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Building Corporate Brands: An Exploratory Study

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Faced with significant external pressures, many companies are seeing the advantages of building a strong corporate brand (CB). Surprisingly little research has examined the role of the CB in influencing customers' perceptions of products, though CB development challenges corporate brand managers on several fronts. What are the key factors to consider in defining a CB strategy? Will the CB be designed to influence all the products and services in a company's portfolio, or just a subset of them? How will the CB strategy respond to such market realities as turbulence? And how should corporate and product brand managers implement the CB throughout the organization?

Authors Gabriel Biehal and Daniel Sheinin addressed those and other questions through 42 in-depth, elite interviews with managers at 11 Fortune 500 companies.

Findings

Managers offered valuable insights into three areas: the underlying dimensions of a CB strategy, factors that influence the design of a CB strategy, and the influence of CB strategy on implementation.

The data indicate that managers consider *scope, positioning,* and *locus of communication* to be the three dimensions most relevant for designing a CB strategy. Scope is defined as the number of SBUs or products in the portfolio that are subsumed by the corporate brand. Positioning comprises two subdimensions: *diagnosticity* (the degree to which the CB positioning ties in with product positionings) and *variability* (the degree to which the CB positioning is allowed to vary across the defined scope). The third dimension, locus of communication, refers to whether the CB is built primarily through corporate or product marketing activities, or a combination of the two.

Based on managers' comments, the authors propose that three factors—market turbulence, the nature of the company's product portfolio, and the company's degree of organizational decentralization—are particularly important influences on the design of a CB strategy.

Finally, managers' comments suggest that decisions about the three CB strategy dimensions are particularly influential when it comes to such implementation activities as organizational control, managerial coordination, and tactical marketing integration.

Managerial Implications

When designing a CB, managers must make decisions on all three of the CB dimensions. First, they must decide which SBUs or products will be covered by the CB. For example, a company positioned on high-priced, technically innovative products that develops a lower-end, imitative product may decide to exclude that product from the company's CB-building activities.

Second, managers must define the role of the CB in product branding carefully. Will the CB provide a broad emotional halo for the products and services in its purview, or will it attempt to alter customers' perceptions of the attributes or benefits of specific products? Do managers want the CB to have a minimal influence on product equities, or will it help shape those equities? Managers' comments suggest that corporate managers and SBU or product managers have very different perspectives on this issue.

Finally, corporate managers need to consider carefully the pros and cons of the various loci of communication. For example, corporate communications may be easy and quick, but they require spending resources that product managers often feel should be spent on product support. On the other hand, a product locus of communication, while more time-consuming and difficult to coordinate, may be more effective at linking the company name to disparate products in its portfolio.

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Introduction

> It's really kind of difficult for the average consumer to understand what [the company] produces. . . . They don't understand us. . . . And so, when we look at our strategy, in essence, it is to demonstrate or show that . . . we can improve the quality of life.

Faced with significant technological and competitive pressures, building a strong corporate brand (CB) has become an important concern for many companies today. Such efforts are undoubtedly motivated by a belief that the CB can influence customers' perceptions of the company's products (Aaker 1996), as the comment above, made by a corporate manager at a Fortune 500 company, implies. For example, Consolidated Edison recently launched its first substantial CB effort in 40 years, to educate customers about the changing energy business and the company's evolving role in it (Elliot 2000). Hughes Electronics also launched a new CB campaign, designed to reposition it from a military aerospace concern to a futuristic media company. Hughes has recently entered several new business segments, including direct satellite television, and seeks to change customers' outdated perceptions of it (Holson 2000). For both companies, the CB is designed to provide a context within which customers will evaluate product information. In other words, the hope is that customers will evaluate Hughes' products not only on product-specific attributes and benefits, but also using their knowledge that the company is a leading new-media concern.

Despite the importance of building a CB, the topic remains largely unexplored, with attention focused instead on building product brands. According to Keller (1993), the emphasis on product brands arose in response to higher costs, stronger competition, and flattening demand in many product markets, which made it more imperative than ever to make effective marketing decisions and to keep costs down. The situation required a more thorough understanding of consumer behavior as a basis for making better tactical decisions about target market definition, product positioning, and the marketing mix. Research shows that strong product brands offer many advantages, such as commanding premium prices (Sethuraman 2000), exerting channel power (Aaker 1991), and having the ability to extend into other segments and categories (Aaker and Keller 1990; Boush and Loken 1991; Broniarczyk and Alba 1994; Park, Milberg, and Lawson 1991).

However, researchers have also discovered that product brands, regardless of their strength, suffer from certain limitations. First, many managers of strong product brands focus only on their own products' profitability, failing to consider the effect of their decisions on other products in the company's portfolio. In fact, maximizing one product's profits is often detrimental to the performance of the company's other products (Keller 1998). Realizing this, companies are moving toward managing multiple products jointly instead of treating all products independently. This has led to the development of category management structures, the establishment of business units as profit centers, and a focus on the profitability of the company as a whole. In this environment, a CB can help increase marketing decision-making effectiveness and expense efficiency companywide.

Second, although strong product brands can be extended, their extensibility is restricted to a limited number of categories that fit well with their original categories (e.g., Aaker and Keller 1990; Broniarczyk and Alba 1994). In contrast, a strong CB can potentially be extended across a greater number of categories, offering managers new opportunities for growth. With this in mind, many companies are centering brand architectures around their CB. According to Aaker and Joachimsthaler (2000), "brand architecture is an organizing structure of the brand portfolio that specifies the brand roles and the relationships among brands" (p. 134). The CB has a role in eight of the nine architectural structures they define.[1] Clearly, building a CB should be a critical concern for companies that either have or seek to establish effective brand architectures.

Finally, the competitive advantages of many product brands are eroding rapidly. Due to reverse engineering and intense competitive pressures, sources of product-based differentiation can no longer be counted on over a medium or long term. In response, managers are seeking other sources of competitive advantage, especially ones that are enduring, such as a CB (Aaker and Joachimsthaler 2000; Keller 1998). Consider The Body Shop, well-known for its support of rain forest conservation and recycling, and its opposition to animal testing. Even if The Body Shop's product-specific competitive advantages (for example, all-natural ingredients and health benefits) eventually weaken, the company hopes customers will continue to evaluate its products positively—and purchase them—based on its CB.

Recent research supports the assumption that a CB can in fact influence customers' product evaluations (Brown and Dacin 1997; Creyer and Ross 1996), an important finding. However, the literature does not offer managers a clear picture of the dimensions underlying a CB strategy, the factors that influence them, and how those dimensions affect implementation of the CB strategy. While a rich and extensive research stream has examined strategic managerial decision making (Dean and Sharfman 1996; Miller, Hickson, and Wilson 1996; Papadakis, Lioukas, and Chambers 1998; Rajagopalan, Rasheed, and Datta 1993), much less is known about marketing decisions. Specifically, we are unaware of any studies that have considered corporate and product marketing decision making within the context of CB strategy development and implementation. Because building a CB involves understanding and integrating issues pertinent to all of a company's products (Aaker and Joachimsthaler 2000; Duncan and Moriarty 1998), the issues it brings up are complex and relevant to a great number of managers and product marketing situations.

Our objective in this paper is to understand the development of CB strategy from a managerial decision-making perspective, thereby complementing and extending existing research. We focus on three related questions. First, what dimensions should managers consider when developing a CB strategy? We propose that three are relevant: *scope* (how many products in the portfolio are covered by the CB), *positioning* (subdivided into diagnosticity and variability), and *locus of communication* (the extent to which the CB is built through either corporate or product communications). Second, what factors influence managers' decisions regarding those strategy dimensions? Prior research shows that many market-, customer-, company-, and product-specific factors influence strategy content and the planning process (Goll and Rasheed 1997; Green, Barclay, and Ryans 1995; McKee, Varadarajan, and Pride 1989; Menon and Menon 1997; Menon et al. 1999; Miller 1987). Based on our data, we propose that market turbulence, characteristics of the corporate business portfolio, and degree of organizational centralization have particularly strong influences on managers' development of a CB strategy. Finally, how will decisions about the three CB strategy dimensions influence CB implementation, in terms of organizational control, managerial coordination, and tactical marketing integration? Using in-depth interviews with Fortune 500 managers, we offer answers to these three questions, summarized in a set of research propositions that define a conceptual-managerial framework for developing a CB strategy. In the next section, we begin by reviewing the relevant literature on corporate branding.

Conceptual Background

Customers' knowledge of a CB comes from corporate and product associations that can be germane to a broad range of products (Aaker 1996; Brown and Dacin 1997). Key CB constituents and target segments are treated broadly; they include shareholders, the financial community, governments, local communities, environmental leaders, charities, employees, and customers (Johnson and Zinkhan 1990). The benefits of building a strong CB are discussed primarily in terms of enhancing the overall corporate reputation across all relevant constituents (Fombrun 1996; Gregory and Wiechmann 1999). However, prior research has not focused specifically on building a CB from managerial and marketing perspectives, which requires consideration of the three questions raised in the previous section. Before considering those questions, it is important to understand how a CB differs from a product brand, how a CB can influence product brands, and when companies should develop a CB strategy.

From a marketing perspective, a CB is clearly distinguishable from a product-specific brand (Aaker 1996; Brown and Dacin 1997; Dacin and Smith 1994).[2] For example, General Electric's television advertising during the 2000 Summer Olympic Games positioned its medical imaging products as technologically superior. Yet GE ended these ads with "We Bring Good Things to Life," the corporate tagline it has used since 1981. GE is attempting to use the technological sophistication of the imaging products to enhance its CB, and concurrently use its CB to lend credibility and quality perceptions to its imaging products. Such CB campaigns create company perceptions that are stored in customers' memories and linked with the company name. Customers can then use their perceptions about the CB as an additional source of information when making product judgments, for example, as a product quality endorser (Brown and Dacin 1997). Therefore, corporate brands have the potential to add value at the product brand level and help differentiate products against competitors (Uehling 2000).

How can a CB influence products in a company's portfolio? The answer lies in the company's brand architecture, which represents managers' decisions about the linkages to make between members of the product portfolio and the company itself. Such linkages are established by defining an appropriate product brand-naming strategy (Aaker and Joachimsthaler 2000; Raju and Dhar 1999). For example, the Courtyard by Marriott name is designed to link the Marriott Company's quality reputation, established with high-end properties, with a hotel property that targets a lower-end market segment. If Marriott managers subsequently use corporate communications to build the CB, those efforts are likely to also influence customers' perceptions of Courtyard hotels, because the brand architecture has created Courtyard-to-Marriott linkages in customers' minds. Similarly, Courtyard communications will influence the Marriott CB, especially if they employ key elements of the CB, e.g., the corporate name, logo, or tagline. Thus, the potential benefits of associating companies and products are two-way (Keller 1998; Uehling 2000). Finally, customers' experiences formed by staying at Courtyard will influence their perceptions of the

Courtyard product brand and thereby their perceptions of the Marriott CB. Therefore, it is through customers' knowledge of the brand architecture that the CB can influence their product brands and choices (Creyer and Ross 1996).[3]

Despite the benefits that come from building a CB, in some situations it is inappropriate. Some companies want to minimize the linkages customers make between the company and its products. For example, Procter & Gamble competes in many categories with multiple products that are branded separately, marketed independently, and targeted to different segments. P&G wants to maximize product-level differentiation and minimize corporate linkages across its products (Aaker and Joachimsthaler 2000). Other companies may already have a strong and up-to-date CB and not wish to develop it further; Ben & Jerry's ice cream, for instance, having established its commitment to social charities, did not need to actively support further CB development.

This discussion implies that managers will be most likely to build a CB under two circumstances: when they want to encourage customers to use it in their decision making and when they lack an appropriate, relevant, or up-to-date CB. One example of the first situation is when companies want to develop a broad range of products in their portfolio and encourage cross-product purchasing behavior (Raju and Dhar 1999). The CB can provide differentiation by connecting related product lines. For example, to develop the depth and extent of its product portfolio, Black & Decker puts its corporate name and logo on all its television advertisements in an identical manner, at the end of each commercial, accompanied by a voice-over giving the "Built by Black & Decker" tagline and a sound meant to connote toughness.

The CB can also play an important role in customers' decision making when the products in question have long purchase cycles, as is the case with durables. Customers are less likely to pay attention to product branding activities while they are out of the market. However, they may be more likely to heed CB efforts given their ownership of a product marketed by the company. In this way, the CB provides customers with a "contact point" during their ownership cycle.

Finally, when products gradually evolve over time, incorporating new designs and technologies, the CB can help with decision making by providing long-term quality and performance reassurance to customers reentering the market and considering purchase of one of the company's products.

The second circumstance in which companies develop a CB—when their current CB is no longer appropriate—may arise when, for example, companies significantly change their portfolios by introducing many new products or engaging in mergers or acquisitions. For example, AOL and Time-Warner managers are struggling with the positioning of the proposed merged company. AOL is a "new media" company and Time-Warner is an "old media" concern. Somehow, the new CB must reconcile their disparate images and establish clearly in customers' minds the nature of the new entity.

In the next section, we describe the method we used in our research. Then we identify the primary strategic dimensions of a CB and the key factors that drive CB strategy decision making.

The Study

Method Selection

Our method selection was conditioned by two key considerations. First, because we were interested in a managerial decision-making perspective, not a customer perspective, managers were the sample frame. Second, because the literature in our area of inquiry is limited, we did not have enough information to develop and test *ex ante* a well-supported structural model. In such situations, qualitative methods are considered critical for generating working propositions and developing theory (Strauss 1990). Qualitative methods have been widely used in marketing, especially in areas with little previous work (Arnould and Price 1993; Sherry 1987). They are particularly valuable when researchers want to examine complex interactions among and beliefs about factors that are themselves open to definition and interpretation (Miles and Huberman 1984).

Consequently, we decided to conduct elite interviews; that is, interviews with decision makers as opposed to customers, shareholders, other defined groups, or the general public (Dexter 1970). Unlike traditional quantitative surveys, elite interviews are not designed to predict behavior *per se*. Instead, they let researchers interpret and explain decision makers' understanding of an issue. Also, in elite interviewing, the decision maker defines the situation and provides a specific response structure.[4] For that reason, among others, it is important when researchers design qualitative instruments that they have specific objectives and are careful in their instrument development (Gilly and Wolfinbarger 1998; Guba and Lincoln 1994). Since a primary objective was realism, our interview protocol was guided by existing theory. Further, the lines of inquiry in the protocol were the same for all interviewees, and care was taken to ensure that all questions were phrased and asked identically. Finally, we used the grounded theory approach, which entails a focus on both conceptual development and applied relevance, and uses multiple cases that serve as their own comparison groups (Glaser and Strauss 1967).

Protocol Development

The interview protocol was based on existing research in marketing, management science, and organizational behavior. The proposed protocol was sent to the Marketing Science Institute for review, and minor adjustments were made accordingly. Consistent with elite interviewing, the questions, although specific, were broad and open-ended, allowing respondents to offer their own definitions and interpretations, and to set their own contexts. The interview protocol, which is quite long, is available upon request from the authors.[5]

The Sample

Eleven MSI member companies agreed to participate. While the set of companies was a convenience sample, it was appropriate for our needs in that the companies were large and well-established, with a high degree of marketing sophistication.

The managers were likely to have a variety of philosophies regarding CB development and substantial experience with product portfolio issues. We interviewed four managers at most companies but three at some, for a total of 42 interviews. Typically, we interviewed one corporate manager responsible for the CB, one corporate manager responsible for corporate communications (in two companies, one manager was responsible for both the CB and corporate communications), and two product managers responsible for product marketing and product communications. The quotes in the following sections were drawn from managers from all 11 companies in the sampling frame.

Data Collection Technique

We conducted one-on-one, in-depth interviews. Most were conducted in person at the company's headquarters, but a small number were done by telephone. Both authors were present at all interviews. Corporate- and product-manager interviews were essentially identical, except for appropriate contextual changes. Each interview lasted about one hour, was tape-recorded, and subsequently transcribed.

Data Analysis

Data analysis followed generally accepted norms for qualitative research. We undertook analysis, coding, and theory development both independently and together (Glaser and Strauss 1967; Gilly and Wolfenbarger 1998). First, we developed theoretical categories a priori based on intuition and the literature. Then, during open coding, we read the transcripts on a line-by-line basis to confirm the categories and suggest others (Strauss 1990). By and large, open coding confirmed the theoretically-derived categories, although several new categories were identified as well. Once the relevant categories were clearly identified and defined, we did axial coding, in which we individually coded thoughts in the protocols according to the developed categories. Any differences in categorization were resolved through discussion. We then reviewed the protocols individually again. This process ensures convergent validity of the major areas and determines cross-company themes. Any minor discrepancies represented idiosyncratic thoughts that did not fit any of the defined categories. However, such thoughts are potentially important, as they may indicate unique considerations particular to that respondent's philosophy, situation, or corporate organization.

The Three CB Strategy Dimensions

The first step in construct and theory development is specifying the relevant domain (Churchill 1979). Therefore, we begin by conceptualizing the CB strategy concept and its content. Based on a review of the literature and managers' comments, we propose that a CB strategy should have three dimensions: scope, positioning, and the locus of communications (either corporate- or product-centered). We will describe each dimension in detail and illustrate it with managers' comments. To provide focus, we phrase each dimension as a managerial question. For simplicity, we characterize each dimension by two extremes, although in reality the distinction may be one of relative emphasis, and this is reflected in our research propositions. The sample companies' use of the three strategy dimensions is shown in the table.[6]

Table 1. Sample Companies' Corporate Brand Strategies

Company[1]	Dimensions of the Corporate Brand (CB) Strategy			
	Scope	Positioning		Locus of Communication
		Variation	Diagnosticity	
Automotive	Broad	High	Low	Corporate
Chemical/ Manufacturing	Narrow	High	Low	Product
Chemical/ Manufacturing	Broad	High	High	Product
Chemical/ Manufacturing	Broad	Low	Low	Corporate
Chemical/ Manufacturing	Broad	Low	High	Combined
Consumer Products	Narrow	Low	High	Product
Consumer Products	Narrow	High	Low	Corporate
Consumer Products	Narrow	High	Low	Product
Financial Services	Broad	Low	Low	Product
Financial Services	Narrow	High	Low	Combined
Telecom	Narrow	Low	High	Product

[1] To retain confidentiality, companies are identified by industry

Dimension 1: Scope

To what degree will the CB strategy cover existing and/or anticipated markets, products, geographic regions, and/or customer segments? Scope may be characterized by its breadth (Miller 1987; Noble and Mokwa 1999). A narrower scope limits the contribution of the CB strategy to, for example, a select group of products and/or markets in the company's business portfolio. Selection may be based on such criteria as degree of positioning consistency between product brands and the CB or the strategic importance of the products in the company portfolio. Managers whose products and markets fall outside the scope may build product brands without a concern for the corporate context.

One corporate manager explained the company's use of a narrower scope as follows:

> Our goal is to build the brand equity of the company to match the desired end space of a high-value target market, because that's where all the profit in the industry is.

This company has one critical customer segment, and the CB is linked only with products appealing to that segment.

The rationale for a broader scope was expressed as follows:

> Our company is changing, and we look into going further down the value chain in areas where we have not been before. Should we have the [company][7] name attached in those categories? That door will never be open to us if we remain, in people's minds, a chemical company. If we can shift those perceptions to . . . a science company, then we have a lot more latitude to pursue the types of things that we think will bring growth to the company in the future.

Dimension 2: Positioning

CB positioning raises two questions. First, *what is the diagnosticity of the CB relative to product positionings?* Diagnosticity is the ability of information to help consumers make a purchase decision in a given situation (Lynch, Marmorstein, and Weigold 1988). In the present context, a diagnostic CB positioning is designed to tie in closely with product positionings, influence them, and thereby have a relatively large impact on customers' product decisions. A corporate manager described the logic of his company's diagnostic positioning as follows:

> What we're trying to do . . . whenever you see any piece of communication from [the company] is establish a linkage between [the company] and that particular brand on innovation. When we go to sell a new product, and people see that it's from [the company], that gives that new product instant positioning as innovative. These products can then become proof points of [our] innovation to reinforce in the customer's mind [the company] really does deliver that promise in innovation.

In contrast, a less diagnostic CB positioning should have less influence on product brands and therefore less influence on consumers' product decision making. A less diagnostic positioning is intended to provide a broader, more abstract contextual halo across many product positionings. For example, GE's "We Bring Good Things to Life" does not tie in closely with any of its extensive product lines. One corporate manager described his company's less diagnostic positioning this way:

> We're saying to [shoppers], all these brands are a part of [the company]. You didn't know it. Don't you feel even better about these brands knowing that they are part of a company that is totally committed to connecting families over food?

The other positioning issue managers need to address is, *to what extent should the CB positioning be allowed to vary across the defined scope?* A less varied positioning implies that the CB and all products within the defined scope are positioned similarly. One corporate manager stated the case for a less varied positioning as follows:

> I think the corporate brand has to be, in each and every business unit, communicated in a consistent and coordinated fashion. So, particularly in our industry, the notion of crest brand identity and crest brand equity across all the things that look separate today is extremely important.

On the other hand, managers can let the corporate positioning vary across the defined scope. Such variation does not mean that the positioning is left to product managers' discretion or that there is no underlying strategy. Rather, variation is permitted within predefined parameters pertaining to such factors as customer bases (cultural variations), the company portfolio (strategic importance variations), or the market situation (variations in market positioning or life cycle). One corporate manager put it this way when describing credit cards:

> The corporate vision is specific but broad enough to allow regional differences to be accommodated. One of [a competitor's benefits] is no preset limit. In Greece, it's a law that you have a preset limit. So, they still say, "no preset limit," and it goes to the country limit. That's where the brand manager . . . has got to deal with how he adapts and meets those criteria based on his local consumer needs and regulations . . . imposed by the government.

Dimension 3: Locus of Communication

Is the CB built primarily through corporate communications or product communications? With a corporate locus of communication, the CB is built through corporate communications (such as advertising, event sponsorship, and publicity) only (Brown and Dacin 1997; Drumwright 1996). With a product locus of communication, the CB is built exclusively through product communications (e.g., Menon and Menon 1997),[8] and customers "distill" the CB from their product knowledge.

Subsequently, product usage experiences and other, non-communications components of product knowledge will reinforce customers' judgments about both the CB and the company's products (Johnson and Zinkhan 1990).[9]

Managers expressed strong differences of opinion about the locus of communication. One corporate manager stated the case for a corporate locus of communication this way:

> What we're really trying to do with the [corporate advertising] campaign is, first of all, give employees a sense of focus and clarity about what the organization is all about. . . . A second goal is [to] really bring some strength and equity to that red [corporate] logo, and give some meaning to it. We're really a new product engine. But we're a health care organization, an industrial company, a consumer products company, an electric products company, and everybody had different visions of what the company was really all about.

Another corporate manager advocated a product locus of communication:

> What we're doing in our product advertising is expressing [corporate] brand values, but in the context of products.

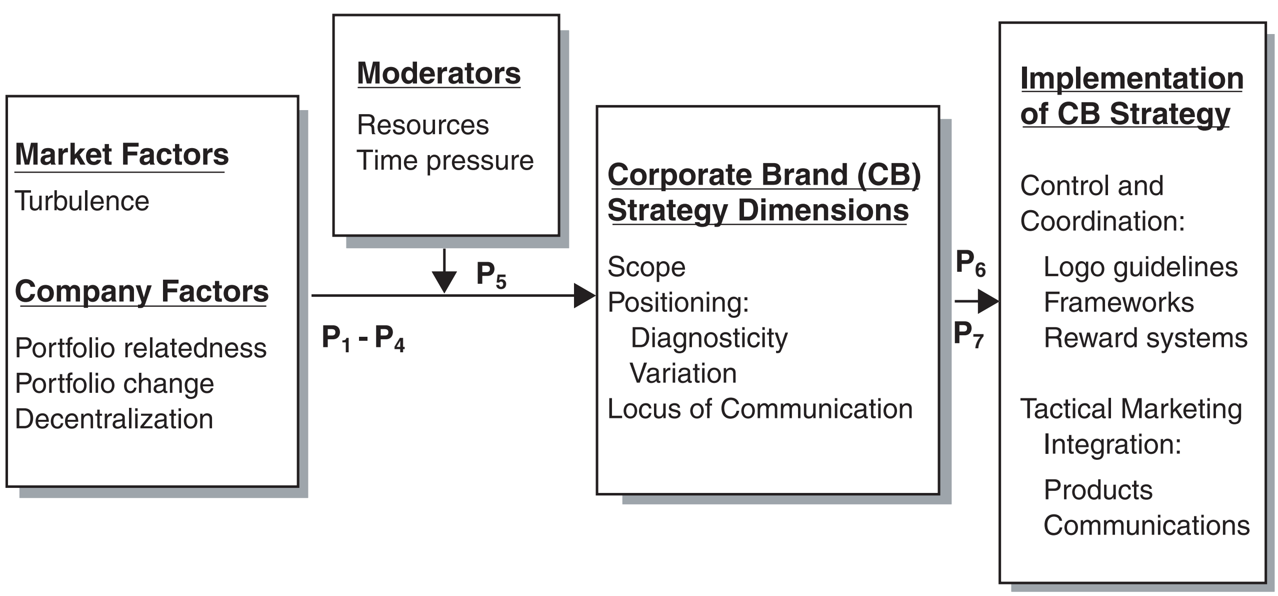
Finally, some managers felt that a combined approach was best. This is possible with the locus of communication dimension, which, unlike the other two dimensions, is not stated in terms of opposites. Companies can and do use both corporate and product loci of communications. One corporate manager described his company's experiences this way:

> There has been a seesaw. At one point there was no corporate advertising, it was all done by the product groups. And, guess what, the product groups all focused on their individual needs, and there was no brand [corporate name]. And so eventually they said, wait a minute, this brand doesn't really stand for anything in the consumer's mind. It stands for whatever the product group that happens to send out a piece, or whatever. And so they said . . . at least as an umbrella organization, we need to have a [corporate] brand advertising budget so that folks know at least what [the company] stands for as a company, versus having individual experiences with individual products. And you still want to have those individual experiences, but you want them to understand the whole.

Factors Influencing CB Strategy: Turbulence, the Portfolio, and Decentralization

The following conceptual model (see figure) shows how we structure our subsequent discussion. Market and company-specific factors drive the definition of a CB strategy on the three dimensions of scope, positioning, and locus of communication. We expect factor effects will be moderated by two variables, resource availability and decision-making time pressure. Finally, CB strategy dimensions will influence implementation activities, in particular, organizational control, managerial coordination, and tactical marketing integration.[10]

Figure 1. Conceptual Model



According to Schendel (1995), ". . . the environment is a star player in the strategy game" (p.168). Not surprisingly, managers mentioned a large number of environmental factors during the interviews, including market uncertainty level, competitive intensity, industry fragmentation and dynamism, competitive hostility, economic, category, and technological trends, and the number of dominant players in the industry. They also mentioned several company-based factors, including marketing orientation, organizational turmoil, company structure and formalization, culture, corporate–business relationships, and the corporate and product brand management structure. However, a careful review of the data suggested that three factors—market turbulence, the nature of the corporate product portfolio, and organizational decentralization—parsimoniously illustrate most of the significant issues managers indicated they encounter when designing a CB strategy.[11]

Market Turbulence

Turbulence exists when there is jostling for market share, market fragmentation, competitive entry, and innovative product development (Achrol 1991). Turbulent markets show high rates of change over time, and result in managerial uncertainty and unpredictability (Glazer and Weiss 1993; Simerly and Li 2000). Market turbulence reduces the comprehensiveness of the strategic planning process (Miller, Burke, and Glick 1998), leads firms to divest businesses and thereby create simpler organizational structures (Keats and Hitt 1988), and interacts with the time sensitivity of managers' decisions to influence firm performance (Glazer and Weiss 1993). Also, market dynamism, an important component of turbulence, positively influences a firm's propensity to preannounce its intentions (Calantone and Schatzel 2000). For companies trying to remain differentiated in such turbulent environments, developing an effective CB can provide a much needed source of stability over time.

Market turbulence will have pervasive impacts on CB strategy content. In turbulent environments, we predict that a CB strategy will emphasize a narrower scope, less-diagnostic and less-varied positioning, and a corporate locus of communication. The scope will be narrower because some products will be less important than others in the company's portfolio. Market turbulence shortens product lifecycles and increases the rate of product innovation necessary to gain competitive advantage, maintain share against competitive entries, and appeal to new customer segments. New products proliferate in turbulent markets and the development of new customer segments leads to dramatic changes in the number of potential users. Therefore, managers feel pressure to offer products in every major new segment. However, a strong CB will not be equally important in each segment, and some products will not be good exemplars of the CB. Moreover, market share pressures will prompt the question of which businesses to support, thereby narrowing the scope of a CB strategy. As a product manager in a company that competes in many turbulent markets said:

> Private-label brands are up to 25 percent share [in some of our core business categories]. I think . . . we should identify both products and lead brands that also help the [company] image, and highlight those brands out in the forefront of this [corporate] advertising. And so I very much see it potentially being very synergistic.

Market turbulence will also influence decisions about CB positioning diagnosticity and variation. In turbulent markets, it is more difficult to develop a highly diagnostic CB positioning. Products and positionings are changing constantly, and product managers' uncertainty about customers' decision-making processes will be higher. Therefore, in turbulent markets, corporate managers are more likely to use a less diagnostic CB positioning to reduce the possibility of adverse effects. For example, the corporate manager of a telecom company, an industry known for turbulence, indicated:

> Trust is esoteric, but it is a key component of the [corporate] brand personality. It is part of the corporate approaches that we all have to communicate trust in everything we do.

In turbulent markets, a less varied CB positioning is also more likely. Because product positionings change rapidly, customers are more likely to be uncertain about the CB positioning, especially insofar as they base their understanding on product brands. This situation may hurt companies that rely on customers' pre-established positive attitudes to help launch new or upgraded products. A CB positioning that is less varied can provide much needed, longer-term consistency to customers and channel intermediaries, thereby reducing the costs of product entry and increasing the likelihood of product trial and adoption. The corporate manager just quoted also said:

> As value in the industry migrates to a different place, it migrates to consolidation and solutions and relationships. What you're really talking about is an overlapping set of franchises, which makes it more important for [the company] to present a consistent face.

Finally, market turbulence favors an emphasis on a corporate locus of communication. In turbulent markets, there is a premium on quick response (Glazer and Weiss 1993). Managers will recognize that the time to impact will be shorter for a CB strategy derived from corporate communications than it will be for a series of initiatives across the product portfolio. The pressure for quick response will also increase top management's involvement in the CB strategy development process, and hence the tendency to use a corporate locus of communication. Although turbulence may lead product managers to press for reductions in corporate brand expenditures to maximize spending on product brand building, on balance, the need for speedy response, the search for stability, and greater top management involvement will counteract that pressure. As one corporate manager argued, corporate communications offer important insulation advantages in intensely competitive markets:

> Most of our products have premium prices. I mean, we fight an uphill battle every day. And so I guess the hope would be that . . . having a [corporate] top-spin, to make you feel bigger and better about the company, might help insulate it. . . . Our products are fairly significantly premium-priced relative to competition, yet we still have our leadership share. So there's something to the trust, the performance. I would hope that would help further insulate the brands.

P_1: As market turbulence increases, CB strategies will place greater emphasis on (a) a narrower scope, (b) a less diagnostic positioning, (c) a less varied positioning, and (d) a corporate locus of communication.

Portfolio Relatedness and Change

Product portfolio management has become more complicated as companies try to satisfy customers' needs effectively and efficiently. Companies now leverage new designs in as many overlapping projects as possible (Nobeoka and Cusumano 1997). They are also moving from single-product, single-period planning to multiple-product, multiple-period planning, thereby emphasizing the product family and the need for a cogent brand architecture (Meyer, Tertzakian, and Utterback 1997). Due to resource pressures caused by growth and change, companies maximize efficiencies across product lines to reduce operations costs, using, for example, a CB (Aaker and Joachimsthaler 2000) and corporate advertising (Raju and Dhar 1999). Finally, companies are becoming larger and more complex due to accelerated new product introduction rates, mergers, and acquisitions. As a result of all these changes, customers are less likely to understand the core principles defining the company and its product lines (Fombrun 1996). Even loyal customers may not know the full extent of a company's product offerings. In such an environment, effective portfolio management is critical for successful product innovation and company performance (Cooper, Edgett, and Kleinschmidt 1998), and managers need to carefully consider the role of the CB as a source of information and competitive advantage.

In our interviews, managers identified two portfolio dimensions likely to influence the design of a CB strategy: portfolio relatedness and portfolio change.

Portfolio Relatedness. Portfolio relatedness may be either demand or cost-based, and arises when sales or costs in one business unit influence those in another (Raju and Dhar 1999). Managers mentioned high potential cross-product elasticities and similar product positionings as sources of demand-based leverage across the portfolio. When cross-product demand elasticities are high, managers are likely to encourage customers to purchase from multiple product lines marketed by the company, not just one (Raju and Dhar 1999; Webster 1992). A product manager working for a company that markets many complementary products said:

> We're really trying to figure out how to leverage. We have this incredible wealth of brands. Is there some way of leveraging that from a marketing perspective? We've done a lot of things from a one-company perspective, like sales force and operations [management] . . . but we haven't really figured it out from a marketing perspective.

To capitalize on cross-product elasticities in their portfolio, companies increasingly adopt strategies designed to strengthen customer relationships and increase the cost-effectiveness of marketing efforts (Duncan and Moriarty 1998; Webster 1992). A CB strategy can play an important role by providing a basis for linking products with one another and the company in customers' minds.

Many companies recognize that benefits also accrue with respect to similar product positionings. Even companies with very diverse portfolios may position their products on similar selling propositions. For example, all the products in Sony's diverse product portfolio are positioned on high quality, excellent design, and good entertainment value. The CB can play an important role in unifying a large portfolio. A corporate manager whose company wants certain consumers to understand that it markets many related products said:

> The belief was that we could have an overarching position that would incorporate all of our [consumer and business] constituencies from the customer perspective.

When the company's product portfolio is highly related, we expect that the CB strategy will emphasize a broader scope, more-diagnostic and less-varied positioning, and a product locus of communication. Managers will try to leverage as many products as possible, to enhance total demand and maximize cost efficiencies across the portfolio (Raju and Dhar 1999), thereby leading to a broader scope. They will try to develop the most diagnostic position possible, one that unites all the products in the defined scope around a meaningful and differentiating platform that is relevant to customers' decision making. Because it encourages customers to think of the CB during a purchase situation, a diagnostic positioning helps link the products in the company's portfolio, contributing to the perception of portfolio relatedness. The CB positioning becomes a unifying theme linking all the company's products. For example, McDonald's Corp.'s CB positioning, which focuses on children and families, unites all its restaurants and food products around that positioning.

One corporate manager, whose company is attempting to increase customers' perception of portfolio relatedness, put the general issue of scope and positioning this way:

> The [company] brand is a family, and the parents are the [over-brand], and the individual sub-brands are the children. The last ten years, the children have been running around the neighborhood, pretty much doing what they want, and the neighborhood has formed a view of the children as being a variety of things. . . . It's a very mixed message. . . . The task for us . . . is to get the parents out on the stoop of the home, making a statement about what the family is going to stand for, corral the children so that, not that they're robots, but that they conform to a set of family values. . . . You have a bunch of kids that are all very different, but you can see which family they come from. And then . . . put them all in red shirts so that you can see who they are, you can identify them clearly, because there is a lot of confusion in the marketplace for us. So . . . you'll know what the [over-brand] stands for, you'll believe it because all the children behave that way, and you'll be able to find them because they're all dressed in new red shirts.

Finally, for two reasons, high portfolio relatedness should lead managers to emphasize a product locus of communication. First, when the portfolio is highly related, the process of developing a CB strategy should be less complex. The benefits to product managers responsible for implementing the strategy—increased profits for their products—are more obvious. Consequently, they will have more incentive to cooperate in building the CB, lessening conflict with corporate managers, and making product communications more efficient and effective.[12] Second, high relatedness helps customers make cross-product and company-product connections, because product managers use the CB, e.g., slogans and logos, in their product communications.

P_2: When there is high relatedness across the company's product portfolio, CB strategies will place greater emphasis on (a) a broader scope, (b) a more diagnostic positioning, (c) a less varied positioning, and (d) a product locus of communication.

Portfolio Change. New product introductions, repositioning of existing product lines, mergers, acquisitions, and divestments all change the corporate portfolio. Such activities can blur the CB in customers' minds and lead to loss of competitive focus in the market (Fombrun 1996). When a company develops many new products, especially in new markets, customers can quickly lose sight of its defining purpose. Also, some new products may be inconsistent with the existing CB. For example, a company that starts introducing many technologically innovative new products may confuse customers who believed its strength was faithfulness to loyal customers. In such situations, the CB provides important continuity. The corporate manager in a company whose portfolio changes continually through acquisition and aggressive new product introduction said:

> You know, we launch something like 700 new products a year. It just kind of proliferates, and it hasn't been a customer-driven process. It's more of a technology-driven process. So what we're trying to do from a corporate standpoint is bring more of the customer focus outside, looking back, to things in the company. . . . [The corporate] brand brings tremendous equity and power to getting a new product or brand off the ground. . . . The economy of doing it this way seems to make a lot of sense, especially in a global world.

Mergers and acquisitions present complications during CB-building because they can change a company's core competencies and its nature. As a result, customers may no longer know what the company stands for or how to think of the combined entity. In some cases, such as the proposed Time-Warner and AOL merger, the two companies' old CBs may be markedly divergent and hard for customers to reconcile, especially in the absence of a unifying and clarifying new CB effort. A corporate manager posed several questions in this context:

> We just acquired . . . a very strong, well-regarded brand within the farming community. How do we integrate that with [the company]? . . . What do you call that now that we have acquired it? . . . If we're going to remain a parent endorsing brand, what role will we play there? And again, particularly, that becomes more complicated for us from an identity logo standpoint. Because of course, [the acquired company] has their own logo.

We predict that portfolio change will lead to a CB strategy with a narrower scope, less-diagnostic and more-varied positioning, and a corporate locus of communication. Managers should perceive the need for a CB strategy that reduces the confusion that portfolio change can cause. A narrower scope means that new products will be more closely associated with the CB. Of course, some new or acquired products may not fit well with the CB; the key is to decide which to associate with the CB, and which to position and market independently. According to a corporate manager:

> So we decided the product was not to be part of the [company] brand. I think their reasoning was they didn't think that our [company] image fit with their target market. [The company] is not a fun, hip brand.

Portfolio change will also influence CB positioning decisions. While new products are typically designed with a well-known target market in mind, acquired products have existing customer franchises that may not be within the acquiring company's existing business scope. Dissimilar product positionings and inconsistent customer targets at the portfolio level make it more difficult and expensive to develop a diagnostic positioning. As a result, managers will likely search for broader, less-diagnostic unifying themes, as confirmed by this product-line manager:

> The problem is we have so many new brands coming, and we have a fixed marketing budget. So can you get enough weight behind any one of these brands to build a brand, that's the big issue for us. And if you don't advertise then you have the risk of it [product] becoming more of a commodity. So we're looking at umbrella themes.

This comment suggests that companies anticipating a great deal of portfolio change may prefer the greater flexibility of a less diagnostic CB positioning. The positioning should also be more varied, to take into account the wide range of product positionings and customer markets that come with portfolio change. According to a corporate manager whose company's portfolio had undergone significant change:

> The technologies of these companies have been valued because they were separate and distinct. Now, in order to realize a lot of the savings and the reasons that you purchased these companies, you've got to integrate. But you're jeopardizing a lot of your differentiation. The obvious umbrella becomes [the company brand].

Finally, portfolio change will lead to a CB strategy that emphasizes a corporate locus of communication, which can provide a rapid implementation of the CB across disparate products and markets. As one corporate manager at a company that launched its first major corporate advertising campaign said:

> We had a number of different changes with [the company] going on, not least of which was a fairly new CEO. We made a number of

> announcements, or were planning a number of changes in our business portfolio. . . . But more importantly, our CEO recognized that with all these changes, we needed a better way to really talk about [the company] in the short term.

P_3: Changes in the company's product portfolio are associated with CB strategies that place greater emphasis on (a) a narrower scope, (b) a less diagnostic positioning, (c) a more varied positioning, and (d) a corporate locus of communication.

Decentralization

When power is concentrated at one point in an organization, we say the organization is centralized; when power is dispersed, the organization is decentralized (Mintzberg 1998). Decentralized business units place more emphasis on "local loyalties, turf protection and the 'not invented here' syndrome" (Ghoshal 1998, p. 337). As a result, they tend to focus on parochial concerns. One corporate manager working in a decentralized company put it this way:

> [There was] great resistance in the [product] group at the time to do anything other than our individual brand campaigns.

Such organizations let SBU and product managers control their day-to-day operations with less interference from and conflict with other managers (Barclay 1991). We expect that with less input from corporate managers, the CB strategy in decentralized companies will have a narrower scope, less-diagnostic and more-varied positioning, and a corporate locus of communication.

The scope will be narrower because of the inherent difficulty of getting many product managers to participate in CB-building activities. Decentralized organizations are more likely to have reward systems that favor individual product performance over broader, corporate-wide objectives. Thus, product managers will be unlikely to spend limited time or resources supporting a CB strategy from which they stand to gain little or no advantage, as will be the case especially if their product is a strong one. A product manager spoke of this dilemma:

> There's a spectrum of people. Some are on board and some are not on board. Ann is way over there. She could care less about contributing or having anything to do with [the corporate advertising campaign] because she's got two megabrands.

Similarly, a diagnostic positioning will be harder to implement because product managers will pursue strategies that stress positionings appropriate to their situations, and developing a CB that is diagnostic yet encompasses many disparate strategies is difficult. A less diagnostic positioning will therefore be employed. We also expect the CB positioning to be more varied in decentralized organizations, because corporate managers will have less influence over parochially minded product managers. The more varied positioning must, however, be handled carefully to prevent it from degrading into anarchy. A corporate manager at a decentralized company put it this way:

> They [corporate management] want to say, you know, that we can't let each group be out there doing its own thing. This needs to be managed and leveraged. And we'll think through, are there certain products that all the values comes from truly being differentiated? . . . So we'll think through, where is it that you truly want to be separate from the [corporate] brand, and allow those people to create their own voice.

However, managers also noted that such variation needs to be closely monitored. Another corporate manager at a decentralized company expressed concern over letting product managers get carried away:

> They do legitimately have their different business interests and feel a lot of the times that they can best make those decisions for themselves. So there are a lot of times that they will just go ahead and do it independently. It's when we see those things start to proliferate and create a fragmented view of the [corporate] brand that we then have to start reining in. But again, we're always looking for that balance.

Finally, corporate managers' response to decentralization may parallel that of the component businesses and demonstrate an absorption in parochial concerns and a greater reliance on a corporate locus of communication for the CB. As a corporate manager in a decentralized organization said:

> The advertising that we did from a corporate standpoint is independent of the advertising and communications work that is done business-by-business. They are handled separately. So, when we did the corporate campaign . . . there wasn't a lot of coordination. There was sharing throughout the process with the business leaders, but there wasn't, as far as I can tell, any direct talking to, like our commercial directors, our marketing people in the process.

In decentralized organizations, therefore, it may often be easier for corporate managers to develop a CB strategy using a corporate locus of communication than by using a product locus of communication and negotiating with product managers.

P_4: A decentralized company will adopt CB strategies that place greater emphasis on (a) a narrower scope, (b) a less diagnostic positioning, (c) a more varied positioning, and (d) a corporate locus of communication.

Moderators of CB Strategy Content

We expect that pressure on resources (personnel and financial) and time will moderate the proposed market and company effects (P_1–P_4) on CB strategy content.[13] Consider first scope and positioning decisions. In general, a CB strategy with a broader scope and more-diagnostic, more-varied positioning will require more resources and time to execute than one with a narrower scope, and less-diagnostic, less-varied positioning. Greater resource commitment is necessary in the former case because the strategies of many product managers within the broader scope have to be reflected in the CB positioning. This requires additional financial resources to acquire and analyze product-level information, and to test CB positionings in various product contexts. Also, additional personnel will be needed to liaise between corporate and product managers when defining objectives, developing strategies, and implementing tactics. Greater resource commitment is necessary in the former case because the strategies of many product managers within the broader scope have to be reflected in the CB positioning. This requires additional financial resources to acquire and analyze product-level information, and to test CB positioning in various product contexts. In addition, personnel are required to act to liaisons between corporate and product managers when defining objectives, developing strategies, and implementing tactics. However, product managers may be less willing to focus on the time-consuming complexities associated with defining and implementing a CB strategy when they face time and resource pressures. As a product manager said:

> I think we all understand theoretically that it [building a corporate brand] is a long-term process. And it's one that needs to be consistent, not on again, off again. But we're on very short leashes.

Diagnostic positionings require substantial commitments of time and market-research resources to identify and test feasible, cross-product "umbrella" positioning options. Since a more diagnostic CB positioning is expected to influence product positionings more than a less diagnostic one, more market research is necessary to understand fully all the impacts. A more varied positioning also requires greater market research, to ensure that the variation falls within the CB strategy's defined parameters. In sum, as perceived time and resource pressures increase, a CB strategy will become narrower in scope, with less-varied and less-diagnostic positionings.

The CB locus-of-communication dimension is also sensitive to resource and time pressures. In the short term, a corporate locus of communication requires more resources—corporate communications development and media costs can be high—but takes less time to implement than a product locus of communication. However, a corporate locus of communication provides the opportunity for more rapid customer-based outcomes; corporate managers can design and implement corporate communications in a relatively short period of time, coordinating where necessary with product managers. In contrast, a product locus of communication requires fewer resources since there are few if any incremental communications costs. However, a product locus of communication requires more time to develop because of the need to coordinate between corporate and business managers while establishing a mutually acceptable CB strategy. Implementation is also more complex, because managers have to contend with ongoing product marketing activities while at the same time resolving CB concerns. But when resources are limited, we expect a CB strategy to emphasize a product locus of communication. As one corporate manager put it:

> What we tend to do is, when times are good we have money [for corporate advertising], and when times are tough, we never cut back to zero, but we can cut back.

As the penultimate quote suggests, sometimes product managers are unwilling or unable to deal with both their own marketing activities and CB concerns. Market impacts take longer to occur with a product locus of communication, which means increased time commitments. A product locus of communication also requires managers to define the contribution of existing products to different aspects of the CB, another time-consuming task. Therefore, under time pressures, a corporate locus of communication is more likely.

P_{5a}: With increasing resource pressures, CB strategies will place greater emphasis on (a) a narrower scope, (b) a less varied positioning, (c) a less diagnostic positioning, and (d) a product locus of communication.

P_{5b}: With increasing time pressures, CB strategies will place greater emphasis on (a) a narrower scope, (b) a less varied positioning, (c) a less diagnostic positioning, and (d) a corporate locus of communication.

Implementing the CB Strategy

Implementation is "the communication, interpretation, adoption, and enactment of a marketing strategy or strategic market initiative" (Noble and Mokwa 1999, p. 57). In their review, Noble and Mokwa note that implementation has received only tangential attention from marketing researchers, who have tended to focus on the linkages between strategy and performance (e.g., Green, Barclay, and Ryans 1995; Menon and Menon 1997; Menon et al. 1999). As a result, our understanding of the connection between strategy content and implementation activities is underdeveloped at present (Noble and Mokwa 1999; Walker and Ruekert 1987).

Based on managers' comments, and consistent with the preceding definition, in this section we focus on three aspects of implementation: organizational control, managerial coordination, and tactical marketing integration.

Organizational Control and Managerial Coordination

Our manager sample recognized that an important part of CB strategy implementation is the design of appropriate control and coordination systems. Control in a marketing context is defined as "a set of activities designed to increase the probability that specified plans are implemented properly and desired outcomes are achieved" (Jaworski and MacInnis 1989, p. 406). Controls may be either formal (written down and managerially initiated), or informal (typically unwritten and worker-initiated) (Ayers, Dahlstrom, and Skinner 1997; Jaworski 1988; Jaworski and MacInnis 1989; Ramaswami 1996).

In the interviews, managers described three types of formal controls designed to ensure the CB strategy is properly implemented. First, written *logo guidelines* ensure that company and product logos are appropriately used to create the brand architecture management needs:

> Well, it's things like typeface and grids, and it's design elements, the color of the [corporate] logo. But each of those brands also has their own identity system that they've built for the brand. And then they tie into the corporate system.

Managers also talked about attempts to develop *communications frameworks* or templates designed to ensure that product managers' programs adhere to standards consistent with the CB:

> There will be frameworks in terms of ads and other marketing communications that have a global structure, that they then insert their marketing copy right within. . . . So whether you are in the card business or the retail bank business, your marketing communications has a common look and feel in terms of elements.

Finally, managers noted that company *reward systems* can link product managers' performance to creating, building, and maintaining the CB:

> [A]t the end of the day, both customer care managers as well as every employee in the consumer business has one quarter of their bonus compensation tied to what we call a CVA matrix, which is a customer matrix evaluating [the company] on the basis of its value to the customer.

Without formal controls such as the three mentioned above, product managers may become overly focused on narrow, parochial concerns, and lose sight of their role in CB building and becoming the "proof-points" that demonstrate the CB strategy. Such controls are typically supported by a number of coordination activities. According to Gatignon and Xuereb (1997), "Interfunctional coordination refers to the specific aspects of the structure of an organization that facilitate the communication among the organization's different functions" (p. 78). Coordination activities that are frequently utilized include using formal rules and procedures, reviewing managers' opportunity for informal influences, and establishing conflict resolution mechanisms (Ruekert and Walker 1987). Managers may also set up temporary task forces and teams with special skills to ensure that coordination occurs (Olson, Walker, and Ruekert 1995). The positive effects of the resulting interfunctional communication can include an increased ability to deal with changing market environments and greater harmony between functions (Fisher, Maltz, and Jaworski 1997).

One business manager commented on the company's use of joint teams:

> My business is now becoming joined with other businesses. . . . And I don't know those people, and it's more difficult to communicate with them, there's distance and organizational structure. . . . There are lots of efforts going on across the company to better facilitate the communication and the development of programs by joint teams, that are working.

As Duncan and Moriarty (1998) note, such cross-functional management is critical for integrating corporate-level and product-level activities. In other cases, managers place greater reliance on informal coordination methods:

> Those product managers are truly making the decision about how do you follow through on your product brand. And if [the company] is the endorser of that, then we have an informal group that really makes sure we're directionally consistent, although not controlling.

Managers also noted that developing a CB led to new perspectives on such related activities as coordinating advertising-agency selection decisions:

> But as [company] becomes more of a brand to them and as they try to have a global brand, they're really going to have to think what agencies do they work with. . . . So I think agency relationships are going to be something very, very different in the future. And the way we do

> it internally will change a lot. We'll pick them together. We'll look at how we do media buying together. We'll centralize market research.

In general, we expect there will be more control and coordination activities when a CB strategy emphasizes a broader scope, and more-diagnostic, more-varied positioning. However, the relationship with locus of communication will be a contingent one. With a broader scope, more business units will be involved in delivering the CB. This will lead to more complex planning and implementation and thus more opportunities for problems to arise. As a result, corporate and product managers will make greater control and coordination efforts. Similarly, by their very nature, more-diagnostic and more-varied positionings are harder to implement, because many possibly subtle effects need to be continually tracked against the product portfolio. As a result, implementing a CB strategy with a diagnostic and varying positioning will require more careful control and coordination.

We also expect the relationship between CB locus of communication and control and coordination to vary over time. In the short run, a product locus of communication requires greater control and coordination to ensure that product managers meet their CB responsibilities. Over time, however, with control and coordination mechanisms in place, managers will rely more on routine monitoring systems. The reverse pattern holds for a corporate locus of communication. In the short run, its ease of implementation means that there is relatively little need for formal control and coordination. Instead, more emphasis is placed on informational programs for employees and managers (Gilly and Wolfinbarger 1998). However, over time, as product managers adapt CB messages and slogans to their own product communications needs, more oversight may be required to prevent inappropriate adaptations from undermining the CB. In this regard, a corporate manager at a company which uses a corporate locus of communication said:

> Each of the SBU leaders has P&L responsibility. Corporate communications is, at the end of the day, a staff function, even though it has the role of putting the image of the company name out there and protecting [it]. SBU leaders have the bottom line responsibility, and decide if they're going to use [the corporate] image or not. There is not much you can say other than okay, we just want to tell you what we think you're doing wrong. It's that inconsistency that has killed us. It's why people don't know who we are.

To minimize such potential problems, therefore, control and coordination activities should increase over time using a corporate locus of communication, particularly if the CB strategy emphasizes a broader scope, and more-diagnostic and more-varied positioning.

Therefore we hold that:

P_{6a}: Control and coordination activities will be higher when CB strategies place greater emphasis on (a) a broader scope, (b) a more diagnostic positioning, and (c) a more varied positioning.

P_{6b}: In the short term, control and coordination activities will be higher when CB strategies place greater emphasis on a product locus of communication.

P_{6c}: In the long term, control and coordination activities will be higher when CB strategies place greater emphasis on a corporate locus of communication.

Tactical Marketing Integration

A critical objective of a CB strategy is enhancing tactical marketing integration, with the ultimate aim of developing lasting customer relationships. Maintaining ongoing customer relationships is an important business objective (Webster 1992). The value of relationship marketing is demonstrated by how much more it costs to acquire new customers than it does to retain existing ones (Peppers and Rogers 1999). Marketing integration helps to achieve longer and stronger customer relationships by carefully controlling the information customers receive and ensuring that it is consistent across all contact points customers have with the company (Duncan and Moriarty 1998).

Since customers integrate messages from a broad spectrum of sources, managers need to decide whether to leave integration to customers or to actively manage it (Duncan and Moriarty 1997). A strong CB helps manage integration, providing an interpretive context and a connection between all sources of information. Duncan and Moriarty (1998) discuss integrated marketing communications (IMC) in terms of linking messages across different corporate levels, such as corporate, SBU, and product. This perspective is broader than earlier conceptualizations of IMC, which limited the concept's applicability mostly to a product or product line. IMC has also been viewed as a means of unifying information across disparate communications strategies such as advertising, promotions, direct response, public relations, and event sponsorships.[14] But despite numerous conceptualizations of IMC, most do not include any reference to the CB or corporate communications (Carlson et al. 1996; Schultz, Tannenbaum, and Lauterborn 1995).

In the present context, tactical marketing integration occurs when the CB strategy guides corporate and product managers' marketing implementation decisions. For example, to be consistent with a quality corporate positioning, product managers are limited in their ability to target down-market segments, since this could undermine the CB. Similarly, corporate managers will develop ads that use new product developments to illustrate their company's commitment to innovation. In this study, tactical marketing integration issues mostly arose in the context of the product portfolio for existing and new products, and corporate versus product communications.

When managers' products are not within the defined scope, they should seek little or no tactical marketing integration with the CB strategy.[15] However, when their products are within the defined scope, we expect that product managers will pursue higher levels of tactical marketing integration when the CB strategy emphasizes more-diagnostic, less-varied positioning and uses a product locus of communication. In this situation, managers have a definite incentive to strive for CB integration, especially with high potential cross-product leveraging. According to a corporate manager:

> We try from a corporate level to help the businesses out whenever we can. So for example, if you're launching a new product, we love to go and feature that product in our corporate ads, because it's more proof of [the corporate positioning]. But it also helps you get more awareness and visibility for your product.

Similarly, a product manager said:

> We've got the . . . corporate campaign that's going on within this time frame, and then you've got your product advertising. . . . I think if you want to ensure [tactical marketing] integration, you've got to encourage the organization to include it as a part of the marketing mix, part of the marketing plans. And in leverage, some brands were able to leverage [the corporate campaign]. I think we were one of the brands that did. . . . But taking individual brand efforts and linking them with [the corporate campaign], I don't think it happened a lot.

Tactical marketing integration is also likely to be higher with a more diagnostic and less varied positioning. When the CB strategy uses a diagnostic positioning that does not vary across the portfolio, higher levels of tactical marketing integration are essential to ensure that all company and product communications are consistent with one another. One corporate manager, whose company employs a more diagnostic and less varied positioning, described his view of communications integration:

> Basically, you have to look at the big picture of the whole identity strategy, because what we're trying to do is, whenever you see any piece of communication from [us], whether it's from the [product] brand or the [corporate] brand, [show] that there is a linkage between [the corporate brand] and that particular brand. . . . So it's not just the corporate advertising that's pushing on the [key] message, but it should be every single one of our communications, whether it's a package, a piece of literature, you name it.

This point of view is consistent with Duncan and Moriarty's observation (1998) that everything a company does or does not do communicates something about it. In contrast, a more varied positioning that accommodates special product needs lessens the need for product managers to closely conform with the CB positioning, making tactical marketing integration less of a priority.

Finally, tactical marketing integration is expected to be higher when the CB strategy emphasizes a product locus of communication. In this situation, a premium is placed on careful corporate-to-product marketing integration. Because using a product locus of communication requires that customers derive the CB from their product beliefs, care is needed to ensure that those beliefs are appropriately developed and maintained. One corporate manager whose company employed a product locus of communication described the need to ensure that existing products in the portfolio were consistent with the CB:

> That's the essence of how a synergistic business model should work. If we've got it right, the brands reinforce the over-brand. If the over-brand reinforces the individual brands, we can see where. For example, let's say . . . hard nutrition is our strategy for our over-brand. Then, I would want to drive [products] . . . by investing heavily in those brands, because the more I grow those and the association with [the over-brand], the more the [over-brand] is [developed]. And then I might run a corporate campaign that draws the whole thing up into a good nutritional image.

A brand manager in the same company noted that such CB–product brand consistency may require new or reformulated products:

> If we were to go down a path and said, we're going to spend a lot of money to try and establish [the corporate brand] as a leader in nutrition, then I think we would probably want to look at potential changes in the product that would differentiate us from a nutritional standpoint versus the competition. So ultimately I would want something to back up, to support what the communication would say.

In general, using a product locus of communication constrains product managers' marketing activities, and forces a higher level of tactical marketing integration among products and the CB. In contrast, tactical marketing integration may be desirable with a corporate locus of communication, but it is less essential. In fact, our interviews suggest that firms using a corporate locus of communication often adopt a laissez-faire stance, as in, "Here is a good corporate ad campaign which you as product manager can tie into, if you want."

P_7: There will be higher levels of tactical marketing integration when the CB strategy places greater emphasis on: (a) a more diagnostic positioning, (b) a less varied positioning, and (c) a product locus of communication.

Limitations and Future Directions

Managers' comments suggest that developing a CB is an important priority for companies, particularly large ones with diverse portfolios and complex brand architectures. They also suggest that managers find the issues complex and hard to resolve. In this paper, we have proposed a framework for future research into the area, from which guidelines can emerge that will be helpful for managers. However, our work has several limitations.

The first limitation is that our proposed framework is largely based on qualitative data. While such data provide a useful starting point, the managerial model portrayed in the figure should be empirically validated. Manager surveys can be used to estimate and test the proposed relationships, P_1–P_7. Another useful analysis would cluster respondent companies' CB strategies, to identify strategy types and relate them to key market and company-based factors. This could provide managers with a normative, conditional decision-making model to guide their CB-strategy selection. Such classifications would also be an important stimulus to future research (Miles and Snow 1978; Miller and Friesen 1978). The table suggests that companies use a variety of different CB strategies, even when they operate in the same industries.

A second limitation is our omission of global CB concerns. Due to managers' time constraints and the absence of existing conceptual frameworks, we focused on defining and understanding domestic CB strategy. However, all the companies we researched compete globally, and managers' quotes show they are concerned with global issues. In many industries, competitive advantage lies in broadening the company scope to a global level (Schendel 1995). Research shows that multinational and global factors may play an important role in strategy planning and firm performance. For example, level of globalization is positively related to business performance level (Birkinshaw, Morrison, and Hulland 1995), and standardizing the strategic resource mix may lead to better share and profitability results than adapting it to each market (Szymanski, Bharadwaj, and Varadarajan 1993). However, positive effects on business performance are not always found (Samiee and Roth 1992). Such standardization issues conceptually parallel those associated with degree of positioning variation in a CB strategy. An interesting example of positioning variation raised by global perspectives lies in time-to-market differences. One of our sample companies was an early mover in the U.S., where it has an up-market corporate positioning. However, overseas it was a late-mover, and its positioning is more down-market. With the advent of the Internet and economic globalization, such positioning inconsistency becomes problematic for managers, since, as suggested by an earlier quote, customers may quickly identify it and react adversely. A global perspective on CB strategy may therefore require the development of additional defining dimensions.

Due to the exploratory nature of this research, a final limitation is our brief coverage of merger and acquisition issues. The scope of our concerns precluded a detailed discussion of M&A issues, though their importance in the context of post-M&A CB-building was raised by several managers. Based on managers' comments, it is clear that when companies with disparate cultures, product portfolios, or customer bases merge or are acquired, designing an appropriate CB strategy should be an important priority. The CB strategy that eventually emerges from the new corporate entity should reflect not only the factors discussed in this paper, but others, such as the original companies' respective cultures, relative resource strengths, and strategic planning sophistication. For example, a company could use the CB in focused, relatively short-term activities designed to position the company with a new customer segment obtained through acquisition. Recently, one of our respondent companies, a large U.S. financial services company, acquired a smaller competitor in another geographical region. It ran corporate communications for a short time, but only in the new region, to educate customers there about the new combined company. Such focused CB building activities could provide another interesting context for future research.

In sum, with a business climate increasingly characterized by rapid product and service innovation, constantly changing product portfolios, and frequent merger and acquisition activity, the importance of building a strong CB is greater than ever before. A strong CB can add significant value by providing customers with stability across the portfolio, helping them link the company with new products, business acquisitions, and markets. A strong CB also provides a constant guiding vision for managers, employees, and customers to operate within when facing rapidly changing business conditions. Products may grow and decline, but the company and its CB can endure. As a corporate manager succinctly stated:

> A hundred years from now this company could not be selling a single product that we sell today. We could be in totally different businesses. But our identity of innovation and the core of the organization would still be very much intact.

Notes

1. The exception is the “House of Brands/Not Connected” structure, in which the product brands are not at all related to the CB, e.g., P&G U.S.A. We discuss this situation in the Conceptual Background section.

2. In some situations, corporate and product brands use the same name, e.g., the GE name is used to refer to both the company and products it markets. The key distinction lies in the associations that define the corporate and product brands, respectively.

3. To maintain focus on the central issues and the managerial perspective of the paper, we do not explicate how customers’ knowledge of Marriott influences their knowledge of Courtyard. The theory that underlies this influence depends on a network model of memory and retrieval processes that reflects spreading activation, see Collins and Loftus (1975).

4. For example, in the interviews, managers used various terms interchangeably, such as “corporate brand,” “corporate vision,” “corporate image,” “over-brand” and “corporate name.” This probably reflects their interpretation of our questions and the terminology they commonly use in their companies. We recognize that some theoretical distinctions have been made between these terms. For example, “corporate brand” is often considered an all-encompassing memory representation, with “corporate image” a component (cf. Aaker and Joachimsthaler 2000). However, for consistency and simplicity, throughout the paper we use the term “corporate brand.”

5. The elite interviews contained questions on the following topics: manager background and experience with company, a characterization of the company, a description of the market environment facing the company, the general corporate image philosophy and approach, the company’s CB philosophy, factors that influence CB approaches, how the company develops a CB, how the company executes a CB strategy (including links between corporate and product communications, and relationships between corporate and product marketing managers), perceived limitations, risks, and benefits of a CB strategy, how the company measures CB influence on product brands, and other topics or thoughts not covered previously that the manager would like to share with the interviewers.

6. This table is based on the authors’ judgments formed from the interviews. In fact, none of the managers conceptualized their CB strategy as fully as the table portrays.

7. Square parentheses are used to indicate either company names removed to preserve confidentiality, or words inserted to clarify the meaning of a comment based on its context.

8. Note that all three CB strategy dimensions are independent from one another. For example, a product locus of communication is not correlated with a diagnostic position, since a high (low) diagnostic positioning can be combined with either a corporate or a product locus of communication (see table).

9. This argument assumes there are appropriate company name and product name linkages established by the company's brand architecture.

10. The model assumes managers are motivated to pursue a CB strategy either because the corporate brand is important in customers' decision making or because the company lacks a clear, appropriate, relevant, and up-to-date corporate brand. Although some market-specific factors, such as rapid product portfolio change, can influence these conditions, we do not explicate them in this context because of our managerial focus. Moreover, while we recognize that customer reactions will be critical for gauging the effectiveness of a CB strategy, our managerial focus precludes our explicating them as well.

11. We acknowledge that this list of factors and our coverage of them is not exhaustive. Rather, the factors stem from managers' comments during the elite interviews, and not from a directed series of questions of the general form, "is factor X important for you?"

12. Raju and Dhar (1999) propose that it may be easier to develop an effective and coherent corporate advertising campaign, i.e., use a corporate locus of communication, when business units are highly interrelated on either demand or resources bases (p. 38). Their view is not inconsistent with ours. First, our propositions argue for degree of emphasis rather than the sole use of one communication locus versus another. Also, in their paper they do not consider the role of product-based communications in corporate brand building, only that of corporate advertising. Finally, for the reasons described, we believe it is easier to use a product locus of communications to build product-to-product linkages needed to leverage across business units. Building such linkages using corporate advertising will likely be less effective and certainly more expensive.

13. In their review of strategic decision making, Papadakis and Barwise (1998) note that the influence of the characteristics of strategic decisions, such as resource or time pressures, on the strategy development process "remain largely unanswered" (p. 292). The moderator discussion therefore relies heavily on our interpretation of managers' comments.

14. Carlson et al. (1996) call IMC "an unwieldy concept" (p. 226), and discuss its different meanings.

15. We do not make a proposition from this assertion, because it would be essentially trivial. In practice, however, managers of products outside the CB strategy scope may decide to integrate with it, but, based on our data, we have no understanding of the factors that lead to such behavior.

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