the initial qualitative phase and 5 during the quantitative phase. Since the literature regarding internal marketing and internal branding is limited, as previously stated, this thesis aims at developing theory in the area of internal branding, particularly from the perspective of customer-interface employees. *'Such a study can even help to refocus future investigations in an entire field'* (Yin, 1994: p. 39). Simon et al (1996) have supported a whole range of further advantages of case study research, such as bridging the gap between academia and industry, thereby enabling verification of a wide range of perspectives. This often leads to new directions for further research due to the depth of data gathered. This is of value as the literature regarding internal branding and the mix of internal marketing is without confusion.



### 6.4.1 Criticisms of Case Study Research

There is a need to recognise some criticisms of a case study approach. Three main criticisms are identified by several authors (e.g. Simon et al, 1996; Wilson, 1996; Yin, 1984). They include:

- 1) Little basis for scientific generalisation and questions of validity
- 2) A lack of academic rigour or bias
- 3) A time-consuming approach

The case study approach is usually subject to criticism for providing little basis for scientific generalisation (Adams and Schvaneveldt, 1981; Hoaglin et al, 1982). For generalisations to be scientifically valid, the sample size of the case studies needs to be greater than or equal to a population of thirty (Yin, 1984). Furthermore, qualitative case studies fail to satisfy statistical tests for validation of collected data (Yin, 1989). However, Yin (1994) has argued that, rather than being statistical generalisation as in the case of survey research, *case studies (as with experiments) rely on analytical generalisation*' (p. 36). He further describes that analytical generalisation concerns generalisation of a particular set of results to some broader theory and not to populations or universes. Bryman (1988) similarly argues that case studies can address the issue of generalisation in theoretical rather than statistical terms. In effect, the case study approach should be considered as a research method that is primarily designed to generate richness of information about a particular bounded system and to establish a deep understanding of a specific phenomenon. It is, indeed, a small step towards large scale generalisation (Campbell, 1975). However, the attempt to generalise to universes should not be at the expense of understanding the phenomenon in question (Feagin et al, 1991) but rather to be able to generate and /or expand theories, concepts, categories, and statements (Gummesson, 1993).

Single case studies are also subject to criticism regarding their generalisability and validity. Eisenhardt (1989) has argued that, when there are fewer than four cases, it is difficult to generate theory with much complexity, and its empirical grounding is



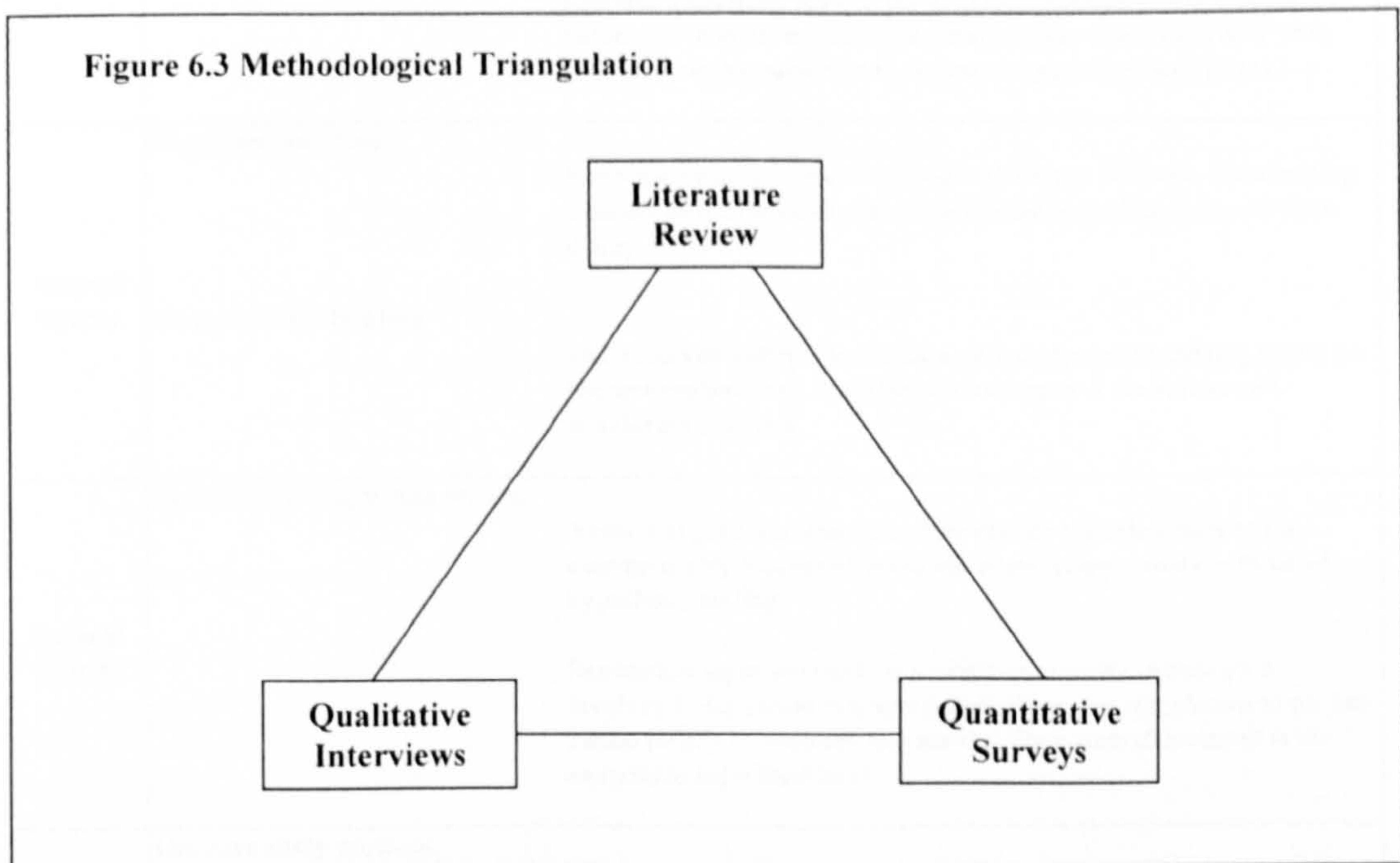
likely to be less convincing. However, several authors (e.g. Bryman, 1988; Dyer and Wilkins, 2001; Gummesson, 1993; Yin, 1984, 1989, 1994; Znaniecki, 1934) posit that one detailed case employing a viable methodology may help generate and test theories. Znaniecki (1934) has long claimed that a single case study is sufficient for the purpose of induction and can aid the generation of hypotheses on the issues under study. In the under-researched internal branding field, particularly in the hotel industry, a single case study having six hotels as representing the Thai hotel industry should enrich the existing knowledge and provide some implications for management. Regarding the validity issue, Yin (1994) has proposed three modes of analysis to ensure internal validity. One of them is explanation-building. The goal of this is to analyse the case study data by building an explanation about the case to develop ideas for further study instead of concluding a study (Yin, 1982). Another mode of analysis is pattern-matching. The logic of this analysis is to compare an empirically based pattern with a predicted one. When the patterns coincide, the results strengthen the case study's internal validity. As this research combines a qualitative approach with a quantitative approach, the findings of the two approaches can be used to compare and determine the patterns. Furthermore, as the literature review was conducted before the formulation of research objectives and hypotheses, therefore, *'pattern-matching is still relevant as long as the predicted pattern of specific variables is defined prior to data collection'* (Yin, 1984: p. 106).

Another great concern about the case study is its lack of rigour. It is criticised for the potentially biased views of the investigator that may influence the direction of the findings and conclusions (Yin, 1994). However, some authors have remarked that bias also can exist in experimental research (Rosenthal, 1966), in other research strategies such as designing questionnaires for surveys (Sudman and Bradburn, 1982), and in conducting historical research (Gottschalk, 1968). Apparently, all research strategies are as susceptible to researchers' bias as case study research. Therefore, it should be regarded as the limitation that restrains a researcher from the conduct of case study research. The author has made the best attempt and effort to ensure that her bias was kept at the minimal level along the course of this research study. The relevant literature was reviewed carefully, followed by a rigorous



planning of the research design and communication with some key informants at the hotels to gain feedback on the research process.

Moreover, referring to the research paradigm, pragmatism allows ‘data triangulation’ to be pursued. The mix of qualitative and quantitative approaches allowed methodological triangulation (Todd, 1979), which is ‘*an imaginative approach of maximising the amount of data collected*’ (Easterby-Smith et al, 2002: p. 146). Triangulating data sources as a means for seeking convergence across qualitative and quantitative methods was introduced to ensure that the limitations and biases of any single method could be neutralised or, at most, cancelled by those of other methods (Creswell, 2003; Jick, 1979). By incorporating the literature review with the findings from the qualitative and the quantitative phase, the author can thus perform data triangulation, which should ensure her attempt to address the issue of the study’s rigour (Figure 6.3).



The last frequent criticism of case studies is they are time-consuming and may leave researchers with massive, unreadable documents. This could be due to their being bounded in a system and to the phenomenon under study. Once the author set her research strategy for a case study, the negotiations for access were commenced three



months before the actual fieldwork. The process of data collection, after the granting of access, took six months in total for both the qualitative and the quantitative phase. The length of the process reflects the criticism of the time-consuming nature of a case study. However, the total six months spent to accomplish this research fieldwork were in the author's timeframe.

<b>Criterion</b>	<b>Case Study Tactic</b>
Construct Validity	Use Multiple sources of evidence Literature review on internal branding, internal marketing, internal communication, human resource management, measurements of employee identification, employee commitment, employee loyalty, and employee performance, the application of these concepts in the hotel industry; interviews with key informants (both senior management and customer-interface employees); surveys administered to all customer-interface employees
	Establish chain of evidence Research objectives derived from the literature generate questions asked, data collected, and conclusions that are linked to each other
	Have key informants review draft case study report Have senior management of the participated hotels and customer-interface employees revised the questionnaires that were established based on the interview findings; final results of the case study were sent to senior management to review and gave feedback (if any).
Internal Validity	Do pattern-matching Interview Findings were combined with survey findings; the emerging patterns were compared with the predicted hypotheses derived from theory
	Do explanation-building The observed patterns in the data were compared to existing theory so the new explanations could be reported upon in the results and conclusion chapters
External Validity	Use theory in single case studies Analytical generalisation: the entire results are linked back to the existing theory discussed in the literature review, mainly in forms of hypothesis testing  Replication logic: the study is a single case study. Although it involves 5 - 6 upscale to luxury hotels, they were not chosen to predict similar results or contradicting results. They were all included in the analysis at individual level.
Reliability	Use case study protocol To ensure replicability of this study, the procedures of the data collection and analysis process are clearly outlined
	Develop case study database The raw data from each source was stored electronically and as hard-copy
Adapted from Yin (1996: p. 33)	



Table 6.3 summarises how the author has addressed the discussed issues, based on the four criteria for judging the quality of a case study as proposed by Yin (1994). Taking account of the ‘instrumental case studies’ suggested by Stake (1994), a researcher needs to ensure that the case study represents the research focus and advances the researcher’s understanding of that research focus. Therefore, it is worthwhile discussing the justification for choosing the luxury hotels as instrumental case studies for this thesis.

#### **6.4.2 Rationale for Choosing the Hotel Industry**

*‘Tourism has a bright future, and so does the hotel industry’* (Holjevac, 2003: p. 132). This statement reflects a positive future for the lodging industry. In Thailand, the Deloitte Consultancy reported that tourism is an important driver of the country’s economy,<sup>1</sup> accounting for 27 percent of the market in Southeast Asia and 1.5 percent of the world market (Green, 2004). The Thai hotel industry has grown along with the expansion of the tourism industry over the past ten years as illustrated by the rising demands for room nights in four to five star hotels. In Bangkok alone, a compound average annual growth (CAAG) of the demanded room nights was 8.1 percent per annum, showing a 17.0 percent growth in 2000 over 1999.<sup>2</sup> Another viable destination in Thailand, Phuket, also shows major growth with a significant increase in the average length of stay from 4.9 days in 1998 to 5.7 days in the year 2000.

In Thailand, the hotel industry is dominated by international corporations whose brands are recognised worldwide by their higher ranking. Despite this, some Thai hotel brands (led by the Dusit Hotels and Resorts) flare as well as the international hotel brands.<sup>3</sup> In fact, three Thai hotel companies have been ranked higher than most international hotel brands, except the Accor group, which is ranked in first place. Cox et al (2003) report that these hotel companies strive to outperform the others in property location, amenities, and guest services while maintaining some forms of brand integrity. Hence, the hotel organisations attempt to create strong brands to

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<sup>1</sup> Please refer to Appendix A.1 and A.2 to view the growth of the tourism industry.

<sup>2</sup> Please refer to Appendix A.3 to view the revenue per available room or revPAR performance of Bangkok and Phuket.

<sup>3</sup> Please refer to Appendix A.4 to view the ranking of major hotel companies in Thailand 2003.



attract the customers and thrive in the business. In spite of the problems such as natural disasters, airline accidents, bomb attacks and terrorism, a strong brand seems to help an organisation secure customers' confidence. This has increased the importance of brand within this industry.

Furthermore, the industry has begun to realise the importance of internal branding as it begins to acknowledge that the characteristic that makes or breaks the guest's hotel experience is the service delivery rendered by customer-interface employees (Baum and Nickson, 1998). Although the industry is steadily growing and has become interested in internal branding, the literature about internal branding, which is scarce enough, has rarely studied the context of the hotel industry. Most of the studies were conducted within financial sectors, namely retail banking (e.g. Chebat et al, 2002; de Chernatony and Cottam, 2006; Papasolomou-Doukakis, 2002; Papasolomou and Vrontis, 2006a, b; Powers and Hahn, 2002), insurance (Ahmed et al, 2003), and consultancy (Burmam and Zeplin, 2005). Some were conducted with healthcare services (e.g. Gapp and Merrilees, 2006) and UK charities (Hankinson, 2004). Only one study (Bowen, 1997) found during the literature review discussed branding and internal marketing in the hotel industry to ensure service quality. However, the paper's purpose was to review hospitality research themes rather than conduct an empirical study. Taking into consideration the importance of the hotel industry and the viable future for internal branding practices, as well as the scant number of research studies that have been conducted within this industry, this study with the hotels in Thailand should serve as an important case. The results of this case can yield insights into how internal branding should be applied not only to the hotel industry but also to service industries that largely rely on the behaviours of employees to deliver the brand experience as promised to customers.

The hotels that were selected as instrumental case studies are those that belong to the upscale and luxury brand segments. The review of the major hotel companies' brand portfolios indicates that the competition is crowded mostly in the upscale and luxury segments of the hotel industry in Thailand.<sup>4</sup> These hotels are all certified by four and

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<sup>4</sup> Please refer to appendix A.5 to view a brand portfolio of the major hotel companies in Thailand.



five star ratings. According to the Thai Hotel Association (THA), the star rating signifies the level of hotel standard, with one of the criteria being quality of service and the ability to maintain quality<sup>5</sup> (the standard of services). This suggests that hotel brands that play in these segments expend significant efforts to maintain their high standards, which underscores the potential of internal branding applications. Indeed, the hotels that are considered as representative of the research focus have to essentially cherish the internal branding concept.

Finally, in recognition of the dramatic growth in hotel development in Chiang Mai, Phuket, Pattaya, and the capital, Bangkok (Sirikeratikul and Chanikornpradit, 2005), the hotels participating in this research study are located in these provinces. In effect, the qualitative phase succeeded in securing access to two hotels in Bangkok (Hotel P and Hotel S), two in Pattaya (Hotel M and Hotel D), and one each in Chiang Mai (Hotel O), and Phuket (Hotel H). The quantitative phase includes the same hotels as the qualitative phase, with the exception of one hotel from Bangkok (Hotel S). Although the quantitative phase could not secure the participation of Hotel S, this should not have a significant impact, if any, on the research because the findings from the qualitative study have revealed that they follow a similar pattern of adopting the internal branding concept as the other hotels. This situation may be ameliorated by noting the similarity between this hotel's internal branding perspective and that of the other hotels in the study (Chapter 7).

### **6.5 Qualitative Research – Interviews with Senior Management and Customer-Interface Employees**

The first phase of the fieldwork attempted to determine how the role of customer-interface employees is perceived by themselves and by their management. Furthermore, it aimed to unearth the mechanisms involved and the way they were implemented by the organisation. As the research objectives highlighted the need to understand these issues from the viewpoint of customer-interface employees, it was necessary to answer whether they were recognised by employees who were regarded

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<sup>5</sup> Please refer to appendix A.6 for the star rating standards of hotel in Thailand.



as the audience of the brand messages sent via these mechanisms. The challenges perceived by management should be identified whether or not they were also perceived by customer-interface employees. Finally, there is a need to determine what outcomes were expected by management and whether their employees believed that these outcomes were realised by the internal branding mechanisms.

As there is still confusion about the concept of internal branding and little has been researched empirically in this area, particularly in the hotel industry, this initial qualitative phase was undertaken to uncover the linkages between internal brand management, the management of service employees to ensure their on-brand behaviour and brand-supporting attitudes, and the challenges experienced during service interactions. The emphasis was on exploring the nature of these linkages and revealing the rationale for these linkages to assure construct validity (Yin, 2003). Therefore, qualitative research was carried out as it was advocated as the best strategy for exploring new areas of research due to its intrusive and less structured nature (Amaratunga et al, 2002; Jarratt, 1996). Moreover, this method, as one of the interpretive techniques, could assist in describing, decoding, and translating so that the meaning of the phenomena is established rather than the frequency (van Maanen, 1983). Because qualitative research allows respondents to develop their own views rather than having them imposed by predetermined questions, it is a source of rich descriptions and explanations of processes in identifiable local contexts with which one can identify the connections between concepts and events. Due to the evolutionary nature of qualitative interviews, researchers can change the interview structure in response to growing and/or emerging issues and linkages (Wilson, 1996). As it allows researchers to evoke, develop and build a pre-understanding of the aforementioned linkages (Gilmore and Carson, 1996; Hart, 1987), beginning the research with the qualitative method was even more important. Indeed, the qualitative approach is argued to be a useful prerequisite to quantitative research as it helps the researcher to identify the issues to be addressed, the parameters to be defined and the likely relationships between them. Moreover, the qualitative phase ensures that the researcher develops her familiarity with the language and terminology so that the quantitative survey design can be understood by the



respondents (Baker, 1991; Erdogan, 1999; Hakim, 1987; Malhotra and Birks, 2000). Therefore, a qualitative interview with those who implement internal branding and with those who experience it should be valuable as it reveals the concepts and the linkages among them as outlined above (Jarratt, 1996).

In short, based on Marshall (1985, 1987), the qualitative research was adopted as the first phase of the research because:

- It allows researchers to delve in depth into complexities and processes, which is, in this case, the internal branding process within an organisation
- It is appropriate for discerning little-known phenomena or innovative systems, which concurs with the dearth of the internal branding literature and empirical evidence.
- It helps to research informal and unstructured linkages and processes in organisations. At this stage, due to the emerging concepts of internal branding, the linkages among different constructs need to be unveiled.
- Because of the lack of understanding of the internal branding issues, some relevant variables need to be identified as well as verifying those that were identified during the literature review so that a meaningful survey instrument can be designed.

The most fundamental of all qualitative methods is the in-depth interview, although participant observation and diary methods have also been traditionally used in social science research (Easterby-Smith et al, 2002). Focus group is another method that is usually adopted by qualitative researchers. However, according to Malhotra and Birks (2000), the ability to probe individual respondents in a focus group is relatively lower than that of an in-depth interview. Another argument that supports the adoption of in-depth interviews over focus groups concerns the degree of structure (Easterby-Smith, 2002; Malhotra and Birks, 2000). Peterson (1982) argues that highly structured interviews are usually appropriate when the subject matter is relatively uncomplicated and the research poses hypotheses that have been tested before. Less structured interviews are appropriate when the understanding of the



subject needs to be deeply explored (Baker, 1991). Moreover, the in-depth interview method is an advantage when the research's key informants are professional people. This is because the focus group technique has problems in getting participants together at the same time. *'This problem is even more acute with business research using managers. Given the amount of travel and tight schedules that many managers have, ... Add to this the issue of sensitive information, i.e. many managers are reluctant to reveal their company's behaviour and plans in front of other managers, ... the focus group has limited use in business research'* (Malhotra and Birks, 2000: p. 171).

Thence, the sample frame seems important as it exerts influence on the design of the research. Therefore, the next section is devoted to the discussion of the choice of key informants.

### **6.5.1 Choice of Informants**

Voss et al (2002) have highlighted the importance of identifying the key informants as they argue that only when these persons are rightly identified do researchers have the reliable answers for their set of questions. Initial discussions with two General Managers of two five-star hotels were carried out to gain an insight into the best choices for key informants in this research. The result suggested that employees of three departments – the Department of Housekeeping, Department of Food and Beverage (F&B), and Department of Front Office (F/O) – fit with the 'customer-interface' term defined by this thesis.

In addition, as the literature has shown that different departments require different but coherent forms of brand messages, the directors from the three departments were considered key informants because they could give detailed insights about how employees from these departments were being informed and educated to ensure their understanding of brand values and, thus, brand-supporting behaviours. In addition, Directors from Human Resource Departments were invited to participate in this qualitative phase because, due to their responsibilities, they could provide a holistic, general concept of what the organisation as a whole was doing in terms of educating



and developing their employees. As with other departments, the term used to refer to the Department of Human Resource is different from one hotel to another (e.g. Department of Human Resource and Department of Training).

After gaining the insights into the key informants for this research, the research proposal was sent to the GM (Hotel P and Hotel M), Director of F&B (Hotel H), Vice President (Hotel S), the Director of HR (O), Director of Housekeeping (D), and Director of F&B (Hotel F). According to Voss et al (2002), participants should receive a research proposal so that they can be prepared to make an informed choice of not taking part if they feel that they cannot comment on the topic. Consequently, Hotel F rejected participation due to the company's policies. However, after a personal meeting to discuss the research concept in detail, all six hotels granted access and volunteered to arrange interviews with other directors of their hotels.

The final list of management/directors that participated in an in-depth interview during this qualitative phase includes:-

- 1) Three directors (one each from Department of HR, Housekeeping, and F&B) from Hotel D.
- 2) From Hotel H, three directors from the same departments as Hotel D also participated in this phase. However, they named the departments differently (one director of Quality Support [HR], one director of Residence [F/O], and one director of F&B).
- 3) From Hotel M, one director each from three departments (Services/Housekeeping, IT, and HR).
- 4) Two managers (one Training manager and one F&B manager) and one director of HR from Hotel O.
- 5) Regarding Hotel P, the GM, along with the Executive of Rooms, and the Director of F&B.
- 6) Finally, five senior management from Hotel S: one director and one assistant director from the Departments of F/O and one director and one assistant director from the Department of F&B, and one assistant director of Residence.



In total, 20 senior management participated in this qualitative phase. To summarise, Table 6.4 provides the final list of management and/or director from each hotel as key informants.

<b>Job Position</b>	<b>Hotel</b>	<b>Location</b>
one Director of Human Resources one Director of Housekeeping one Director of F&B	D	Pattaya
one Director of F&B one Director of Quality Support one Director of Residence	H	Phuket
one Director of Services one Director of IT one Director of Human Resources	M	Pattaya
one Training Manager one Director of Human Resources one F&B Manager	O	Chiang Mai
one GM one Executive of Rooms one Director of F&B	P	Bangkok
one Assistant Director of Residence one Director of F/O one Assistant Director of F/O one Director of F&B one Assistant Director of F&B	S	Bangkok

After interviewing senior management, the interviews with customer-interface employees were arranged by the director of each department (i.e. F/O, F&B, and Housekeeping) for each hotel. The result is as follows:

- 1) Hotel D: three employees from F/O, one each from Housekeeping and F&B were interested in the research and, thus, were arranged for an interview.
- 2) Hotel H: three employees from F&B, one from housekeeping, and two from F/O agreed to participate in the qualitative phase of this research.
- 3) Hotel M: three employees from F&B, and two from the department of Services (F/O).
- 4) Hotel O: one housekeeping employee, one F&B worker and three employees from the department of F/O were scheduled for an interview. They expressed their willing to take part in this research.



- 5) Hotel P: three employees from F/O, two from F&B, and one from Housekeeping were interviewed in this qualitative phase.
- 6) Hotel S: three employees from F&B and two from F/O volunteered to be involved in this qualitative interview.

Table 6.5 displays the final list of customer-interface employees from each hotel who were interviewed in this qualitative phase.

<b>Job Position</b>	<b>Hotel</b>	<b>Department</b>
one Housekeeping supervisor one Banquet Manager one Communication centre officer one Sales reception co-ordinator one Reservation supervisor	D	Housekeeping F&B F/O F/O F/O
one Housekeeping supervisor one F&B supervisor one F&B officer one F&B server one Assistant guest service manager one Guest history officer	H	Housekeeping F&B F&B F&B Residence Residence
one Guest contact assistant manager (café) one Assistant F&B personnel one Guest contact supervisor (restuarant) one Sales executive one Bell boy	M	F&B F&B F&B Services Services
one Guest service officer one Room attendant one Waiter one Concierge officer one Porter	O	F/O Housekeeping F&B F/O F/O
one Room maid one Guest relations officer one F/O supervisor one Business centre officer one Hostess one Server	P	Housekeeping F/O F/O F/O F&B F&B
one Café captain one Chinese restaurant captain one Busboy one Guest relations officer one Business centre officer	S	F&B F&B F&B F/O F/O



### 6.5.2 Interviewing Procedures

Although in-depth interviews provide researchers with an opportunity to delve in-depth into the topics of interest resulting in rich information, the success of this research method depends on the implementation of the interview process. Voss et al (2002) further argue that the effectiveness of a case study relies on how the interview information is gathered. Three key variables to the successful implementation of in-depth interviews are proposed by Yin (2003); they are a) question asking, b) listening/lack of bias, and c) adaptiveness and flexibility.

According to Yin (2003), the interviewer needs to have a firm grasp of the issues being studied. The literature review served as guidance on the interview questions and structure. A broad list of topics under study was outlined (Appendix B) to guide the interview, maintain continuity and conversation flow, and to ensure the coverage of all areas of interest (Gordon and Langmaid, 1988). The broad topic areas allow the interviewer to retain flexibility during the interview process. Flexibility allows respondents to discuss their views without being restricted by pre-set questions (Easterby-Smith et al, 2002). As in-depth interviews provide researchers with the opportunity to uncover new clues and open up new dimensions of a problem (Burgess, 1982), the questions were not asked in a rigid order, thus maintaining flexibility and optimising the opportunity to probe the issues that arose during the interviews. In addition, the questions were phrased in the language used by the participants to encourage the establishment of rapport (Perry, 1998). The social interaction between the interviewer and the interviewee is important (Easterby-Smith et al, 2002; Jones, 1985). Apart from the language and terms used in phrasing questions, the interviewer has to ensure that dress, mannerisms, and voice positively affect the rapport between herself and the interviewee. By presenting herself as a researcher rather than a student and inviting managers to a "discussion" rather than an interview, the managers felt more relaxed and less threatened by the situation (Easterby-Smith et al, 2002). The interviews with customer-interface employees also followed a similar pattern so that the employee was not threatened and was therefore willing to provide true answers to the questions being discussed. Moreover, an interviewer should be unbiased by pre-conceived notions, and thus receptive and



sensitive to contradictory evidence (Yin, 2003). The author made an effort to listen rather than project her own opinions on the issues so that the interviewees could tell the story of their experiences under the topic of study (Perry, 1998). Moreover, as in-depth interviews allow researchers to observe any non-verbal cues (Malhotra and Birks, 2000) such as loss of eye contact or facial expressions that provide further clues about respondents' attitudes or opinions (Mayo, 1949), the author paid attention to these along with the verbal cues to ensure that the interview was progressing in line with the respondent's logic and interest.

Depending on the time available and the pace in which the topics were covered, the interviews ranged in length from one and two hours. Although Kent (1999) suggests that 45 minutes to one hour is the standard time, the review of previous studies (Craig and Douglas, 2002; Malhotra and Birks, 2000; Tull and Hawkins, 1990; Wright and Crimp, 2000) shows that the duration of interviews can range from 30 minutes to several hours. Due to the time schedule of the respondents, all interviews took place in their offices. The time scheduled was flexible enough to ensure that the respondents felt comfortable during the interview as they were within their environment, thereby enhancing the honesty of answers and response rate (Dibb and Simkin, 2001). To reduce the risk of observer bias, and to improve reliability and repeatability of the study, all interviews were tape recorded with permission from the interviewee and transcribed by the author (Voss et al, 2003). The author also took notes so that, after the interviews, the respondents could review and verify the understanding of the author regarding the discussed issues.

### **6.5.3 Analysis of Qualitative Data and Validity and Reliability**

The analysis of qualitative data should be approached in a structured manner. The preferred method is content analysis since the research findings were related to only one phase of the research and the principle concerns were objectivity, clarity, and the search for content (Easterby-Smith et al, 2002). Moreover, Krippendorff (1980) has revealed another benefit of the content analysis method: it allows researchers to make replicable and valid inferences from data onto their context.



Based on Miles and Huberman's (1984) framework, the transcripts were read several times to identify common themes and statements. The similar themes and statements were categorised together based on the research objectives. Statements are preferred as the whole sentences may be necessary to understand the full meaning under the particular objective (Weber, 1990). Such data categorisation helped reduce the voluminous transcript into a more manageable size. It also helped the author to count the frequency of similar words and phrases across 52 interviews. Krippendorff (1980) has further suggested that data can lead to inferences if there are frequencies of observed contextual dependencies and if there is confidence in the validity of the construct in the given context. That is, when a mechanism was mentioned often (as related to internal branding), it could be inferred that this characteristic should be one dimension of the construct in the studied context. Moreover, when some outcomes expected out of or experienced due to the internal branding process were mentioned several times, the researcher could be confident that the concepts revealed during the literature review were also perceived as relevant in this study. After the inferences were made, the data needed to be summarised further to discover the patterns and linkages.

Silverman (2005) has suggested some software packages that assist in a qualitative analysis such as NU\*DIST or Atlas-ti. However, the author decided to conduct the content analysis by herself because these packages still require the judgment of the researcher. Furthermore, it was found that analysing qualitative data by hand was much easier and prevented the emphasis on counting the frequency of categories at the expense of understanding the quality of ideas and experiences (Easterby-Smith et al, 2002). However, this is not to overlook the benefit of content analysis over other analysis techniques; the ability to give more precise information through quantification improves the quality of interpretation and inferences (Holsti, 1969).

#### **6.5.4 Validity and Reliability**

Although qualitative research is susceptible to criticism about its validity, Fielding and Fielding (1986) have pointed out that hard quantitative measures also involve interpretation which renders all methods of data collection qualitatively analysed.



Silverman (2005) has suggested that using appropriate tabulations is one way to avoid the validity issue. However, this does not suggest to '*count simply for the sake of counting*' (p. 219). The tabulated categories need to be supported by a theoretical rationale. As discussed above, the identified themes and statements were categorised based on the research objectives that were derived from the literature review, and their frequency was examined. In an attempt to ensure the validity of the qualitative data, tabulations were developed. The emerged constructs were arranged into the left column and the respondents were listed in the right column. The author also quoted the respondent's statements to better explain the concept. This was not cumbersome as the data categorisation conducted earlier during the content analysis could be converted into tabulations. Yet, it needs to be made clear that the objective of this phase is not to quantify the phenomenon but to explore and explain the constructs and interrelationships of internal branding to ensure the brand promise delivery by employees.

In terms of reliability, Silverman (2005) has suggested using tape-recorded interaction wherein the transcripts are performed by more than one coder. This was not possible for the purpose of this thesis. However, viewing the argument of Yin (2003), three types of reliability were followed, including stability, reproducibility, and accuracy. These criteria were met by the use of content analysis as the categorisation process of the themes or units was kept constant over time. Moreover, the method under which the data was collected and categorised was outlined in detail, ensuring that the findings could be reproduced. Moreover, the categorisation as well as tabulation was performed based on the literature review.

## **6.6 Quantitative Research – Survey with Customer-Interface Employees**

Several authors (e.g. Amaratunga et al, 2002; Hart, 1987; Kerlinger, 1973) have argued for the ability of quantitative research to test hypotheses that have been generated regarding the presumed relations among certain phenomena. It allows a researcher to control and investigate associations and linkages of different variables under the phenomena. It is also well-known for its replicability and generalisability. Validity and reliability can be determined.



The literature review and the qualitative research allowed some hypotheses to be established for further testing. There was a need to identify the relationship between the internal branding tools and the brand-supporting behaviours of the employees. Moreover, the mediated effect of the employees' brand attitudes needed to be determined as well as the identification of the challenges that could moderate the overall effect of the internal branding process of the organisation. Finally, the comparisons among different departments, different age groups, education backgrounds, and length of service could be realised by the use of quantitative research. As such, the quantitative phase of this research was necessary.

The qualitative research was effective in unearthing relevant constructs and how they were observed in the organisations' context. The quantitative phase, then, endeavoured to test these findings and to clarify the linkages among different constructs identified through the survey with customer-interface employees. The inferences of the underlying structures of factors that influenced perceptions of the employees could be made through any advanced quantitative technique (e.g. Kaplan, 2000; Hair et al, 1998). Although there has been debate about whether only qualitative techniques can investigate unobservable phenomena and quantitative techniques only the observable ones, it is also argued that either technique is capable of both. In accordance with the pragmatism paradigm and the case study approach, the mix of both methods is a natural process in the advancement of scientific knowledge and increases the reliability and validity of the study (Magee, 1985; Yin, 2003).

Note that the number of hotels under this phase was reduced to five properties as Hotel S was unable to grant the author access. However, due to the qualitative data analysis before undertaking the quantitative phase, all participating hotels revealed similar, if not the same, tools and the expected outcomes in the context of internal branding. Therefore, it was justified to continue doing the research with the 5 hotels that had participated in the qualitative phase. In addition, administering the questionnaires in the same place as the in-depth interviews was justified. In fact, according to Gordon and Langmaid (1988), grafting qualitative interviews on to a



quantitative fieldwork procedure, and having a smaller number of in-depth interviews conducted at the same time or in the same place as the questionnaires are being administered, should provide a greater understanding of the meaning of the numerical data.

### **6.6.1 Data Collection Method**

*'The survey method of obtaining information is based upon structured questioning of respondent ... The structured direct survey, the most popular data collection method, involves administering a questionnaire'* (Malhotra and Birks, 2000: p. 209). Easterby-Smith et al (2002) argue that questionnaires have been the most widely used data collection method in large-scale quantitative studies. Three major modes of administering survey questionnaires include 1) telephone interviews, 2) personal interviews, and 3) mail interviews (Jobber, 1991; Malhotra and Birks, 2000). Table 6.6 compares the evaluation of different survey methods under different criteria.

Face-to-face interviews are time-consuming and costly for data collection. Moreover, as this method requires the interaction between the researcher and the respondent, potential bias from both the researcher and the respondents is high. Moreover, as the research aims to determine the employees' perceptions regarding the organisation's internal branding practice as well as how they evaluate themselves in terms of their brand promise delivery, the weakness of face-to-face interviews regarding anonymity is highlighted, which may put off the willingness of employees to participate.

Telephone interviewing is an alternative as it costs less than the former method and the speed of data collection is relatively high. However, it is less flexible with a smaller quantity of collected data. Online surveys such as electronic mail surveys and website surveys have recently gained popularity, of which the email technique becomes the most common form. Despite its low cost, the high speed of administering the survey, and the collecting and analysing of the data, this technique was not viable for this research. Considering the hotel organisations, most employees from the F/O department have access to the internet (emails and intranet), while only some of the F&B staff and a few housekeeping staff have computer stations to get



intranet access. It is also unlikely that all room maids have internet access at home. Therefore, this method was not considered viable.

**Table 6.6 A Comparative Evaluation of Survey Methods**

	Telephone		Face-to-Face Interviews			Mail		
	Traditional telephone	CATI (Computer-Assisted Telephone Interviewing)	In-Home and In-Office Interviews	Street Interviews	CAPI (Computer-Assisted Personal Interviewing)	Electronic Mail Surveys	Traditional Mail Surveys	Mail Panels
<b>Flexibility of data collection</b>	Moderate	Moderate to High	High	High	Moderate to High	Low	Low	Low
<b>Diversity of questions</b>	Low	Low	High	High	High	Moderate	Moderate	Moderate
<b>Use of physical stimuli</b>	Low	Low	High	High	High	Moderate to High	Moderate	Moderate
<b>Sample control</b>	Moderate	Moderate	Moderate to High	High	High	Low	Low	Moderate to high
<b>Control of data collection environment</b>	Moderate	Moderate	Moderate to High	High	High	Low	Low	Low
<b>Control of field force</b>	Moderate	Moderate	Low	Moderate	Moderate	High	High	High
<b>Quantity of data</b>	Low	Low	High	Moderate	Moderate	Moderate	Moderate	High
<b>Response rate</b>	Moderate	Moderate	High	High	High	High	Low	Low
<b>Perceived respondent anonymity</b>	Moderate	Moderate	Low	Low	Low	High	High	High
<b>Social desirability</b>	Low	Low	High	Moderate	Moderate	High	Moderate	Moderate
<b>Obtaining sensitive information</b>	High	High	Low	Low	Low to Moderate	Moderate	High	High
<b>Potential for interviewer bias</b>	Moderate	Moderate	High	High	High	Low	Low	Low
<b>Potential to prove respondents</b>	Low	Low	High	High	High	Low	Low	Low
<b>Potential to build rapport</b>	Moderate	Moderate	High	Moderate to High	High	Low	Low	Moderate
<b>Speed</b>	High	High	Moderate	Moderate to High	Moderate to High	Moderate to High	Low	Low
<b>Cost</b>	Moderate	Moderate	High	Moderate to High	Moderate to High	Low	Low	Low to Moderate

source: Malhotra and Birks (2000: p. 219)

Another low-cost method is the mail survey method. In this method, the potential for interviewer bias is kept to a minimum and the perceived respondent anonymity is the highest. Moreover, it allows certain levels of diversity of questions and quantity of collected data. However, *'response rates of 10 percent or less are not uncommon and this introduces the problem of sample bias because those who respond may have a*



*particular interest in the topic and therefore are not representative of the population'* (Hussey and Hussey, 1997: p. 163).

Hussey and Hussey (1997) have mentioned another two methods of distributing questionnaires – group distribution and individual distribution. They argue that group distribution is only appropriate when the survey is being conducted in one or a few locations. However, this method implies that the respondents are gathered in one room at the same time so a researcher can explain the questionnaire to them and answer any queries. However, as this researcher aimed to ensure that peer pressure was kept to a minimum, individual distribution as a variation of group distribution sounded possible to achieve. *'If the sample is situated in one location, it may be possible to distribute, and collect, the questionnaires individually'* (p. 164). As employees of different hotels worked daily at the particular hotels, it seemed convenient for the author to distribute questionnaires to individual properties. Although they caution against sample bias, the author believed that this should not be the case in this research. Indeed, they state that *'if properly designed, this method can be very precise in targeting the most appropriate sample'* (p. 164). The respondents identified for this research were the employees who worked at those hotels. Although any hotel is composed of more than the three departments on which the research focused, with the support from senior management, the author was assured that only employees from these three departments filled out the questionnaires. Also, one of the questions in a questionnaire required a respondent to note their job department so as to control the sample. Taking account of the advantages of this method, individual distribution was chosen by the author as the best option.

### **6.6.2 Choice of Sample**

It was decided that only customer-interface employees would be surveyed. The literature has argued that internal branding is the doctrine that enables an organisation to succeed in delivering the brand promise as expected by customers (Aurand et al, 2005; de Chernatony and Cottam, 2006; Drake et al, 2005). The objective of this research is to understand how internal branding mechanisms could influence employee behaviours and how their attitudes are involved in the process.



The literature has further suggested that customer-interface employees are those who play a boundary-spanning role and are most likely to experience role conflicts through the contradictory messages from management and external customers (e.g. Parkington and Schneider, 1979). Moreover, as they are at the interface between the brand and the customers, they exert an influence on the customer's perception of the brand during their service interactions (e.g. Chung and Schneider, 2002). Due to the influence of employee behaviours and attitudes, customer-interface employees are important informants. Moreover, the literature and the qualitative findings have suggested that there are some challenges that may influence their capabilities to deliver on the brand promise during service encounters, although they may attempt to do so. Therefore, to understand the effect of these challenges, the sample for this research was limited to those employees who interfaced with customers.

As there were no issues of inaccessibility to the intranet, the author could include all employees of the three departments as potential respondents. As management were willing to take part in this study, they provided assurance that all customer-interface employees from the three departments would be able to gain access to the questionnaires. Consequently, the author left questionnaires at individual properties. To assure that customer-interface employees – the research respondents – perceived high levels of anonymity, the author made sure that the questionnaires were piled up at each department's office so that, when employees came to work, they could take one questionnaire and fill it in at a desirable time. Employees were informed of the survey by management and encouraged to provide true answers so that the company could fully benefit from the research. When they finished, they returned the questionnaire by leaving it in the provided box or on a table placed inside their departmental office. Then, the questionnaires were gathered and collected by the author. After the first collection, a few additional questionnaires from each hotel were sent to the author as some employees returned the questionnaires after the author's collection visit.



### 6.6.3 Measurement Tools

The questionnaire consisted of several sections outlined below (to view the entire questionnaire, please refer to Appendix B.3). A 5-point Likert scale was adopted as it is a widely used scale for measuring attitudes (Kinnear and Taylor, 1996). Malhotra and Birks (2000) posit that the Likert scale is easy to construct and administer, and respondents readily understand how to use the scale. Therefore, the 5-point Likert scale, ranging from 'strongly disagree' to 'strongly agree', was used for all questions in order to achieve consistency in the questionnaire. Consistent procedure is argued to be important as the Likert scale is usually applied to the summated approach. Although it is argued that the 5-point ranging scale is not a true interval scale, it is common in marketing research to accept data generated with such a scale as being parametric (Kinnear and Taylor, 1996; Proctor, 2000). SNAP was found to be a helpful software package in formulating the questionnaire.

The questionnaire began with an introduction that explained the significance and the objectives of the research in order to encourage respondents to complete the questionnaire. Each section started with instructions to give them direction as well as allow them to know the context in which the questions are being posed (i.e. their work environment, their perceptions regarding the internal branding tools, and their attitudes towards the brand for which they work). Precise instructions were given to the respondents so that they knew that the questionnaire should be answered by circling the number 1, 2, 3, 4, or 5; the assigned meaning represented by these numbers was also stated. Furthermore, it should be noted that there are several items under each measurement scale. A multi-item approach was justified based on the argument of Wilson (1996). According to him, three major benefits of this approach include the ability to average the specificity of items, the ability to distinguish groups and group characteristics, and the ability to increase the reliability while decreasing measurement error.

Although it is argued that simple questions such as classification questions regarding socio-economic and demographic characteristics appear simple to answer, the issues like age, job title, gender, and income are sensitive and could put off the participation



of the respondents (Malhotra and Birks, 2000). Among the different hypotheses in this study, some aimed to determine the influence of age, department, educational background, and length of service on the internal branding process. As these issues could be seen as sensitive and threatening to the willingness of respondents, they were placed later in the questionnaire.

#### **A. Scale – Work Environment**

According to Malhotra and Birks (2000), basic questions that relate directly to the research problem should be obtained first. However, opening questions should be simple (Kinnear and Taylor, 1996; Oppenheim, 1966; Proctor, 2000). As such, it was decided that the beginning questions would include those regarding their perceptions towards the work environment, starting with their relationships with colleagues, leaders, perceived autonomy, rewarding work, and wage. The questions regarding these issues were considered the simplest as compared to the other sets of the questions.

As noted above, five variables were subcategorised under the work environment, as revealed during the literature review and the qualitative interviews. These variables have not previously been measured together under one research study, according to the literature. For example, Boselie and van der Wiele (2002) measured wage (payment), teamwork (relationship with colleagues), and leadership together but not rewarding schemes and perceived level of autonomy. The research of Scarnati and Scarnati (2002) provided the tried and tested scale to measure empowerment, but not the other concepts. Therefore, the scales to measure these five concepts were adapted from the scales of existing research studies (e.g. Boselie and van der Wiele, 2002; Keller et al, 2006; William and Anderson, 1991). Table 6.7 summarises the number of items under each scale.



Scale	Number of Items
Relationship with Colleagues	4
Leadership	4
Perceived Autonomy	2
Rewarding	2
Wage	2

### **B. Scale – Internal Communication and Training Programmes (Internal Branding Tools)**

Apart from the scale measuring their attitudes toward the work environment, five other scales were included – internal branding tools, brand identification, brand commitment, brand loyalty, and brand performance. As Malhotra and Birks (2000) place an emphasis on the logical order of the questions, it seemed that the questions regarding their attitudes toward the internal branding tools (i.e. internal communication tools and training programmes) should be placed before other sets of questions because they were believed to influence the employees’ attitudes and behaviours. Therefore, this section aims to assess whether the internal communication tools and training programmes that constitute the internal branding process were linked to the employees’ attitudes towards the brand and to the way employees perform during the brand promise delivery.

Some studies have not measured different tools of internal communications separately. For example, Ahmed et al (2003) aimed at measuring internal communications as a whole without separating different tools; our internal communications is the key to creating understanding among our employees. Other studies in the literature have measured the effectiveness of some tools of internal communications separately. However, some tools identified during this research’s qualitative phase could not be found in the literature such as logbooks, magazines, and daily briefing. Furthermore, the HR literature provides myriad measurement scales. However, the qualitative findings suggest that training programmes were the only HR practice that was relevant in this study within the internal branding context. Therefore, the items of the two scales were developed based on the qualitative



findings. Previous research (e.g. Aurand et al, 2005; Boselie and van der Wiele, 2002; Buch and Rivers, 2001) was used to study the wording of their questions. To ensure certain degrees of validity, the feedback from senior management was acquired from time to time. Table 6.8 gives the detail of the number of items under each scale.

Scale	Number of Items
Internal Communication tools	12
Training	7

### **C. Scale – Employees’ Brand Attitudes (Brand Identification, Brand Commitment, and Brand Loyalty)**

The organisational behaviour literature has documented myriad studies that provide a rich source of scales measuring employees’ organisational commitment, identification, and loyalty. In the branding literature, these scales have largely been used to measure the customers’ attitudes. Burmann and Zeplin (2005) have logically extended the concept of Organisational Citizen Behaviour to Brand Citizen Behaviour. Therefore, it is argued that the organisational identification, commitment, and loyalty can be extended to brand identification, brand commitment, and brand loyalty. This is further supported when, in service brands, the companies are recognised by customers as the brands (Berry and Lampo, 2004). The brand identification measurement scale was adopted from a number of different studies (e.g. Herrbach et al, 2004; Mael and Ashforth, 1992; O’Reilly and Chatman, 1986; Shamir et al, 1998; Williams and Anderson, 1991). The scale used by Mohr et al (1996) was adopted by this research to measure the commitment of employees to the brand promise delivery. Boselie and van der Wiele (2002), for example, provided the scale that could measure the loyalty of employees to the brand. The detailed number of the items for individual scales is presented in Table 6.9.



Scale	Number of Items
Brand Identification	8
Brand Commitment	4
Brand Loyalty	3

All the items of these scales were ensured to measure the concepts as they were defined in Chapter 5. That is, the brand identification scale aimed at measuring the extent to which employees take pride in the brand and share the brand's fate as their own. The extent to which employees are emotionally attached to the brand and prepared to work in support of the brand promise delivery was measured by the brand commitment scale. The brand loyalty scale measured employees' intention to leave.

#### **D. Scale – Brand Performance**

The final scale concerns the measurement of the extent to which employees perform their role in the brand promise delivery (brand performance). The items of this scale were chosen on the basis of the interview findings as well as from the literature (e.g. O'Reilly and Chatman, 1986; Williams and Anderson, 1991). The scale's items were also adapted from the organisational behaviour literature in terms of employees' organisational citizenship and in-role behaviours. In total, 5 items constituted this measurement scale.

#### **E. Demographic Questions: Department, Length of Service, Age, and Educational Background**

The rationale for placing this set of questions at the end of the questionnaire was the belief that these are sensitive questions. According to Malhotra and Birks (2000), sensitive topics should be placed at the end to increase respondents' willingness to provide information. Response categories were provided for these questions so that respondents did not have to provide specific figures and level of educational background (Peterson, 1984; Sheth et al, 1980).



To assess the content of the questionnaire, all questions were reviewed and given feedback by both employees and senior managers who were involved in the qualitative phase, thus explaining why some items were adapted rather than adopted in a straightforward manner. It should be noted that, due to the employees' limitations in language proficiency, they provided feedback on the questionnaire that was translated into Thai. However, senior management provided feedback for both English and Thai versions of the questionnaire. Their inputs also ensured that the wording of the questions were not ambiguous. As such, the validity and reliability of the questionnaire and the research study could be enhanced.

#### **6.6.4 Response Rate**

Each hotel property was allowed one month to complete the questionnaire. This was because the distribution of questionnaires took place during the high season of the hotel industry in Thailand (July – September). Therefore, the senior management were concerned that, if a small period of time was given, employees would have a difficult time completing the questionnaire. The worst case scenario would be that they neglected the research so that they could focus more on their tasks. The questionnaires were collected by the author at individual hotel properties except Hotel H, which was situated in Phuket. As it was in the southern part of Thailand, the Director of F&B willingly offered to gather all questionnaires and mail them to the author.

The author was assured that the employees would be reminded to complete and hand in the questionnaire within one month after they received it. At the appointed date, the author could collect most of the questionnaires from individual hotels. The questionnaires from Hotel H were delivered within one month. Of the 747 questionnaires distributed, 699 were returned, giving the response rate of 94 percent. It was not surprising to attain this high response rate as the hotels' senior management were interested in and enthusiastic about the research objectives of this study. Therefore, they ensured that middle management and employees' direct supervisors were aware of their interest in this research so that they could encourage employees to take part in the survey. Importantly, they helped assure the employees



of their anonymity so that employees provided honest answers. However, due to some missing data, only 680 questionnaires were considered appropriate for further analysis. The size of the sample and the missing data pattern (there was no concentration in a specific set of questions) assisted the author to justify the deletion of the questionnaires with missing data. Moreover, according to Johnson and Wichern (2002), when variables have less than 15 % missing data, they are likely to be deleted.

After the questionnaires were collected, the analysis of the survey data could be undertaken. Therefore, the next section outlines the methods employed for the data analysis.

#### **6.6.5 Analysis of Quantitative Data**

When the questionnaires were returned, the raw data from hard copies were transferred into the SNAP programme before being exported to SPSS. Data screening for potential errors was the first essential step as argued by Tabachnik and Fidell (1996). This could be done by investigating the minimum and maximum values of the categorical and continuous variables. There were no errors as the SNAP programme could control for the data input. Then, a preliminary analysis to investigate any normality and outliers was conducted. Overall, the variables did not need transformation. Outliers were assessed by comparing the means and trimmed means for each variable. The analysis did not show major differences between those scores, which meant that existing outliers did not have a significant impact on the overall scores. Therefore, it was decided to retain these few cases.

The next step to prepare for the multivariate analysis is to examine the reliability and validity of the measurement scales. The validity of scale was examined by using confirmatory factor analysis (CFA), assisted by AMOS. This technique is appropriate for testing a model on the basis of theory and/or previous research. Therefore, as some measurement scales were extracted from previous research during the literature review (Byrne, 2001), the implementation of CFA was necessary. The CFI value is regarded as a key indicator in determining the goodness-



of-fit of a model. Bentler (1990) has suggested that the CFI value more than .9 could be considered representative of a well-fitting model. However, Byrne (2001) has argued that other authors considered the CFI value more than .95 to be more appropriate. Moreover, the average variance extracted (AVE) and the composite reliability (CR) need to be .5 or greater and .7 or higher respectively to ensure the construct validity of the particular scale. This research's questionnaires have 4 measurement scales (3 brand attitudes scale and 1 brand performance scale) that have been used by previous studies. Although some wordings were adapted, the items did not change the meaning intended. Therefore, CFA assessment by AMOS was conducted for each scale, demonstrated by Table 6.10.

Despite the satisfied composite reliability and average variance extracted, according to Hair et al (2006), another assessment – discriminant validity – is necessary to ensure the construct's convergent validity. The pairwise analysis was conducted for each pair of scales. Some of the pairwise analysis failed to satisfy the discriminant validity: the average variance extracted of two constructs was less than the square of their correlation. The result, thus, suggested that some items cross loaded on more than one construct, which was supported by large modification indices. This suggests that an item may measure more than one consideration. Consequently, the following items were deleted from the measurement scale: a) I1 and I7 from brand identification, b) C1 from brand commitment, c) L1 from brand loyalty, and d) BP5 from brand performance. When these items were removed, the discriminant validity was satisfied; the AVE of each pairwise exceeded the square of their correlation value (Appendix C.1 – C.6 for the result of the discriminant validity of each pairwise analysis).



<b>Table 6.10 Reliability and Validity Tests of Each Measurement Scale</b>				
Construct Scale Items	Factor Loadings	CFI Value	Composite Reliability	Average Variance Extracted
<b>Brand Identification</b>		0.983	0.88	0.60
<i>I am proud to tell others that I am part of Hotel X (I1)</i>	0.584			
<i>I feel a sense of ownership for this hotel X (I2)</i>	0.573			
<i>My sense of pride towards the hotel brand is reinforced by the brand-related messages (I3)</i>	0.692			
<i>I view the success of the brand as my own success (I4)</i>	0.785			
<i>Hotel X is like a family to me (I5)</i>	0.845			
<i>I feel belonging to this hotel X (I6)</i>	0.783			
<i>When I talk about this hotel X, I usually say 'we' rather than 'they' (I7)</i>	0.580			
<i>When someone praises this brand, it feels like a personal compliment (I8)</i>	0.673			
<b>Brand Commitment</b>		0.987	0.85	0.59
<i>My commitment to deliver the brand increases along with my knowledge of the brand (C1)</i>	0.644			
<i>I am very committed to delivering the brand promise to our hotel guests (C2)</i>	0.837			
<i>I have a minimal commitment to this hotel (R) (C3)</i>	0.729			
<i>I don't feel emotionally attached to this hotel (R) (C4)</i>	0.534			
<b>Brand Loyalty</b>		1.00	0.70	0.44
<i>I will be happy to spend the rest of my career in this hotel chain (L1)</i>	0.639			
<i>I don't have an intention to change to another hotel chain at this moment (L2)</i>	0.610			
<i>My intention to stay is driven by the fact that I am competent in delivering the brand promise (L3)</i>	0.822			
<b>Brand Performance</b>		0.983	0.88	0.60
<i>The quality level of my services meets the brand standards of Hotel X (BP1)</i>	0.632			
<i>Sometimes, I neglect aspects of the job I am obligated to perform (R) (BP2)</i>	0.381			
<i>I can successfully fulfil responsibilities specified in my job descriptions (BP3)</i>	0.691			
<i>I effectively fulfil the promise that the brand has with customers (BP4)</i>	0.825			
<i>I always handle customers' specific requests within a standard set for the brand (BP5)</i>	0.762			

Another CFA analysis was undertaken but as a second-order factor for the 'work environment' measurement scale. Five constructs were measured in the survey. However, the literature has suggested that these constructs refer to the work environment factor that exerts an influence over the employees' brand promise delivery process. Based on the hypothesis, these five constructs would all be used to



test the moderating effect of work environment or situational factors on the relationship between training and brand performance, and internal communication and brand performance. Therefore, the second-order factor analysis was justified. The items of these scales became the first-order model and indicators of the second-order factor. The goodness-of-fit of this model based on the CFI value is .947, which is in line with the RMSEA value at .055. According to Byrne (2001), the RMSEA value that is lower than .08 suggests a reasonably well fitting model. The factor loading of all items ranged between .6 to .8. Stevens (1992) suggests that loadings that are considered weak are those that are below 0.40.

Regarding the internal communications and training programmes as internal branding mechanisms, the scales were developed by the author based on the qualitative findings and the literature. Therefore, an exploratory factor analysis was first conducted.<sup>6</sup> The result suggested that there were four underlying constructs: orientation (2 items), training (4 items), group meetings (2 items), and daily briefing (2 items). Although the qualitative findings revealed other internal communication tools, the exploratory analysis showed that the other items did not load well on any component. Furthermore, while the literature suggested internal communications and training as from different disciplines, marketing and HR respectively, the qualitative findings revealed that employees believed that they were nonetheless closely related. This notion also reflected in a high correlation between the HR construct (i.e. orientation and training programmes) and the internal communication construct (i.e. group meeting and daily briefing): the correlation is more than 1.0. Therefore, another CFA as a second-order factor for the 'internal branding' was performed. The goodness-of-fit of this model based on the CFI value is .952, which is in line with the RMSEA value at .066 and the TLI value at .930. The factor loading of all items ranged between .6 to .8. Stevens (1992) suggests that loadings that are considered weak are those that are below 0.40.

Another issue of internal consistency or reliability of scale was also addressed for all scales. The reliability analysis of the scales in this study employed Cronbach's

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<sup>6</sup> Please refer to Appendix D to view the result of an exploratory analysis



coefficient alpha generated by SPSS (Tabachnick and Fidell, 1996). Kline (1998a) indicates that reliability coefficients above .9 represent excellent reliability, above .8 very good, about .7 adequate, and below .5 indicates poor scale reliability. Table 6.11 reveals that all scales used in this study were reliable as their alpha coefficients ranged from .67 to .87.

<i>Construct</i>	<i>Alpha Coefficients</i>
Internal Branding	0.828
Brand Identification	0.868
Brand Commitment	0.776
Brand Loyalty	0.668
Brand Performance	0.816
Situational Factors (Work Environment)	0.811

When the data were prepared and the acceptable construct reliability and validity was performed, the subsequent structural equation modelling analysis took place. This will be described in Chapter 7 on testing this research's hypotheses.

### **6.7. Limitations**

A case study is the common approach to gathering scientific knowledge in business research (Yin, 2003). Apart from the criticisms of the case study approach discussed in section 7.4.1, this research experienced another source of limitation that refers to the skill of the author. The nature of qualitative research requires the skill of interviewers because the analysis of the findings relies largely on them (Malhotra and Birks, 2000). The results could be jeopardised if the interviewers were not skilful in terms of probing, interviewing, and coding. Although the author conducted in-depth interviews for the purpose of her M.Sc. dissertation, she could not regard herself as an experienced interviewer. Moreover, the lack of proper training should also be taken into account. To counter-balance this limitation, preparation and rehearsals were carried out daily. After each interview, self-investigation was also carried out (Mason, 2002). In addition, because of being inexperienced, the inaccuracy of phrasing questions may lead to an interviewer bias (Littler, 1984). To



reduce the impact, the author used semi-structured questions as a guideline to ensure that all topics of interest were covered (Wright and Crimp, 2000). They were open-ended and the author preserved the free-flowing nature of conversation by omitting the imposition of pre-coded and/or fixed sequences of questions (Kent, 1999) so that the logic of respondents still led the order and nature of questions (Gilmore et al, 2001).

The use of an audio recorder was explained to all participants due to the researcher's ethics (Wright and Crimp, 2000). This may have caused awkwardness which might negatively affect the nature of responses (Creswell, 2003). However, with an attempt to build rapport before delving into the real interview, the author believed that she could distract them from the recorder so that, when the real interview began, the effect of awkwardness was minimised or even diminished.

Furthermore, the questionnaire was tailored to the specific mechanisms of internal branding of the six hotel brands, making it difficult to make comparisons with future studies that may look at similar issues within other industries in manufacturing and service sectors. Although previous research mentioned some of these tools, they were not exactly the same as those identified during the qualitative section of this research. However, as the measurement of the internal branding concept has not yet been proposed, this could contribute to the development of existing theory or the extension of theory and assessment of its applications because of the use of the mixed methodology (e.g. Baker, 1991; Easterby-Smith et al, 2002; Hirschman, 1986; Nancarrow et al, 1996; Strauss and Corbin, 1990). It should still be able to contribute to refining the focus for future investigations in the entire field (Yin, 1994). Therefore, although the case study is criticised for the lack of generalisation, it is argued that analytical (theoretical) generalisation could still be satisfied (Bryman, 1988).

## **6.8 Summary**

This chapter outlined the research questions, and hypotheses that were developed on the basis of the findings from the literature review and the qualitative interviews



(Chapter 7). It has discussed that pragmatism is the research paradigm adopted by this thesis, following a single case study strategy that use the Thai hotel industry as a unit of study with a mixed method approach. The first phase of the fieldwork was the semi-structured interviews with 20 management and 31 customer-interface employees among 6 luxury and upscale hotels in Thailand. The second phase of the research was the quantitative research, involving a survey wherein the questionnaires were individually distributed to the five participating hotel properties of different brands. How this research addressed the criticisms of case studies was discussed in detail. The chapter ended with the limitations of this study. The next two chapters will outline the key findings from the research fieldwork. Chapter 7 will discuss the key findings from the qualitative phase and Chapter 8 will present the multivariate analysis of the survey results.



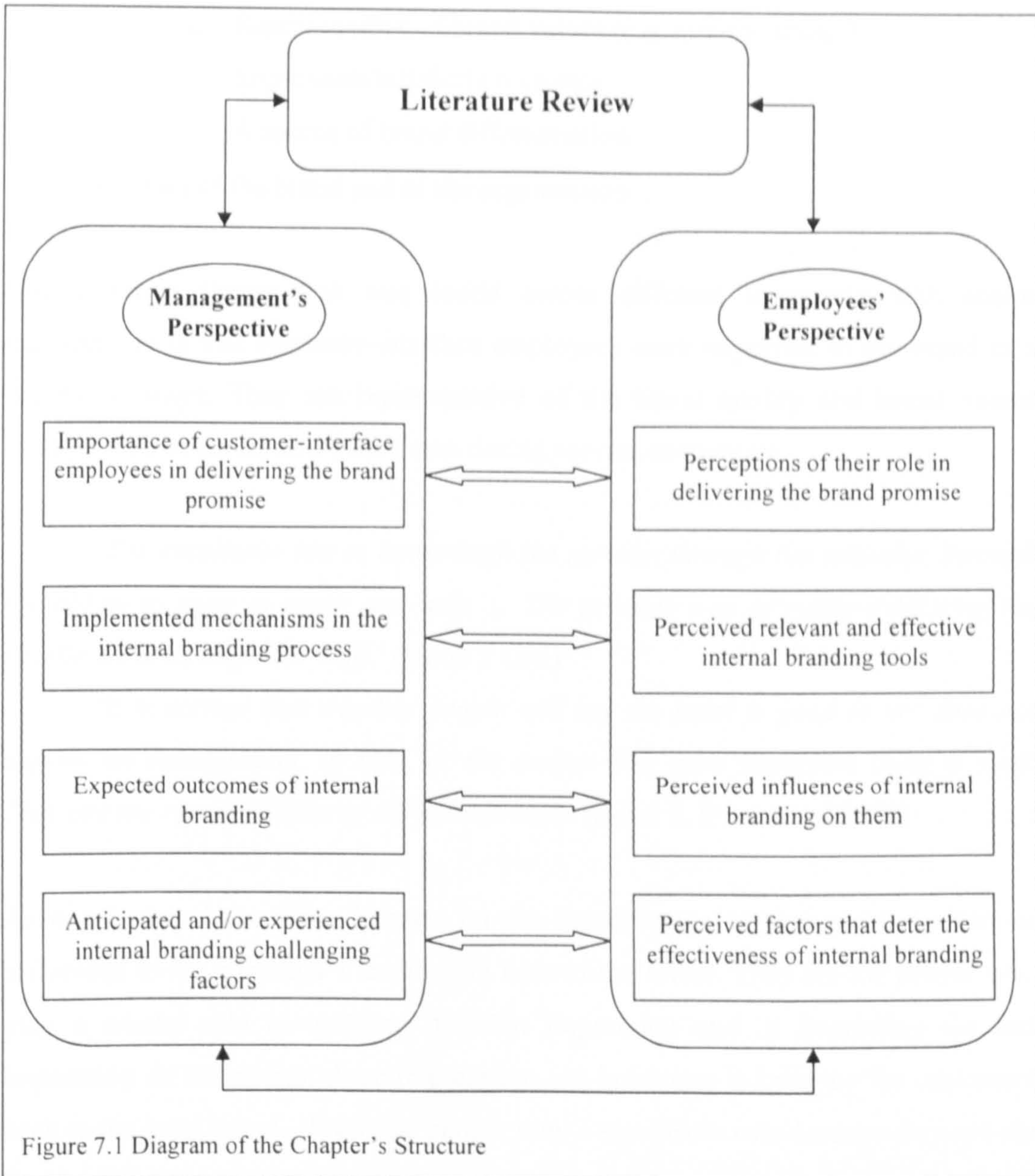
### Qualitative Findings: The Perspectives of Management and Customer-Interface Employees

#### 7.1 Introduction

This chapter presents the tentative findings of the qualitative phase of this research fieldwork involving interviews with 20 senior management and 31 customer-interface employees from 6 hotels of four- and five-star rating in Thailand's hotel industry. These findings have provided an indication of the internal branding constructs and their linkages to each other in the context of the upscale to luxury hotel brands. They were, then, used to inform the survey design for the quantitative stage of the fieldwork (Chapter 8).

Based on the research objectives outlined in chapter 6, this chapter highlights the key findings concerning the perceptions of management regarding the importance of the employees' brand promise delivery role. To understand whether customer-interface employees recognised their significance, their perceptions were unearthed and presented along with the management's. Then, the identification of the mechanisms that were employed to implement the internal branding activities was discussed, which led to the perceived significance of the internal branding process in their organisations. The discussion with both management and employees revealed the potential outcomes that could be expected from the success of internal branding activities. Another research objective was to identify the factors, either situational or personal variables, that could deter the performance of employees during service encounters as this could lead to the assessment of their moderating effects on the influences of the internal branding mechanisms. Specific attention was paid to understanding the relationships among the revealed constructs. The chapter ends with the summary of the main findings of the qualitative research. Figure 7.1 represents the diagram that shows the structure of this chapter.





## 7.2 The Important Role of Customer-Interface Employees

The interview findings with senior management have found that employees, particularly those who are in a constant interface with customers, were regarded as being:



- Significant, importance, and supportive to the success of every brand;
  - Representative of brand values (e.g. quality, image)
  - Impression/satisfaction creator
  - A source of brand differentiation
- Part of the brand and of the organisation

One common theme that was found across different interviews with senior management is that customer-interface employees were important to the brand in a variety of ways. They are representative of the brand quality and brand values through their attitudes and behaviours during service encounters.

*'The excellence has to be through the service, through the attitudes, through the ability to want to assist and help ... The primary way of really exhibiting the excellence is through our staff.'* (Hotel P GM)

*'It is normal that whether people will say the hotel is good or not does not depend on management, or GM, or the owner. The most important thing is staff. They are the representative of the hotel brand.'* (Hotel S, Director of F&B)

As noted, they have some impacts on the brand image as they are perceived as influential to the customer's impression with of the brand. They are the people who play a crucial role in building the first impression and in imprinting the last impression on customers; these impressions are important in bringing the customers back to the hotel brand. *'Frontline people play a significant role because they are the first and the last customer interaction, ... create first impression ... last impression of the brand'* (Hotel S Director of F/O). As such, they are important to the success of brand carving as can be observed by the statement of the Director of F&B of Hotel S: *'they [staff] are very significant ... I believe that each individual staff is important ... is supportive to the success of any brands as it helps smoothing out the service processes of that hotel'*. Further analysis has revealed that management believed that the service excellence created by the brand could be projected to their employees. It was further noted that employees were regarded as part of the reason for a customer's hotel patronage. Therefore, they suggested that keeping employees happy



equalled keeping guests happy. As such, it reflects the literature (e.g. Fisk et al, 1993) that suggests that employee satisfaction is a prerequisite for customer satisfaction.

*'It is sometimes the staff that customers come back for. Some guests may even ask to change the room to be on the floor that the particular room maid is covering because they were satisfied with that room maid's services.'* (Hotel D Director of Services)

*'Have our own staff happy and motivated, they're the best employee advertising in the world.'* (Hotel P GM)

*'Here [M], employee satisfaction goes along with guest satisfaction. We set a goal of how much percentage of employee satisfaction we need ... This is because we believe that when employees are satisfied with their job, they will willingly present the brand to all guests.'* (Hotel M, guest contact assistant manager, female, 34 years old)

The perceptions of senior management regarding the significant role of employees are not surprising as they are in agreement with previous research studies, which were conducted with management as well as consultant agencies (e.g. de Chernatony and Segal-Horn, 2001; Denby-Jones, 1995). As the literature suggests, when employees see the meaning and significance of their tasks, they will be more motivated to achieve successful performance (Hackman and Lawler, 1971).

Turning to the customer-interface employees' perspectives, their interviews revealed a consistent perception with management. They regarded themselves as important in creating a good impression and satisfaction, which they believed to be important factors that kept customers returning to the particular hotel property or other hotels that belonged to the same brand. *'The heart of M is to provide services that impress them [hotel guests]. When they stay here and are satisfied, they will leave with good impression and satisfaction'* (Hotel M, café guest contact assistant manager, Female, 34 years old). They also believed that their behaviours and attitudes expressed during



service interactions had an influence on customers' perceptions of the brand values, thereby determining the brand promise delivery.

*'Two [excellent service and international hotel standard] out of three key components of our brand mission 2006 largely depend on us, staff' (Hotel P, guest relations officer, Female, 25 years old). The employees from other hotels such as Hotel H, F&B service officer (Male, 30 years old) also shared similar opinions: 'We [staff] are the face of the brand. We have to ensure the highest level of guest satisfaction by delivering on what the brand has promised to them [guests]'.*

However, they did not believe that their services have any role in differentiating the brand although the literature has clearly referred to them as one of the important sources of brand differentiation (e.g. Ambler and Styles, 1996; Betterncourt et al, 2001; Berry, 2000). Rather than referring to their behaviours, they pointed towards the tangible elements as a more evident clue to enable guests to visualise the brand concept, and thus the brand image. There was evidence that participating staff could not clearly indicate how their services could distinguish their brand from the others. The qualitative interviews showed that the employees from each hotel indicated 'wai' and saying 'sawasdee ka/krub (Thai way of greeting: equivalent to good morning/ good afternoon/ good evening, sir/madam), smiling, and calling a guest by name as an example of how they represent the brand to the guests. Although the interviews with management have revealed that each brand had different values from other hotels, they all referred to Thai culture as one of their unique points of selling. The degree of emphasis may vary as well as the wording of Thai, such as traditional Thai or contemporary Thai, in making the brand different. Despite this, employees referred to these same characteristics to deliver this brand value: Thai culture albeit traditional or contemporary. Moreover, the brand standards, which are perceived as another source of differentiation by employees and from which they inferred the brand promise delivery, appeared to place an emphasis on these same characteristics. This could explain why they believed that they were representative of the brand values but not differentiators of any brand.



*'Coming in the S, guests always see us smiling, waiting, and saying Sawasdee ka. We need to make them see this brand image. The landmark of S is when guests come in, we wai, say Sawasdee, and smile right away. We have to remember guests and recall their names. This is important as most of the guests here are usually repeating ones'* (Hotel S, café captain, Female, 32 years old).

*'Smile, greeting guests by wai and Sawasdee.'* (Hotel H, housekeeping supervisor, Female, 41 years old)

*'The whole concept of each hotel is quite similar but there are miscellaneous things that may create difference and distinctiveness based on our brand standards. For example, calling guests by name is the standard here. Other brands may smile and greet guests but here at M, we additionally pay attention to calling a guest's name.'* (Hotel M, sales executive, Female, 34 years old)

*'I follow the brand standards – the basics of the day – when I take care of guests. It gives guideline such as how to approach guests, bringing them soft drink when they come in, and how to talk with them like calling them by their name.'* (Hotel M, restaurant guest contact supervisor, 26 years old)

*'I think what is French about us, is, umm, may be the sculptures and the architecture of this hotel property. I don't speak French and I am not sure how to represent being French.'* (Hotel S, Chinese restaurant captain, Female, 38 years old)

In effect, the findings reflected the literature (e.g. Abratt, 1989; Argenti and Druckenmiller, 2004; McDonald et al, 2001; van Tonder, 2004) that the tangible elements of the hotel such as the building, decor, and other facilities are considered as reflective of the brand values. To the employees, these elements promptly and obviously communicate the brand values that are associated with the brand image and its identity. In addition, Bitner (1992) has revealed that the importance of servicescape prevails in the resort and hotel industries where customers spend several days within the company. To a certain extent, such findings reinforce a need to orchestrate all elements of the brand to coherently project its brand values.

*'How we decorate, how we dress, and the tools and the facilities that we use are heuristic to being contemporary as we have been saying our brand is. Also, as*



*you can hear now, the song that is being played, although it is of the Thai style but it is not a traditional one.*' (Hotel P, hostess, female, 26 years old)

*'Apart from our smiling face, rooms and facilities support us in creating guest satisfaction.'* (Hotel M, café guest contact assistant manager, female, 38 years old)

However, there were some employees who complained that their uniform was not mirroring some of the brand value aspects. This suggests that senior management did not, somehow, successfully listen to the 'voice' of their employees, which is in contrast with the literature that suggests the involvement of employees in developing the brand values (e.g. de Chernatony, 2002).

*'We are representing the brand concept – contemporary Thai – but honestly, I don't think this uniform is as contemporary as it should be. I hope we'll see something trendier this year.'* (Hotel P, hostess, female, 26 years old)

*'I don't, well, I wish that our uniform will be more contemporary this year. I hope it would keep up to the fashion of today that we see but still reflect some aspects of Thai'* (Hotel P, guest relations officer, female, 25 years old)

Despite the employees' perspectives, senior management, in accordance with the literature, believed that the values that were projected through their employees are different. While staff provide emotional values through their service excellence, the building, decor, and other tangible elements were considered to provide hotel guests with functional and economic values. For example, the bed is comfortable to lie on and the room is spacious enough to offer value for money. These tangible elements were found to be easier to articulate as the differences of one brand from the others.

*'We [brand S] are different in terms of our brand identity. If you are going to A [another hotel brand] or B [another hotel brand], A's building is modern but S is not. We [S] have art pieces, art works inside. All amenities in S are specified, like which lotion to be used.'* (Hotel S, Director of F&B)



However, management stressed that, at the end of the day, staff are keys in the survival of any hotel brands. This resonates with the ‘moment of truth’ and/or ‘service encounter’ concept referred to earlier in the literature; during these interactions, the values are conveyed much more clearly to customers (de Chernatony, 2001).

*‘What I’m trying to communicate with staff is that guests can stay in any hotels. Novotel beds may even be bigger and more comfortable than ours. The pools at Sheraton have music played under water. But why do guests still come back to H? They come and stay with us because they want to meet our staff. The recognition you [staff] gave them is what brings them back. Not only do you remember their names, but you also remember what they like or don’t like to do at what time and what place.’* (Hotel H, Director of Service)

The GM of hotel H contended that *‘the quality aspect [of service] comes very strongly through the service delivery as well as the tangible products. Anyway, the primary way of really exhibiting the excellence is through our staff’*.

As the significance of the employees is prevalent, management considered staff as an essential part of the brand and of the organisation. Without them, the service process cannot be delivered effectively and smoothly, thereby spoiling the experiences the customers have with the brand and failing to meet the customers’ expectations.

*‘Management give direction and lead the way but the real driver relies on staff. They are the people who live and walk the brand.’* (Hotel H, Director of F&B)

*‘Staff are part of the brand. I view them as part of this organisation. Each of them is one brand component, which is equally important. We can’t risk losing them.’* (Hotel P, Director of F&B)

However, obviously contrary to the literature that suggests involving employees during the brand concept development (e.g. de Chernatony, 2002), senior



management contend that designing the brand concept and brand values is the responsibility of senior management.

*'I think that it will distract them too much from their tasks. They have so many works to do already. I don't want to involve them with all these tasks that should belong to the management.'* (Hotel P, F&B Manager)

*'Senior management direct the brand. Employees deliver the brand. They can sometimes suggest some ideas about the promotions but principally, we [senior management] take all responsibilities to develop and direct it.'* (Hotel H, Director of F&B)

Similarly, employees also regarded themselves as part of the hotel brand. They indicated that they felt as if they were one member of the brand family. In agreement with the literature, the findings revealed that, because they felt that they were the brand, their behaviours that were in line with the brand values could be enacted naturally and easily. Many employees even mentioned that some of these behavioural traits were unconsciously integrated in their lives outside the workplace.

*'We have to make ourselves a brand. Starting from the first minute that we work here, we are taught about how to become P. It is not sure which staff will encounter the guest so every single staff has to express the brand accurately in the same way.'* (Hotel P, business centre officer, female, 23 years old)

*'Sometimes, when I am with my family, I realise that myself am servicing my family members. I enjoy satisfying them in little or big ways that I can. It is just like what our hotel wants us to become. In fact, it should be that I am myself inclined to be service-oriented but then, working with this brand reinforces it.'* (Hotel M, restaurant guest contact supervisor, 26 years old)

However, with respect to the brand concept development, they would prefer to leave it in the hands of their senior management. Although they admitted that they might wish to have a say in the design of their uniforms and offer suggestions for new



creative ways to deliver the service (which they were confident that they could), they did not further wish to take part in developing the brand concept.

*'I believe that that [developing the brand concept] is the job of managers. I think they do that better than us ... We are ready to deliver on the brand promise as long as we are informed and guided.'* (Hotel D, banquet manager, male, 38 years old)

*'I'd rather do my tasks that I do best – delivering the brand. Seeing myself taking part in generating the brand idea to develop the brand concept, erm, that's, well, I can't imagine it. I don't think that will happen.'* (Hotel O, guest service officer, male, 24 years old)

As there is evidence of employees' internalisation of the brand values, there needs to be understanding of the process that the organisation undertook to ensure that their employees acknowledge, understand and eventually internalise the brand values. The result is securing consistent brand promise delivery. Therefore, the next section discusses research objective 2, aimed at identifying the important mechanisms that are employed to communicate the internal branding doctrine.

### **7.3 Identifying Internal Branding Mechanisms that are Relevant to the Internal Audience**

As management revealed their perceptions towards the importance of employees in the success of the brand through their excellent delivery of the brand promise, they expressed the need for the brand to be understood internally before the external brand building can be realised.

*'We are striving to ensure that they [staff] understand the brand that they are representing so that they can deliver on its promise that we proposed to the outside world'* (Hotel S, Executive Director of Residence)

*'I think that it is important that our staff understand the brand. Ideally, we wish that they believe in our brand values'* (Hotel P, GM)



Two principal mechanisms were employed by the participating hotels as major tools to ensure that employees were aware of the brand values and then capable of willingly performing up to the brand standards set to ensure the promise delivery. As Director of HR of Hotel D affirmed *'We've informed and educated them every day by internal communications and trainings'*, therefore, the mechanisms to achieve the internal branding process include:

- Internal communications: communicating with employees was considered as a key to informing them about the brand and about general information of the organisation.
- Training programmes: a variety of courses were provided to employees to educate them about the precise behaviours and attitudes necessary to deliver on the brand promise.

From the employees' perspective, internal communications and training programmes are inseparable. They needed both mechanisms in order to help them understand the brand and the brand-supporting behaviours. Internal communications inform them about all information related to the brand and its values. Sometimes, it presented them with some examples of behaviours/services that represent those values inherent in the brand promise. Still, employees need to be educated and trained to ensure that they see how these values should be enacted to fulfil the brand promise.

*'Internal communications give us an idea about the brand, yes. Still, training really allows us to put that knowledge into practice.'* (Hotel S, business centre officer, female, 23 years old)

*'For me, internal branding needs to communicate with us about the brand and educate us about the right ways to enact those values or achieve those goals. You cannot simply communicate but do not train us. It's like a whole package.'* (Hotel D, housekeeping supervisor, female, 42 years old)



However, some participating employees perceived internal communications as training. They referred to training as another way that an organisation communicates with them about brand-related information. For example:

*'Brand messages are always communicated during a training session. This is the good time to be informed about our brand values and our role in relation to the brand'* (Hotel S, busboy, male, 23 years old)

*'Training always comes together with internal communications. Even during briefing and group meeting, we are always trained about some behaviours to help us deliver the brand promise effectively'* (Hotel H, F&B supervisor, male, 35 years old)

Although the literature has regarded these as separate constructs implemented by different disciplines, employees who are the important audience of these tools perceived them as one; both need to be provided if internal branding can achieve its goal in influencing their attitudes and behaviours. In effect, it highlights the need to coordinate both internal communication and HR practices to optimise the success of internal branding as argued by the literature (e.g. Aurand et al, 2005).

It is noted that, while the internal marketing literature has highlighted the importance of recruiting employees whose values are in line with the brand's and the organisation's (e.g. Burmann and Zeplin, 2005; de Chernatony, 2002; de Chernatony et al, 2003), the interviews with both management and employees did not reflect support for this. Senior management contended that personalities and education were important. It was, however, difficult to observe and ascertain these qualities although there have been several tests and guidelines applied by the hotels. In terms of observing the employees' values, they did not believe that it would be possible. Especially for the new establishment such as Hotel O, there was a need for a large number of employees and they found that it would be too difficult and lengthy to determine prospective staff's values at the time of recruitment.



*'It is difficult to ascertain the personalities and the characteristics of the people who come in for the job application ..., let alone the value alignment at the recruitment process.'* (Hotel S, Director of F/O)

*'Speaking of that [recruitment], it's quite difficult. Our hotel is a new establishment. We need a lot of staff, a massive number. We, then, made a massive recruitment. Yes, we make sure that we have the right person but to delve into such detail like their values, it seems unviable. We try to at least assure that they are inclined to possess service mind but determining whether their values match ours, I have no idea about that. It seems nice to do but I'll be wondering if we can.'* (Hotel O, Director of Training)

*'We try to select the best like their personalities, their inclination towards hospitality. But, values, it seems abstract and so it will be time consuming to ascertain so.'* (Hotel D, Director of HR)

In a similar fashion, the participating employees accepted that they did not pay much attention to brand values or brand image before working at the hotel. Some did not have brand knowledge before applying for a job. They applied because they needed a job and the hotel was located not far from their house.

*'To be honest, when I applied, I just wanted a job that was advertised. I didn't know about the brand before. I didn't know what the brand values were or even the brand image was.'* (Hotel P, server, Female, 23 years old)

*'I just came to apply. I didn't really think too much. It's just that I needed a job.'* (Hotel H, busboy, male, 23 years old)

*'I like the location of this hotel so when I knew that the hotel was about to open, I applied for a job here.'* (Hotel O, concierge officer, female, 25 years old)

### **7.3.1 Internal Communication**

Both management and employees believed in the importance of communications. Through internal communications, an employee understands and visualises the importance of having their behaviours and attitudes aligned with the brand. The



findings also revealed that internal communications are not the sole responsibility of marketing people.

*'If internal branding is going to work, communications cannot be the responsibility of one individual. I think it's every body's responsibility'* (Hotel P, GM)

*'We need to work together, myself, GM, Director of HR, or marketing.'*

This resonates with the literature that suggested that internal branding is a broad, integrative framework, in which management should be involved along with the coordination between HR and marketing (Matchtiger, 2004).

### **Internal Communication Techniques**

Two-way communication is the technique that was mentioned the most in the interviews. Some were proud that they implemented this communication technique. 'Free talk session', 'Direct line', 'Problem Solving Technology Committee', 'Speak-Out Box', and 'Suggestion Box' were the tools that management mentioned when addressing two-way communication because they allow employees to give feedback to their management as well as *'drop some words back to their management'* (Hotel O, Director of HR). In agreement with the literature, this technique ensures the flow of information from bottom-up and top-down directions. From the employees' perspectives, this technique was appreciated because it allowed their voices to be heard, making them feel valued and nurtured. Furthermore, both management and employees believed that it helped to improve the efficiency and effectiveness of the delivery of the brand promise to customers. As such, this reflected lateral communications as defined by Sonenberg (1991) as enabling employees to understand the interdependency between their actions and the organisational performance. It also found that diagonal communication was in place in all participating hotels. In agreement with the literature (e.g. Asif and Sargeant, 2000; Sonenberg, 1991; Varey, 1995), these four techniques of communication ensure that employees are willing and capable of delivering brand promise effectively.



*'We have direct line ... because of it [direct line], we know that one member for taking care of all the morning call at 5 am is never enough.'* (Hotel M, Director of HR)

*'It's good that we can send a message or suggestion to our management either via the speak-out box or free talk session. We feel that they care about what we're doing and value what we have to contribute'* (Hotel P, F/O, supervisor, male, 30 years old)

*'We make sure that they know who they need to seek for when a particular issue happens so that they don't need to wait for us, which is not efficient.'* (Hotel D, Director of Housekeeping)

In particular, the diagonal communication technique was mentioned by employees to reflect informal communications within an organisation. While two-way communication was practiced in a much more formal manner, diagonal communication was more informal. All participating hotels reported that employees were encouraged to communicate informally among themselves within and across functional units during the delivery of the brand promise to enhance their performance and morale. It was found that some hotels went further by putting a system in place for informal communications such as a 'buddy system', where junior staff is assigned a senior staff partner to look after them and give advice when necessary. These senior buddies are considered trainers. This may explain why internal communications are perceived as highly interrelated with or even inseparable from training.

### **Internal Communication Tools**

A variety of internal communication tools were mentioned during the interviews: daily briefings, group meetings, logbooks, newsletters, notice boards, and magazines. Similar to the review of the literature regarding internal communication tools, the tools mentioned by the participants could be categorised into the following categories.



**A) Mass methods** (i.e. newsletters, magazines, and notice boards)

These tools communicate with a wide range of audiences, including external customers, as they were placed in different parts of the hotel to be read or acquired by anybody. In particular, brand values and mission are apparent in all these tools. In effect, management believed that this helped them deliver coherent brand messages across different groups. At the same time, employees would be persuaded to realise the importance of representing brand values to customers.

*'Anyone can read what was posted on a notice board. There are many notice boards in this hotel building. Customers know what we are telling our people and our people know what we are saying to the public about who we are. In fact, our brand mission is also there along with our brand pillars [values]'* (Hotel O, Director of HR)

*'Newsletters and magazines are placed everywhere; in the lift, in each room, in front of the restaurants. What we position ourselves externally is communicated simultaneously to our people ... inspiring them to deliver our promise.'* (Hotel S, Director of F&B)

Moreover, most employees reported the use of these tools as a back-up. They explained that these tools were used in complimentary to face-to-face communication such as briefings and group meetings: *'Sometimes, it is difficult to remember all the things that are being told so it's good to have a newsletter or a notice board so that I can go back and read it again to remind me about what to do.'* (Hotel H, F&B officer, male, 32 years old)

Although Howard (1998) observes that written memos, printed and audio-visual materials are used as a back-up, the qualitative findings of this research adds notice boards as a mass method that can also be used as a back-up. In this method, all printed materials are usually posted at a notice board as a reminder to all employees, while sending the same message to external customers. Furthermore, any employees who are absent during the briefing can catch up with what they need to know about the particular day on materials printed on the board. Therefore, the respondents



considered these tools as a source of their brand information, enabling them to successfully deliver the brand promise. When they can see that the information from management about the brand is also being told to customers, they feel confident about their actions. Some employees expressed positive attitudes toward a brand as a result of the perceived congruent brand messages.

*'I am proud with my brand. I read our brand magazine and see our management are there, giving an interview. I read through it and he is saying exactly the same thing that he tells us about what our brand is.'* (Hotel P, hostess, female, 26 years old)

*'I don't see any differences in what they are telling us and customers about the brand. If that happened, I wouldn't trust my brand and respect our leaders this much.'* (Hotel H, housekeeping supervisor, female, 41 years old)

It was noted that the material and the presentation of these tools were important, which concurs with the literature (e.g. Hankinson, 2004; Howard, 1998; Olins, 2003). When printed materials appeared attractive, clearly organised, employees were more motivated to read what messages were being communicated. Lengthy and confusing messages were also found to drive them away from these tools.

*'Pictures are not clear when they are copied. Sometimes, the materials on the notice boards are not colourful and very bland. I think it could drive people away rather than drawing us to read what is being communicated'* (Hotel S, guest relations officer, female, 25 years old).

*'Sometimes, the messages are too long to capture their essence. It doesn't help us much. Rather, it creates unnecessary confusion'* (Hotel P, hostess, female, 26 years old).

#### **B) Written memo (i.e. logbook)**

This tool was mentioned mostly by employees rather than senior management. However, not all staff mentioned it and only two senior management out of 20 referred to the logbook as one of the internal communication tools. This could be due



to the fact that this tool was used among employees to communicate with their colleagues about specific issues: *'If something unexpected happens during the day, we'll write it in the logbook so our colleagues of the next rota are informed.'* (Hotel S, guest relations officer, female, 25 years old) However, the concern raised by the Director of IT was that what is noted in the logbook is in the form of a memo. The clarity of the message being communicated may not be clear enough. Therefore, this type of communication tool was mentioned by merely 15 out of 31 employees.

**C) Face-to-face communication** (i.e. daily briefing and group meeting)

Concurring with the literature, face-to-face communications were referred to as the vital communication tool by all respondents. All management and employees mentioned daily briefings as a principal source of all sorts of information. Group meetings are another tool mentioned by most participants and are considered as effective as briefings in achieving the purpose of internal branding. The differences between these tools lie in the number of employees involved, the frequency that they take place, and the length of the session. A briefing involves fewer employees (i.e. only those who take the particular rota), takes place more often (i.e. every day), and takes a shorter time than a group meeting which generally involves employees from different departments or all employees in one department along with management. Group meetings, therefore, take a longer time and are organised less frequently.

However, both tools ensured that brand mission and values were reinforced. Employees reported that, because the brand mission was reinforced on a daily basis, they would understand and be willing to deliver the brand promise so as to achieve the brand's goals. During a daily briefing or a group meeting, they were exposed to different examples of critical incidents that reflect the delivery of the brand promise. In particular, during a group meeting, they might be involved in role playing, which is one technique of an employee development programme. Therefore, this could explain why employees perceive internal communication as similar to training.



*'Embedded with the mission and vision, we rightly and understandingly represent our brand identity ... it comes from my heart to work for our brand.'* (Hotel P, guest relations officer, female, 25 years old)

*'I like the role playing that our brand use during a group meeting. It happens sometimes in a briefing but not often because it doesn't have enough time to do so. It's just quite like we go to the meeting and being trained in a large group. That's fun and it's a good opportunity to socialise.'* (Hotel M, restaurant guest contact supervisor, female, 26 years old)

The major benefit that was addressed by many respondents is the opportunity to react and interact, thereby resonating with past studies (e.g. Carmel, 2002; Klein, 1994; Tourish and Hargie, 1998). Because management are present during a briefing and a group meeting, employees appreciate an opportunity to *'express our opinions, ask for answers to clarify our uncertainty right away'* (Hotel P, server, female, 23 years old), making it *'the clearest method'* (Hotel D, communication centre officer, female, 28 years old). This may explain why employees believed that internal communication helped them to effectively follow the brand standards which ensure the delivery of the brand promise. Also, the findings reflect the argument of Howard (1998) that face-to-face communication is the fastest, cheapest, and most interactive medium. Management in this research agreed that they would use a daily briefing when they have an urgent issue to communicate with their staff, thereby ensuring the effectiveness of the employees' delivery of the brand promise.

### **7.3.2 Training Programmes**

Training programmes are courses that provide employees with particular knowledge and skills to enhance their productivity and capabilities. Similar to internal communications, these programmes also aim at ensuring employees' understanding of how to enact brand values embedded in the brand promise.

*'Training enables staff to follow effectively our brand standards, which ensure that they deliver on our brand promise.'* (Hotel S, Assistant Director of F&B)



The findings revealed that internal communication tools were also incorporated in training programmes. For example, all new employees who attend an orientation programme receive a brand manual or a brand kit, which is used by employees as a back-up after the programme to *'review about some issues that I miss because I am taking notes during the session'* (Hotel H, F&B officer, male, 32 years old). An orientation programme is perceived as essential by both management and employees. It helps newly appointed employees become familiar with the brand at the commencement of their jobs. Employees reported that their inspiration towards the brand was triggered during this orientation session; for example, *'I am impressed and feel so intrigued like it is a BIG brand, so famous'* (Hotel P, business centre officer, female, 23 years old). Furthermore, over half of the participating employees (19) viewed orientation as a preliminary means to the brand understanding, shaping their attitudes and guiding their behaviours.

*'It's good to have orientation. Before, we didn't have it so each staff behaved differently with no direction. We didn't clearly understand our brand promise to customers. Now, I could see that new staff expressed quite a right pattern of behaviours for our brand values.'* (Hotel H, F&B supervisor, male, 35 years old)

Other internal communication tools such as videos, slides, and PowerPoint presentations were also used by all participating hotel brands during orientation sessions and training programmes. Employees believed that these internal communication tools were necessary to help them visualise the brand values along with other training techniques such as role playing. In particular, because a brand name, a brand logo, and a brand promise are on these communication tools, management and employees believed that it helped foster the brand values in every session of training. Furthermore, it was found that training was provided by the department of HR and individual departments. On one hand, training from individual departments focused on specific skills that enabled employees to deliver the brand promise as their role required. On the other hand, training programmes from the department of HR aimed to develop general skills and knowledge of employees,



which may not be directly linked to the brand, such as an English course, a personality development workshop, and a tea-making session. However, it seemed to exert a positive influence on employees, such as *'if I were to pay myself for personality development course from XX [name of the company], I wouldn't have a chance to do so. That's so great that our brand organises this for us'* (Hotel S, busboy, male, 23 years old). Nevertheless, all training programmes integrated brand values to ensure that staff's skills and knowledge were developed based on the brand promise. For example, the hotel that emphasised being contemporary Thai ensured that their employees were coached about *'how we preserve Thai touch, professionalism, and courtesy that reflect our brand essence.'* (Hotel P, F&B Manager)

Figure 7.2 captures two major internal branding mechanisms along with an array of different internal communication tools.

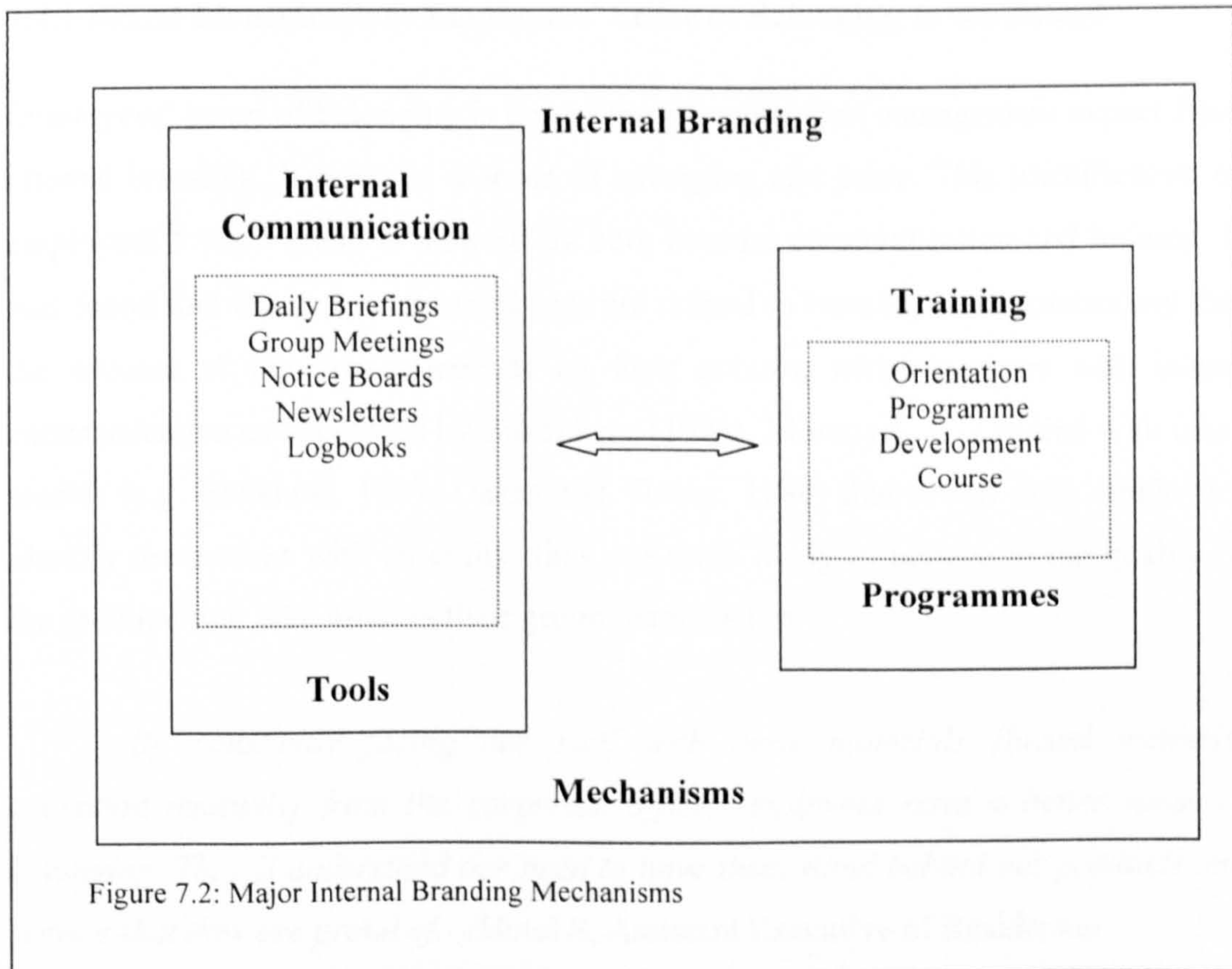


Figure 7.2: Major Internal Branding Mechanisms



## 7.4 Expected Outcomes of the Internal Branding Practice

The analysis of interview data has indicated four principle outcomes that can be expected from the practice of internal branding. These include:

- Brand identification, which reflects the employees' sense of belonging
- Brand commitment, which implies their emotional attachment to the brand
- Brand loyalty, which refers to their intention to stay with the hotel
- Brand performance, which represents on-brand behaviours of employees

During the interviews, the pattern of relationships between these four outcomes was unearthed. Therefore, each outcome is discussed in the following sections, illustrating their linkages.

### 7.4.1 Brand Identification: Employees' Sense of Belonging to the Brand

Employees' sense of belonging is one of the outcomes that management expect from internal branding. It refers to a sense of belonging and pride. This identification of employees toward brand is induced by both internal communication and training. It was found that internal communications are related to creating an understanding that the success of the brand depends on their actions, which concurs with lateral communication as suggested by Sonenberg (1991). Moreover, it is in line with other studies (e.g. Benkhoff, 1997; Oakes and Turner, 1980) that reveal once employees identify themselves with an entity, they are more likely to believe in the quality of the products and take pride in their group membership.

*'By constantly facing our staff with these materials [brand manuals, operation manuals] from the corporate office, employees have a better sense of belonging. They'll understand our need to have them stand behind our products and service that they are proud of.'* (Hotel S, Assistant Executive of Residence)



Training was found to influence employees' pride and enhance their sense of belonging because it enhances their skills and capabilities in delivering the brand promise. When employees believe that they can satisfy their guests, they become prouder and more satisfied with themselves.

*'Training helps us work better and (be) confident in our skills and knowledge ... When I know that customer satisfaction is positive, it makes me even prouder and more committed to work my best.'* (Hotel O, guest service officer, male, 24 years old)

His statement also reflected the need to communicate with employees about all brand-related information, which may not be limited to the brand promise. Communicating the success or failure of the brand reinforces their sense of ownership and belonging. This was supported by the perception of senior management involved in the interviews, who believed that their employees considered themselves as being part of the brand. Because they realised that *'employees feel that they are one of M ...every one felt nervous and alerted ...when we got low scores, maids, for example, were very disappointed and upset'* (Hotel M, Director of Services). This reflects what the literature perceives as the brand identification of employees as the employees perceive the success or failure of a brand as their own (e.g. Burmann and Zeplin, 2005; James et al, 1977).

Moreover, as was be observed in the interviews, both management and employees participating in this qualitative phase use the pronoun 'we' rather than 'they' when referring to their hotel brand, especially their organisation. This suggests certain levels of brand identification. According to some authors (e.g. Mael and Ashforth, 1992; O'Reilly and Chatman, 1986), feeling part of the hotel is one of the scales used to measure identification.

#### **7.4.2 Brand Commitment: An Emotional Attachment of Employees with the Brand**

Several affective expressions such as 'love', 'like', and 'enjoy' were used by employees to reflect their emotional attachment to their hotel. Such an attachment



was also extended to other hotel properties operating under the same brand. Furthermore, it resonates with the past studies that argued for employees' extra-role behaviours when they are committed to the brand.

*'I love working here. I don't have to work from 6 am to 12am or 1 or 2 am but I want to do it and I enjoy it.'* (Hotel D, banquet manager, male, 38 years old)

Furthermore, the findings unearthed the relationship between brand identification and commitment. When employees are identified with the brand, they also express their commitment to work their best for the brand well-being.

*'Working with D is something that I am not shy to tell other people. The brand is well-known but we [myself and my colleagues] can make the brand even better and more reputed by constantly fulfilling the promise of the brand that customers come for.'* (Hotel D, communication centre officer, female, 28 years old)

To ensure that they are doing their best for the brand, they refer to internal branding mechanisms as giving them the precise knowledge and capabilities in delivering the brand promise. That is, the statement made by Director of F&B of Hotel S – *[T]his commitment emerges from communications'* – illustrates that internal communications are a means to employees' brand commitment. The analysis of the qualitative interviews also indicated the influence of training in increasing employees' brand commitment. Therefore, it is in line with the literature (e.g. Burmann and Zeplin, 2005) that suggests the coordination between the two disciplines in delivering training and communications.

#### **7.4.3 Brand Loyalty: The Intention to Stay with the Brand**

The interviews with management revealed their concern about securing employees' brand loyalty. In agreement with the literature, management indicated that the industry is characterised by a high-turnover rate because employees tend not to stay with a brand very long. This issue was particular raised by the four-star hotels that participated in this research.



*'There is quite a high turnover, where employees leave for the five-star hotel.'* (Hotel H, Director of Residence)

*'Nearly every one who leaves the hotel go to the five-star international ... it's the element of the employment to that junior level as well in that they can really use it [training with the hotel] as a big step into a bigger thing.'* (Hotel P, GM)

From the employees' perspective, the qualitative findings revealed that training was capable of driving employees' brand loyalty. They referred to factors such as knowledge, financial stability, and good work environment as affecting their intention to stay with the brand. It also appeared that these factors were recognised by management as important to retaining their employees. This is in line with the past studies that purported the influence of training programmes on employee's loyalty, particularly in terms of job tenure (e.g. Allaway, 2005; Baum, 1995).

*'They have certain triggers; money, career, development, training, whatever. If there's something in it for them, they're going to stay.'* (Hotel P, GM)

The findings from employees' interviews revealed that brand loyalty of employees is related to their commitment. Most of the employees who showed their affection towards the brand reported their intention to stay with the brand. This indicates that employees' brand loyalty cannot only be influenced by training programmes but also by their commitment towards the brand. When employees are emotionally attached to the brand, they will not only make extra efforts to fulfil the brand promise and satisfy their customers but also express their intention to stay with the brand. This is in line with previous studies (e.g. Brown and Peterson, 193; Pritchard et al, 1999; Reichers, 1985), indicating that commitment is a key precursor to loyalty.

*'I love here. It's given me a lot. It gives me my job, my wellbeing, and management here take good care of us. I will stay here. I got a job offered in Sheraton but I didn't go and I won't go.'* (Hotel M, guest contact assistant manager, female, 34 years old)



*'I don't think I will leave this hotel. It gives all the knowledge I ever need and it continues to train us more ...I don't see any reasons to leave.'* (Hotel H, housekeeping supervisor, female, 41 years old)

Moreover, in line with the findings that employees' sense of belonging was not limited to their specific hotel property but extended to include all hotel properties under the same brand, some employees reported that they had moved from one hotel to another hotel but they were still with the same brand or corporate brand.

#### **7.4.4 Brand Performance: The Behavioural Aspect of Internal Branding Outcomes**

The linkage between the brand attitudes and the brand performance was discovered during the qualitative interviews. It was obvious from the literature (Chapter 5.3) and the qualitative findings that all the efforts expended in building the brand internally were to ensure the employees' delivery of the brand promise. What could be further understood from the findings is that management believed that the brand-supporting behaviours of employees were the result of their commitment and identification.

*'When their heart accepts the brand, they will surely want to work and do things for the brand. I believe that they are providing services that we expect and customers expect.'* (Hotel S, Director of F&B)

Additionally, employees also revealed similar linkages between the aforementioned employees' brand attitudes and the employees' brand performance. It is, however, noted that, from the employees' perspectives, the brand standard acted as the benchmark by which they evaluated their performance. The brand values were interpreted to employees in terms of the brand standards, guiding the right behaviours for employees according to their job description. Furthermore, while the senior management did not clearly indicate the influence of brand loyalty on the brand performance, the findings from the interviews with participating employees suggested the potential involvement of brand loyalty in inducing the employees' performance.



*'I still wish to work here in the future as much as I love working here so I am performing up to the brand standards, and, so, I think I am delivering on the brand promise.'* (Hotel O, porter, male, 36 years old)

Furthermore, they also related that their brand-supporting behaviours were benchmarked against brand standards, thus reflecting their commitment to and identification with the brand.

*'As much as I wanted the brand to be appreciated, I follow the brand standards at all time. I do all my best to meet or even exceed customers' satisfaction.'* (Hotel P, room maid, female, 22 years old)

Nine out of thirty one employees suggested that internal branding was the sole influence on their ability and potential to deliver the brand promise to customers. They reasoned that internal branding created an understanding of what the brand is and informed them of the brand standards, which specified clearly what is and what is not the promise of the brand. Therefore, they attributed their delivery of the brand promise to the practice of internal branding via both internal communications and training.

*'Both training and internal communications make me understand the brand and its standards. I know how to deliver the service that will fulfil our brand promise ...I know the importance of delivering on our promise.'* (Hotel M, guest contact assistant manager, female, 34 years old)

However, almost half (15/31) of employees indicated the influences of both attitudes and internal branding on the extent to which they are able to deliver on the brand promise. They revealed that, because internal branding triggered their passion towards the brand and gave them the skills they had, they wanted to make the brand excel. Therefore, they understood from internal communications that their actions were important to retain customers, thus affecting the organisation's performance.



Also, they understood that in order to satisfy customers, they needed to represent the brand values by delivering the brand promise guided by the brand standards.

*'Internal communications constantly reinforce our passion toward the brand values. We also learn from those communications that if we want our brand to be success, we need to deliver what the brand promises to our customers. In this way, we can see our guests coming back to our hotel, which is what I love to see.'* (Hotel M, guest contact supervisor, female, 26 years old)

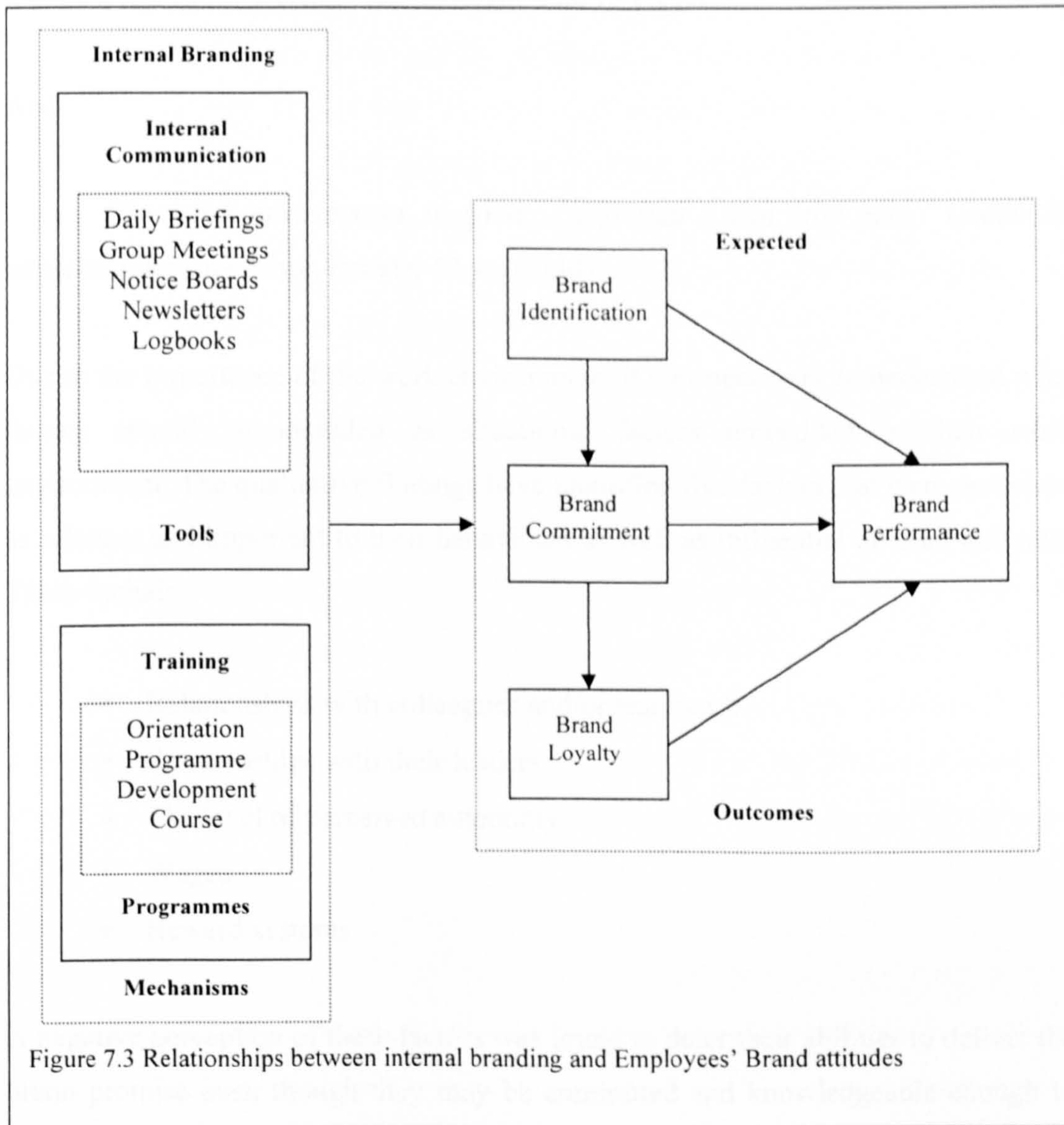
*'Training makes us capable of delivering excellent service. It also gives us a shared mental framework. We come from different places and have different backgrounds so training brings up the same understanding of how to work in the P way. It enhances our feeling about being 'one team'. For us all to be successful, we learn that we need to deliver what the brand promise. Because we have the same understanding of our brand and standards, I believe that we are delivering the same brand experience.'* (Hotel P, guest relations officer, female, 25 years old)

This appeared to be in line with the study of Thomson et al (1999) that refers to intellectual (understanding) and emotional engagement of employees with the brand. However, in their study, they regarded the use of internal communication as instrumental in creating a shared understanding and the brand commitment, which induced the brand-supporting behaviours. These findings added that the influence of internal communications on internal branding's success can be synergised with effective training programmes. Also, this qualitative research supported the assumption of a number of authors (e.g. de Chernatony and Segal-Horn, 2001) that employees' brand identification, commitment, and loyalty have an impact on the extent to which employees deliver the brand promise. Furthermore, as internal branding mechanisms were found to have an influence on their role in delivering the brand promise, this qualitative stage affirmed that internal branding is instrumental in inducing employees' behavioural changes to support the brand promise delivery (e.g. Ahmed et al, 2003; Boone, 2000; Drake et al, 2005; Free, 1999). As internal branding influences employees' brand attitudes which subsequently affects employees' behaviours in delivering the brand promise, this finding suggests that



brand attitudes may exert mediational effects on the link between internal branding and employees' brand performance measured by the extent to which they deliver on the brand promise.

Figure 7.3 represents the relationships between internal branding and employees' brand attitudes along with the relationships among these attitudes.





## 7.5 Situational Factors: The Perceived Challenges in Delivering on the Brand Promise

The importance of the work environment can be inferred from such statements as:

*'The thing is if they work in a happy environment, their happiness will permeate through their face and behaviours ... These will be admired by guests who will then repeat their visits.'* (Hotel S, Director of F&B)

And:

*'The work environment is good. I feel that I can stay here.'* (Hotel D, housekeeping supervisor, female, 42 years old)

Due to the importance of the work environment, it was necessary to understand what factors should be included as situational factors embedded in their work environment. The qualitative findings have identified five factors that were perceived as relevant and important to their behaviours as well as influential on their attitudes. These include:

- Relationships with colleagues and/or teamwork
- Relationships with their leaders
- The level of perceived autonomy
- Wages
- Reward systems

A negative perception of these factors was found to deter their abilities to deliver the brand promise even though they may be committed and knowledgeable enough to perform to the brand standards. That is, when these factors were perceived as supportive, employees could deliver the brand more effectively.



### 7.5.1 Relationships with Colleagues and/or Teamwork

Several words such as ‘co-operate’, ‘coordinate’, ‘one team’, and ‘teamwork’ were used by almost all respondents, suggesting that employees did not see themselves as a separate entity of their hotel brand. Participating management depicted the importance of having the teamwork mentality. Addressing a chain of service delivery processes, they stressed the importance of having people within and across departments working together and feeling as one. When this happened, the delivery of the brand promise could be effectively realised. This is in line with past studies that argue for the importance of perceived support from peers. Participating employees also addressed the importance of being supported by their colleagues during the service delivery process. They reported that because of the feeling of being on the same team, every one worked together and supported each other. As such, the attainment of the brand’s goal was viable.

*‘I need teamwork. I need support from my colleagues to ensure a smooth delivery of the brand promise.’* (Hotel, H, F&B supervisor, male, 35 year old)

Furthermore, from the employees’ point of view, teamwork reflected a degree of closeness among staff. They regarded themselves as *‘a family, as siblings so we can talk about our personal problems, not just only work stuffs’* (Hotel H, F/O supervisor, male, 30 years old). The findings revealed that, when they have a positive attitude toward the relationship with their colleagues, their sense of belonging is higher as well as their intention to stay. Also, because they believe that they are on the same team, they are committed to delivering the brand promise to ensure that their team (the brand) is successful. This suggests that the way employees perceive their relationships with their colleagues may moderate the effect of internal branding on employees’ brand delivery as well as their brand attitudes.

*‘I love D and I’d love to continue working here. I am comfortable with my colleague. We stay like a family so I don’t want to disappoint my family. Because I’m thinking like this, I want to do my best to bring us together to success.’* (Hotel D, reservation supervisor, female, 38 years old)



It was further revealed that the good relationship among employees helped maintain the level of their service.

*'When I feel so tired and annoyed ... I'll ask my colleague to take my place.'*  
(Hotel P, guest relations officer, female, 25 years old)

This suggests that how employees perceive their relationships with their colleagues may moderate the effect of internal branding on employees' brand delivery as well as their brand attitudes.

### **7.5.2 Relationships with Leaders**

The recent study of Vallaster and de Chernatony (2006) has revealed the importance of leadership in the internal branding process to ensure the employees' brand promise delivery. Other studies (Mellor, 1999; Tosti and Stotz, 2002; Wall and Zeynel, 1991) have simply placed an emphasis on leadership by arguing that leaders' commitment is a prerequisite to the employees' commitment to the delivery of the brand promise. Based on Vallaster and de Chernatony (2006), this implies the non-verbal communication behaviours of leaders. The qualitative findings supported this argument. Senior management paid attention to being a role model to staff. They believed that they need to express their commitment to the brand in order to induce their employees' commitment.

*'If we [management] don't deliver it [brand promise] through management, through the brand or through the company, then people will become disillusioned and won't believe in it.'* (Hotel P, GM)

Therefore, in line with the literature, management have to first show their commitment to the brand values. They have to demonstrate the brand-supporting behaviours at all time. Apart from the non-verbal communicative behaviours, leaders have to nurture good relationships with their people. As Cole (2001) emphasised the consideration of the multi-level nature of relationships among communicating members, this study provides further exploration into this aspect as the management



in these hotels could be considered hierarchical, suggesting a multi-level of relationships. It found that employees interpreted the communicative behaviours of their management in a relationship aspect. For example, when they perceived their management as open and helpful, they were positive about the relationship with their management. On the contrary, when their management did not listen to their opinions and did not give them opportunities to provide feedback to what was being communicated, they did not see themselves as having a good relationship with their management.

*'We have good leaders. They always help us and listen to what we have to say.'* (Hotel D, sales reception co-ordinator, female, 29 years old)

*'Some leaders just don't listen ... It's useless to share my ideas and we don't have quite a relationship, I have to say.'* (Hotel S, café captain, female, 32 years old)

*'Our leaders and managers always help us. Even the GM, he's so friendly and outgoing. My feeling is that I would like to do and work my best for this place as long as I can. So now, I listen to what they have to say or what I have to know'* (Hotel D, sales reception co-ordinator, female, 29 years old)

The analysis of the qualitative findings further revealed the effect of the perception of employees towards their relationship with management. When employees felt positive toward the relationship, they expressed their intention to stay.

*'I have good leaders. Together with good colleagues, I don't want to leave D.'* (Hotel D, communication centre officer, female, 28 years old).

In addition, perceived relationship with management is found to have a positive effect on other attitudes and, ultimately, their delivery of the brand promise. As such, the negative relationships can adversely affect the influence of internal branding on employees' attitudes and brand performance.

*'After work, our leaders sometimes join our party or play golf with us. Surely, they are respected but they show that we are one team. I am happy to work here and*



*I make sure that the promise is always delivered'* (Hotel H, F&B officer, male, 32 years old)

*'Our GM is as helpful and friendly as other management. They take good care of us, they care for us ... we work together for our brand.'* (Hotel P, server, female, 23 years old)

*'Some senior people might simply order and manage. It's not encouraging a good relationship. As a result, they put off their staff who will not want to deliver our brand promise.'* (Hotel H, Director of F&B)

### **7.5.3 Level of Perceived Autonomy**

In line with the literature (section 5.8.2), management claimed that their hotel brands allowed a degree of flexibility for their staff in terms of their decision-making power. They believe that giving employees some degree of autonomy has a positive impact on their performance during the brand promise delivery. The findings from the interviews with employees revealed the congruence between management's and employees' perspectives.

*'I think we've given them quite a high level of empowerment so they don't need to run around and find other people to decide for them.'* (Hotel D, Director of F&B)

*'It's such a waste of time, asking customers to wait while we are running around seeking for our management's or supervisor's approval. It's not good for my performance.'* (Hotel P, server, female, 23 years old)

However, the level of empowerment was dependent on the employee's position. Staff at higher rank exercised more decision-making power than those at a lower rank. Management believed that there were some issues with which junior staff could not effectively cope. If they were allowed more decision-making power, this could adversely affect the brand. Similarly, employees agreed with the level of empowerment given to them. They expressed some concern about making a decision about an issue that was beyond their comfort zone.



*'It's good to have some flexibility in dealing with customers. But if it is a big issue beyond my decision power, I am willing to ask my supervisor because I may not make the right decision and tarnish our customers' brand experience.'* (Hotel P, server, female, 23 years old)

#### **7.5.4 Wage**

The perceptions of employees toward wages were found to exert an influence on their attitudes as well as their behaviours. During the discussion of the reasons that led them to apply for the job at the particular brand, the issue of wage payment arose. Some participants explained that one of the reasons for coming to work at the present hotel brand was the payment scheme. This suggests that their brand loyalty or intention to stay was influenced by their perception of the brand's wage payment.

*'Before, I worked for another hotel brand. It was a three-star one so the payment system was bad like late payment of both wages and service charge, for example. I moved here and the system was totally different. I am now pleased and I'll stay here'* (Hotel H, F&B server, male, 32 years old).

Some management accepted that people, particularly line staff, were driven to do things that they knew would bring benefits to them. In general, junior staff were viewed as more money-driven than those at the senior levels.

*'I think some of my key people believe. I think they believe as a team, in what we're doing. I think if you move more junior down the ranks, it's more money-driven ... When they're really bought into the brand values in this part of their life that they live which is equally important to benefits, I think they're going to stay.'* (Hotel P, GM)

Therefore, the findings indicated that staff's perceptions towards the organisational payment scheme moderated the link between internal branding tools and the brand loyalty. When the GM of P was further probed about employees' engagement to secure the brand attitudes and brand performance, he did not deny the possibility that



employees' engagement can secure those results but he placed concerns about the difficulties in creating employees' internalisation. He particularly raised the issue of staff retention as one of the challenges that the hotel brand could face, therein including the importance of payment scheme.

*'I think that [employee engagement] would be a very ideal way to say, but I think one of the biggest challenges in BKK this moment in time is staff retention. ... So umm we can sell the values, and they buy the values while they are here, but it is not going to simply create retention. I don't think any values are strong enough for that level. But at the more senior level for sure.'*

Apart from having an influence on the employees' retention, payment is found to have impacts on other attitudes and behaviours. This is not surprising because, as discussed above, brand loyalty seems to influence their brand performance as benchmarked by the brand standards.

*'I moved to work here because I heard that it paid well and I am not disappointed. We are well compensated for our effort so I enjoy working here ...I'd like to see our brand becoming more and more reputed.'* (Hotel H, F&B service officer, male, 32 years old)

### **7.5.5 The Recognition and Rewarding Schemes**

The rewarding schemes were raised along with and/or after the 'wage' issue by participants. These schemes also included the recognition schemes. The findings suggested the moderating effect of the rewarding schemes on the strength of the link between the internal branding mechanisms and the attitudes, and the mechanisms and the performance.

The recognition schemes which were often used in conjunction with rewarding schemes can:

- Reinforce the on-brand behaviours of the recognised staff



- Make use of the role model
- Motivate other staff

A staff person who was recognised as ‘employee of the month’ and/or ‘employee of the year’ was offered certain rewards. Rewards came in either financial or non-financial incentives such as a free night's stay in the hotel, a free round-trip ticket to other provinces, and career progression in the company. Feeling that their efforts to deliver the brand promise were recognised and paid back, staff would continue to execute their behaviours and attitudes, thus enhancing their brand commitment and identification. Also, management believed that, when these triggers satisfied them, they tended to stay longer with the brand.

*‘I am the employee of the month and of the year as well ... I maintain my performance and even make it better and better.’* (Hotel M, guest contact supervisor, female, 26 years old)

The employees who were announced ‘employee of the month’ became the role models to other staff. At the same time, the rewards would motivate the others to expend their efforts to keep the brand standards and achieve service excellence so that they would get selected and rewarded. In addition, the participants expressed their knowledge about the criteria to get selected as an employee of the month. When staff were motivated to be selected, they would perform in ways that were aligned with the brand values.

*‘We know what to do to be considered the ‘employee of the month’. Still, I look at those who got recognised, observing their behaviours to ensure that mine is what the brand expects.’* (Hotel P, business centre officer, female, 23 years old)

*‘I saw those who got recognised and I wish I would be that person some days. I may have to try harder so that I get recognised. Not only are the rewards good, but it’s also about the feelings about being an employee of the month.’* (Hotel S, café captain, female, 32 years old)



This suggested that recognition schemes could enhance employees' commitment to deliver the brand promise. As the 'employee of the month' was looked up to as a role model, it suggests an alternative for an organisation to inform other staff about the brand-supporting behaviours. Because other employees wish to get recognised and thus rewarded, they will follow the brand standards, thereby exhibiting the right pattern of the brand-supporting behaviours. Furthermore, as observed by the senior management, junior staff tended to be money-driven, so the right rewarding schemes could enhance the level of staff retention.

## **7.6 Personal Variables: Age, Educational Background, Length of Service**

Among different personal variables suggested by the literature (see Birdi et al, 1997; Churchill et al, 1975; Maurer and Tarulli, 1994), this study revealed three variables that were regarded by both management and customer-interface employees as having an impact on their attitudes and behavioural performance. They referred to age, educational background, and length of service. Employees with different ages, educational backgrounds, and experiences with the brand may have different levels of challenge in delivering the brand promise to hotel guests and other stakeholders. Moreover, these factors may influence the level of their brand identification, commitment, and loyalty.

### **7.6.1 Age**

In line with the study of Simons and Enz (1995), hospitality employees whose age is over 30 years tend to rate security as one of the top three significant factors. This study reveals that staff who are in their 30s or older showed their determination to stay with the brand. It was observed that employees who are 30 years old considered themselves as 'old', which could be due to their having families to take care of. It should, however, be noted that this perception of age is more or less associated with the perception of Thais rather than generalisable to all nationalities. Some of them have worked with the brand for several years while others have worked for only a couple years. However, at this range of age, they believed that they would stay at the brand.



*I'm getting old ... I am not going anywhere, I want to be here'* (Hotel S, café captain, female, 32 years old).

*'I don't think I'll go anywhere as I'm getting old and I have a family to feed.'* (Hotel H, F&B server, male, 30 years old)

As they would like to stay with the brand, they expressed their commitment to follow the brand standards to achieve their brand promise delivery. They also viewed their behaviours as consistent with the brand expectations.

*I am older and older ... I consider myself as part of the brand and I believe that my behaviours are aligned with the brand values and its goal, based on our set of brand standards'* (Hotel D, housekeeping supervisor, female, 42 years old)

Staff at the younger ages did not show their determination to stay with the brand.

*'I love this hotel. I am happy to work here but I don't know how long I will stay. When the opportunity comes, I may have to grasp that although it even means leaving this brand.'* (Hotel D, communication centre officer, female, 28 years old).

This was observed by the senior management as can be evidenced by the comment from the GM of hotel P:

*'But you won't probably get that [value internalisation] among the junior rank because they tend to be younger, they tend to be umm maybe even doing it until they get a real job or umm an overseas MBA, or whatever it is they're going for. They have a different agenda, a different long-term agenda.'*

Another senior manager also commented on an opportunity for career advancement, which reflects not only the aforementioned statement of the employee (Hotel D, female, 28 years old) but also the study of Simon and Enz (1995) that reveals that employees whose age range is below 30 years old tend to rate opportunity as the second most significant factor, followed by interesting work.



In general, it was found that most of the participating employees expressed their identification with and commitment to the brand. Also, the findings suggested that the older employees (30 years old or older) tend to be more loyal to the brand as well as more committed to and identified with the brand. Ultimately, they believed that they were delivering on the brand promise as specified by the brand standard due to their strong intention to stay.

### **7.6.2 Educational Background**

The significance of educational background starts at the beginning of their career. Management revealed that educational background was also one of the qualifications that they would use to consider the applicants. Some management clarified that employees whose educational background was related to hospitality management were preferable. Moreover, they showed their preference towards the students who had their work placement during their studies with the hotel brand. They attributed their preference towards the higher potential for skill improvement, which will subsequently affect their performance during the delivery of the brand promise. Also, because those students had an experience of the brand and its identity, they were believed to impose fewer difficulties in attaining the alignment of employees' behaviours with the brand's values. This suggests that employees with higher educational levels could perform their role in delivering the brand promise better than those with lower education because their education helps them to take advantage of training programmes. Moreover, management believed that employees with higher education could understand brand messages more easily.

*'The most important is education because it encourages unlimited growth. It will be easier to improve their potential to delivery our brand promise' (Hotel S, Director of F&B)*

*'I believe that employees with high levels of education could understand our brand values better. This should lead to their high potential to deliver on the brand promise. Although those with lower education are committed to follow the brand standards, they may take longer time to visualise the inherent values and deliver on them.'* (Hotel H, Director of F&B)



However, it is found that staff who are in a position which requires a lower educational background often expressed satisfaction with the brand's training programmes and found them to be useful in daily life.

*'... as I can speak English also not very well but I can as S provides me English courses ... and it offers its employees an English course to improve their knowledge and skills.'* (Hotel S, busboy, male, 23 years old)

*'I like the training courses here. We have a personality course from J [the renowned company in providing personality development course]. That's great. If I paid for it myself, I wouldn't be able to.'* (Hotel M, bellboy, male, 31 years old)

Therefore, although staff with higher educational levels are believed to be more effective in terms of their performance, the qualitative findings found that staff with lower educational levels may be easier to satisfy with the training programmes provided by the organisation. Moreover, staff from the department of Service, who tend to hold higher degrees in education, expressed uncertainties in their intention to stay with the hotel. In general, they revealed more ambitions to advance in their careers. This suggests that the educational level of employees exerts moderating effects on employees' brand attitudes and their brand behaviours.

*'I can't say how long I would stay. I love this hotel and I'm proud to be working here as one of the D team. However, I don't know if there is an opportunity somewhere else, I may leave.'* (Hotel D, female, sales reception co-ordination, 29 years old)

### **7.6.3 Length of Service**

In this study, the term 'experience' appeared several times when the issue of brand performance was discussed. Management were more concerned about training new staff than those who had spent quite a few years with the brand. At the starting point of the post, management pointed out the difficulties for employees to visualise the brand values and vision. They believed that, along the course of their service with the brand, they gained more skills and techniques, enabling them to handle customers



and other incidents during service encounters better than newly appointed employees. Therefore, new employees attended more training programmes and received more brand information to ensure that they understood the brand values and were inspired by the brand vision, thereby enabling them to be identified with and committed to the brand.

*'Any operating challenges mostly affect new staff, who are quite inexperienced. They could be under quite a degree of pressure. If the same things happen to senior staff, they may have ways to get round the problems.'* (Hotel M, Director of Services)

*'New employees, despite our push and guideline during orientation and during daily briefing, meeting, and from the brand manual or newsletter, well, essentially anything that we use to communicate our brand, they may not see the direction ... they don't know how it can be achieved'* (Hotel P, F&B Manager)

From the newly appointed employees' perspective, they also believed that their performance was not as effective as those who stayed longer. As a result, they were eager to seek knowledge from any sources provided by the organisation. They attributed their ability to deliver the brand promise to the organisation's internal branding activities.

*'When I first started my job here, I felt like every thing was difficult so I paid attention to all messages sent from the management. It was very useful in helping me following the brand standards.'* (Hotel O, porter, male, 6 months of service)

Furthermore, due to the job-shopping characteristic of the industry, management accepted the possibility that staff who worked with the brand for a while might leave the brand.

*'There are those who stay with us long but it's normal to see people leave. If they don't leave with bad impressions with our brand, I think it's okay.'* (Hotel O, Training Manager)



*'When I started the job, every thing was so gorgeous, high-end, and beautiful. Now, maybe because I've been here so long, I feel that things are getting ordinary, simple, and normal. I don't know'* (Hotel D, communication centre officer, female, 28 years old).

It was also found that not only did employees who worked with a brand for a while might leave the brand, but also employees who started working expressed their uncertainty regarding their job tenure with the particular brand.

*'I just start working here and I'm not sure how I will like the hotel. At the moment, I'm happy to get a job but not quite sure how much I will become so 'into' the brand.'* (Hotel M, assistant F&B personnel, female, 30 years old)

However, it was found that employees who stayed with the brand quite long presumed that they had a high level of brand identification. Moreover, although management believed that new employees needed to receive more information about the brand, employees who reported long duration of service with the brand expressed their need to receive as much information as they could. They also mentioned that by attending daily briefing, for example, they were reinforced about the brand mission, which triggered their pride in the brand and inspired them to deliver on the brand promise to satisfy hotel guests and achieve the brand's goals.

*'Even when I am at home, I find myself behaving like when I am working at the hotel. For example, I will try to provide my family comfort and convenience with a smile. It just comes automatically'* (Hotel M, guest contact supervisor, female, 26 years old)

*'I think it is necessary to attend daily briefing or receive all brand messages. Although I've worked here for a while, I still feel that I get inspired every time I am informed about our brand.'* (Hotel P, Hotel P, guest relations officer, Female, 25 years old)



Therefore, the qualitative findings suggest that new employees did not find themselves delivering the brand promise effectively. Because of their limited knowledge about the brand, they paid attention to a variety of information that was provided by the organisation. However, as they stayed longer, they became more knowledgeable and skilled. Although they might express certain levels of brand identification and commitment, they also might consider leaving an organisation. Still, new employees might also consider leaving the brand. Above all, this might need to be considered together with other factors such as their age and their educational level.

### **7.7 Departmental Differences**

Although it appears that there is little difference in employees' expressions regarding their attitudes towards the brand and their service quality, the study has found some differences in how brand messages were communicated to staff of different departments. Senior management placed an emphasis on interpreting the brand values into daily activities and communicating these activities to staff so that they could better relate them to their tasks. Therefore, they made an effort to ensure that the messages were tailored to suit the employees' job characteristics in their department.

*'It's the same messages, the same brand values that are communicated to all staff in this hotel. However, they have to be tailored to staff in each department ... 'integrity'? For room maids, you may write in the logbook to indicate that there is a watch in the guest's room because we don't know what kind of customers they are. For other departments, the heads have to make sure that these examples of behaviours are relevant to their people's tasks' (Hotel H, Director of Quality Support)*

Moreover, the findings indicated that staff from different departments sought different types of information. Therefore, the same message may be absorbed and retained differently depending on how much it was considered relevant and useful to their jobs.



*'Even though the messages are there and they've been communicated, the degree to which it is important to their job or to them will vary.'* (Hotel P, GM)

Moreover, the amount of information needed is found to vary across staff from different departments.

*'I need as much information as possible ... Guests come here first when they want to know about something. No matter what they want to know, guest service officers take care of that.'* (Hotel S, guest relations officer, female, 25 years old)

*'I think what we have now is enough. I don't want to ask for more.'* (Hotel P, hostess, female, 26 years old)

Within a department, different positions hold a different perspective regarding the amount of information required by individual staff. That is, from management's point of view, staff at the lower rank did not wish to have as much information as they were receiving nowadays. When they were in a higher rank, staff would understand and accept why there was a lot of information for them. On the contrary, the participating staff seemed to have a different idea. At the low rank, staff wanted more information. They were willing to be taught and educated more about the brand, although they could not understand every detail. Staff at the captain level did not want more information. The actual amount of information was perceived as sufficient.

*'I want managers to train us every day.'* (Hotel S, busboy, male, 23 years old)

*'The amount of information we have at the moment is enough. There is quite a lot already.'* (Hotel S, Chinese restaurant captain, female, 38 years old)

However, regarding the amount of information, it was found that management should be careful in giving a lot of information during the high-season time as the occupancy rate is skyrocketing. At this time, the findings suggest that staff perceived their jobs as very busy and they did not have enough time to digest a great deal of



information. Although the need for staff could increase, the volume of information should be kept at minimum; this, however, does not suggest the lack of quality of information distributed. This is in line with different authors in the literature review (Chapter 5 Section 5.5.4: e.g. Hankinson, 2004; Tapp, 1996). Also, this study adds to the study of Asif and Sargeant (2000) that the volume of information communicated, specifically in the hotel industry, has to be considered along with the time of the tourist season (low or high). At the low-season time, employees are more relaxed so they are more insensitive to the amount of information as long as it is not too much.

Moreover, differences in the characteristics of the management team might affect the effectiveness of internal branding in different departments. For some hotel brands, the management team of some departments includes managers from different nationalities. Their communication with staff may cause some problems. For example, one F&B manager of the hotel O is French. Due to the education of employees, they have difficulties in understanding the messages sent by the French manager as the communication occurs in English. The manager himself also noticed this problematic issue.

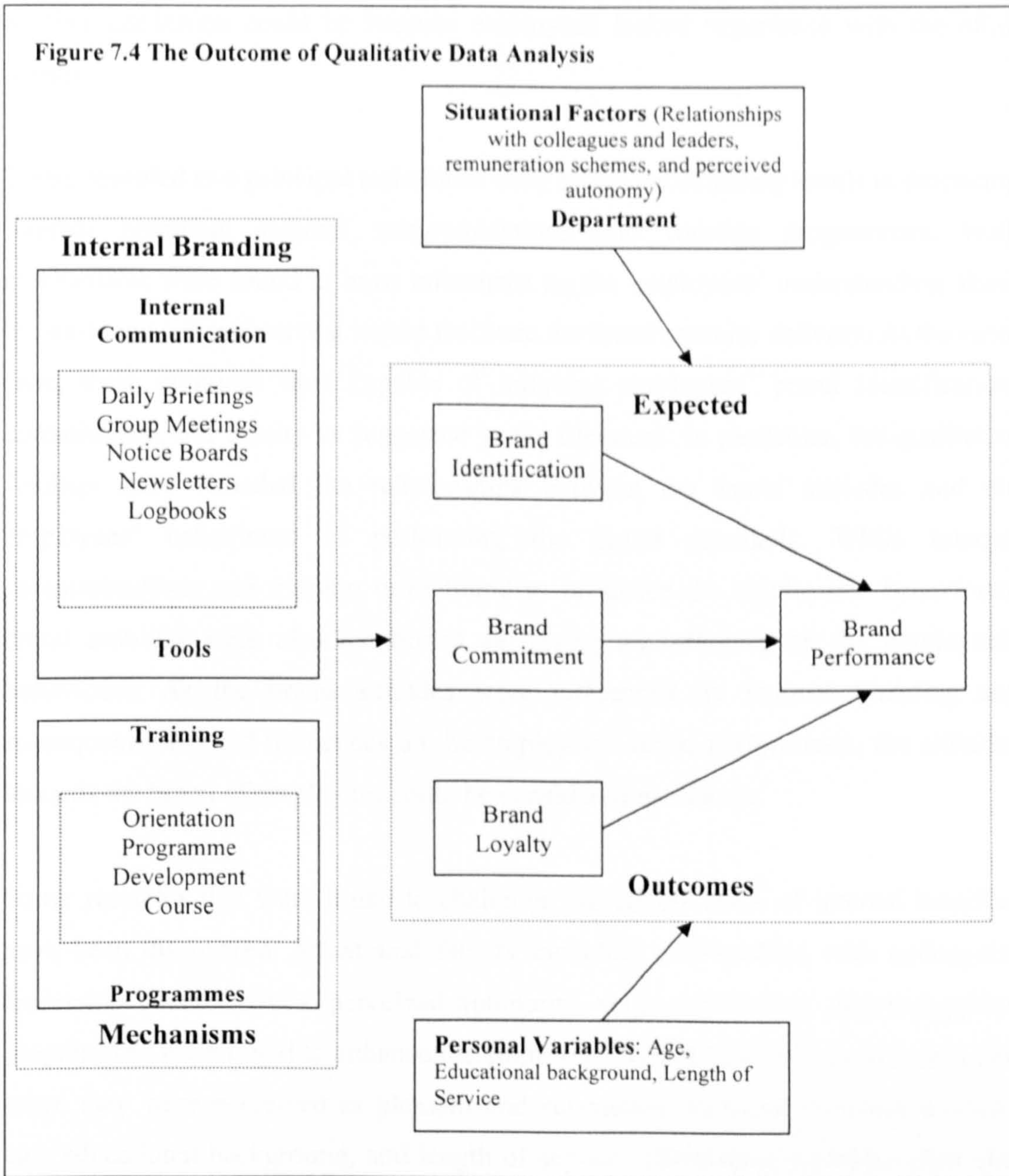
*'I think that language is one big barrier for me. I said things, and they sometimes didn't understand and acted out in a wrong way.'* (Hotel O, F&B Manager)

*'Our manager is French. He speaks English but we're not so good in English. It's quite difficult to understand what he is saying.'* (Hotel O, waiter, male, 23 years old)

Therefore, it is difficult to assure the consistency in internal communication and training across departments although they believe that the same brand messages are communicated but in a different manner. This being the case, there should be some differences in employees' attitudes and brand performance across different departments. However, the qualitative findings did not detect any differences in employees' brand attitudes and performance across the three departments.



Figure 7.4 represents the key concepts and their linkages that were identified as the result of the qualitative data analysis.



## 7.8 Summary

The chapter has revealed that both management and customer-interface employees perceive that employees are important to the service brand in different ways, i.e. customer retention, customers' impressions, and customer satisfaction, all of which resonates with the literature. However, contrary to the literature, employees did not



feel that they were one of the sources of brand differentiation. This could be due to the lack of clarity on the part of the management in specifying how the behaviours that employees should be performing were different from the other brands. However, another attribution could be because employees lacked experience with the other brands.

It also revealed two principal techniques used by the participating hotels in practicing internal branding: internal communications and training programmes. Both mechanisms were found to have influences on the employees' understanding about the on-brand behaviours that would facilitate the brand promise delivery. At the same time, these practices were capable of inducing employees' brand identification, commitment, and loyalty as suggested in the literature. In particular, the qualitative findings have revealed the relationships between the brand attitudes and the employees' behaviours in performing the brand standards. While internal communications and training were found to influence the employees' behaviours, brand attitudes were also mentioned as having an influence on the employees' behaviours. As the brand attitudes were influenced by internal branding and subsequently exerted influences on the employees' brand performance, the attitudes towards the brand of employees could be considered mediators.

Some variables that were found to challenge the effectiveness of internal branding have been discovered. Situational factors including relationships with colleagues, leadership characteristics, perceived autonomy, wage satisfaction, and recognition programmes were found to enhance the employees' brand performance and attitudes, when they were perceived as pleasant and supportive. Personal variables included age, educational background, and length of service. These three variables were also mentioned as having some impact on how employees were loyal to the brand. The findings further suggested that personal variables could influence the other brand attitudes (i.e. brand identification and brand commitment) and, thus, the performance of the employees.



The next chapter will present the quantitative findings to test the hypotheses that were partly derived from these qualitative results.



### The Quantitative Analysis of the Survey

#### Findings

##### 8.1 Introduction

The previous chapter discussed the findings of the qualitative analysis interviews with regard to the research objectives of this study. The qualitative phase included interviews with 20 senior management and 51 customer-interface employees from four- and five-star hotel brands. As a case study is criticised for its validity, the quantitative survey was conducted to introduce another source of evidence to increase the validity of this case study research, which followed a mixed method approach starting with qualitative research followed by quantitative approach. Moreover, the relationships of the identified constructs could be further assessed. Developed from the qualitative findings and the literature review, the quantitative survey was conducted with customer-interface employees from three departments within the same hotel brands. It should be noted that one hotel brand was not able to participate in the quantitative research. However, as the qualitative findings did not suggest any systematic differences across the six hotel brands, it was justified to pursue the quantitative phase of the research with the remaining five hotel brands.

This chapter provides the results and the discussion of the findings from the employee surveys. To begin with, the chapter presents a general LISREL model for assessing the hypothesised relationships among the constructs. Then, the chapter is developed based on the research objectives and hypotheses. As research objectives 1 and 2 were completed by the first phase of the research, the chapter begins with research objective 3 to determine the influence of internal branding on employees' brand performance. It, then, determines the hypothesised mediating effects of brand attitudes on the link between internal branding and brand performance of employees. Furthermore, the relationships between the three attitudes that employees hold toward a brand are assessed. The fifth research objective discusses the effects of



different hypothesised moderators, namely work environment, personal variables (e.g. age, educational background, and length of service), and departments. In particular, the pattern of relationships of these constructs is closely investigated for each department.

## **8.2 General LISREL Model**

The study used the general LISREL model to examine the hypothesised relationships among the different constructs. The software package AMOS 7.0 was applied to execute the modelling for it is the most 'user friendly' software for this statistical technique (Hox, 1995; Kline, 1998b; Ridgon, 1994).

The construct validation, as described in chapter 6, produced 8 multi-item scales (see Table 6.9). These eight validated multi-item constructs were incorporated into the focal model, shown in Figure 8.1, for the subsequent hypothesis testing. Four additional categorical variables were incorporated to be tested for their hypothesised moderators in the conceptual model (see Figure 6.1) together with these eight constructs. It should be noted that the model assumes no difference across the five hotels. As there are no major differences between the mean scores of different items and particularly their summated scores for each scale (no bigger than .20), it seems plausible to treat the data from the five hotels as one set (see Appendix A for detailed mean scores of different items used for these multi-item scales).



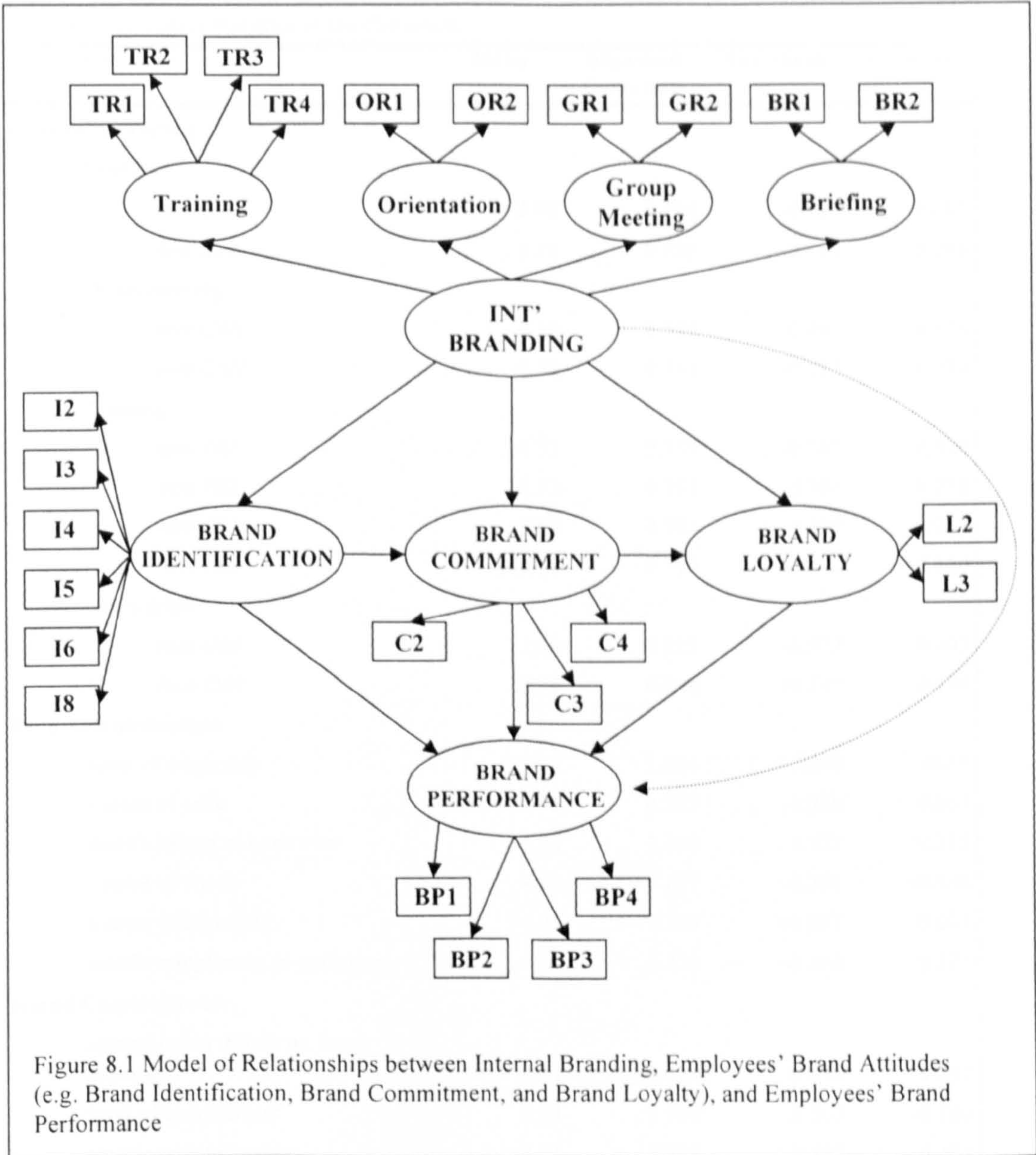


Figure 8.1 Model of Relationships between Internal Branding, Employees' Brand Attitudes (e.g. Brand Identification, Brand Commitment, and Brand Loyalty), and Employees' Brand Performance

### 8.3 Data Screening

The data were screened to meet the requirements for the use of structural equation modelling. The data screening was performed by the SPSS 15.1 statistical package. Table 8.1 shows the descriptive statistics of the eight constructs. The magnitude of skewness and kurtosis are less than 2.0, meaning that all constructs are well within a reasonable range of normality (Byrne, 2001).



Table 8.1 Descriptive Statistics of the Constructs

Constructs	Mean	Standard Deviation	Skewness	Kurtosis
<b>Internal Branding</b>				
Briefing				
<i>item BR1</i>	3.95	0.794	-0.539	0.383
<i>item BR2</i>	3.71	0.850	-0.455	0.293
Group meeting				
<i>item GM1</i>	0.38	0.759	-0.402	0.648
<i>item GM2</i>	0.38	0.741	-0.177	0.079
Training				
<i>item TR1</i>	4.11	0.755	-0.742	0.916
<i>item TR2</i>	3.93	0.783	-0.364	-0.256
<i>item TR3</i>	3.88	0.783	-0.399	0.232
<i>item TR4</i>	4.06	0.770	-0.472	-0.124
Orientation				
<i>item OR1</i>	3.58	0.823	-0.077	0.103
<i>Item OR2</i>	3.85	0.846	-0.518	0.149
<b>Brand Identification</b>				
sense of ownership	3.28	1.034	-0.093	-0.46
a sense of pride	3.92	0.797	-0.386	0.065
brand's success as one's own	3.98	0.820	-0.532	0.215
a sense of family	3.96	0.817	-0.352	-0.456
a sense of belonging	4.05	0.759	-0.461	0.065
brand's compliment as one's own	4.14	0.728	-0.558	0.373
<b>Brand Commitment</b>				
committed to deliver on brand promise	4.11	0.729	-0.440	-0.057
level of commitment	4.18	0.760	-0.507	-0.280
emotional attachment	4.21	0.785	-0.523	-0.405
<b>Brand Loyalty</b>				
intention to stay	3.51	1.054	-0.334	-0.375
driven by competence to deliver on brand promise	3.81	0.886	-0.407	0.008
<b>Brand Performance</b>				
level of service quality delivered	3.95	0.708	-0.125	-0.491
job responsibilities fulfilment	3.88	0.720	-0.077	-0.506
brand promise fulfilment	3.96	0.703	-0.232	-0.075
customer handling within a set of brand standards	3.90	0.721	0.094	0.187

NOTE: All variables range from 1 to 5, where 1 represents the weakest possible (e.g. strongly disagree) and 5 the strongest possible (e.g. strongly agree).



#### 8.4 Model Estimation and Comparison

The structural equation modelling was conducted using the maximum likelihood estimation method in AMOS 7.0. The statistically 'best' model was determined through a combined use of model comparison and model development. In this case, the author's theoretical model of interest (focal model) was first subjected to a rigorous test that compared the model with a set of an alternative model.

To compare different models, one can perform a nested or/and non-nested model analysis. According to Reifman (2007), the author's models possess the property of 'nestedness', meaning that one is a constrained version of the other. That is, the alternative models are converted from the operational model by either adding or removing parameters from one to obtain the other. Specific to this research study, alternative model one removes parameters from brand identification to obtain brand commitment, and from brand commitment to obtain brand loyalty (Figure 8.2), indicating no relationships among brand attitudes that employees hold towards a brand. Alternative model two removes the aforementioned two parameters and the parameter from internal branding to obtain brand performance (Figure 8.3), suggesting further that the non-related brand attitudes are not a mediator of the link between internal branding and brand performance. As such, the focal model was compared with two alternative models by way of a nested model analysis (Anderson and Gergin, 1988).



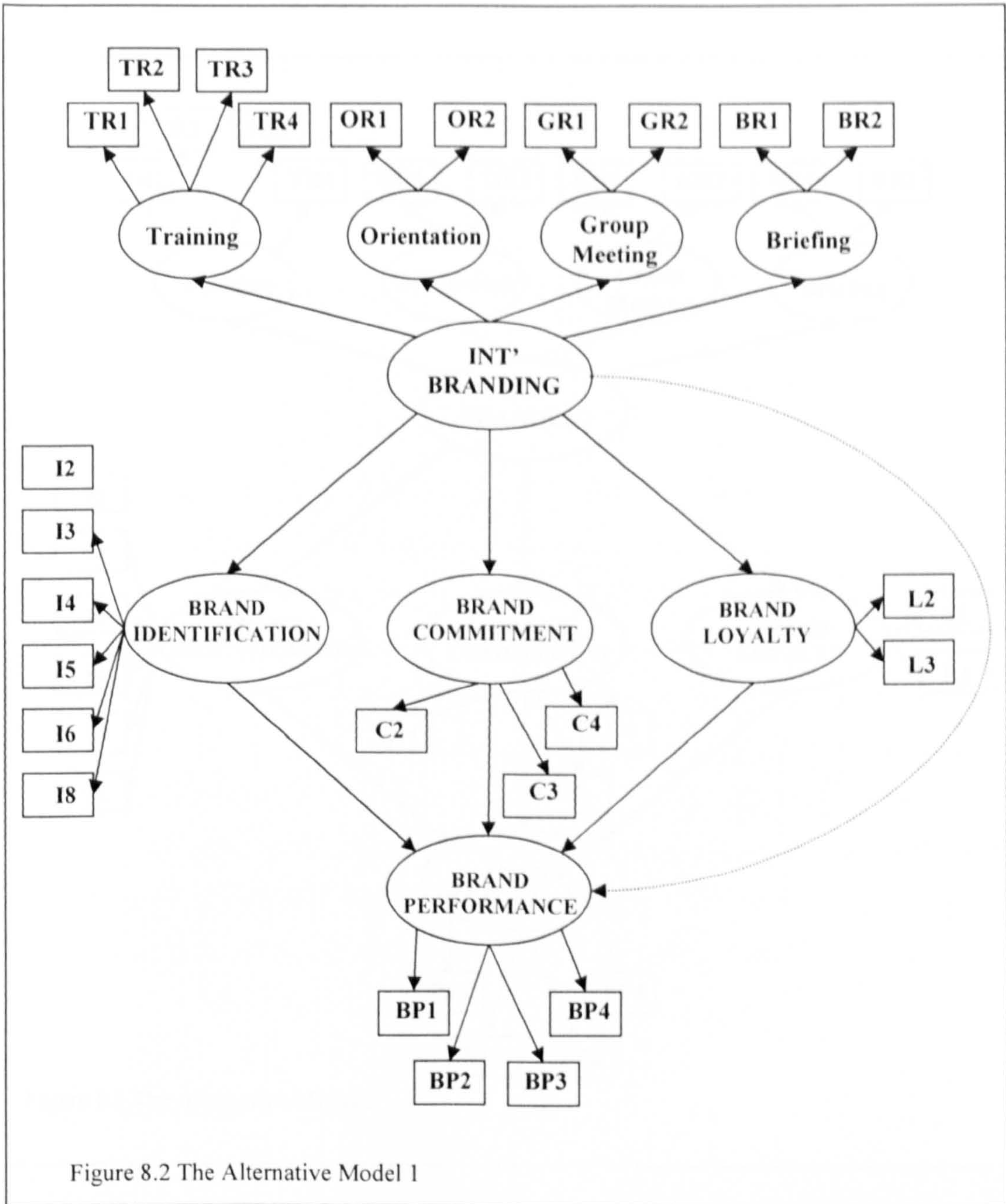


Figure 8.2 The Alternative Model 1

Apart from observing the goodness-of-fit index (Anderson and Gerbing, 1988), a series of pairwise analyses between the focal model and the alternative model were conducted to determine which model better accounts for the observed data. The models were compared on the basis of their chi-square ( $\Delta\chi^2$ ) fit statistics (Eveland et al, 2005; Hoyle, 1995); one simply compares the value of  $\Delta\chi^2$  between the models to the critical chi-square value. Also, the Akaike's (1987) information criterion (AIC) and Bayes information criterion (BIC; Raftery, 1993; Schwarz, 1978) were reported.



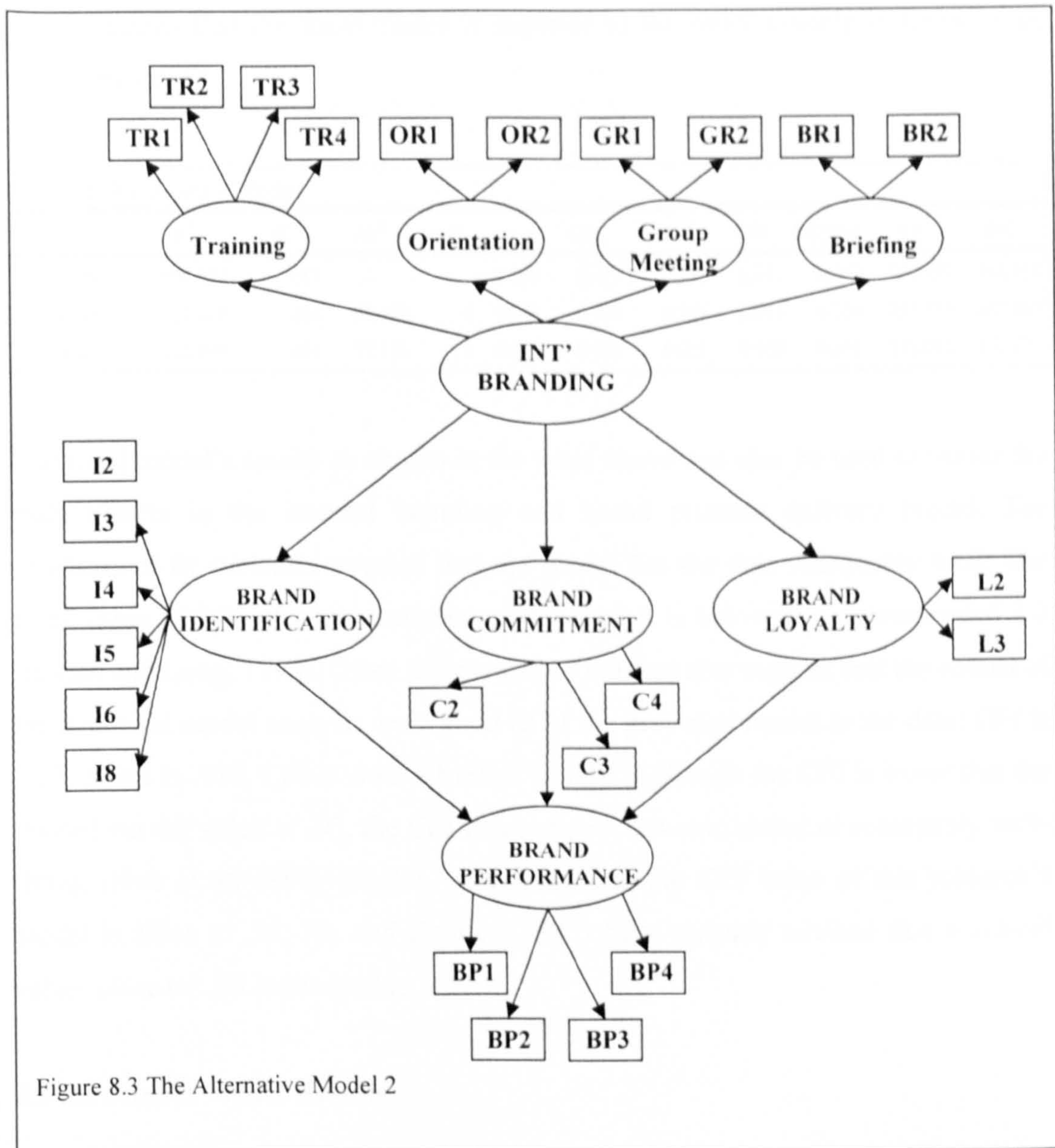


Figure 8.3 The Alternative Model 2

The results of fit statistics of different models were evaluated and demonstrated by Table 8.2. According to Eveland et al (2005), the lower the values of  $\chi^2$  and RMSEA, the better the model fits with the observed data. This supports the goodness-of-fit indexes (GFI, TLI, and CFI); these values of the focal model are closer to .95, being indicative of a better fit to the data. Moreover, the values of BIC and AIC of the focal model are the lowest. According to Hu and Bentler (1995), smaller values represent a better fit of the hypothesised model. The chi-square difference was reported as another evaluation criterion. The chi-square difference statistics between the focal



model and alternative models are all significant at either the .05 or .01 level<sup>7</sup>. This, then, suggests that the focal model is superior to the other models in terms of an overall model fit.

Model	$\chi^2$	df	$\Delta\chi^2$	$\Delta df$	p	GFI	TLI	CFI	RMSEA	AIC	BIC
focal model	654.937	262			0.000	0.927	0.933	0.941	0.047	780.937	785.954
alternative 1	711.129	264	56.192	2	0.000	0.920	0.924	0.933	0.050	833.129	837.987
alternative 2	732.093	265	77.156	3	0.000	0.916	0.921	0.930	0.051	852.093	856.871

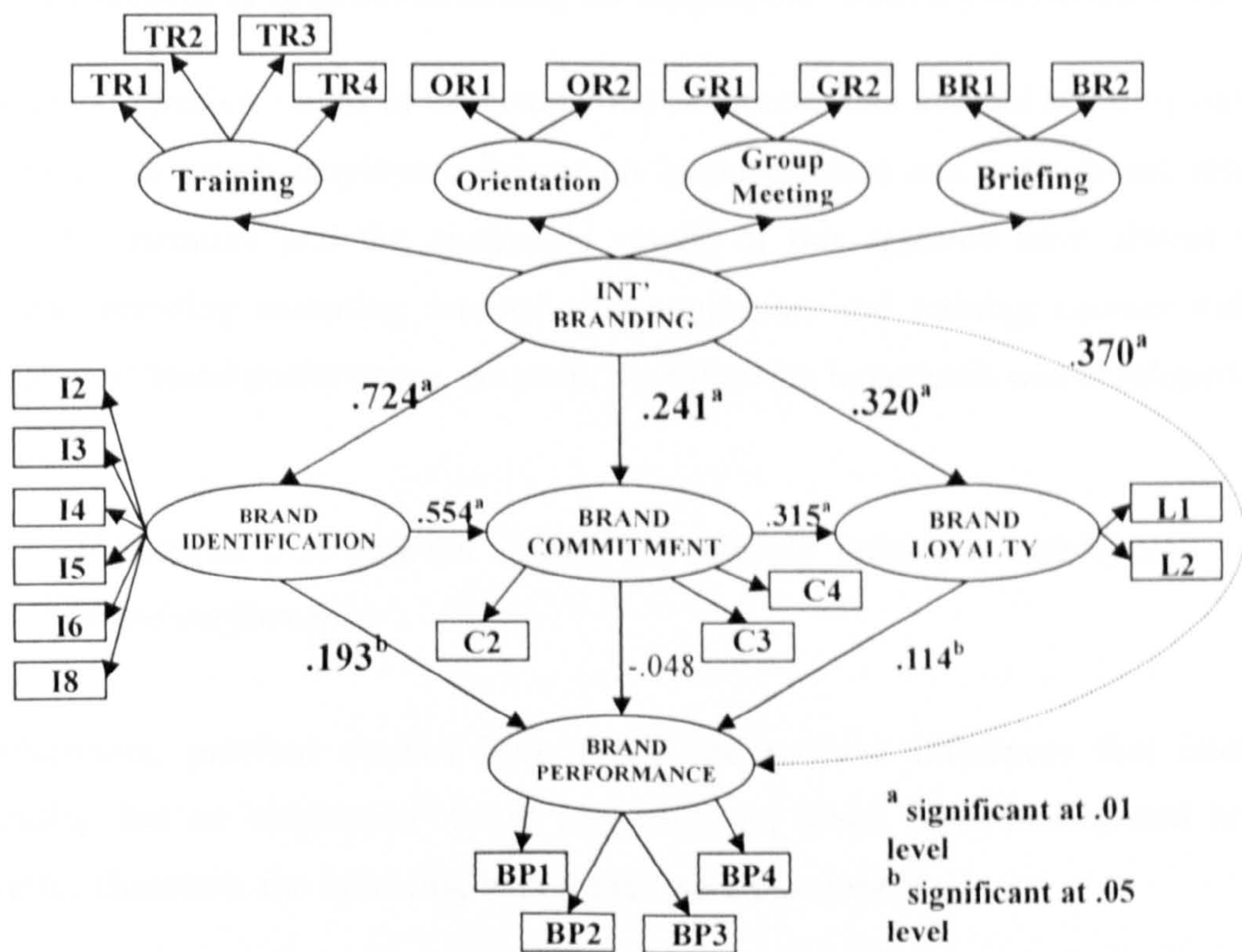
The focal model's results as shown in the table above can also be used to assess the main effects in the internal branding and brand promise delivery model. The goodness-of-fit statistics revealed that the model fits the data reasonably well: The  $\chi^2/df$  value of 2.5 indicates a satisfactory level as it is below the recommended 3.0 (Bollen and Long, 1993). Other representative indexes also suggest that the results of the structural model analysis are a good fit of the proposed model to the data: GFI is .927, AGFI is .910, CFI is .941, RMSEA is .047. Although the CFI is lower than the revised cut-off value of .95, the CFI value above .9 is considered as reasonably well-fitting (Hair et al, 1998; Hayduk, 1987). In fact, the CFI value of this research's model is close to .95; Hu and Bentler (1995) have recently advised that a cut-off value 'close to' .95 is acceptable.

### 8.5 Structural Model Results

The research hypotheses were examined by testing the structural coefficient estimates. Figure 8.4 shows the estimated coefficients of the relationships among all constructs of the focal model. Table 8.3 reveals the estimated coefficients of different parameters for all models, including one focal model and two alternative models. The path estimates of each parameter of the focal model will be discussed under the relevant section as guided by the research objectives and hypotheses.

<sup>7</sup> In the comparison between the focal model and the alternative model 1, the differences of degree of freedom are 2, and thus the critical value for  $\Delta\chi^2$  is 5.991 (p=.05) and 9.210 (p=.01). The alternative model 2 differs from the focal model by 3 degrees of freedom, and thus the critical value for  $\Delta\chi^2$  is 7.815 (p=.05) and 11.3449 (p=.01).





$\chi^2$  =677.653  
df =262  
GFI =.926

TLI =.931  
CFI =.940  
RMSEA =.048

**Figure 8.4** Relationships between Internal Branding, Employees' Brand Attitudes (e.g. Brand Identification, Brand Commitment, and Brand Loyalty), and Employees' Brand Performance

Table 8.3 Path Coefficients of the Focal Models and Alternative Models			
Path	Focal Model	Alternative Model 1	Alternative Model 2
Internal Branding → Brand Identification	0.724 <sup>a</sup>	0.829 <sup>a</sup>	0.832 <sup>a</sup>
Internal Branding → Brand Commitment	0.241 <sup>a</sup>	0.771 <sup>a</sup>	0.771 <sup>a</sup>
Internal Branding → Brand Loyalty	0.320 <sup>a</sup>	0.602 <sup>a</sup>	0.610 <sup>a</sup>
Brand Identification → Brand Performance	0.193 <sup>b</sup>	0.042	0.360 <sup>a</sup>
Brand Commitment → Brand Performance	-0.048	-0.156	0.081
Brand Loyalty → Brand Performance	0.114 <sup>b</sup>	0.062	0.158 <sup>a</sup>
Internal Branding → Brand Performance	0.370 <sup>a</sup>	0.625 <sup>a</sup>	-
Brand Identification → Brand Commitment	0.554 <sup>a</sup>	-	-
Brand Commitment → Brand Loyalty	0.315 <sup>a</sup>	-	-

**Note** <sup>a</sup> significant at .01 level  
<sup>b</sup> significant at .05 level



### 8.5.1 Influences of Internal Branding on Employees' Delivery of Brand Promise

Research objective 3 aims to understand the influences that internal branding has on the extent to which employees deliver on brand promise and enact brand values. Both the literature and the qualitative results of this research have argued that internal branding including internal communication and training courses induce employees' brand performance. As such, the following hypothesis was developed:

*Hypothesis 3.1: Internal branding positively influences employees' brand performance.*

Furthermore, previous studies have found the positive influences that internal branding has on employees' brand identification, brand commitment, and brand loyalty. Therefore, the following hypotheses were developed:

*Hypothesis 3.2: Internal branding positively influences employees' brand identification.*

*Hypothesis 3.3: Internal branding positively influences employees' brand commitment.*

*Hypothesis 3.4: Internal branding positively influences employees' brand loyalty.*

The result of a LISREL analysis reveals that internal branding has a significant effect on employees' brand performance (0.37,  $p < .001$ ), lending support to Hypothesis 3.1. In addition, the analysis also revealed that internal branding has a significant effect on the three brand attitudes of employees. In particular, internal branding exerts the strongest influence on the extent to which employees identify with the brand (0.72,  $p < .001$ ). The findings further revealed that the extent to which employees are committed and loyal to the brand can be influenced by the effective practice of internal branding. The influences that internal branding has on these two brand



attitudes (brand commitment: 0.24,  $p < .001$ ; brand loyalty: 0.32,  $p < .001$ ) are, indeed, minimally different from those on employees' brand performance. Brand commitment is the attitude that is least influenced by internal branding.

This study has purported that internal branding that coordinates the wisdom from both marketing (i.e. internal communications) and human resources (i.e. training programmes) is capable of inducing employees' brand attitudes. This is in line with previous studies that empirically indicate that internal branding engenders employees' identification with, commitment to (Aurand et al, 2005; Burmann and Zeplinn, 2005), and loyalty to (Papasolomou and Vrontis, 2006a, b) the brand. Referring to the qualitative analysis, brand values and brand mission encapsulated within a brand promise were constantly reinforced with employees via all internal communication channels such as group meetings and daily briefings. Furthermore, training programmes were regularly provided for employees within and across different departments, and/or even across different hotels operating under the same brand. Some of these training sessions aimed at informing employees about team building. Employees believed that they were all working in harmony to achieve the same brand goals. Although internal communications are associated with employees' brand commitment (e.g. Asif and Sargeant, 2000; Mathieu and Zajac, 1990), both the literature and qualitative findings have suggested that satisfying training programmes are more strongly associated with creating happy and confident employees. These satisfied staff are, then, committed to delivering on the brand promise as prescribed by brand standards (e.g. James et al, 1977; Szilagyi, 1977). This could possibly explain why this research has found that internal branding has an overall weaker, but statistically significant, influence on employees' brand commitment. Asif and Sargeant (2000) propose a conceptual internal communication model, indicating that loyalty is one of the expected outcomes. Other authors (e.g. Annaway, 2005; Baum, 1995; Henkoff, 1993) have suggested that employee training programmes reduce staff turnover. Likewise, this thesis has provided empirical evidence to support that internal branding positively affects employees' brand loyalty in terms of their job tenure. The weak, but statistically significant, influence of internal branding on employees' brand loyalty can possibly be inferred from the qualitative analysis



(Section 8.3.4); employees attributed their intention to stay with the brand to the belief that a brand gives them financial stability, knowledge, capabilities, and a good work environment. In particular, knowledge and capabilities can be partly enhanced by training programmes and internal communications that give them information about effectively enacting brand values, thereby enabling them to deliver on the brand promise.

While a number of respectable authors (e.g. Drake et al, 2005; Lingenfelder and Spitzer, 1986) have argued that internal branding is instrumental in changing employees' behaviours so that they deliver on brand expectations (e.g. brand experiences, brand quality, and brand values) set by its promise, they have provided little empirical evidence, if any, to support such an argument. This quantitative analysis has revealed that internal branding used to generate and foster brand values via internal communications and training has a significant, positive relationship with the extent to which employees deliver on the brand promise guided by a set of brand standards. Furthermore, the qualitative analysis demonstrated that brand promise encapsulates the core values of the brand. In this light, the result of this study indicates that internal branding is a mechanism that orchestrates both internal communications and training to ensure that employees enact brand values throughout the delivery of the brand promise.

In short, the result at this stage suggests that internal branding exerts most of its influence on the level of identification that employees have toward the brand. Employees' brand performance is also enhanced by educating, communicating and fostering brand values through the practice of internal branding. However, the intensity of internal branding's influences on brand performance ( $\beta=.37$ ,  $p<.001$ ) is much less than on brand identification ( $\beta=.72$ ,  $p<.001$ ) but more than on other brand attitudes:  $\beta=.32$ ,  $p<.001$  for loyalty and  $\beta=.24$ ,  $p<.001$  for commitment.



To summarise, hypotheses 3.1, 3.2, 3.3 and 3.4 are all supported. Internal branding is capable of inducing both employees' brand attitudes and employees' brand performance. Among the three brand attitudes, internal branding exerts the highest level of influence on employees' brand identification. Employees' brand commitment is least affected by internal branding.

### **8.5.2 Brand Attitudes: Their Interrelationships and Their Effects in the Internal Branding Process**

Research objective 4 attempts to identify the role of employees' brand attitudes in the internal branding process. The literature has revealed the confusion about the meaning of these three attitudes. While some use 'identification', 'commitment', and 'loyalty' interchangeably (Legge, 1995a, Mowday et al, 1982; Porter et al, 1974), some have regarded them as interrelated but distinct concepts (e.g. Loveman, 1998; Silvestro, 2002). It is argued that identification leads to affective commitment, suggesting an emotional attachment that employees have with the brand (Allen and Meyer, 1990). Because commitment is resistant to change, it is considered as a key precursor to brand loyalty as seen with retention (Brown and Peterson, 1993; Hayitz and Howards, 1999; Reichers, 1985) or the intention to stay with the particular hotel in this research. The qualitative findings have shown that employees expressed these three brand attitudes and, somehow, referred to them as interrelated but distinct issues. Based on the literature and the qualitative findings, the following hypotheses have been formulated:

*Hypothesis 4.1: Employees' brand identification has a positive relationship with employees' brand commitment.*

*Hypothesis 4.2: Employees' brand commitment influences employees' brand loyalty.*



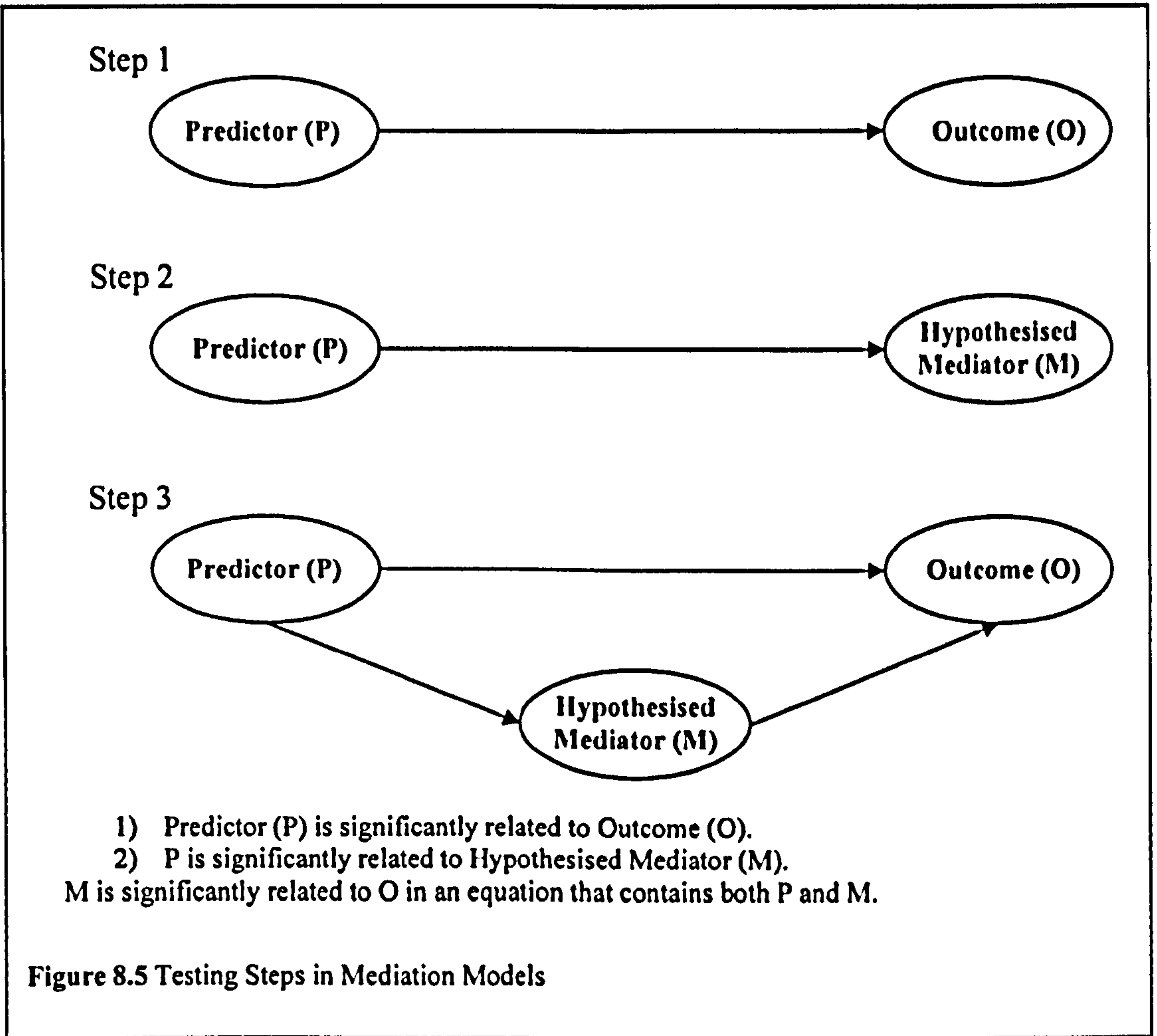
Based on the literature and the qualitative analysis, these brand attitudes are hypothesised as mediators in the relationship between internal branding and employees' brand performance.

*Hypothesis 4.3: Employees' brand attitudes act as a mediational factor on the relationship between internal branding and employees' brand performance.*

The result of a LISREL analysis shows that employees' brand identification has a significant effect on employees' brand commitment (.55,  $p < .001$ ). Similarly, employees' brand commitment is found to have a positive influence on employees' brand loyalty (.32,  $p < .001$ ), lending support to both Hypothesis 4.1 and Hypothesis 4.2. The result is also in line with past research that suggests that identification leads to commitment (Allen and Meyer, 1990) which is a key precursor to brand loyalty (Brown and Peterson, 1993; Hayitz and Howards, 1999; Reichers, 1985). Therefore, this study supports a group of authors (e.g. Loveman, 1998; Silvestro, 2002) who regard these attitudes as distinct but related constructs.

Hypothesis 4.3 involves testing the mediational effects of employees' brand attitudes in the link between internal branding and employees' brand performance. Following Baron and Kenny's (1986) argument for testing steps of mediational effects (Figure 8.5), the result of a LISREL model (Figure 8.4) reveals that the first two steps of the mediational model are fulfilled. That is, internal branding has a significant relationship with employees' brand performance (the outcome) and employees' brand attitudes (the hypothesised mediators).





However, the focal model has suggested that brand commitment did not have a significant relationship with the extent to which employees aligned their behaviours with brand values to deliver the brand promise as specified in a set of brand standards. Therefore, brand commitment is not considered either a full or a partial mediator in this particular relationship. On the contrary, employees' brand identification and brand loyalty are significantly related to employees' brand performance in an equation that contains both internal branding and the hypothesised mediators (brand identification and brand loyalty). Therefore, both employees' brand identification and brand loyalty fulfil three conditions, thereby suggesting that they mediate the total effect that internal branding exerts on employees' brand performance. However, because the relationship between internal branding and employees' brand performance remains significant, both brand attitudes of employees partially mediate this particular relationship. In other words, the total



effect of internal branding towards employees' brand performance is bigger in the situation of having high levels of employees' brand identification and brand loyalty. This is because, while internal branding has a direct impact on the extent to which employees behave in a way that supports the delivery of brand promise, part of its influence is through the level of its success in enhancing the employees' perceptions that they are part of the brand's success and/or failure (brand identification). The result lends partial support to Hypothesis 4.3 because all attitudes except employees' brand identification lacked any mediational effects on the particular relationship. Because part of its influence on brand performance is through brand identification, it explains why internal branding was found to have a much weaker influence on employees' brand performance than on employees' brand identification (Section 8.5.1).

The result of a LISREL analysis revealed that employees' brand identification leads to employees' brand commitment which further affects employees' brand loyalty, lending support to both Hypothesis 4.1 and Hypothesis 4.2. As the result suggests that employees' brand identification and brand loyalty are two among three brand attitudes that are significantly related to employees' brand performance, Hypothesis 4.3 is partially supported: employees' brand identification and brand loyalty act as partial mediators in the relationship between internal branding and employees' brand performance.

That employees' commitment does not have a significant relationship with employees' brand performance seems to contradict the past studies (e.g. Burmann and Zeplin, 2005; Frabotta, 2000; Hay, 1999). This could possibly be explained by the measurement of brand performance in this study; it aims at measuring the extent to which employees consider themselves delivering on brand promise based on a set of brand standards. Although Frabotta (2000) and Hay (1999) have argued that training programmes engender happy staff who are committed to deliver service up to the service standards, their study is different from this research which focuses on



the coordination of both internal communications and training, termed as internal branding. Furthermore, internal branding is about informing and educating employees about the brand (i.e. brand values, brand promise, and brand mission), which may not need to be limited merely to the service level because the brand promise is delivered based on the brand standards that involve their brand values. Therefore, service standards that are taught during training sessions may not thoroughly reflect the brand values. In fact, some studies (e.g. Aurand et al, 2005) have found that HR people may not work in a way that fosters the brand values.

Furthermore, the study of Burmann and Zeplin (2005) has found a relationship between the coordination of internal communications and the HR function (termed internal branding in this research) and employees' brand commitment. They further related employees' brand commitment with employees' brand performance in terms of their extra-role behaviours that are not required by the brand, or brand's citizen behaviours. Thomson et al (1999) argues that employees' commitment (i.e. emotional attachment and associations with the brand) drives employees to achieve the goals. The qualitative analysis has found that, although there is a common brand goal for the entire organisation across different departments, each department has its own goals which are constantly communicated to staff. Therefore, employees may be committed to achieve the departmental goal but not perceive themselves as being committed to keep the brand standards. The qualitative findings have elaborated that employees sometimes found themselves in situations where they were required to fulfil customers' specific requests which might not be specified by their brand standards. Therefore, this research particularly indicates that, to ensure that employees deliver on brand promise as specified by the brand standards, the level of their brand commitment may not be relevant.

This research has extended previous research that studied the roles of employees' loyalty towards the brand and/or the organisation measured by their intention to stay. Past studies determined the relationships between employees' loyalty towards an organisation (and/or a brand) and firm performance, namely service productivity and/or organisation's profit improvement (e.g. Reichheld, 1996; Reichheld and



Sasser, 1990; Rust et al, 1995). Other studies (e.g. Beer et al, 1985; Guest, 1987; Shepherd and Mathews, 2000) have found a relationship between employee loyalty and absenteeism and labour turnovers. This research, particularly, looked at the relationship between brand loyalty of employees and their performance measured by their delivery of the brand promise as specified by the brand standards. The result suggested that not only does employees' brand loyalty affect employees' brand performance, but it also enhances the total effect that internal branding has on employees' brand performance when internal branding successfully heightens the level of employees' identification with the brand.

Additionally, this thesis supports previous studies (e.g. Benkhoff, 1997; Oakes and Turner, 1980; Papasolomou-Doukakis, 2002) that argue for the effect of employees' brand identification on the extent to which employees are living up the brand promise. Employees' brand identification reflects the employees' sense of belonging and a perception of being intertwined with the group's fate. Based on the qualitative findings, the brand standards are used as a benchmark against their performance, which is further related to whether the brand promise is fulfilled. It seems logical to see that employees' brand identification is related to employees' brand performance. When they perceive themselves as important to the brand's success and/or failure because they are part of the brand, they are inclined to follow the brand standards to ensure that the brand is delivered on the level of customers' brand expectation as set by the brand promise. The study of Papasolomou-Doukakis (2002) with the UK financial services industry also found that, when employees are made aware of the importance of meeting the internal service standards, they strived to deliver on brand promise as specified by the brand standards. Other authors (e.g. Benkhoff, 1997; Oakes and Turner, 1980) have associated employees' identification with their behaviours to enhance the external image of an organisation. Indeed, they argued that this mechanism will result only when employees clearly understand what is expected from them. Therefore, this can be logically extended to this thesis; employees who clearly understand the brand standards due to internal branding are inclined to identify with the brand. Identified employees will deliver on the brand promise that is communicated to them in the form of a set of brand standards. Chapter 2 has



clearly stated that when the brand promise is constantly fulfilled, the brand image is maintained and even enhanced.

### **8.5.3 Moderating Effects**

After confirming the influences of the relationships among different constructs, this section tested for moderating effects. This is to fulfil research objective 5, aimed at determining the factors that moderate the effects of internal branding on employees' attitudes towards the brand and how they perform to ensure the fulfilment of the brand promise. Based on the literature and the findings from the qualitative phase, the following hypotheses were established:

*Hypothesis 5.1a-d: The way employees perceive their work environment exhibits a moderating effect on the relationship between internal branding and employees' brand attitudes and between internal branding and employees' brand performance; specifically, the links will be stronger for employees with high satisfaction with their work environment.*

*Hypothesis 5.2a-d: Age moderates the effects that internal branding has on employees' brand attitudes and employees' brand performance; specifically, the links will be stronger for older employees than for younger employees.*

*Hypothesis 5.3a-d: Educational background moderates the effects that internal branding has on employees' brand attitudes and employees' brand performance; specifically, the links will be stronger for well-educated employees than for less-educated employees.*

*Hypothesis 5.4a-d: The length of service moderates the effects of internal branding on employees' brand attitudes and employees'*



*brand performance; specifically, the links will be stronger for employees who work shorter than those who work longer with the brand.*

*Hypothesis 5.5: The department for which employees work moderates the effects of internal branding on employees' brand attitudes and employees' brand performance; specifically.*

In order to investigate the moderating effects, the current study followed the steps for examination of moderators as suggested by Dabholkar and Bagozzi (2002). The total sample was divided into high and low groups according to the median of individual moderating factors including their satisfaction with the work environment, age, education, and length of service (Yi and Jeon, 2003). Only the departmental variable was divided according to the input from employees. In the first step, an overall chi-square difference test was conducted for all hypothesised moderators. A model that imposes equality constraints on all four paths across subgroups was compared with the general non-restricted model. Hence, the author tested the null hypothesis that the respective moderator variables have no influence on the relationships between internal branding and attitudes, and between internal branding and brand performance (e.g. Evanschitzky and Wunderlich, 2006; Homburg and Giering, 2001). With four more degrees of freedom, the restricted model exhibits a significant chi-square difference (at  $p < .01$ ) for all effects: work environment, age, education, length of service (Table 8.4) and department (Table 8.5). Next, the specific moderating effects of these variables were analysed by examining each path of the model separately. With regard to the findings presented in both tables, it can be noted that all variables show all effects – they moderate the effect of internal branding on all measured constructs (brand identification, brand commitment, brand loyalty, and brand performance).



**Table 8.4 Results of Multigroup Analysis: Work Environment, Age, Education, and Length of Service as Moderator**

Paths	Work Environment		X <sup>2</sup>	ΔX <sup>2</sup> (df=1)
	High Satisfaction	Low Satisfaction		
Internal Branding → Brand Identification	.385 <sup>a</sup>	.306 <sup>a</sup>	1094.555	90.337**
Internal Branding → Brand Commitment	.106 <sup>b</sup>	.095 <sup>b</sup>	1058.265	54.047**
Internal Branding → Brand Loyalty	.167 <sup>a</sup>	.156 <sup>a</sup>	1061.724	57.506**
Internal Branding → Brand Performance	.135 <sup>b</sup>	.191 <sup>a</sup>	1046.614	42.396**
	ΔX <sup>2</sup> (df=4): 134.573**			
Paths	Age		X <sup>2</sup>	ΔX <sup>2</sup> (df=1)
	Young	Old		
Internal Branding → Brand Identification	.376 <sup>a</sup>	.426 <sup>a</sup>	1056.157	69.734**
Internal Branding → Brand Commitment	.179 <sup>a</sup>	.023	1069.344	82.921**
Internal Branding → Brand Loyalty	.213 <sup>a</sup>	.105	1060.914	74.491**
Internal Branding → Brand Performance	.181 <sup>a</sup>	.218 <sup>a</sup>	1022.829	36.406**
	ΔX <sup>2</sup> (df=4): 139.332**			
Paths	Education		X <sup>2</sup>	ΔX <sup>2</sup> (df=1)
	Low	High		
Internal Branding → Brand Identification	.434 <sup>a</sup>	.366 <sup>a</sup>	1105.784	58.846**
Internal Branding → Brand Commitment	.081 <sup>b</sup>	.129 <sup>b</sup>	1086.787	39.849**
Internal Branding → Brand Loyalty	.158 <sup>a</sup>	.207 <sup>a</sup>	1086.548	39.610**
Internal Branding → Brand Performance	.286 <sup>a</sup>	.000	1086.610	39.672**
	ΔX <sup>2</sup> (df=4): 86.795**			
Paths	Length of Service		X <sup>2</sup>	ΔX <sup>2</sup> (df=1)
	Short	Long		
Internal Branding → Brand Identification	.353 <sup>a</sup>	.493 <sup>a</sup>	1095.676	48.210**
Internal Branding → Brand Commitment	.143 <sup>a</sup>	.021	1092.788	45.322**
Internal Branding → Brand Loyalty	.134 <sup>a</sup>	.245 <sup>a</sup>	1090.919	43.453**
Internal Branding → Brand Performance	.172 <sup>a</sup>	.204 <sup>a</sup>	1078.408	30.942**
	ΔX <sup>2</sup> (df=4): 84.894**			

\*\* Significant at .01 level  
<sup>a</sup> Significant at .01 level  
<sup>b</sup> Significant at .05 level

**Table 8.5 Results of Multigroup Analysis: Department as a Moderator**

Paths	Department			X <sup>2</sup>	ΔX <sup>2</sup> (df=1)
	Front Office	Food & Beverage	Housekeeping		
Internal Branding → Brand Identification	.343 <sup>a</sup>	.468 <sup>a</sup>	.342 <sup>a</sup>	1405.817	50.169**
Internal Branding → Brand Commitment	.089	.150 <sup>a</sup>	.032	1387.370	31.722**
Internal Branding → Brand Loyalty	.198 <sup>b</sup>	.105	.192 <sup>a</sup>	1388.034	32.386**
Internal Branding → Brand Performance	.280 <sup>a</sup>	.104	.355 <sup>a</sup>	1376.955	21.307**
	ΔX <sup>2</sup> (df=4): 78.449**				

\*\* Significant at .01 level  
<sup>a</sup> Significant at .01 level  
<sup>b</sup> Significant at .05 level



In particular, the results suggested that the strength of internal branding's effects on all three attitudes of employees toward a brand ( $\beta_{\text{high satisfaction}}=.39$  for the effect on brand identification;  $\beta_{\text{high satisfaction}}=.11$  on brand commitment;  $\beta_{\text{high satisfaction}}=.17$  on brand loyalty) is heightened when employees are satisfied with their work environment in terms of their relationships with colleagues and leaders, wage payment, and their perceived autonomy. This is in line with the qualitative results that revealed that remuneration/rewarding schemes influenced not only their decision to apply for a job but also their intention to stay: *'Before, I worked for another hotel brand. It was a three-star one so the payment system was bad like late payment of both wages and service charge, for example. I moved here and the system was totally different. I am now pleased and I'll stay here'* (Hotel H, F&B server, male, 32 years old). The relationships with colleagues and leaders were reported to have important influences on their identification (i.e. *'We help each other like siblings, like a family. And, as we work as a team, you fail, we fail, I am careful to what I need to know and learn.'* [Hotel D, reservation supervisor, female, 38 years old]) and their commitment (i.e. *'Our leaders and managers always help us. Even the GM, he's so friendly and outgoing. My feeling is that I would like to do and work my best for this place as long as I can. So now, I listen to what they have to say or what I have to know'* [Hotel D, sales reception co-ordinator, female, 29 years old]). Indeed, the results resonated with a number of previous studies that consider a good work environment as an enhancer of the effect of the employee development process by increasing employee identification (e.g. House, 1971; House and Mitchell, 1974; James et al, 1977; Tyagi, 1982), and commitment (Awamleh and Gardner, 1999; de Chernatony, 2001; Mellor, 1999; Tosti and Stotz, 2001).

On the contrary, employees who are less satisfied with their work environment attribute their brand performance more toward how they perceive internal branding as giving them essential information and knowledge about the brand values in the form of a set of brand standards ( $\beta_{\text{low satisfaction}}=.19$ ). Past studies have reported that good work conditions such as supportive co-workers enhance employees' job performance (e.g. Campbell et al, 1970; Eisenberger et al, 1990). The result does not indicate that employees who are satisfied with their work conditions perform worse



that those who are not. In effect, it suggests that employees who are not pleased with their workplace need to be influenced more by internal branding. Brand values need to be more frequently reinforced to them. They may need HR's attentions to educate them about what the brand is and what they are standing to live its mission and vision. As a result, employees with low satisfaction with the work environment are confident that they are delivering on the brand promise. In this light, the qualitative findings have explained that employees who want to be rewarded attempted to work more to ensure that they got recognised. Hence, they paid attention to the communications informing them about the right brand behaviours and to the training programmes provided by the brand. It is also possible that when employees feel that they cannot seek support from their leaders and colleagues, they would pay more attention to the information disseminated by the organisation to ensure that they can perform up to the brand standards. Contrarily, employees with good relationships with colleagues and leaders reported being more reliant on their colleagues: *'when I feel so tired and annoyed ... I'll ask my colleague to take my place.'* (Hotel P, guest relations officer, female, 25 years old). Thence, they may be less concerned about seeking necessary information to ensure their delivery of the brand promise. This could, thus, partly explain why the link between internal branding and employees' brand performance is stronger when employees are less satisfied with their work environment.

To summarise, Hypothesis 5.1a, 5.1b, and 5.1c are supported. The total effect that internal branding has on employees' brand identification, commitment, and loyalty is stronger when employees are satisfied with their work environment. However, Hypothesis 5.1d is rejected. The result suggests that when employees have low satisfaction with their workplace, they seek information and knowledge provided by an organisation via internal communications and/or training programmes to ensure that they can deliver on the brand requirements during the delivery of brand promise.



Similarly, Table 8.4 indicates the moderating effects of individual personal traits (age, education, and length of service with the particular brand) in each hypothesised path. The nature of the moderating effects of age is first discussed. The link between internal branding and employees' brand identification is stronger when employees are older ( $\beta_{\text{old worker}}=.43$ ; more than 30 years old) than when employees are less than 30 years old ( $\beta_{\text{young worker}}=.38$ ). This can be explained by the study of van Woerkom et al (2002); older employees are less involved with activities inside an organisation. As internal branding aims at enhancing employees' understanding and engagement with the brand, the success in communicating and informing employees about brand values should make older workers put themselves up for debating any particular issues. If they are more involved with the activities of the hotel, they could feel that the success of the brand is partly from their contribution. That is, they want to share successes and failures with the organisation programmes in which they participate and have control (James et al, 1977). Likewise, the total effect that internal branding has on the extent to which the brand promise is delivered becomes bigger when employees are older ( $\beta_{\text{old worker}}=.22$ ) than younger ( $\beta_{\text{young worker}}=.18$ ). This can possibly be explained by referring to the qualitative findings; employees who perceive themselves as old believe that they are delivering on the brand promise because they do not want to start a new job: *'I am older and older ... I consider myself as part of the brand and I believe that my behaviours are aligned with the brand values and its goal, based on our set of brand standards'* (Hotel D, housekeeping supervisor, female, 42 years old).

It seems surprising that the links between internal branding and brand commitment ( $\beta_{\text{young worker}}=.18$ ), and between internal branding and brand loyalty ( $\beta_{\text{young worker}}=.21$ ) are found to be stronger when employees are younger. Previous studies have found that older employees are more committed and loyal to the brand. For example, older employees seek job security whereas younger workers rated opportunity (e.g. job advancement) and interesting work as the most significant factors after wage payment (Simons and Enz, 1995). The qualitative findings also found that employees who perceive themselves as old expressed their intention to stay with the brand. Thus, this may possibly lead to the explanation that whether internal branding is



communicating brand values that fit with their personal values does not make a relatively strong impact on their job tenure. Besides, as they tend to express their commitment to the brand, the effect of internal branding on their commitment is weaker than on young employees' commitment *'I'm getting old ... I am not going anywhere, I want to be here'* (Hotel S, café captain, female, 32 years old). Contrarily, younger employees may change the hotel or even the brand for career advancement and personal growth: *'the junior rank ... younger, they tend to be umm maybe even doing it until they get a real job ... they have a different agenda'* (Hotel P, GM). Therefore, the effect that internal branding has on their brand loyalty is stronger for younger employees; when internal branding can make them understand that the brand is nurturing what they value and need, their intention to stay can be enhanced. Past studies (e.g. Lawler, 1973; Simons and Enz, 1995) have found that when employees believe that the job requires the abilities they value, they put forth effort to fulfil their role. This research further suggests that internal branding should be used to create employees' understanding of the brand and ensure that employees have bought into the brand values. This being the case, an organisation can retain the 'right' employees and secure their commitment.

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Therefore, Hypothesis 5.2a and Hypothesis 5.2d are supported. For older employees, the internal branding is more strongly related to the extent to which employees are identified with the brand and are aligned with brand values to deliver on brand promise. Hypothesis 5.2b and 5.2 c are not supported because the result revealed that the total effect of internal branding on employees' brand commitment and loyalty becomes more prominent when employees are younger. They attribute their emotional attachment and their intention to stay towards internal branding that coordinates training and internal communication to provide employees with understanding, capabilities, and skills that they value. While older employees do not want to change their job, younger people tend to change job for their career advancement. As such, older workers do not attribute their commitment and loyalty towards internal branding as much as younger people do.



Education was also found to moderate the effect that internal branding has on all employees' attitudes and brand behaviour. However, the pattern of effects varies across two groups of employees: less-educated and well-educated employees. For employees with lower educational levels, internal branding is more strongly related to their brand identification ( $\beta_{\text{low education}}=.43$ ) and performance ( $\beta_{\text{low education}}=.29$ ). Employees who are more educated are perceived as contributing to the success of the brand as suggested by the qualitative findings. Management believed that they could deliver the brand promise more effectively; *'It will be easier to improve their potential to delivery our brand promise'* (Hotel S, Director of F&B). Therefore, their perception as being important to the success of the brand need not be strongly influenced by internal branding. Rather, less-educated employees may perceive themselves as contributing less to the success of the brand. Past studies have shown that when employees feel that the outcome of their role is influential on the wellbeing of an organisation, the meaningfulness of the task is enhanced (Hackman and Oldham, 1976; Staw, 1977), thereby enhancing their motivation. Furthermore, it was believed that employees with high education levels can transform brand messages into actions more effectively. This may suggest the relatively low effect of internal branding in giving them information about the brand in detail, thereby enhancing their brand performance. Less-educated employees may also need internal branding programmes that entail the behaviours that are appropriate for the delivery of the brand promise. As such, they attribute their success in following a set of brand standards toward internal branding more than well-educated workers. This being the case, internal branding should be used to communicate brand values and the behaviours necessary for employees to fulfil the brand promise. Training programmes that improve their skills and knowledge along with internal communication that gives them clear ideas about the brand and their role in relation to the brand can positively influence their identification. When they believe that they are important, they are more motivated to deliver on what is required. Furthermore, internal branding that clearly entails employees' appropriate brand behaviours should help employees perform better, especially for those who are more educated.



The effect of internal branding on employees' brand commitment ( $\beta_{\text{high education}}=.13$ ) and brand loyalty ( $\beta_{\text{high education}}=.21$ ) is stronger for employees who are well-educated. There were cases reported during the qualitative sessions where employees were referred from one brand to another because they were recognised as excellent performers. Most of them held a Bachelor's degree or higher. The qualitative analysis also found that some employees who held a degree or higher were ambitious and believed that they could find other jobs elsewhere. On the contrary, employees with high school knowledge were happy with the hotel and did not want to find other jobs. Besides, they felt happy with the training programmes that the brand provided as they perceived these courses as developing their skills and wellbeing: *'I can speak English ... as S provides me English courses ... to improve [my] knowledge and skills.'* (Hotel S, busboy, male, 23 years old). Therefore, the effect of internal branding on the extent to which employees intend to stay with the brand is significantly highlighted for those who hold a degree or higher. Internal communication should inform employees about brand values that are relevant and meaningful to them while training programmes should provide them with skills, knowledge, and capabilities that suit their level of interest. To illustrate, the qualitative findings have unearthed that employees who obtained a Bachelor's degree referred to such training courses as personality development from a renowned company, which they could not afford themselves, rather than mentioning an English course like employees with lower educational qualifications. On the other hand, less-educated employees' brand commitment and loyalty do not need to be influenced by internal branding as strongly as their well-educated counterparts because they are readily committed and loyal to the brand due to their educational limitations as perceived by themselves.



The results lend support to Hypothesis 5.3b and Hypothesis 5.3c. Employees who possess a diploma or higher, need to be influenced more by internal branding to ensure their brand commitment and loyalty. Hypothesis 5.3a and Hypothesis 5.3d are rejected because, to employees with a lower educational level, internal branding is more significant to influence their brand identification and performance. The level of their belief that their fate is intertwined with the brand has to be strongly influenced by effective internal branding programmes. Likewise, internal branding needs to be devised effectively to ensure that less-educated employees understand their role properly and possess necessary skills and knowledge so that they effectively fulfil the brand promise as specified by a set of brand standards. In short, they seek more inputs from internal branding to help them deliver on what the brand and its customers expect.

The duration of service was also found to exert certain levels of moderating effects on all links under investigation. Only the link between internal branding and employee's brand commitment is stronger when employees work with the brand for less than 3 years ( $\beta_{\text{short service}}=.14$ ). That is, employees who work for the brand 3 years or less should be influenced more by internal branding so that they become more emotionally attached to the brand. This seems logical as when they spend a relatively short time with the brand, they need to be informed and educated about what the brand is so that they get inspired and become engaged with the brand. One can explain this quantitative finding by referring to the qualitative findings: *'I just start working here and I'm not sure how I will like the hotel. At the moment, I'm happy to get a job but not quite sure how much I will become so 'into' the brand'* (Hotel M, assistant F&B personnel, female, 30 years old). The findings of both research stages suggest that internal branding can be used to induce employees' brand commitment. This aforementioned result further implies that the importance of internal branding in influencing employees' commitment becomes highlighted for employees who have not worked with the brand very long (in this research, less than 3 years).



For employees who have worked with the brand for more than three years, the total effect of internal branding on employees' brand identification ( $\beta_{\text{long service}}=.49$ ), loyalty ( $\beta_{\text{long service}}=.25$ ), and performance ( $\beta_{\text{long service}}=.20$ ) is larger. All employees frequently receive brand messages through daily briefings and group meetings, no matter how long they have been working with the brand. Training programmes are provided for all employees, although some of them are limited to newly appointed staff. Therefore, it is possible that employees who are with the brand long enough have had the brand values and mission constantly reinforced. The qualitative findings even provided evidence that, employees who stay with the brand quite long find that the brand standards, values, and promise permeate their lives. Moreover, growing along with the years of their service with the brand is their belief that the brand becomes part of their lives: *'Even when I am at home, I find myself behaving like when I am working at the hotel. For example, I will try to provide my family comfort and convenience with a smile. It just comes automatically'* (Hotel M, guest contact supervisor, female, 26 years old). It seems that they may not need as much brand value reinforcement as newly appointed staff may need. However, the study of Simon and Enz (1995) notes a concern that when staff stay with the brand longer, such as when they are older, they tend not to put themselves up for debating any particular issues. Therefore, they may not perceive that they are a contributor to the success or failure of the brand, thereby decreasing their level of brand identification. In fact, employees who stay longer with the brand also believe that attending daily briefings and/or group meetings usually inspires them and reminds them how important they are to the brand. This supports the quantitative result that the link between internal branding and employees' brand identification is stronger for employees who have been with the brand for more than three years than for those who have been with the brand less than three years. This is also true for the link between internal branding and employees' brand loyalty. One well-known phenomenon in the hotel industry is 'job-shopping' or 'excessive turnover' (Simons and Hinkin, 2001). This legitimises the result that employees who stay with the brand a longer time need to be more influenced by internal branding to stay with the hotel. As internal branding constantly reinforces the brand values and its vision to employees so that they are inspired and clearly understand their role in relation to



fulfilling its promise, their intention to stay with the brand can thus be influenced. This illustrates how internal branding is more strongly related to employees' brand loyalty (their intention to stay) for those employees who stay with the brand a longer time over those who have just begun their jobs. Although the qualitative findings have revealed that when employees stay with the brand long enough, they become familiar with the work environment. This could mean that they do not want to change their job. However, another group of employees perceived it differently. *'When I started the job, every thing was so gorgeous, high-end, and beautiful. Now, maybe because I've been here so long, I feel that things are getting ordinary, simple, and normal. I don't know'* (Hotel D, communication centre officer, female, 28 years old). Therefore, this quantitative result suggests that this group of employees attributes their intention to stay toward internal branding that reinforces brand values and enhances their skills and knowledge more than the other group who stay with the brand a shorter time. Additionally, some studies have found that employees whose self-efficacy is enhanced tend to be more satisfied with their jobs, thereby positively affecting their intention to stay and work for the brand (Yoon et al, 2001). Apart from employees' brand commitment and brand loyalty, the link between internal branding and employees' brand performance becomes stronger for employees whose length of service is longer than 3 years. At first glance, one may expect that new employees should attribute their performance toward internal branding more than senior employees. The qualitative findings also revealed that newly appointed employees felt themselves uncomfortable and unfamiliar with the delivery of the brand promise. However, this result suggests otherwise. Analysing more deeply the qualitative findings, it was found that employees believed that internal branding was a vital mechanism that facilitated their success in delivering on brand promise as specified by brand standards. Staff who work for the brand a number of years still attribute their understandings of the correct brand performance toward information, messages, and knowledge gained from all internal branding tools. New staff, however, may not have attended an equal number of training sessions. The qualitative findings further revealed that newly appointed staff needed close supervision, which might decrease the perceived significance of internal branding in this study which included only internal communication and training programmes. As



such, they might attribute other variables (apart from internal communication and training) such as leadership and their personal efforts towards their brand performance. Growing along with their experiences with the brand is their better visualisation of the guidelines given by the brand's internal branding programmes: *'New employees, despite our push and guideline during orientation and during daily briefing, meeting, and from the brand manual or newsletter, well, essentially anything that we use to communicate our brand, they may not see the direction ... they don't know how it can be achieved'* (Hotel P, F&B Manager). Therefore, for employees who stay with the brand longer, the effect that internal branding has on inducing their brand performance is more evident and stronger.

To summarise, Hypothesis 5.4b, Hypothesis 5.4c, and Hypothesis 5.4d are rejected. For employees who have been with the brand longer, internal branding has a stronger impact on their brand identification, loyalty, and performance. However, the total effect of internal branding on employees' brand commitment becomes stronger when employees stay with the brand less than three years. Therefore, only Hypothesis 5.4a is supported.

The final analysis is to determine the moderating effects of departmental differences on the influence that internal branding has upon employees' brand attitudes and performance. Again, the analysis shows that the department for which employees are working moderates all hypothesised paths (Table 8.5), thereby lending support for Hypothesis 5.5. Previous studies have found that employees from different departments require different HR activities (Yetzer, 2000) and internal communication practices (Kevin and Chapman, 2004) to ensure that they clearly and truly understand what a brand promise is and how they should deliver it. Other studies have found that job position and job characteristics as designated by the employees' departments exert certain degrees of influence on the design and development of training and internal communication programmes (Goldstein and Ford, 2002; McGehee and Thayer, 1961; Zleezer, 1993). This research further



instigates that for employees from different departments, the impact that internal branding has on the expected outcomes (e.g. brand attitudes and brand performance) can vary. The qualitative findings found that the Head of each department is responsible for creating and implementing internal communications and training programmes to disseminate the same brand messages across the organisation. Furthermore, they also expected that similar outcomes should exist. However, the result of this research study suggests that the effect of internal branding on individual outcomes becomes stronger for employees of a particular department. Firstly, there are differences in the effect that internal branding has on employees' brand identification across the three departments. The strongest effect of internal branding on employees' brand identification is found to be for employees working in the Food & Beverage (F&B) department ( $\beta_{F\&B}=.47$ ). For employees working at the Front Office (F/O) and the Housekeeping department, the effect of internal branding on their identification with the brand is similar ( $\beta_{F/O}=.34$ ,  $\beta_{housekeeping}=.34$ ). This pattern of moderating effect is similar for the link between internal branding and employees' brand commitment. The effect of internal branding on employees' brand commitment is significant only for employees of the F&B department ( $\beta_{F\&B}=.15$ ). Employees from the F/O department ( $\beta_{F/O}=.089$ ) attribute their commitment towards internal branding less than those from the F&B department. Internal branding has the weakest effect on employees' brand commitment for employees in the Housekeeping department ( $\beta_{housekeeping}=.032$ ). Regarding the link between internal branding and employees' brand loyalty, it is strongest for employees from the F/O department ( $\beta_{F/O}=.20$ ). The link is weaker for employees from the Housekeeping department ( $\beta_{housekeeping}=.19$ ) and weakest for employees working at the F&B department ( $\beta_{F\&B}=.11$ ). Finally, internal branding is most strongly related to employees' brand performance for employees working at the Housekeeping department ( $\beta_{housekeeping}=.365$ ). Its effect on employees' performance is weaker for the F/O personnel ( $\beta_{F/O}=.28$ ) while it becomes weakest for the F&B people ( $\beta_{F\&B}=.104$ ).

In short, Hypothesis 5.5 is supported. The result suggests that the effect that internal branding has on employees' brand attitudes and performance varies across different departments.



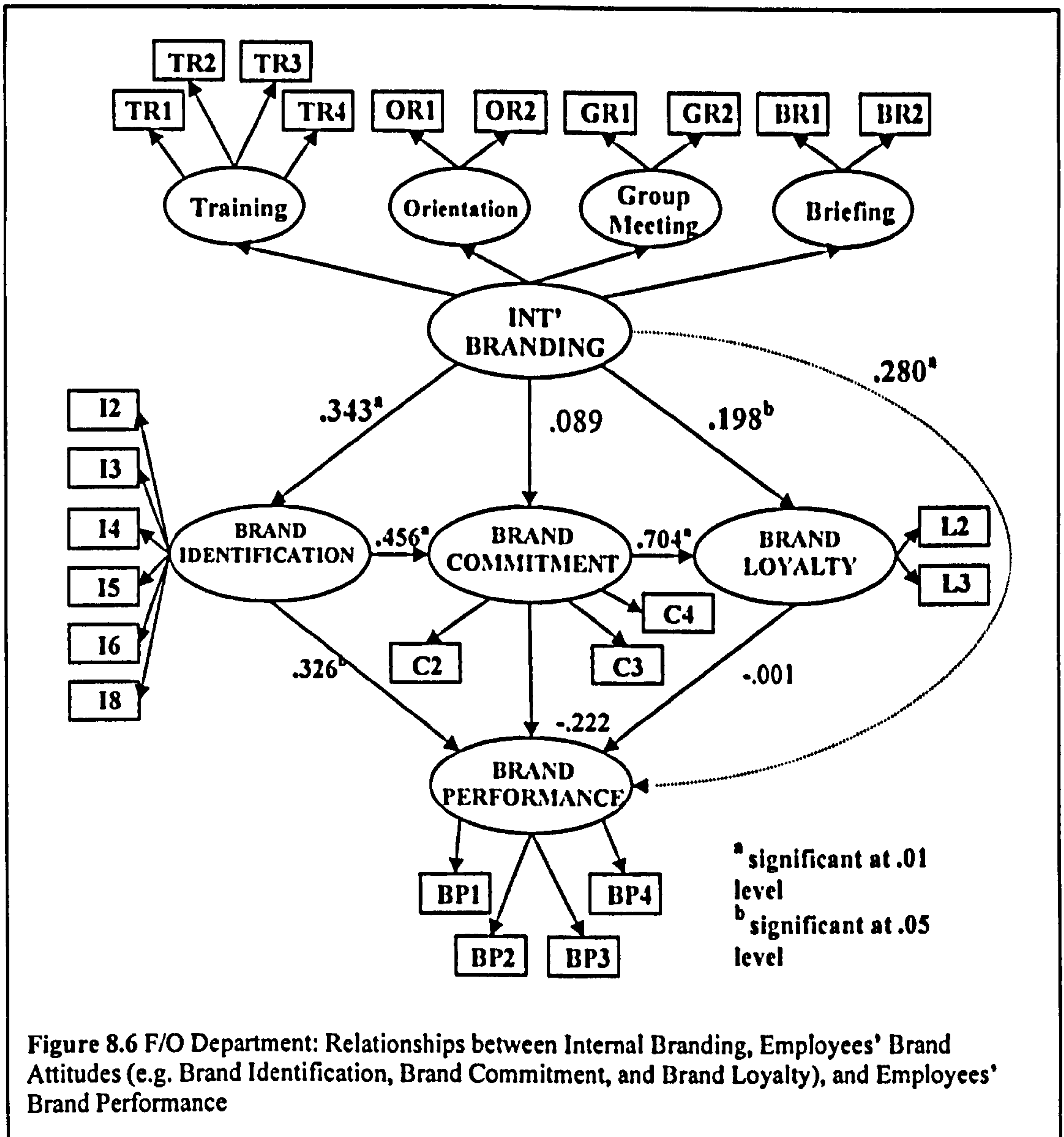
A close observation of the effect of internal branding on employees' brand performance finds an interesting result. That is, the path between internal branding and employees' brand performance is non-significant for employees working at the F&B department. This raises a question whether internal branding has an influence on the extent to which employees follow brand standards to deliver on the brand promise. Furthermore, because the effect of internal branding on different expected outcomes varies across different departments, it could be useful to present a model for each department to understand the overall internal branding effects in individual departments, thereby enriching the result and the managerial implications.

Figure 8.6 shows the model of all relational constructs for employees working at the F/O department (N=145). Figure 8.7 represents the result of a LISREL analysis of the F&B workers (N=314). The last model (Figure 8.8) depicts how those eight multi-item scales in the focal model for employees are related for housekeeping people (N=221). As depicted in Figure 8.6, the internal branding exerts its influence on both brand identification and brand loyalty, like the focal model (Figure 8.4).

However, while the focal model suggests that both attitudes act as partial moderators in the link between internal branding and employees' brand performance, this LISREL analysis for individual departments suggests that only employees' brand identification partially mediates the total effect that internal branding has on employees' brand performance. Furthermore, for front-office personnel, internal branding does not have a significant relationship with the extent to which employees are committed to the brand. Although this suggests that the commitment level of employees at the F/O positions does not depend on internal branding, it does not negate the focal model that the total effect of internal branding on employees' brand performance does not depend on its effect on employees' brand commitment. In effect, F/O personnel need direct guidance from internal branding on how to deliver on the brand promise. At the same time, the effect of internal branding on their performance can be enhanced when they feel that their fate is intertwined with the brand. Such brand identification can also be influenced by internal branding as



well as brand loyalty can, only that their level of brand loyalty does not change the effect that internal branding has on employees' brand performance.



The result for the people working at the F&B department is different from the result for F/O people only in terms of the effect of internal branding on their brand commitment and brand loyalty. Unlike people from the F/O department, internal branding is significantly related to F&B workers' brand commitment but not to their brand loyalty. This is depicted by Figure 8.7. The result further suggests that only brand identification is a mediator in the link between internal branding and employees' brand performance. In particular, as the direct relationship between



internal branding and employees' brand performance becomes non-significant, this suggests that for F&B people, the effect of internal branding in inducing their appropriate behaviours to effectively fulfil the brand promise rests totally on how successful internal branding influences its people's brand identification. In short, employees' brand identification becomes a full mediator in the internal branding and employees' brand performance relationship for people working at the F&B department.

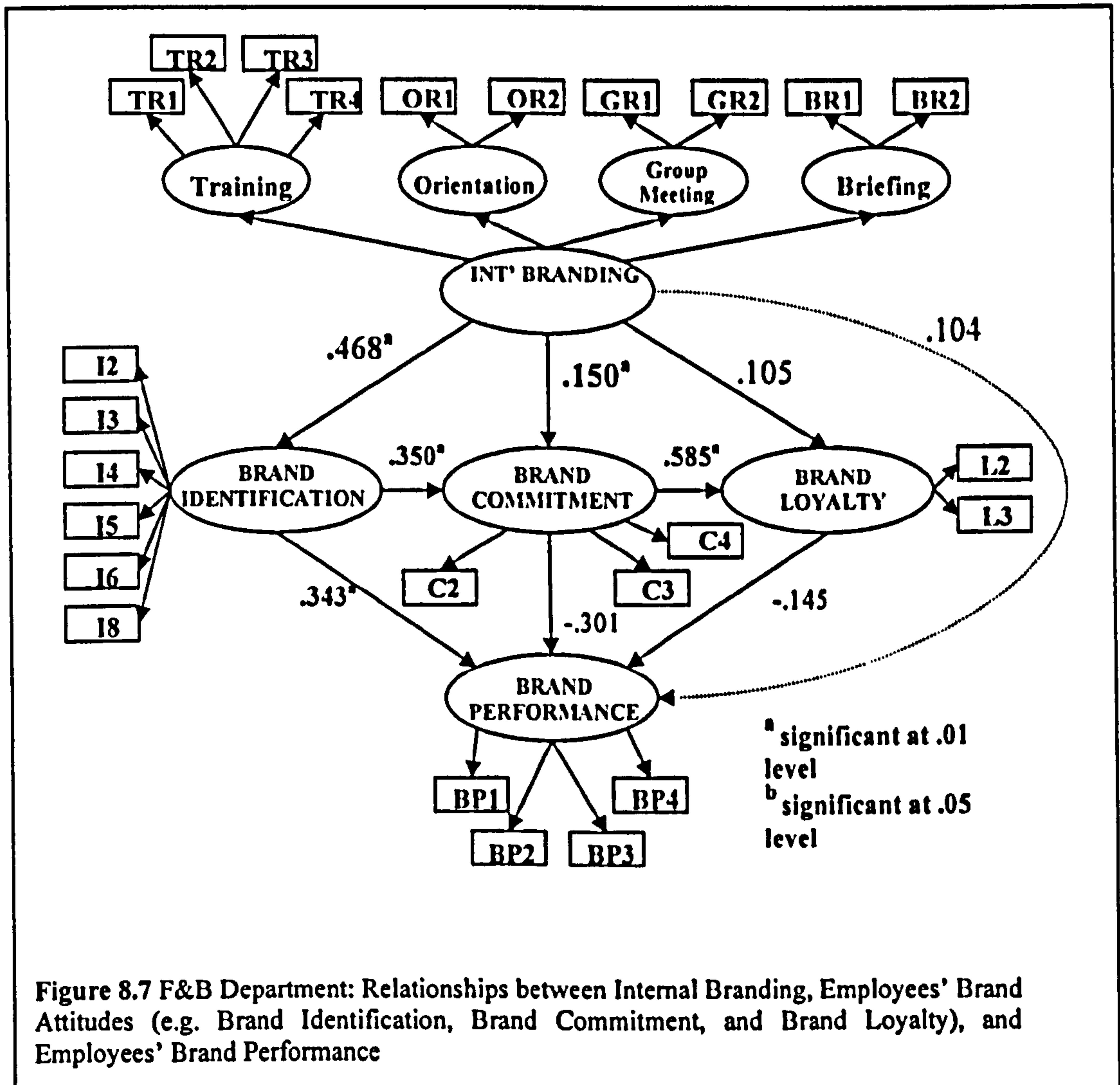


Figure 8.7 F&B Department: Relationships between Internal Branding, Employees' Brand Attitudes (e.g. Brand Identification, Brand Commitment, and Brand Loyalty), and Employees' Brand Performance



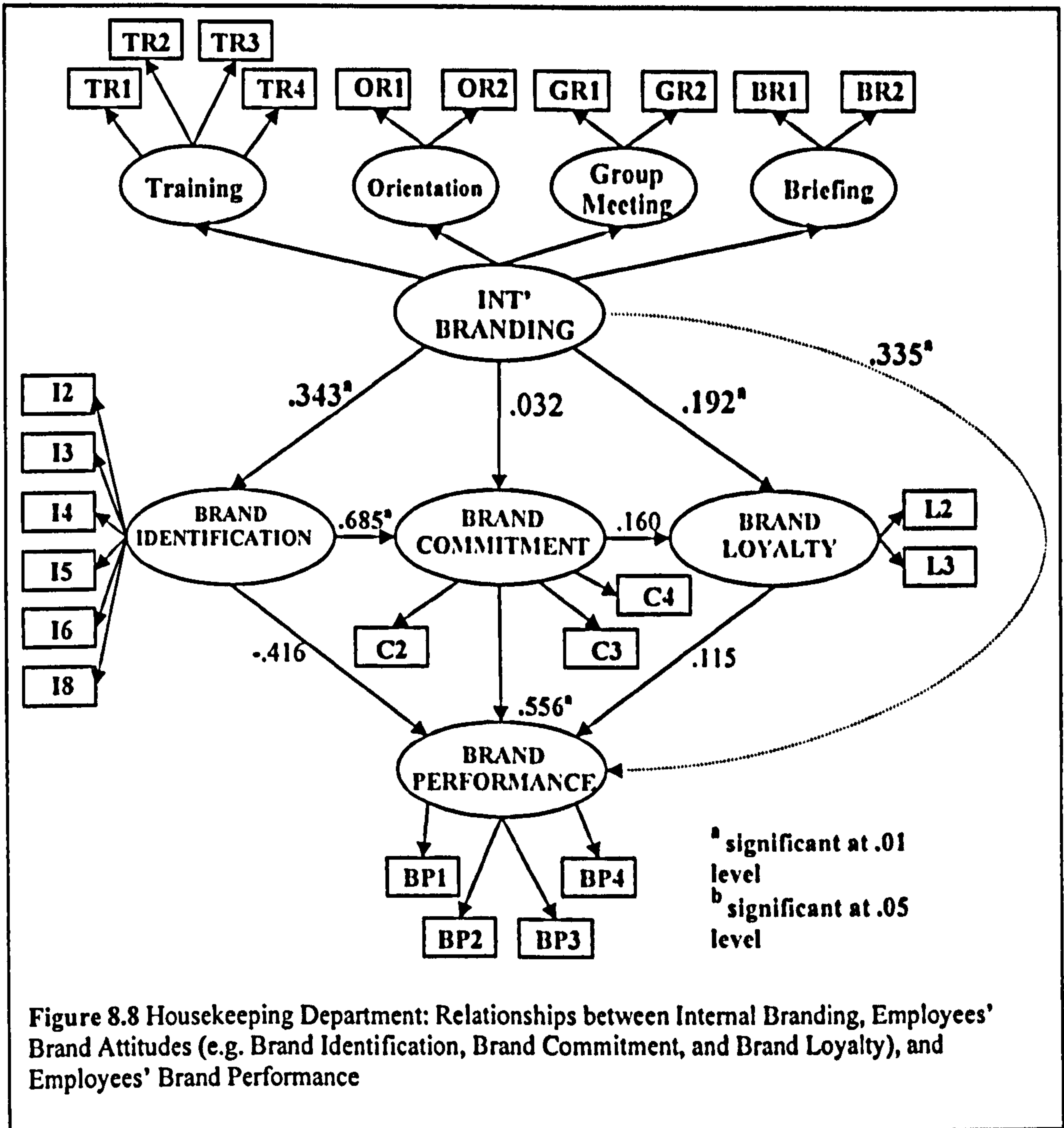


Figure 8.8 shows the result of all relational paths of all 8 multi-item scales for employees working with the Housekeeping department. While internal branding exerts an influence on employees' brand identification and brand loyalty, as in the case of F/O employees, it appears that these two attitudes are not significantly related to employees' brand performance. This suggests that there is no mediational effect in this model. However, brand performance is significantly affected by the extent to which employees are committed to the brand. While this attitude towards a brand in housekeeping people is not influenced by internal branding, the result suggests that an organisation can influence its housekeeping personnel's commitment by employees' brand identification. Because there is no mediational effect found in this



result, it is not surprising to see that the effect that internal branding has on employees' brand performance for this department is the strongest. This suggests that housekeeping workers need internal branding to provide them with more direct guidance on how to deal with their role in delivering on the brand promise than people in the other two departments. Furthermore, the level of their commitment is found to affect their level of performance, although this attitude is not found, in this research, to be influenced by internal branding. This may suggest that, while employees' brand commitment is related to employees' performance in other terms as defined and measured by previously cited research, it is also related specifically to how well employees deliver the brand as promised to the external stakeholders based on a set of brand standards. This is, however, true only for people in the Housekeeping department. The qualitative findings have found that some employees reported their commitment towards a brand, thereby motivating them to work for the success of the brand by following the specifications of the brand standards; *'I like this hotel. I think it gives me a lot of good things in my life so I am committed to deliver the brand promise to all guests.'* (Hotel D, banquet manager, male, 38 years old). In addition, the training programmes and brand messages in different departments are created by their own heads of the departments. This may affect the pattern of the internal branding impacts. This could, thus, partially explain the quantitative result. However, deeper and more insightful discussion cannot be thoroughly reached with the data at hand. Therefore, the author acknowledges that future research is necessary to further understand the nature of employees in different departments, which may affect how internal branding exerts its influence.

## **8.6 Summary**

This chapter has highlighted the influences of internal branding on employees' brand attitudes and employees' brand performance. The study has found that internal branding exerts impacts on all employees' brand attitudes (e.g. brand identification, brand commitment, and brand loyalty). In particular, its effect is strongest on the extent to which employees identify with the brand. The weakest influence of internal branding is on employees' brand commitment. While it is found to have a significant relationship with how employees deliver on the brand promise as specified by brand



standards, some of its effect on employees' brand performance is through its influences on employees' brand identification and brand loyalty. As brand commitment does not have a statistically significant relationship with employees' brand performance, it does not act as either a full or partial mediator in the particular relationship between internal branding and brand performance. The quantitative analysis further revealed the relationships among the three brand attitudes. It was found that brand identification is positively related to brand commitment, which is significantly related to brand loyalty.

The result, then, revealed the moderating effects of such variables as work environment satisfaction, age, educational background, length of service with the brand, and employees' job department. First, for people with high satisfaction with the workplace, the total effect that internal branding has on the three brand attitudes becomes stronger. However, the total effect that it has on brand performance is stronger for people who express low satisfaction with the workplace. For older and less-educated employees, internal branding has a stronger impact on their brand identification and performance but a weaker impact on their brand commitment and loyalty. In addition, employees who stay with the brand longer than 3 years attribute their identification, loyalty and performance towards internal branding more than those that have been working with the particular brand less than 3 years. However, the link between internal branding and brand commitment is stronger when employees have spent time working with the brand no more than 3 years. Finally, employees working in different departments are also influenced differently by internal branding. F&B workers were found to attribute their brand identification and commitment most strongly towards internal branding. The result revealed that for F/O employees, the link between internal branding and their brand loyalty is the strongest. The link between internal branding and brand performance is strongest for housekeeping people. Furthermore, the focal model depicted different path estimates for different departments. Employees working for the F/O department are found to have their brand performance influenced by both internal branding and their brand identification. As brand identification is also influenced by internal branding, it suggests that part of the total influence that internal branding has on brand



performance is through brand identification. Regarding F&B workers, the result suggests that brand identification acts as a full mediator in the relationship between internal branding and employees' brand performance. That is, an organisation can use internal branding to shape employees' behaviours that are aligned with brand standards through its influence on their identification. For housekeeping people, only brand commitment among the three brand attitudes is found to have a significant relationship with their performance. However, it is not influenced by internal branding. While the other attitudes are influenced by internal branding, they do not exert any statistically significant relationships with employees' brand performance. Therefore, there is no mediational effect found in the focal model for housekeeping people. In order to ensure that they deliver on brand promise, internal branding has to directly influence their behaviours.

The next chapter will conclude with a summary of all the key insights gained from the literature review, the qualitative research, and these quantitative findings together.



### **Conclusions and Implications**

#### **9.1 Introduction**

Chapter 7 and 8 have revealed the results of the qualitative and quantitative findings of this doctoral research. The discussions of their findings have also been highlighted. This chapter will present the conclusions of this thesis based on the insights gained from the literature and the findings of this research's fieldwork. The conclusions will also be structured in line with the research objectives discussed in Chapter 6. The second part of this final chapter will highlight the significance of this research from both academic and managerial points of view. The chapter will end with the directions for future research.

#### **9.2 The Role of Customer-Interface Employees in Service Branding**

The first objective of this research study was to explore the perceptions of customer-interface employees towards their role in delivering the brand promise. Previous research conducted with brand consultants, practitioners, and management have established the crucial role of employees in service branding (e.g. Zeithaml et al, 1988; Bateson, 1992; Berry and Lampo, 2004). Hence, it was not a surprise that the findings from the interviews with senior management corroborated the literature. All management involved in this research have indicated the important role of employees in representing a brand to customers as well as other stakeholders that come into contact with the brand. By representing the brand, they referred to such aspects of the brand as the level of service quality, customer satisfaction and perceptions, brand image, brand identity, and even the organisation itself. All these aspects were encapsulated in the brand promise.

As the existing insights in the literature have generally been accumulated from the management's and practitioners' perspectives, there was a need to understand this concept from the employees' viewpoints. The qualitative findings from senior



management's interviews also indicated the need for employees to understand their significant influences on the success of the brand, in particular, their role in the delivery of the brand promise which encompasses different, critical aspects of branding (i.e. brand image, brand identity, service quality, and customers' brand perceptions). It clearly suggests that employees have to be helped to understand brand values to be capable of representing them during the delivery of the brand promise to external brand members such as customers. The study has revealed that customer-interface employees regarded themselves as important to the success of the brand. They concurred that they could project brand values through their delivery of the brand promise during service encounters to the outside world. Their attitudes and behaviours were regarded as important to influence customers' brand perceptions, which positively influence customers' satisfaction. Thence, they considered themselves as playing a pivotal part in determining customers' brand patronage. Brand standards were mentioned as guidelines to the appropriate delivery of the brand promise; provided with a clear understanding of the brand standards, they shared the same knowledge of what brand-supporting behaviours were, whereby they were enabled to exhibit on-brand attitudes and behaviours during their encounters with external stakeholders (e.g. Grönroos, 1993; de Chernatony, 1999; Harris and de Chernatony, 2001), particularly customers. In addition, in agreement with the literature, the involvement of employees across an entire organisation was recognised by customer-interface employees as essential to ensure a coherent brand experience as perceived by customers. This insight underlines the importance of inter-departmental commitment.

However, one aspect of the employees' perception toward their role is different from the perceptions of management and practitioners based on this study's research and past studies. While management involved in this study agreed with the literature (e.g. Day and Wensley, 1988; Bharadwaj et al, 1993) that employees are a source of brand differentiation, employees did not see themselves as capable of differentiating the brand although they believe that they are the representative of brand values and a promise deliverer. Instead, they referred to tangible elements as more evident clues to visualise the brand identity and image to customers. It was remarked that



employees had a difficult time articulating the behaviours that made the brand unique. This could be traced back to the interviews with senior management. Although they believed that employees could become a differentiating point for the brand, they could not clearly specify behaviours that were uniquely associated with their brand. Mostly, when being asked about 'what' behaviours of employees set their brand apart, they referred to some behaviours such as 'smile', 'wai', 'call guest by name', and 'first-class service', which were mentioned by senior management and employees of all participating hotels. Also, the study of Mittal (2002) discovered a similar point; most of the service brand's core values are intangible. Daun and Klinger (2006), particularly, revealed the lack of distinguishable value proposition in the luxury segment of the hotel brands. Similarly, the interviews with management indicated the difficulties in breaking down brand values into innovative behaviours that could set the brand apart. This has led Mittal (2002) to believe that the intangible nature of brand values was difficult to create as a point of difference. However, as the literature (e.g. Berry and Lampo, 2004; Heskett, 1986; Normann, 1984) suggest that differentiation could be due to the degree of customisation, attitudes, and competence of the employees, this doctoral study supports that employees offer a point of difference for their brand.

While it is difficult to note specific behaviours of employees that are different from the other brands, both management and employees found it easier to refer to tangible elements such as staff uniform, the building décor, music, and other equipment as heuristics to the brand concept. As suggested by the literature (e.g. Mellor, 1999; *Strategic Direction*, 2003), it was mandatory that management clearly understood what behaviours they wished employees to perform and communicated them to their employees. Therefore, without their precise understanding about how their employees could behaviourally express the difference of their brand, employees would have difficulties in believing that they were one among various critical sources of brand differentiation.

Despite the pivotal role of employees in the branding process, employees remain more or less at the bottom-end when it comes to defining the brand concept and its



vision/mission. They were considered as an enactor of the brand values that were espoused and influenced by management. This is in contrast with several academic propositions as reflected in some branding models such as de Chernatony's (1999) and Stuart's (1998). They postulated that employees should be involved in defining the brand. Although two-way communications were implemented in all participating hotels to acknowledge possible inputs from the employees' perspective, employees used this channel to indicate some issues arising during their work or in their work environment. That is, the issues that would be fed back to the top management were related to themselves and their jobs, such as suggestions for uniforms, and new ideas in tackling some service-related problems. There were no reports of using these vehicles to participate in developing the brand concept. Senior management believed that employees should not be entitled to such high-level responsibilities. They pointed out that the hotel was occupied by a large number of guests, let alone other stakeholders that could come into contact with the hotel. It would, thus, be regarded as work overload for employees. From the employees' perspectives, they did not show any eagerness to take part in the process of developing the brand concept and/or the brand values. The same reason was given; a high occupancy rate demanded most of their time in the workplace so there was not sufficient time to devote to the brand concept development process. It was also noted that, even during the time of merger and rebranding that some hotels have gone through, employees did not take part in defining and/or identifying the brand values. Therefore, under this research objective, the study has revealed the importance of employees that is in line with the literature; however, it further revealed a time-constraint issue about the practicality of some techniques and practices existing in the theories as opposed to in the real commercial setting. This makes it difficult for employees to be involved in visioning its brand concept as suggested by the existing theories.

### **9.3 Mechanisms Perceived as Relevant by Employees in an Internal Branding Process**

The literature has accumulated an increasing number of studies to explore 'how' internal branding should be implemented. While some authors suggest internal communications (e.g. Bergstrom et al, 2002), others argue for the importance of



human resource management (e.g. Zerbe et al, 1998). Another group of authors (e.g. Aurand et al, 2005; Machtiger, 2004; Mitchell, 2002) have recently suggested the coordination of both internal communications and human resource practices in order to optimise the success of internal branding programmes; therein lies the involvement of marketing people, human resource professionals, and management. Therefore, the second research objective was to identify the internal branding mechanisms that are perceived to exert relevant and effective influences by its target audience – employees.

This study agrees with the literature that there is a need to coordinate the practices from both marketing in terms of internal communications and human resource development in terms of training. Several internal communication tools were listed during the qualitative phase. Training programmes or employee development programmes were the only HR tool that was mentioned as instrumental in engendering employees' shared understanding of the brand concept, its values, and its mission, engraved in the brand promise. The literature (Section 5.6.2) placed much emphasis on recruiting the right employees based on personalities, attitudes (e.g. Freiberg, 1998; Martin and Grove, 2002), relevant skills (e.g. Jackson et al, 2002; Warhurst and Nickson, 2001), and values (e.g. de Chernatony, 2002; Kunde, 2000). This study, however, revealed that recruitment based on expected value-fit was perceived as ideal but not practical. An organisation may deploy several tests to determine the perceived fit of an applicant with its brand in terms of attitudes, qualifications, and personalities. Still, there were concerns over the effectiveness of these tests. Among different criteria to select a good employee, skills and appearance may not be as difficult to assess as attitudes and personalities. Yet, the concept of recruiting employees whose values are aligned with the brand and the organisation is perceived as ideal. In addition, when new properties are established, there is a huge demand for employees, which senior management considered as even more challenging to ensure that the recruited personnel would fit with organisation's goals, let alone determining employees' values. That recruiting the right people was not much mentioned could be possibly explained by the goal of this research study, which focuses mainly on the employees' perspectives. In particular, the recruiting



process is part of the organisation's responsibility. Also, this study reveals that people in search of a job may not evaluate themselves first as to whether they fit with the organisation's culture, values, and goals. Although there are a number of resources available (e.g. website, advertisements, commercials) to familiarise any prospective applicants with the brand, the result reveals that employees did not use them to support their decision to apply for a job. This is mostly true for the new graduates who seek for the commencement of their careers.

Another insight gained during the qualitative analysis is that employees perceived that both internal communications and training programmes could not be separated. Indeed, they expressed their need for both practices, which were, somehow, perceived as intertwined. However, to be successful, the study suggests the involvement and understanding from senior management as well. Therefore, under research objective 2, not only were relevant internal branding mechanisms revealed, but also the coordination between both internal communications and human resource practices with an understanding from management was found to have a positive influence on the success of internal brand-building activities.

#### **9.4 Influences of Internal Branding on the Employees' Delivery of the Brand Promise**

This thesis has fulfilled research objective 3 aimed at investigating the influences of internal branding on employees' attitudes and behaviour. The literature has recently seen the introduction of 'internal branding', the doctrine that is argued to influence employees' attitudes and behaviours so that the heterogeneity of human labour is reduced (e.g. Davies, 2004; de Chernatony, 2001; D'Innocenzo, 2002; LePla and Parker, 1999; Mitchell, 2002). A number of research studies (e.g. Aurand et al, 2005; Burmann and Zeplin, 2005; Papasolomou and Vrontis, 2006a, b; Thomson et al, 1999) argue for the influence of internal branding on employees' brand identification, commitment, and loyalty. This study concurs that internal branding is significant in influencing employees' attitudes (namely, brand identification, brand commitment, and brand loyalty) that facilitate the delivery of the brand promise. Furthermore, while a number of authors (e.g. Drake et al, 2005; Lingenfelder and



Spitzer, 1986) have suggested the relationship between internal branding and employees' performance in delivering the brand promise, they have provided little empirical evidence, if any, to support such an argument. The two phases of this case study, having the Thai hotel industry as the unit of study, support internal branding as influential to the extent to which employees follow the brand standards that ensure the delivery of the brand promise.

This doctoral research discovered that all internal branding activities were integrated with brand values, mission, and goals. As they were carried out on a regular basis (daily, weekly, monthly, and annually), employees were constantly reinforced about the brand concept. However, to engender the right understanding of the behaviours that enable them to fulfil the brand promise, brand values (encapsulated within the brand promise) need to be broken down into daily activities related to the role of individual employees in an organisation. The qualitative findings have clearly indicated that unless internal branding activities are coherently orchestrated to inform and educate employees about the right brand-supporting behaviours, employees cannot perform up to the level of the organisation's or customers' expectations. The quantitative phase of this study affirms that the coordination of all internal branding tools is influential on both employees' attitudes and their performance during the delivery of the brand promise. The result from the structural equation modelling suggests that internal branding is positively related to employees' brand identification, brand commitment, brand loyalty, and brand performance (Section 8.5.1). In particular, employees' brand identification was found to be influenced most by internal branding as the coefficients of this relationship was 0.72, while the other relationships had their coefficients around 0.24 - 0.37. Hence, this study confirms previous studies that internal branding exerts certain degrees of impacts on the extent to which employees identify with, are committed to, and loyal to the brand. Importantly, this study has provided empirical evidence supporting the assumption that internal branding exerts certain degrees of influences on employees' brand performance.



The following section discusses each internal branding mechanism in detail to give richer insights. It also depicts the significance of inter-departmental involvement to ensure that internal branding achieves its goal in aligning employees' brand attitudes and behaviours, which in turn affects how external brand members perceive the brand. As a result, a balanced perspective between the internal and external worlds of the brand is realised.

#### **9.4.1 Internal Communications**

This case study which follows a mixed method approach, using the hotel industry in Thailand as a unit of study, has revealed a number of different internal communication tools, thereby reflecting the application of the marketing-like tools identified by previous research studies to implement internal branding projects (Table 5.1). In particular, it supports Mitchell (2002) who argues that internal marketing (IM) is instrumental in implementing internal branding. Furthermore, the identified tools fall into three broad categories: 1) mass methods (i.e. newsletters, magazines, and notice boards), 2) written memos (i.e. logbooks), and 3) face-to-face communications (i.e. daily briefing, group meeting).

A rich insight in relation to internal communications is provided by the qualitative findings. This study agrees with the literature (e.g. Zeithaml et al, 1988; Howard, 1998; Tourish and Hargie, 1998) that face-to-face communications were mostly embraced by employees. The rationale for their preference reflected the study of Klein (1994); an opportunity to interact with their leaders or message senders and to clarify any uncertainties of brand messages optimises the effectiveness of internal branding. Furthermore, these techniques were believed to be the fastest channel of communications. The caveat is that brand messages need to be interpreted into daily activities that employees can link to their job responsibilities if they are to visualise how they can enact the brand values during the delivery of the brand promise to each customer. This is in line with Aurand et al (2005) who stress the need for the brand values to be broken down into day-to-day actions so that employees acknowledge the expectations of their performance.



Used in conjunction with these tools are printed materials such as handouts and logbooks, which were used as a back-up to the face-to-face messages. In effect, employees preferred these tools to be used together with other internal communication tools so that they could turn to these hard copies at a personally convenient time. This study has further revealed that using a brand logo/symbol and/or citing a brand mission on all communication materials could reinforce the brand identity to employees who expressed a positive attitude towards the use of symbolism. Mass methods were found to convey the brand message to both employees and external stakeholders. Placed at different places in the hotel property, both employees and customers have access to these tools and become the receiver of the messages. This is seen as another effective means to ensure that the same brand message is being communicated to all brand stakeholders. Furthermore, it was seen to inspire employees to deliver the promise to customers.

All brand techniques suggested by Sonenberg (1991) and other authors (Section 5.5.3) were supported by this case study representing the hotel industry in Thailand as it reveals that not only were two-way communications important, but also lateral and diagonal communications were practiced within these organisations. Employees understood (section 7.2 and 9.2) the interdependency between their actions and the organisational performance, thereby reflecting lateral communications. Furthermore, the findings suggest the importance of communications among employees within and across departments. The qualitative findings revealed that, when employees knew who to seek for suggestions on a particular service issue, the delivery of the brand promise was more effective. This suggests the prevailing role of diagonal communications.

#### **9.4.2 Training Programmes**

This case study research following a mixed method approach to represent the Thai hotel industry concurs with the literature (section 5.6.3) that training programmes enhance employees' performance and productivity. These programmes were organised to ensure that employees possessed necessary skills and capabilities that would assist them in delivering the brand promise. Furthermore, the findings from



this study indicate the influence of training programmes on employees' attitudes towards the brand, namely brand identification, brand commitment, and brand loyalty.

Although past studies concerned people from HR who might not sufficiently foster brand values during training programmes, the findings of this doctoral research suggested that the programmes in these hotels aimed at coaching employees in the right behaviours to enact the brand values. This suggested that these training programmes integrated and reinforced brand values. There were other programmes that provided employees with general knowledge, which might or might not be linked to the brand values. In fact, this study revealed that as an organisation valued the need to align employees with the brand, orientation programmes were organised for newly appointed employees to give them a preliminary understanding of the brand and its direction and vision. New employees could be inspired to be proud of the brand and their role within an organisation, thereby triggering their commitment. The use of multimedia and a brand manual or a brand kit reflected the coordination of marketing and HR practices, suggesting the inter-disciplinary framework to optimise the success of any internal branding programme. In particular, this study showed employees' appreciation of the brand manual and their regard for it as a back-up similar to other printed materials of internal communication tools.

### **9.4.3 Inter-Departmental Involvement**

Recent studies have suggested that internal branding is a broad integrative framework across marketing, management, and human resource disciplines (section 5.4). In the search for determining how internal branding can be successfully devised, this case study within the Thai hotel industry found evidence that supports the study of Vallaster and de Chernatony (2003). Management has a strong role in ensuring that marketing and HR people are working in synchronisation. Also, the responsibilities fall onto every department to ensure the successful implementation of internal branding. This could be illustrated by the qualitative findings revealing that the management team holds a meeting of all department heads to discuss issues regarding the messages to inform both internal and external members. Each



departmental management provides information to be communicated to the meeting so that all departments acknowledge what is going on in other departments. They work together to identify what aspects of employees are required so that the department of Training or Human Resource is informed of the programmes or courses that should be provided. Regarding brand values, they work together to ensure that management first possess a shared understanding. Then, the way brand values can be interpreted into behaviours is discussed to reach consensus among the management team. When receiving materials from corporate office, the management team gathers together to share their initiatives about how to implement them before distributing the messages to other employees down the rank. Before ending the meeting, they make sure that all team members have a coherent understanding about all brand-related issues. Although information needs to be adapted to suit the interests and backgrounds of employees of individual departments, the cross-departmental relationships and coordination ensure that the right information is going to be communicated.

In addition, although employees do not take part in developing and/or defining values, management ensure that they take part in enhancing their day-to-day tasks. The suggestions that employees leave in the speak-out box, for example, are brought into management's meeting to decide what course of actions should be followed before disseminating the decisions to employees of their department. Therefore, this study has supported not only the inter-disciplinary involvement but also the involvement of all employees in enhancing a service brand within their knowledge and capabilities.

### **9.5 Brand Attitudes: Their Inter-Relationships and Their Role in an Internal Branding Process**

In line with past studies in different disciplines (Section 5.7), the result of the findings to fulfil research objective 4 dictates the relationships among employees' brand identification, brand commitment, and brand loyalty. The quantitative analysis using structural equation modelling suggests that the model that takes account of the relationships between brand identification and brand commitment, and between



brand commitment and brand loyalty has better goodness-of-fit index than those that take no account of these relationships.

Concurring with past studies (e.g. Kelman, 1958; O'Reilly and Chatman, 1986), brand identification of employees was found to drive employees' brand commitment, suggesting that when employees share their faith with the brand, they will be emotionally attached to the brand, which describes their efforts to achieve the brand's goals (Thomson et al, 1999). Similarly, the quantitative phase of this study has found that brand commitment is positively related to employees' brand loyalty measured in terms of their intention to stay. In agreement with previous research in different disciplines (e.g. Brown and Peterson, 1993; Pritchard et al, 1999; Reichers, 1985), this study suggests that brand commitment drives the employees' intention to continue their work with the brand. When the models did not reflect these relationships, the values assessing their goodness-of-fit index were not as satisfactory as the model accounting for these relationships (Section 8.4 and Section 8.5.2).

Under research objective 4, this mixed-method case study in the Thai hotel industry also reveals that employees' brand identification and brand loyalty act as partial mediators in the relationship between internal branding and employees' brand performance as measured by the extent to which employees deliver the brand promise based on the brand standards. In other words, internal branding exerts part of its influence on employees' brand performance through its influences on employees' brand identification and brand loyalty. Yet, it has a direct influence on the extent to which employees deliver on the brand promise as specified by the brand standards. This finding further explains why the coefficient of the relationship between internal branding and employees' brand performance was smaller than between internal branding and employees' brand identification (Section 8.5.1 and Section 9.4). Hence, this thesis supports previous studies (e.g. Benkhoff, 1997; Oakes and Turner, 1980; Papasolomou-Doukakis, 2002) that postulate that employees' brand identification influences the extent to which employees are living up to the brand promise. Papasolomou-Doukakis (2002) suggested that employees who were aware of their importance would deliver on the brand promise. Therefore, as internal branding is



found to enhance employees' understanding of the interdependency between their actions and the brand's success, it is not surprising to find that the effect that internal branding has on their performance in delivering the brand promise was enhanced when employees' brand identification was successfully influenced by internal branding. Other studies (e.g. Benkhoff, 1997; Oakes and Turner, 1980) have reported the relationship between employees' brand identification and their behaviours to support the organisation's brand image. The brand as defined by this study involves a cluster of brand values that lie at the core of the brand image. This explains why this research's result is in line with their studies. When employees clearly understand the right type of behaviours to fulfil the brand promise and deliver it accordingly, the brand image is maintained and even enhanced.

This doctoral research also extends the existing knowledge which argues for the relationships between employees' organisational loyalty and firm performance such as service productivity and profit (e.g. Reichheld, 1996; Reichheld and Sasser, 1990; Rust et al, 1995), and between employees' loyalty and absenteeism and/or labour turnovers (e.g. Beer et al, 1985; Guest, 1987; Shepherd and Mathews, 2000). The quantitative findings of this thesis further suggest that the total effects that internal branding has on employees' brand performance could be enhanced when internal branding successfully heightens the level of employees' identification with and loyalty to the brand.

Employees' commitment to the brand was not found to mediate the effect that internal branding has on employees' brand performance, thereby contradicting past studies (e.g. Burmann and Zeplin, 2005; Frabotta, 2000; Hay, 1999). This may be due to the different measurements of employees' performance. This study's brand performance measured the extent to which employees consider themselves delivering the brand promise based on a set of brand standards. Previous studies measured performance of employees in terms of how they delivered up to the service standards (e.g. Frabotta, 2000; Hay, 1999) and extra-role behaviours termed as brand citizenship behaviours (e.g. Burmann and Zeplin, 2005). Brand promise encapsulates brand values that specify not only the service level but the brand level. Service



standards may or may not reflect the brand standards that include the representation of brand values (i.e. brand identity, brand image, and brand personality). Furthermore, a set of brand standards did not suggest potential extra-role behaviours. These differences could account for the contradiction between this research's result and the results of previous research. It is noted that the qualitative phase of this research suggests that employees sometimes were required to fulfil customers' needs which might be beyond the brand standards. However, as this research's objective focused on the extent to which employees are delivering on the brand promise as specified by brand standards, the level of employees' commitment was not relevant.

## **9.6 Moderating Factors in an Internal Branding Process**

Similar to the literature, this research has discovered two major types of moderators when addressing research objective 5: work environment or situational factors and personal variables. Five factors including employees' perceptions towards wage payment, rewarding/recognition schemes, relationships with colleagues, relationships with leadership, and perceived autonomy were found to be related to the work environment in this study. Age, education, and length of service with the brand were categorised into personal variables.

### **9.6.1 Work Environment**

A number of studies (e.g. Higgins, 1996; Mathieu et al, 1993; Peters et al, 1998; Varey, 1995; Wexley and Baldwin, 1986) have documented potential moderating effects of situational factors on the influences that internal communications and/or training programmes have on employees' performance and attitudes. Therefore, this thesis hypothesised that situational factors could moderate the effectiveness of internal branding; the effects of internal branding on employees' brand attitudes and brand performance could be deterred by factors regarding the work environment.

This case study representing the Thai hotel industry supports the literature as it depicted the moderating effect of work environment on the link between internal branding and three brand attitudes as well as employees' brand performance. In



particular, the effects that internal branding has on three employees' attitudes towards the brand are heightened when employees are satisfied with their workplace. This was supported by the qualitative findings. When employees are satisfied with all these situational factors, they reported that they felt more harmony with the brand, were committed to bring about the brand's success, and intended to continue working with the brand (Section 7.5). To illustrate, employees valued good relationships with their colleagues, which enhanced their 'one team' morale. As such, they were committed to ensure that all brand members were successful. Besides, good relationships among co-workers made them feel comfortable and supported their desire to stay with the brand. Similarly, their perception of the relationships with their leaders was found to influence their attitudes. By interpreting from leaderships' characteristics during the process of internal communications and/or training programmes, they evaluated the quality of relationships with their management. Essentially, the commitment from top management is a prerequisite to employees' commitment, which is in line with past studies (Awamleh and Gardner, 1999; de Chernatony, 2002; Tosti and Stotz, 2001). This study also offered another perspective of the importance of leadership in terms of non-verbal communication and the multi-level nature of relationships as mentioned by Cole (2001). It was discovered that when employees felt that their leaders were open to their opinions and made an effort to nurture good relationships with them, their identification was enhanced along with their commitment and intention to stay. Concurrently, the literature has documented a number of studies that indicate the link between management consideration and employees' satisfaction (e.g. House et al, 1971; Likert, 1961; O'Reilly and Roberts, 1978; Vroom, 1964), which also positively affects their commitment to the brand. As management understood the need for certain degrees of flexibility during the delivery of the brand promise, which is in line with past studies (e.g. Bowen and Lawler, 1992; Kark et al, 2003; Schneider, 1980; Singh et al, 1994; Zeithaml et al, 1993), employees were granted some decision-making power. An insufficient level of perceived autonomy could decrease the effect that internal branding has on employees' brand attitudes. Instead of being mentioned as internal branding tools, remuneration and rewarding schemes, which are among different HR practices, were mentioned as variables that enhanced the



effect of training programmes and internal communications. The qualitative findings discovered that the effect internal branding has on their attitudes is enhanced when employees are satisfied with remuneration and rewarding schemes. This corroborates with previous studies that a payment system perceived as justified by employees influences employees' motivation, leading to their commitment, identification, and productivity. This study suggests further that fair remuneration schemes, along with effective rewarding and recognition programmes could help an organisation retain the right people.

This study also suggests that employees who are less satisfied with their work environment need to be influenced more by internal branding to ensure that they are delivering on the brand performance. They need internal branding to reinforce their understanding of brand values so that they are confident in delivering on the brand promise. As such, this group of employees attributed their success in delivering the brand promise towards internal branding as giving them essential information and knowledge about the brand values in the form of a set of brand standards. As employees want to be recognised, they turn to internal communications and training programmes to ensure that they have a clear understanding of the correct behaviours to support the brand. Moreover, when the relationships within the workplace were not pleasant, they believed that their success in delivering the brand promise was due to the understanding that they acquired during internal communications and training programmes.

#### **9.6.2 Personal Variable: Age**

The qualitative study suggests that older employees expressed higher levels of brand attitudes and brand performance in relation to the delivery of the brand promise than their younger counterparts. This suggests that the age factor could act as a moderator in the internal branding process. The quantitative analysis further portrayed the pattern of its moderating effect on the specified relationships in internal branding. The link between internal branding and employees' brand identification is stronger when employees are older than when they are younger. Given the study of van Woerkom et al (2002), older employees are less involved with activities inside an



organisation. Therefore, as internal branding enhances employees' brand attitudes or engagement with the brand, employees could be motivated to put themselves up for debating any particular issues. As they are involved more with the brand, they feel that they contribute to the success of the brand, which reflects what James et al (1977) argued, that employees share success or failure with the organisation's programmes in which they participate. Similarly, older employees attribute their success in delivering the brand promise towards internal branding more than younger workers. Because they do not want to start a new job, they pay attention to what an organisation has to tell them so that they can deliver on the brand promise as expected by the brand.

In contrast, this study suggests that the link between internal branding and employees' brand commitment and brand loyalty is stronger for young workers than older staff. This may sound surprising. However, as the qualitative findings suggest that old employees express their intention to stay more with the brand, they may not need to be influenced by internal branding as much as young employees who, according to the study of Simons and Enz (1995), value career advancement and interesting work more than job security. The same rationale applies for the link between internal branding and employees' brand commitment. As they are getting older, their emotional attachment to the brand increases. Therefore, the effect of internal branding on their commitment to the brand may not be as high as its effect on young workers' brand commitment. Furthermore, as past studies (e.g. Lawler, 1973; Simons and Enz, 1995) have found that when employees believe that the job requires abilities they value, they put forth an effort to fulfil their role. This research highlights the use of internal branding to create employees' understanding of the brand and ensure that employees have bought into the brand values. This being the case, an organisation can retain the 'right' employees and secure their commitment.

### **9.6.3 Personal Variable: Education**

Education is another factor of personal traits that was found to have a moderating effect on the influences that internal branding has on employees' brand attitudes and behaviours during the assessment of research objective 5.



Employees with a low level of education need to be influenced more by internal branding to induce their brand identification and their brand performance. As brand identification is defined as the degree of their belief that they share the faith with the brand, less-educated employees may not believe that they are contributing to the success of the brand. The qualitative findings also supported that well-educated employees were believed to deliver the brand promise effectively, which relates to the level of the success of the brand. Therefore, less-educated employees need to receive more communication about their importance to the success of the brand. This is supported by past studies that affirmed that when employees feel that the outcome of their role is influential on the wellbeing of an organisation, the meaningfulness of the task is enhanced (Hackman and Oldham, 1976; Staw, 1977), thereby enhancing their motivation. As management believed that education is the important factor that enables employees to transform brand messages into practice, well-educated employees may not need internal branding to give them detailed information about the brand as much as less-educated employees. Therefore, it is not surprising to discover that well-educated employees do not attribute their success in delivering the brand promise towards internal branding as much as less-educated employees do. With the coordination between internal communications and training programmes, employees could be informed of their importance in bringing about the brand's success by delivering the brand promise. To ensure that they understand how to fulfil their tasks, they should be educated and coached to possess the necessary skills and capabilities so that they are confident that they can follow the brand standards to ensure the delivery of the brand promise, regardless of the level of their education. In particular, as the qualitative findings revealed that less-educated employees are inclined to be satisfied with training programmes that are offered by their organisation and attributed their pride in the brand towards these programmes (Section 7.6.2), their brand identification could be enhanced along with their performance.

Contrarily, well-educated employees need to be influenced more by internal branding to engender their commitment and loyalty towards the brand. As management believed that well-educated employees have higher potential to grow, employees



themselves also recognised their potential. Therefore, internal branding needs to communicate with employees to ensure that they have bought into the brand values, thereby explaining why well-educated employees attributed their commitment and loyalty towards internal branding more than less-educated employees.

#### **9.6.4 Personal Variable: Length of Service**

This case study following the mixed method approach having the Thai hotel industry as a unit of study has revealed the moderating effect of the duration that employees have worked with the particular brand on the internal branding process. The quantitative phase suggests that internal branding exerts a stronger impact on employees' brand commitment when employees have stayed with a brand for less than 3 years. The qualitative findings elaborate that new employees expressed their uncertainties about the brand and its values. This could be because they have spent little time with the brand and, thus, possessed relatively less brand knowledge than those who have been with the brand for 3 years or more. This indicates the need for an organisation to use internal branding to engender a clear understanding of the brand values so that employees can relate themselves to the brand, thereby inducing employees' emotional attachment to the brand.

The qualitative findings discovered that employees who considered themselves as working with the brand for a long while intended to stay with a brand. However, this needs to be considered along with their age. In fact, it was found that the hospitality industry was characterised by a high turnover rate; employees who stay with a brand for a while may seek their career advancement in other hotel brands. Therefore, it is not surprising to find that the quantitative analysis dictated that the link between internal branding and employees' brand loyalty became stronger when employees stayed with a brand for 3 years or more. Although it is believed to be ideal to encourage employees' brand internalisation, an organisation should seek to influence their employees with internal branding. When brand values are effectively communicated to employees to inspire them, their understanding about their brand should persuade them to stay with the brand.



The study of Simon and Enz (1995) reveals that when staff stay with the brand longer, such as when they are older, they tend not to put themselves up for debating any particular issues. Consequently, whether the brand is successful or not may not be relevant to them. Therefore, effective internal branding could enhance the brand identification of employees who stay with the brand for 3 years or more because it inspires their pride in the brand, as reported by the qualitative findings. As a result, they could make an effort to contribute to the success of the brand, which explains the larger effect that internal branding has on their identification than on the identification of employees who are new to working with the brand. Similarly, the longer the employees work with the brand, the higher the effect that internal branding has on their performance. As the qualitative findings suggest that employees attribute their success in fulfilling their job requirements in delivering the brand promise towards internal branding mechanisms, staff who stay with the brand longer should have received more brand information and become more familiar with the brand than the newcomers. Therefore, the link between internal branding and their brand performance becomes stronger. Although the qualitative phase of this research suggested that newcomers required different sources of information to improve their brand understanding, they may not have attended an equal amount of training sessions. Furthermore, new employees were closely supervised and guided by their 'assigned buddy', thereby decreasing the effect of internal branding on their brand performance.

#### **9.6.5 Departmental Differences**

The qualitative findings have suggested that different departments created their own initiatives in communicating with their employees to ensure that their people are correctly relating brand values to their job responsibilities. Furthermore, the qualitative phase of this case study reveals that different departments organise their own training programmes apart from those provided by the Department of Human Resource/Training to ensure that employees of each department acquire skills relevant to their job title. This is in line with past studies (Section 5.6.3 and 5.8.2) that suggest that employees from different departments may require different training programmes and motivational mechanisms. Similarly, the quantitative analysis



supports that the different departments moderate the effect that internal branding has on employees' attitudes and performance in relations to the brand. It further portrays the pattern of the moderating effects on specified relationships in the internal branding process.

The strongest effects of internal branding on employees' brand identification and on brand commitment are found to be on employees working in the Food & Beverage department. While the effect of internal branding on their identification with the brand is similar for employees of the other two departments, its effect on employees' brand commitment is different between the two departments; the least effect of internal branding on brand commitment is for Housekeeping staff. Regarding the link between internal branding and employees' brand loyalty, it is strongest for employees from the F/O department and weaker for employees from the Housekeeping department. For employees working at the F&B department, internal branding exerts the weakest effect on their intention to continue working with the brand. Finally, internal branding is most strongly related to employees' brand performance for employees working in the Housekeeping department. Its effect on employees' performance is weaker for the F/O personnel and weakest for the F&B people. The differences in the effects of internal branding on their attitudes and performance suggest the differences in the pattern of the specified paths of relationships.

For employees working for the F/O department, internal branding exerts its influences on both brand identification and brand loyalty but not their commitment suggesting that their commitment could be influenced more by other variables than by internal branding. Furthermore, only employees' brand identification acts as a partial mediator in the link between internal branding and employees' brand performance. Simply put, while the extent to which F/O personnel deliver on brand promise is directly influenced by internal branding, the total effect of internal branding on their performance is partly due to the extent to which internal branding influences their brand identification.



Unlike people from the F/O department, internal branding is significantly related to F&B workers' brand identification and commitment but not to their brand loyalty. Similar to the people working at the F/O department, only brand identification is found to fully mediate the link between internal branding and employees' brand performance. This implies that internal branding does not directly influence employees' brand performance. Rather, its influence on their performance is through its success in influencing employees' identification with the brand. Other brand attitudes of employees do not exert any mediating effects on this link as they do not exert an influence on the extent to which employees deliver on the brand promise specified by the brand standards.

For Housekeeping people, no mediating effect is found. Similar to F/O personnel, internal branding is found to affect the extent to which employees identify with and are loyal to the brand, but not the level of their commitment to the brand. However, neither employees' identification nor loyalty were related to their performance, suggesting that they are not considered mediators. Unlike employees from other departments, employees' brand commitment, which was not found to be influenced by internal branding, has a positive relationship with their performance. As the effect of internal branding on their performance is not mediated by any attitudes, this study implies that the extent to which employees deliver on the brand promise is directly influenced by the practice of internal branding.

Despite the differences in the effect of internal branding on their attitudes and performance, the pattern of relationships among the three brand attitudes remains the same. Brand identification is positively related to brand commitment, which is subsequently related to employees' brand loyalty.

### **9.7 Contributions to Knowledge**

The knowledge about internal branding is still in its infancy, warranting the interest of researchers to explore and enrich the existing theory. This study has contributed to the existing knowledge by confirming, challenging, and extending the theory's propositions, as a case study can, in order to contribute to the theory-building.



Firstly, this thesis has confirmed the importance of securing the involvement of all employees in the service branding process. Employees are crucial to the organisation's overall performance, i.e. making lasting impressions, satisfying customers to ensure their brand patronage, representing the brand values through their brand promise delivery. Of all the aspects that the literature has suggested are critical for employees of any service brand, their ability to create a unique differentiation of the brand was not recognised by employees. However, as they induce customer satisfaction and enact service personalisation, they are a source of brand differentiation.

Secondly, the study has confirmed the essential role of internal communications and human resource development programmes. Both are identified as key mechanisms for implementing successful internal branding. Furthermore, this thesis confirms that both mechanisms need to be coordinated to optimise the internal branding process. The qualitative phase suggests the inseparability of these mechanisms from the employees' perspectives. The quantitative phase confirms that, as both mechanisms are highly correlated, they need to be practiced together in synchronisation. This thesis also provides empirical evidence to support the existing knowledge that internal branding has an influence on employees' brand identification, brand commitment (Aurand et al, 2005; Burmann and Zeplin, 2005), and brand loyalty (Papazolomou and Vrontis, 2006a, b). While the literature has theorised the influence that internal branding has on employees' behavioural aspects, empirical evidence was lacking. This study has, thus, extended the existing theories in the internal branding literature by implying that internal branding is positively related to the employees' brand performance as measured by the extent to which they deliver on the brand promise specified by the brand standards. The relationships among employees' brand attitudes were also assessed. These relationships support the literature by empirically revealing that brand identification is related to brand commitment, which is related to brand loyalty. That is, when employees believe that their faith is intertwined with the brand, they are more committed to deliver the brand promise. As they become emotionally attached to the brand, their intention to stay



with the brand increases. This thesis has further revealed the mediational effects of brand identification and brand loyalty of employees on the relationship between internal branding and employees' brand performance. On one hand, it suggests that internal branding influences employees' brand identification, commitment, loyalty, and performance. On the other hand, it indicates the influences of brand identification and loyalty on employees' brand performance. Hence, this thesis posits that part of the total influence that internal branding has on the extent to which employees behave in ways that support the delivery of the brand promise is through its influence on employees' brand identification and loyalty.

Apart from confirming the importance of the coordination between HR and internal marketing people, this thesis further adds to the existing literature by revealing the significance of inter-departmental involvement to optimise the success of internal branding. Rather than assigning the responsibilities of internal branding to one particular department, this case study that represents the hotel industry in Thailand, using the mixed method approach, has unearthed that every department should work together to orchestrate the coherent brand-related activities that will be communicated externally and internally. As the literature emphasises the importance of transforming brand values into daily activities, this thesis elaborates that these brand values need to be linked to specific job responsibilities, entailing an adaptation of messages to suit the background of each department's employees. Although the same messages were communicated differently according to the receivers, internal branding still ensures that any potential for misunderstandings, discrepancies, and conflict within and between departments can be reduced as argued by different authors (e.g. Cheney and Vibbert, 1987; Gilly and Wolfinbarger, 1998; Gioia, 1986; Smircich and Morgan, 1982) as long as all departments take part in all brand-related activities and acknowledge the activities in other departments.

A challenge of this thesis for the existing knowledge is the application of brand values in selecting the right types of employees during the recruitment process. Including values in the selection process is perceived as ideal and yet difficult to implement at the present. Management did not believe that this could be practiced



effectively. Evaluating applicants based on attitude tests and/or personality tests is hard enough, let alone selecting the employees whose values fit with the brand and the organisation. In general, they aim at recruiting those who show an inclination towards service mind. To develop new employees' understanding of the right type of behaviours that belong to the brand, they use internal branding.

Some additional knowledge provided by this thesis concerns the potential moderating factors in the internal branding process. Adding to an attempt of past studies to answer 'what' and 'how' of internal branding, this thesis offered an insight into the potential moderating effects of situational factors and personal traits. Employees' perceptions towards remuneration and rewarding schemes, their relationships with colleagues and leaders, and their perceived autonomy were found to constitute situational factors. Their perceptions regarding these work environment attributes influence the effectiveness of internal branding. When they perceive their workplace as good and friendly, the influence of internal branding on their brand attitudes becomes larger. Employees with low satisfaction with their work environment need internal branding to support their delivery of the brand promise. Personal variables that moderate the internal branding process include age, education, and length of service. Young people attribute their brand commitment and loyalty towards the effectiveness of internal branding more than old workers. However, internal branding exerts a stronger impact on employees' brand identification and performance when employees are 30 years old or more. Furthermore, well-educated employees tend to believe that they have more opportunities to grow in their careers. Therefore, their emotional attachment and loyalty need to be influenced more by internal branding. Less-educated employees attribute their brand identification and performance towards internal branding more than well-educated workers. They need to be made aware of their importance to the brand's success, which can be achieved by internal branding. Employees' length of service with the brand is also found to moderate the internal branding process. The effect that internal branding has on employees' brand identification, loyalty, and performance becomes stronger when employees stay with a brand for 3 years or more. Employees who stay with the brand less than 3 years need to be influenced



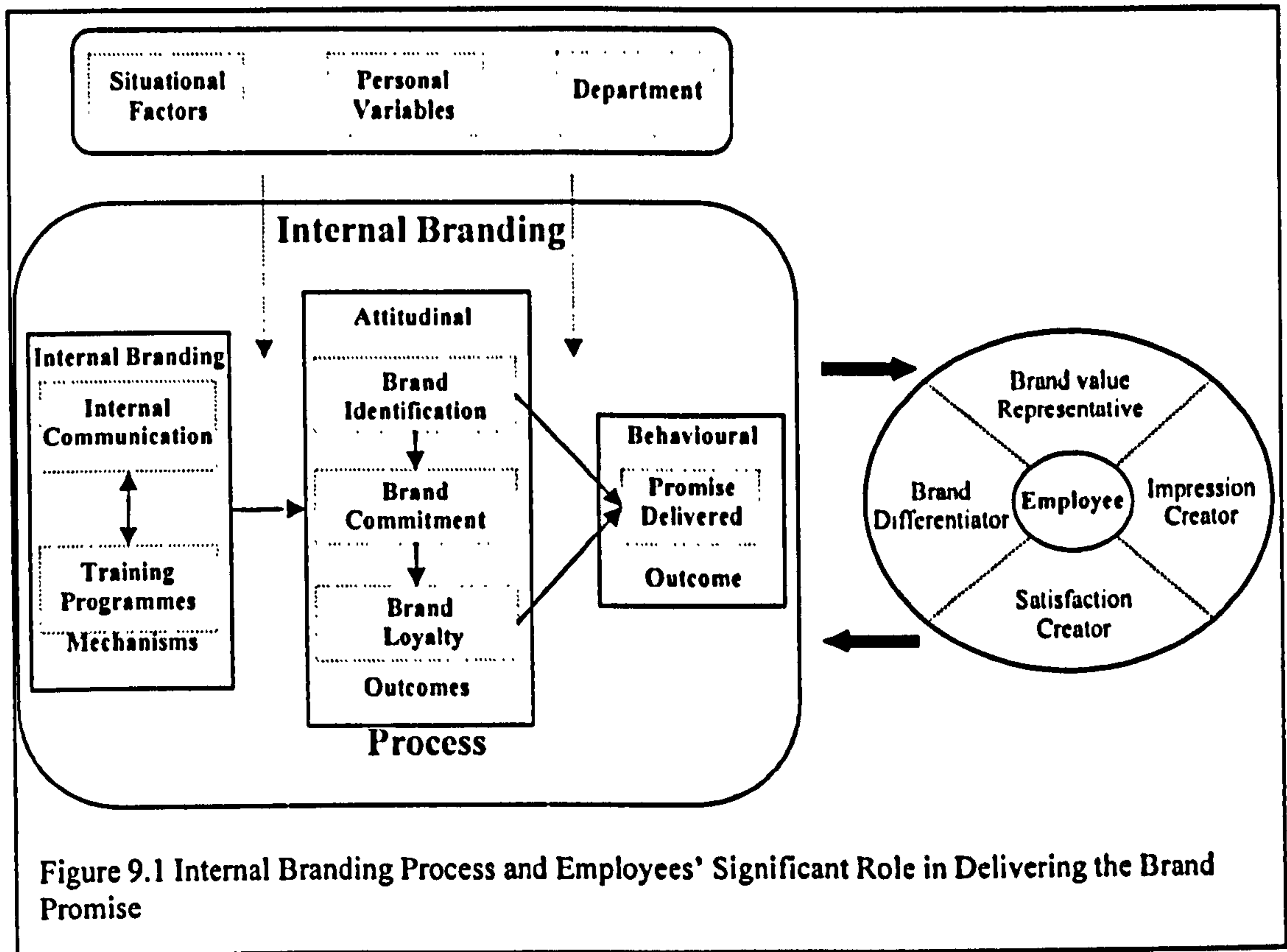
more by internal branding to ensure that they are committed to deliver the brand promise as specified by brand standards. Another moderator revealed by this thesis is the department in which employees are working. The influence of internal branding on employees' attitudes and behaviours varies across different departments. F&B people need their brand identification and commitment to be influenced by internal branding the most. F/O personnel strongly attribute their loyalty towards the effectiveness of internal branding whereas housekeeping people's performance is influenced most by internal branding. These differences among different departments could be due to the difference in the nature of their jobs which leads to the difference in how brand messages are communicated to them. As a result, this thesis has revealed that internal branding has a different pattern of effects on employees' brand attitudes and performance for individual departments.

Finally, while the existing knowledge has been drawn from the perspectives of management, consultants, and customers, this thesis has provided insights from the employees' point of view. Because service suggests the customers' interactions with the brand as well as with employees, it is necessary to understand the perspectives of the employees who are at the interface between the brand and the customers. Traditional branding has external constituencies such as customers and the public as its audiences, whereby a lot of research studies have been conducted to 'listen to the voice' of these audiences to ensure the success of the programmes. Therefore, as internal branding has employees as its internal customers, it is well reasoned to conduct research with employees to unearth their perceptions, whereby the relevant internal branding process is implemented to warrant its success. In particular, Asif and Sargeant (2000) and several other authors (*Harvard Business Review*, 2002; Quirke, 1995) have emphasised the need to understand the internal audience, whereby the most effective, relevant materials can be developed.

Figure 9.1 captures the different contributions of this thesis. With the successful internal branding process in securing employees' brand attitudes, employees are effectively enabled to deliver the brand promise. When this happens, employees appreciate their important role in representing the brand values (e.g. image, identity),



creating customers' impressions and satisfaction, and differentiating the brand from the others.



## 9.8 Managerial Implications

This study has looked at some of the key aspects of internal branding: the role of service employees, the importance of internal communications and training programmes, the importance of the brand supportive attitudes, and the challenges of ensuring that brand-supporting behaviours fulfil the brand promise.

The findings show that employees perceive themselves as being important in enacting the brand values espoused by the management and the head office. One important message that should be given attention is that, of all the different key roles they play, one aspect that employees did not see themselves fulfilling is making the brand distinctive from the others. Top management may believe that their people are one of the key clues to create brand differentiation but they need to find ways to link



the espoused values into the employees' job responsibilities and make evident to employees how they can deliver the brand values embedded in its promise to differentiate their brand. It sounds difficult to interpret the brand values into daily activities, particularly when most service brand's value propositions are intangible. However, to ensure that employees realise how they can make the brand different, management need to communicate with staff the interdependency between the brand's success (i.e. brand differentiation, customer patronage) and their behaviours that reflect those values. In particular, employees recognise that they are one of the reasons that encourage customers to return. When they are also made aware of how their behaviours help the brand become irreproducible by competitors, they should be more committed to deliver the promise in ways that support its values.

The study has refined the different techniques suggested by the literature into two principal techniques that were found to be significant tools used by the hotels in this case study: internal communications and human resources development programmes. The study has further shown that these two mechanisms are effective in inducing the brand supportive attitudes and the on-brand behaviours. Indeed, employees believe that these two mechanisms of internal branding are interdependent and indispensable. The implication for management here is that training programmes need to be practiced along with internal communications. Both professionals need to work together to ensure that the brand values are fostered at all times. The literature (e.g. Burmann and Zeplin, 2005; Aurand et al, 2005) has shown that HR people and internal communication professionals can learn from each other when they coordinate their activities: HR people are enabled to foster the brand values in the internal branding context whereas internal communications staff learn to influence rather than make demands of the employees because of their better understanding of human capital.

The findings suggest not only the coordination among the two departments but that inter-departmental involvement is pivotal if the organisation wants its internal members and external members to receive the same brand messages. Although each department has different responsibilities in detail, all departments share the same



brand goal. This same brand goal may be interpreted differently to suit the staff of each department but all the interpretations must remain true to the core brand essence. The findings suggest that all departments should acknowledge what other departments are doing and what problems arise in different departments. By knowing what is going on in the other departments and finding the solutions together, they constantly observe whether they still share the same brand understandings so that any misunderstandings or discrepancies within and among different departments can be detected. Furthermore, it enhances the feeling of 'one team', which positively affects the relationships among different departments. In addition, the study highlights the benefits of using face-to-face communications. Management are encouraged to allow interactions between employees and their supervisors and/or their leaders. Sometimes, employees take this opportunity to introduce their initiatives, particularly when they believe that their leaders are receptive and willing to listen to their opinions. This leads to another implication for management: the benefits of having two-way communications.

Although it seems impractical to involve employees in the process of defining/redefining the brand personality, values, and, indeed, the brand essence, management can ensure that the gaps between them and their employees are narrowed by listening to their employees. In particular, as the literature has suggested that employees can be one of the vital sources of management's understandings of their customers, listening to employees' suggestions may reduce the gap between management and customers in relations to the brand promise. Besides, employees feel more valued and part of the brand when their opinions are accepted?. If management attempt to involve employees more in the branding process, listening to what they say in these little incidents seems to be a good start to familiarising employees with expressing their initiatives to enhance their delivery of the brand promise.

Several moderating factors including situational factors and personal variables have been unearthed. It is suggested that the brand needs to be attentive to the relationships among employees and between employees and management. The



management should communicate clearly the power of decision-making that employees have. Their satisfaction with remuneration and rewarding/recognition schemes also contributes to the moderating effects of situational factors. Internal branding becomes more successful in inducing employees' brand attitudes when employees are satisfied with their work environment. When they have low satisfaction with their workplace, management need to communicate and educate them more about the brand to ensure that they have a clear understanding of the behaviours needed to deliver on the brand promise as they could not seek other attributes to support their performance. This thesis also indicates the moderating effects of employees' age, education, and length of service with the brand in the internal branding process. Young employees need to have their brand commitment and loyalty influenced by internal branding more than old employees. Internal branding, however, has a stronger impact on the brand identification and performance of old workers. Less-educated employees attribute their identification and performance towards internal branding more than well-educated employees whose commitment and loyalty could be strongly enhanced by internal branding. For employees who work with the brand for more than 3 years, the effects that internal branding have on brand commitment, loyalty, and performance become stronger. New employees need to be influenced more by internal branding to ensure that they realise the interdependency between the brand and their actions.

This thesis also sends a message to management about the differences among different departments. Internal branding still exerts a degree of influence on employees' brand performance, but the pattern of these effects could vary across departments. Housekeeping personnel's performance can be directly induced by internal branding, while their brand identification and loyalty are also influenced by internal branding but do not have an impact on the extent to which employees deliver on the brand promise. Instead, housekeeping employees' brand commitment is influential on their performance, but this attitude of housekeeping staff is not influenced by internal branding. Therefore, management should communicate their brand to their employees directly to ensure that they understand the behaviours that are correct for the brand. For F/O personnel, management should use internal



branding to influence their brand identification as well as their performance. This is because part of the total effect that internal branding has on employees' performance is through its successful influences on employees' brand identification. While internal branding is found to affect their loyalty, this attitude is not related to their performance. Furthermore, it is noted that management can influence employees' brand loyalty through their commitment, which may be influenced by other factors than internal branding. F&B workers' behavioural aspect in relation to the delivery of the brand promise is indirectly influenced by internal branding because its influence on their performance is totally mediated by their brand identification. Rather than having their loyalty influenced by internal branding, employees of this department have their commitment influenced by internal branding.

The overriding message implied by this thesis is that an effective implementation of internal communications and continuous human resource development ensure that employees deliver the brand promise in ways that are aligned with its essence. Not only do they deliver the brand promise because they are required by the standards, but also they enact the brand values because they are committed to make the brand successful, as they believe that their faith is intertwined with the brand. This thesis does not suggest that employees at the junior rank can be easily brought into the brand because of these two techniques of internal branding. However, these two techniques together with a good, cooperative work environment can engender the brand-supporting attitudes and eventually, the brand-supporting behaviours. When the right incentives are provided in ways that are perceived as relevant to the employees' characteristics, the effects of internal branding can be enhanced. Therefore, the last but not least implication of this thesis is that management, marketing people, and human resources professionals need to cooperate to carve the internal branding campaigns. Their coordination warrants the coherent brand messages sent to their internal members, resulting in a shared understanding. The synergy between internal communications and human resources management ensures that both intellectual and emotional engagements of employees with the brand are constantly reinforced in a brand-supporting fashion.



## **9.9 Directions for Future Research**

These results reflect that all employees are crucial in the brand promise delivery. Customer-interface employees themselves mention the essential role that their back-of-the-house counterparts play in ensuring that the brand promise will be delivered in a seamless manner to customers and any other individuals coming into contact with the brand. However, this study only reveals the perceptions of customer-contact employees. Therefore, there is a need to explore the perceptions of employees from other departments who, although they do not directly deliver the brand promise to customers, remain an important element in bringing the brand to life. Because back-of-the-house employees have a different nature in their job responsibilities, it is likely that they may find different factors as affecting their capability in fulfilling their tasks. Also, there may be a different set of factors which influence their attitudes and behaviours apart from internal communications and training programmes.

Moreover, the qualitative and quantitative findings have pointed out the key role that service employees play in the service branding process. The study has focused on the hotel industry, which is one among several types of industries in the service sector. Some service industries may have a specific nature which is not shared by the others. Therefore, it is interesting for future research to explore how employees perceive their role and the factors that influence their perceptions and behaviours in different service settings, including those in the public sector. Furthermore, the separation between product and service organisations is beginning to be imprecise. In fact, almost all types of organisations involve services as one of their competitive advantages. This study was conducted with organisations containing strong service characteristics. Therefore, there is room for future research to examine the role of employees in delivering the brand promise as well as the motivational factors in manufacturing versus service settings.

Finally, in agreement with the literature, the study reveals that a multi-disciplinary approach is being put under the spotlight. The case study with different hotel brands has revealed that management from all departments work together to discuss the brand messages to be communicated to all staff. Precisely, marketing (including



internal communications) and human resource management people have to work together to ensure that all messages, either internal or external, are aligned. Therefore, there would be benefit from using a multi-disciplinary approach involving researchers and scholars from different backgrounds, including those from organisational psychology, strategy, and human resource management. The different perspectives should give a more holistic view of how to implement an effective, integrated, and coherent internal branding programme.



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# Appendix A: An Overview of Tourism and Hospitality Industries in Thailand

## A.1 Comparison between Tourism Receipts and Other Major Exports of Thailand 1998-2002

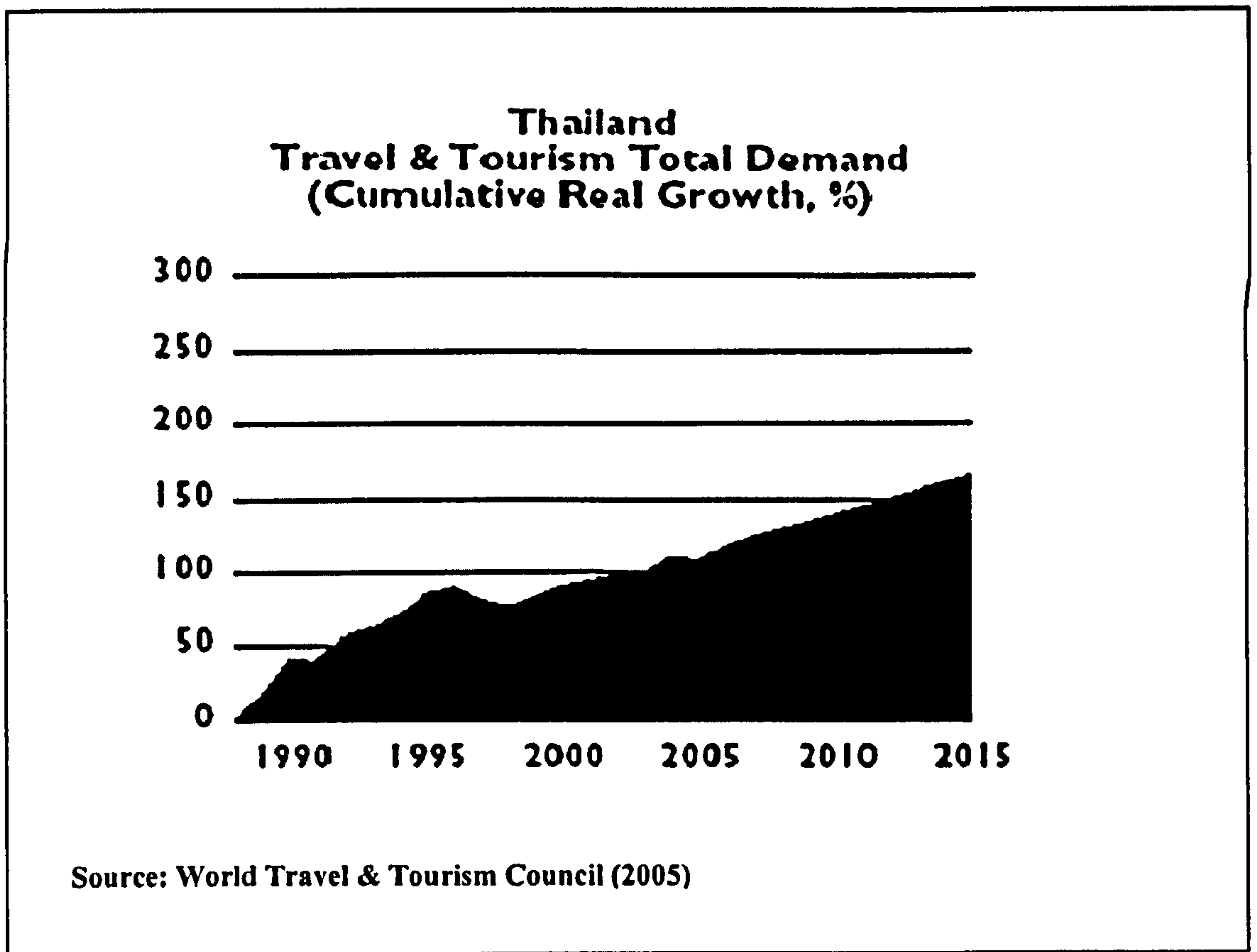
1998		1999		2000		2001		2002p**	
Computer & Parts	316,102	Computer & Parts	299,780	Computer & Parts	338,641	Computer & Parts	343,027	Tourism*	323,484
Tourism*	242,177	Tourism*	253,018	Tourism*	285,272	Tourism*	299,047	Computer & Parts	313,153
Textile Products	183,025	Textile Products	166,108	Electrical Appliances	211,307	Electrical Appliances	219,246	Electrical Appliances	243,240
Electrical Appliances	161,821	Electrical Appliances	153,768	Textile Products	189,167	Textile Products	195,990	Textile Products	179,765
Canned Seafood	93,890	Integrated Circuits & Parts	111,645	Integrated Circuits & Parts	179,287	Integrated Circuits & Parts	154,810	Integrated Circuits & Parts	147,889
Integrated Circuits & Parts	92,906	Canned Seafood	100,283	Plastic Products	110,380	Plastic Products	112,380	Plastic Products	121,604
Rice	86,801	Plastic Products	75,712	Canned Seafood	103,655	Canned Seafood	102,889	Canned Seafood	108,015
Plastic Products	70,574	Rice	73,811	Base Metal Products	92,053	Base Metal Products	84,948	Base Metal Products	93,482
Frozen Shrimps	58,342	Base Metal Products	61,723	Petroleum products	71,566	Transformers, generator and motors	72,185	Transformers, generator and motors	74,622
Base Metal Products	64,416	Frozen Shrimps	48,348	Transformers, generator and motors	67,401	Petroleum products	66,556	Petroleum products	58,373

Source: Bank of Thailand (Actual Data 1998-2001)

Note: \* Actual Data (Tourism Authority of Thailand) \*\* p = Primary data



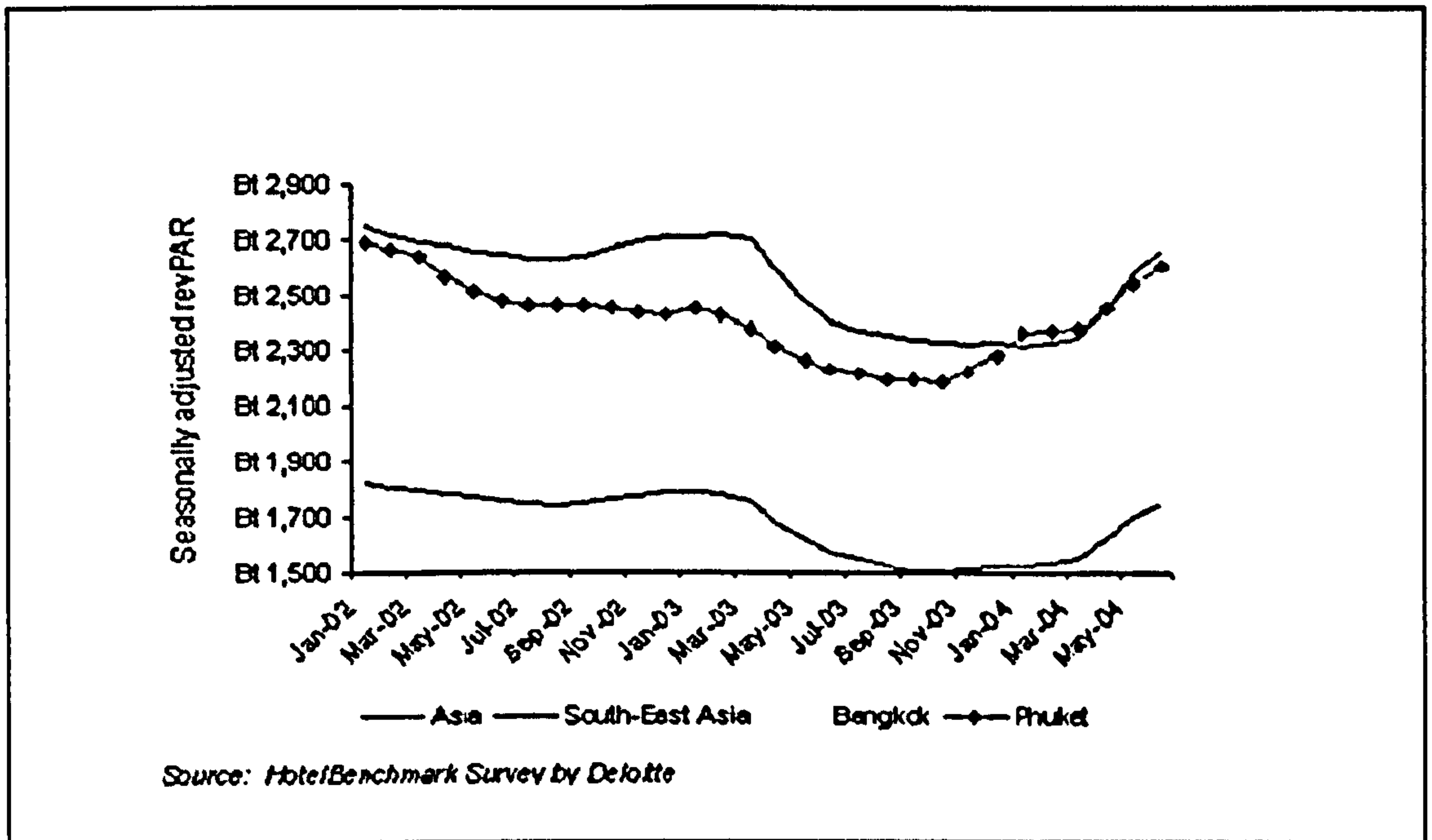
## A.2: The Growth of Thailand Travel and Tourism Demand from 1990 to 2015



Thailand travel and tourism will account for 11.7 percent of GDP and the demand will grow by 5.6 percent per annum from 2006 to 2015.



### A.3: RevPAR Performance of Bangkok and Phuket versus Asia and Southeast Asia



Revenue per available room (revPAR) in both Bangkok and Phuket has grown over 30 percent year-on-year. While Phuket's revPAR is just on par with year-to-July 2000 levels, Bangkok's revPAR is an astounding 55 percent higher than pre-SARS and pre-9/11 levels. The same report (Hotel Benchmark Annual Profitability Survey) by Deloitte also reveals that both Phuket and Bangkok were among the most profitable Asian markets in which to operate a hotel in 2003, converting over 40 percent of revenue into profits (IBFC). This is some ten percent higher than the regional average for the Asia Pacific.



#### A.4: Ranking of Major Hotel Companies in Thailand in the Year 2003

Company	Country of Origin	Thailand Ranking			World Ranking		
		Rank	Property	Room	Rank	Property	Room
Accor	France	1	18	4,046	4	3,654	415,774
Dusit Hotels and Resorts	Thailand	2	16	3,933	160	20	5,189
The Imperial Hotels Group	Thailand	3	16	3,411	233	11	3,169
Amari Hotels and Resorts	Thailand	4	15	3,325	244	13	2,933
Starwood Hotels and Resorts	USA	5	5	2,130	8	743	224,467
Central Hotels and Resorts	Thai	6	10	1,875	256	15	2,773
Marriott International	USA	7	6	1,825	3	2,398	435,983
Inter Continental Hotel Group	USA	8	4	1,659	2	3,274	511,072
Asia	Thailand	9	3	1,520	-	-	-
Hilton Group Plc	USA	10	4	1,462	10	384	92,778
The Montien Hotels Thailand	Thailand	11	3	1,237	-	-	-
Shangri-la Hotel and Resorts	Hong Kong	12	1	799	46	38	19,658
Raffles International Limited	Singapore	13	2	745	67	38	12,841
Le Meridien Hotels and Resorts	France	14	3	652	23	145	37,667
Six Seasons Hotels and Resorts		15	4	594	-	-	-
Hyatt Hotels and Resorts	USA	16	2	591	11	204	88,442
Banyan Tree Hotels and Resorts	Singapore	17	3	573	-	-	-
Rydges Hotels Group	Australia	18	2	456	146	31	5,614
Four Season Hotels and Resorts	Canada	19	2	420	57	53	14,250
Mandarin Oriental Hotel Groups	Hong Kong	20	1	396	127	18	7,008
<b>Total</b>			<b>120</b>	<b>31,649</b>			

Source: Hotel Magazine (2002)



### A.5: Major Hotel Companies and Classification of Their Brand Portfolio

Company	Brand Classification			
	Luxury	Upper Class	Economy	Budget and below
Accor	Sofitel	Novotel, Mercure	-	-
Dusit Hotels and Resorts	Dusit	Royal Princess	-	-
The Imperial Hotels Group	Athenee	Imperial	-	-
Amari Hotels and Resorts	-	Amari	-	-
Starwood Hotels and Resorts	Westin, Sheraton Grande – the Luxury Collection	Sheraton	-	-
Central Hotels and Resorts	-	Central	-	-
Marriott International	JW Marriott, Marriott	Mayfair	-	-
Inter Continental Hotel Group	Intercontinental, Crown Plaza	Holiday Inn	-	-
Asia Hotel Group	-		Asia	-
Hilton	Conrad	Hilton	-	-
The Montien Hotels Thailand	-	Montien	-	-
Shangri-la Hotel and Resorts	Shangri-la	-	-	-
Raffles International Limited	Raffles	Merchant Court	-	-
Le Meridien Hotels and Resorts	Le Royal Meridien	Le Meridien	-	-
Six Senses Hotels and Resorts	Evanson Hideaway	Evanson Resort	-	-
Hyatt Hotels and Resorts	Grand Hyatt	Hyatt Regency	-	-
Banyan Tree Hotels and Resorts	Banyan Tree	Allamanda	-	-
Rydges Hotels and Resorts	-	-	Rydges	-
Four Season Hotels and Resorts	Four Seasons	-	-	-
Mandarin Oriental Hotel Group	Oriental	-	-	-
The Hong Kong and Shanghai Hotels Limited	Peninsula	-	-	-



## **A.6: The Star Rating Standard of Hotels in Thailand**

### **Levels of the Thailand Hotel Standard**

The hotel standard is divided into 5 levels and arranged in ascending order with one star denoting the lowest standard and five stars denoting the highest standard.

<b>Star Rating</b>	<b>Level</b>
	The 'Hotel standard' defines the qualities and characteristics of a hotel and sets it apart from properties in other levels.
One star	Standard of one star level
Two star	Standard of two star level
Three star	Standard of three star level
Four star	Standard of four star level
Five star	Standard of five star level

### **Major Factors in Considering the Hotel Standard**

The Thai hotel standard covers three aspects

- The standard of construction and facilities
- The standard of maintenance
- The standard of services

The major factors taken into consideration in the assessment and certification of an individual hotel and resort property are:

- **Physical aspects**  
Such as location and surroundings
- **Construction aspect**  
i.e. the physical structure of the hotel, systems in place, security system, etc.
- **Facilities for hotel guests**  
Taking into consideration guests who are resident at the hotel (in-house guests) as well as guests who frequent the hotel and use the services



provided. For example, the quantity of the facilities, décor, equipment, etc.

- **Quality of Service and the ability to maintain quality**  
Includes such criteria as personality, the quality of services, cleanliness, hygiene, etc.
- **The maintenance of the hotel and the abovementioned facilities**



## **Appendix B: Interview Questions and Questionnaire**

### **B.1 Interview Questions for Managers**

- 1) **Core Values Inherent in Brand Promise and Behaviours**
  - a. **What are the values that underpin the promise of the brands?**
  - b. **How can these values be enacted by employees?**
    - i. **Examples of some of behaviours and/or activities expected to be carried out by front-line employees.**
- 2) **The Significance of Employees' Role in Delivering Brand Promise**
  - a. **What is the belief of managers about their employees' role in relation to brand promise delivery?**
  - b. **How are contact personnel expected to fulfil the brand promise during their interactions with customers?**
- 3) **What are the elements that an organisation being in place in order to engender employee understanding (e.g. corporate report, newsletter, external advertising, road show, events, etc)?**
  - a. **Among these communicative elements, what are the primary tools and techniques devised by an organisation?**
  - b. **What are the purposes of these communicative tools?**
  - c. **Are there any conflicts among these messages, which in turn are received by employees?**
- 4) **In relations to recruitment and training, how the organisation communicates with prospect and current employees?**
  - a. **What are the key tools that are used to portray the organisation and the brand's value to the prospect employees?**
  - b. **How do training programmes make use of communications to create and foster the brand's values to employees?**
  - c. **Are communicative materials used for selection and training campaigns in line with those tools mentioned in 3)?**



## **B.2 Interviews Questions for Employees**

### **1) General Question**

- a. Position**
- b. Length of employment at the organisation**
- c. Age**

### **2) Core Values in Brand Promise**

- a. Do you believe that the brand promise reflect the core values of the brand?**
- b. What are the values apparent in the brand promises?**

### **3) The Employee's Perception of their Roles**

- a. Do you think that you have a significant role in representing the brands?**
  - i. If not, can you explain how you portray your stance in an organisation?**
- b. Do you believe that your behaviours are heuristic to the core brand values?**
  - i. If yes, how do you interpret these values into actions to fulfil the brand promise?**
    - 1. Examples of behaviours**
  - ii. If not, can you explain how your behaviours have an impact on customer's perception of the brand?**

### **4) Elements that are influential in their understanding and internalisation of the brand promise delivery**

- a. What are the sources that you seek to understand the brand promise? (i.e. training, advertising, corporate communications)**
  - i. Do you have any difficulties in getting access to these sources? How?**
  - ii. Are the messages sent through these medium clear enough to you? Example?**
  - iii. Among these sources, are there any conflicting brand messages?**
  - iv. Among these sources, what are those that you consider the most influential? Elaborate.**



- b. What are the sources that are influential in encouraging you to be engaged with and internalise the brand's values?
- c. (For those employees who do not perceive the significance of brand's value in relation to their behaviours, what motivate them to behave in ways that are in line with their management's expectations?)

**5) Brand Value Alignment**

- a. As a result of these brand messages communicated to you, do you feel encouraged by these values?
- b. When you applied to the job, did you take on board the values presented by organisation's communication campaigns?
- c. Until present, do you believe that you can enact the brand values to fulfil the brand promise without any difficulties?



<h2 style="text-align: center;"><b>General Instruction</b></h2>
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Please choose the number that indicates your level of agreement to the statements or the questions in this questionnaire. The number ranges from 1 to 5; 1 suggests that you strongly disagree with the particular statement and 5 suggests that you strongly agree with that statement. The level of your agreement increases from 1 to 5.

Please answer each question based on your understanding and your opinions about each statement. There is no right or wrong answer. This is only to reflect your opinions.

All answers of yours will be highly confidential. Your anonymity is highly respected.



1) This set of question aims at evaluating your opinions about different factors that affect your understanding and attitudes towards the brand. Please circle  the number that mostly reflects your opinion.

	1	2	3	4	5
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
As far as I know, wages and service charges within this hotel are equal or even better than in comparable hotels	1	2	3	4	5
For the work I do, I believe that I am paid at the level that I expect	1	2	3	4	5
Staff who consistently deliver an excellent service to guests are appropriately rewarded	1	2	3	4	5
People who come up with new and better ways of doing things are recognised for their efforts	1	2	3	4	5
I feel part of D <sup>8</sup>	1	2	3	4	5
I feel that my supervisor does not pay attention to me	1	2	3	4	5
My direct leader is available whenever I need him/her	1	2	3	4	5
My supervisor communicates effectively	1	2	3	4	5
My supervisor does not stimulates the development of skills of people (R) <sup>9</sup>	1	2	3	4	5
The relationship with my colleagues is favourable	1	2	3	4	5
Exchange of knowledge within the hotel is actively encouraged	1	2	3	4	5
Assisting each other in delivering services is actively appreciated	1	2	3	4	5
Individual staff are encouraged to show initiatives	1	2	3	4	5
I have sufficient power to make timely decisions in response to guests' requirements	1	2	3	4	5
I feel vital to the organisation's success	1	2	3	4	5

<sup>8</sup> Change according to the name of the hotel brand

<sup>9</sup> Code to suggest reversed questions. This code was not apparent when the questionnaires were sent out.



2. This set of questions is to evaluate your opinions about the internal communications and training programmes of your organization. Please circle  the number that accurately reflects your opinions.

	1 Strongly disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly agree
Training gives me appropriate skills in relations to deliver the brand promise based on the brand standards	1	2	3	4	5
I am satisfied with training I receive	1	2	3	4	5
My hotel informs employees in an excellent way about things that are relevant to them	1	2	3	4	5
I feel encouraged to come up with the new and better suggestions of how to do things	1	2	3	4	5
Messages on notice boards provide information that is relevant to me	1	2	3	4	5
During the group meeting, I am clearly informed of the brand mission	1	2	3	4	5
I clearly understand my role in relation to the brand mission, after attending the group meeting	1	2	3	4	5
Newsletters are frequently used by me to update my brand knowledge	1	2	3	4	5
Newsletters do not help me understand my role in relations to the brand promise delivery	1	2	3	4	5
Logbooks are another good source of information relevant to my service delivery	1	2	3	4	5
Informal communications occur throughout the course of my service delivery	1	2	3	4	5
Informal communications enhance my understanding of the right behaviours to bring about the fulfilment of the brand promise	1	2	3	4	5
Orientation programme triggers my inspiration to appropriately fulfil the brand promise delivery	1	2	3	4	5
Videos, slides, and other multimedia devices are <u>not</u> useful to give me a clearer picture of the appropriate behaviours during service delivery	1	2	3	4	5
I like the orientation kit and/or brand manuals of my hotel brand	1	2	3	4	5
I am usually drawn towards messages made of colourful and attractive materials	1	2	3	4	5
Briefings contain all essential information for me to provide services according to the brand expectations	1	2	3	4	5
The brand mission and its promise are constantly reinforced during the briefing	1	2	3	4	5



3. The following questions are to evaluate your attitudes towards your hotel brand. Please circle the number that rightly expresses your level of agreement with the statement.

	1 Strongly disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly agree
I am proud to tell others that I am a part of this organisation	1	2	3	4	5
<b>I feel a sense of 'ownership' for this brand rather than being just an employee</b>	1	2	3	4	5
Brand-related messages reinforce my sense of pride towards the hotel brand	1	2	3	4	5
<b>I view the success of the brand as my own success</b>	1	2	3	4	5
My hotel is like a family to me	1	2	3	4	5
<b>All in all, I am glad to belong to the hotel brand I belong to</b>	1	2	3	4	5
When I talk about this brand, I usually say 'we' rather than 'they'	1	2	3	4	5
<b>When someone praises this brand, it feels like a personal compliment</b>	1	2	3	4	5
I am very committed to delivering the brand promise to our hotel guests	1	2	3	4	5
<b>Training programmes do not increase my commitment to deliver the brand promise</b>	1	2	3	4	5
I have a minimal commitment to this hotel	1	2	3	4	5
<b>The information distributed by the hotel brand reinforced my commitment</b>	1	2	3	4	5
I will be happy to spend the rest of my career in this hotel brand	1	2	3	4	5
<b>I don't feel emotionally attached to this brand</b>	1	2	3	4	5
Communications of the brand value is not important to me	1	2	3	4	5
<b>I don't have an intention to change to another hotel chain and brand at this moment</b>	1	2	3	4	5
My intention to stay is driven by the fact that I am competent in delivering the brand promise	1	2	3	4	5



4. Please circle  the number that rightly represents your opinion about the following statements in this set of questions to reflect your understanding towards and your role in delivering the brand promise

	1	2	3	4	5
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
<b>I can successfully fulfil the responsibilities specified in my job descriptions underpinned by the brand standards</b>	1	2	3	4	5
Sometimes, I neglect some aspects of the job that I am obligated to perform during brand promise delivery (R)	1	2	3	4	5
<b>The quality level of my services meet formal performance requirements set by the brand standards</b>	1	2	3	4	5
I effectively fulfil the promise the brand has with customers based on the brand standards	1	2	3	4	5
<b>I always handle customers' specific requests within the set for the brand standards</b>	1	2	3	4	5

5. General information, please answer in the provided space of tick  $\checkmark$  in  that represents the right answer

Age  less than 30 years old  more than 30 years old

Gender  male  female

Department of .....

Educational Background

- Junior high school
  - High school
  - Diploma
  - Bachelor's Degree
  - Others
- Please specify .....

Length of service

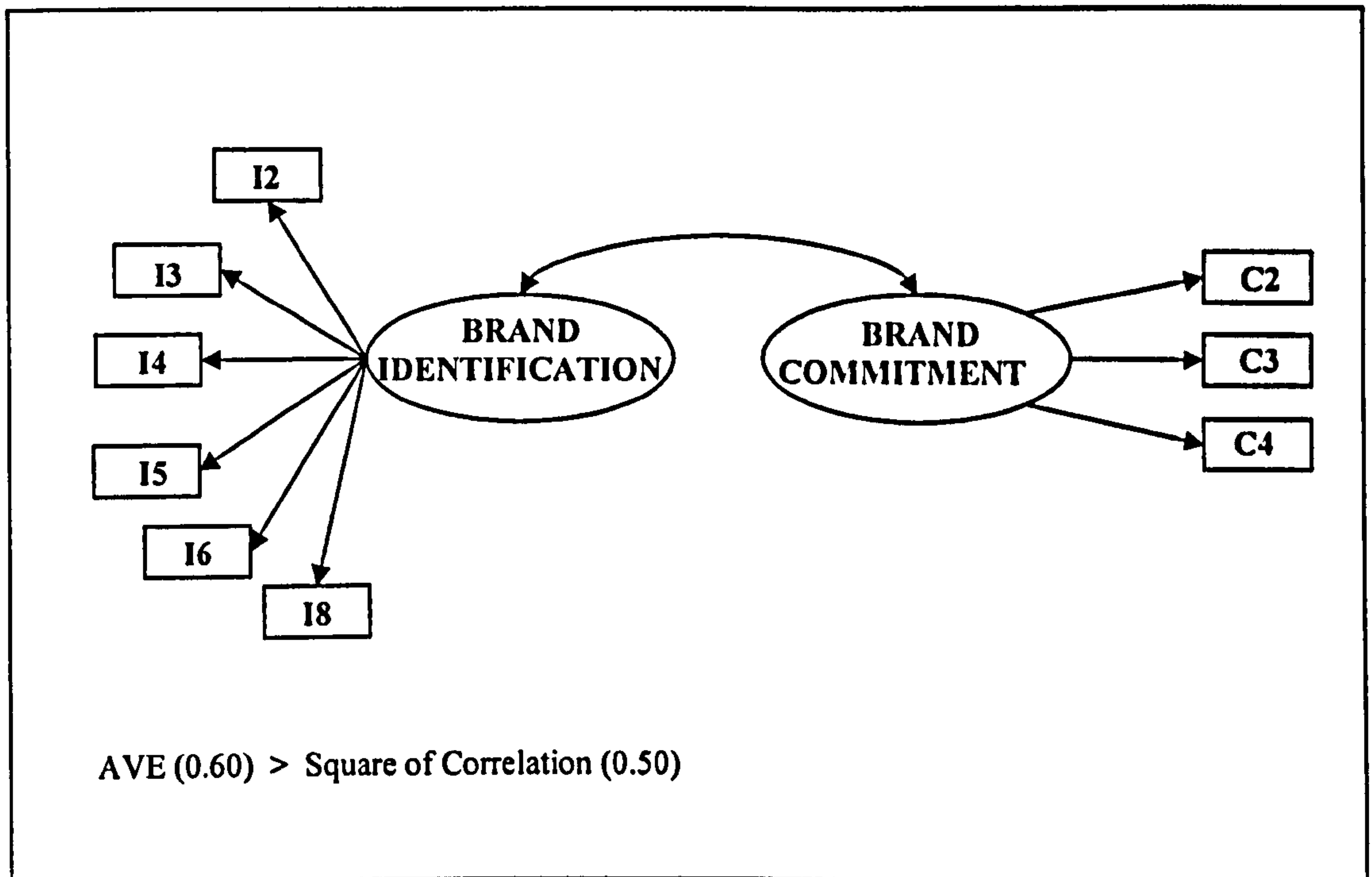
- Less than 2 years
- More than 2 years

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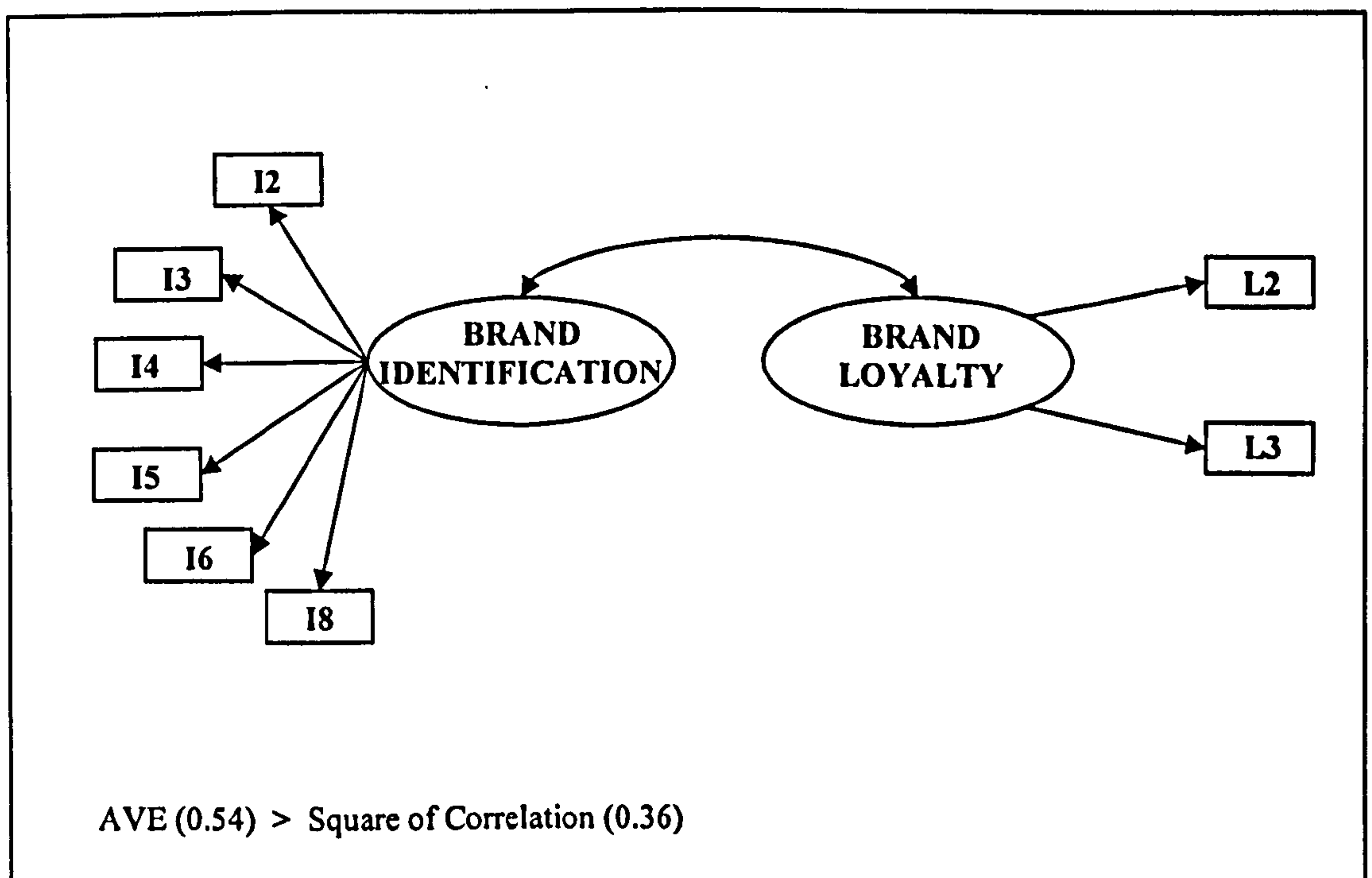


## Appendix C: Pairwise Assessment of the Discriminant Validity

### C.1: The Discriminant Validity of 'Identification and Commitment' Pair

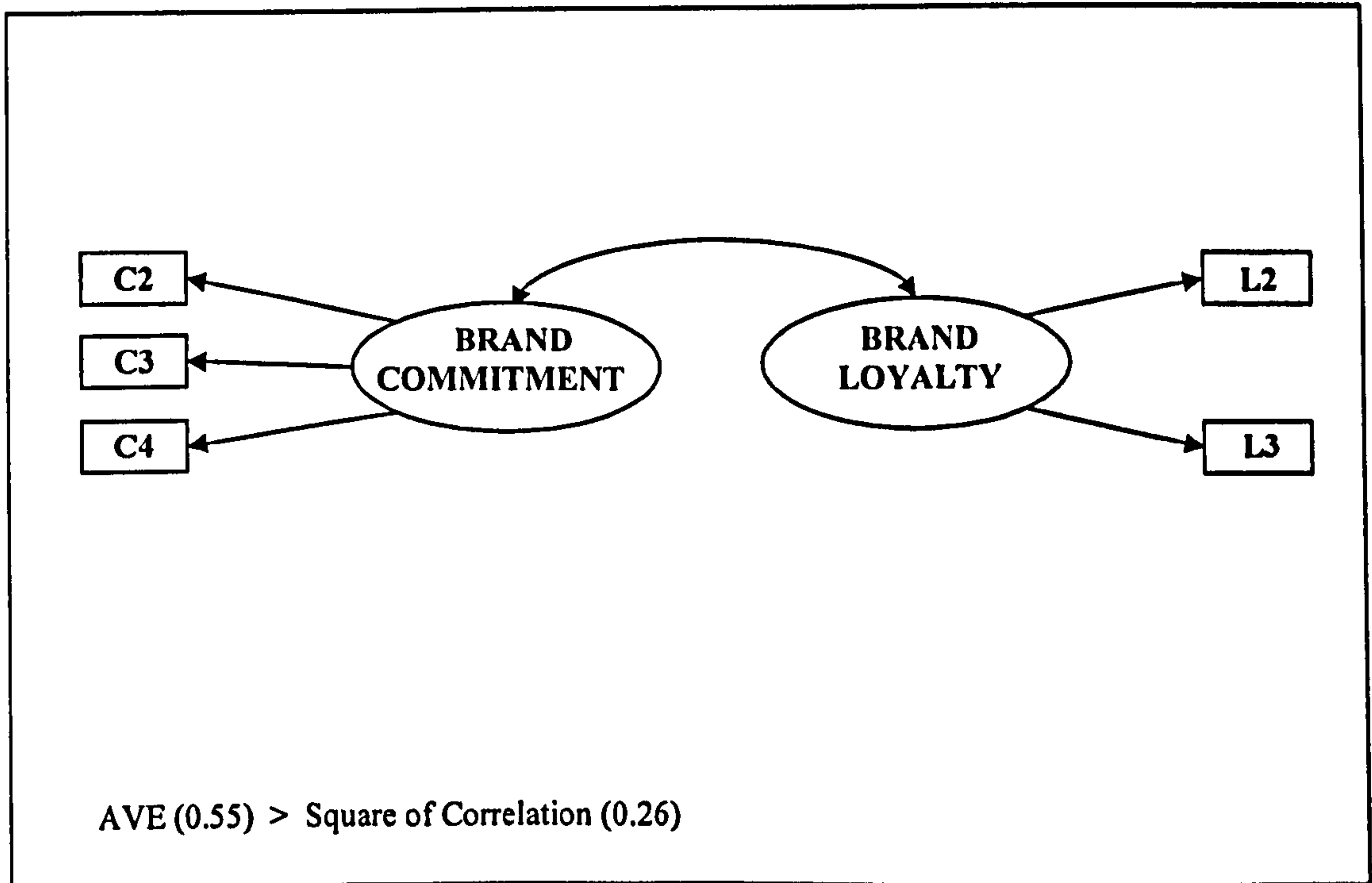


### C.2: The Discriminant Validity of 'Identification and Loyalty' Pair

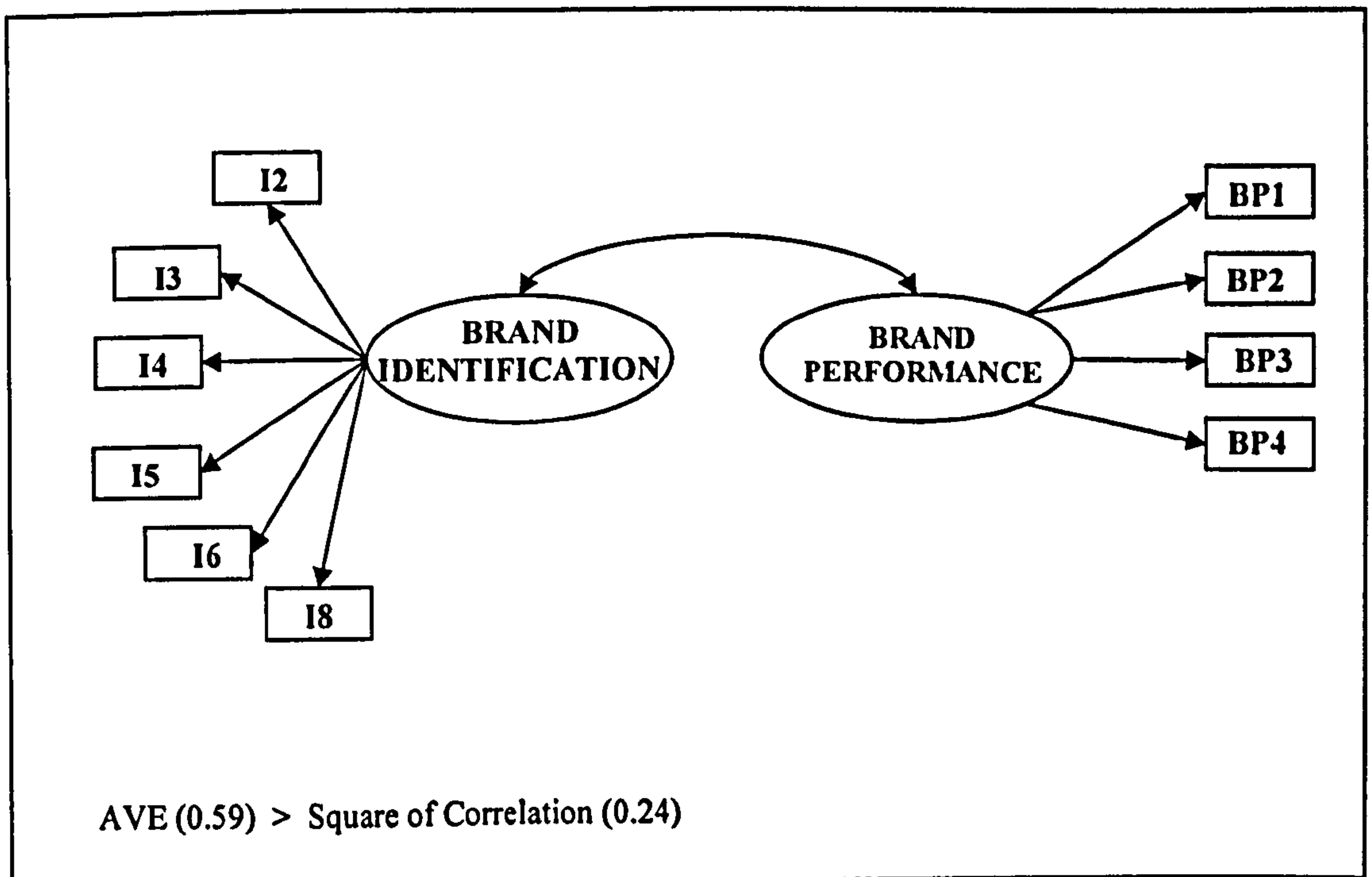




### C.3: The Discriminant Validity of 'Commitment and Loyalty' Pair

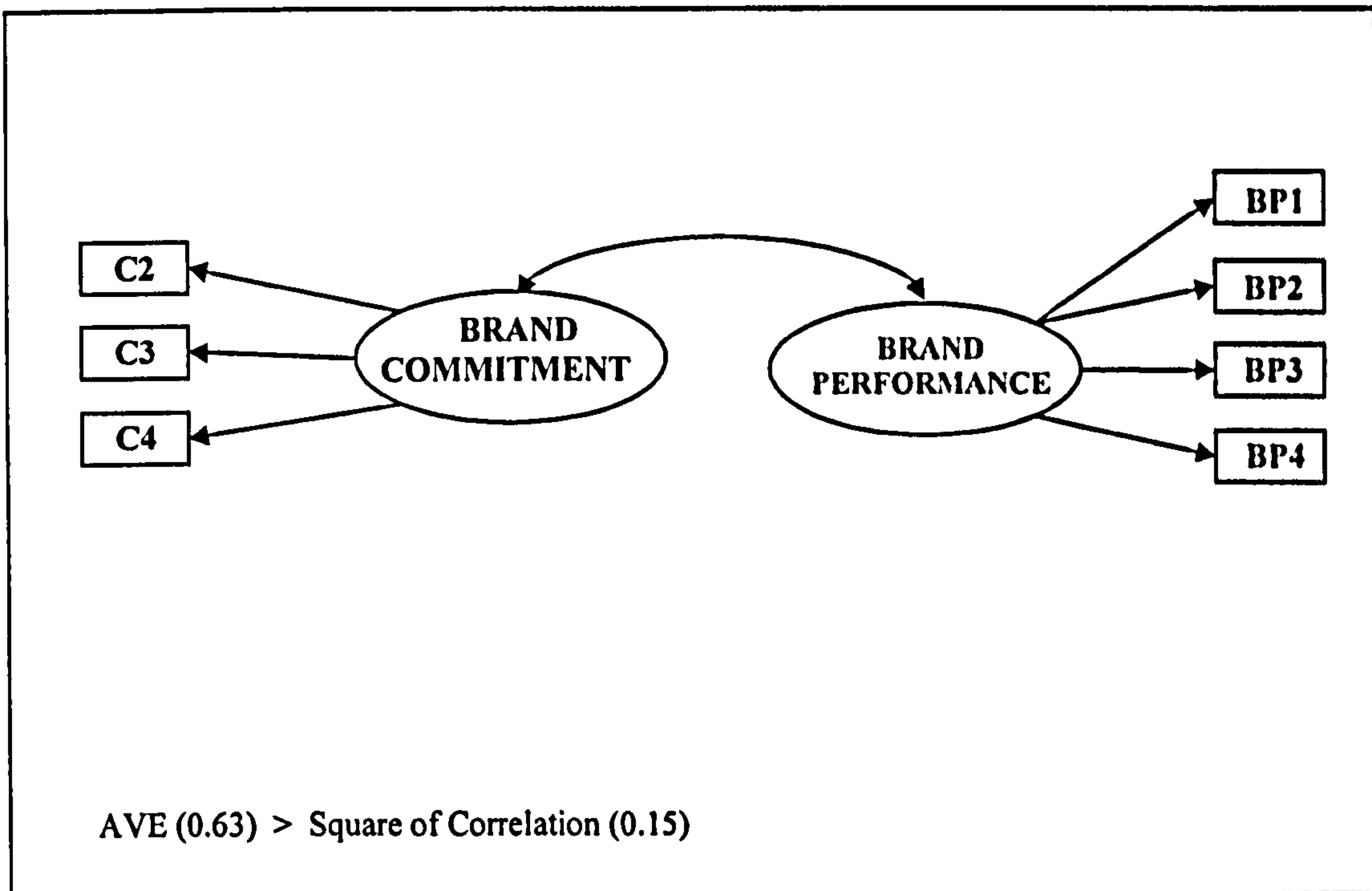


### C.4: The Discriminant Validity of 'Identification and Performance' Pair

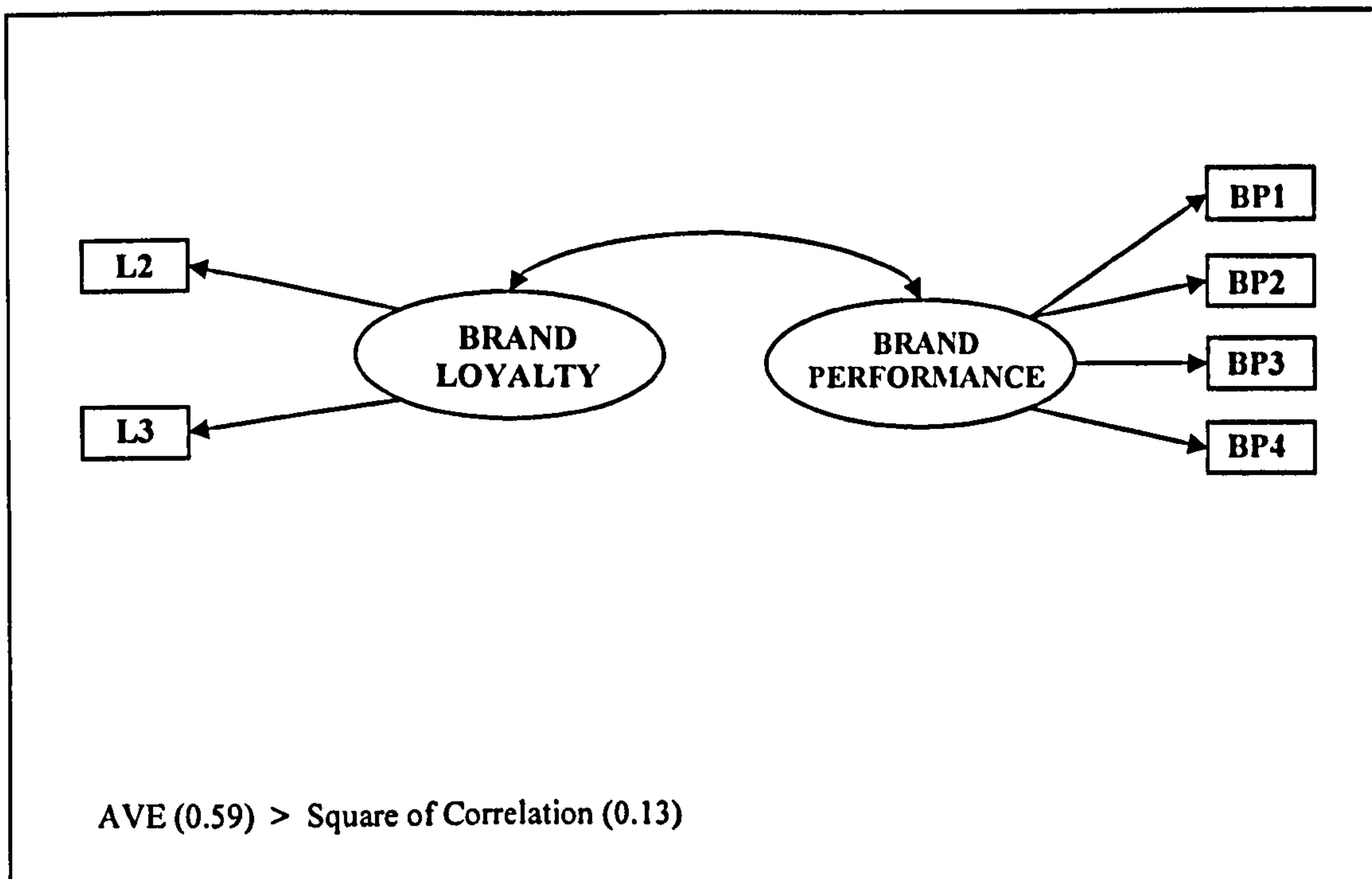




### C.5: The Discriminant Validity of 'Commitment and Performance' Pair



### C.6: The Discriminant Validity of 'Loyalty and Performance' Pair





## Appendix D: Exploratory Analysis to Identify Underlying Components in Internal Branding

KMO and Barlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.797
Barlett's Test of Sphericity	Approx. Chi-Square	1774.902
	df	45
	Sig.	0.000

Rotated Component Matrix				
	Component			
	1	2	3	4
Training1	0.625			
Training2	0.821			
Training3	0.715			
Training4	0.599			
Training6		0.842		
Training7		0.790		
Meeting1			0.831	
Meeting2			0.795	
Briefings1				0.835
Briefings2				0.672

Extraction Method: Principal Component Analysis  
Rotation Method: Quartimax with Kaiser Normalization