

Brand Orientation Culture During COVID-19 Crisis: A Survival Strategy

Ahmed Rageh Ismail^{1, *}, Bahtiar Mohamad², Suyatno³

¹Egypt Japan University for Science and Technology (EJUST), Alexandria, Egypt.

²Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia, Kuala Lumpur, Malaysia

³University Centre of Excellence Javanology for Javanese Traditions, Universitas Sebelas Maret, Surakarta, Indonesia

*Corresponding author. Email: ahmed.rageh@ejust.edu.eg

ABSTRACT

The aim of this conceptual paper is to examine the culture of brand orientation and its impact on brand performance during COVID-19 pandemic. This paper addresses the research gap in corporate culture and branding literature regarding the roles of brand orientations, internal branding and brand performance. It is suggested that brand orientation can contribute to brand performance through internal branding.

Keywords: Brand orientation culture, Brand performance, COVID-19

1. INTRODUCTION

As the COVID-19 pandemic wreaks havoc on the global economy, the value of the 500 most valuable brands in the world, ranked in the Brand Finance Global 500 2020 league table, could fall by an estimated US\$1 trillion as a result of the Coronavirus outbreak. Brand Finance has assessed the impact of COVID-19 based on the effect of the outbreak on enterprise value, compared to what it was on 1st January 2020. Based on this impact on enterprise value, Brand Finance estimated the likely impact on brand value for each sector. The industries have been classified into three categories – limited impact (minimal brand value loss or potential brand value growth), moderate impact (up to 10% brand value loss), and heavy impact (up to 20% brand value loss) – based on the level of brand value loss observed for each sector in the first quarter of 2020 [1]. COVID-19 has turned into a global crisis, evolving at unprecedented speed. It is now the biggest challenge for organizations worldwide. Managers/owners now need to learn new strategies from lessons never before taught before, in order to deal with a world in pandemic and its aftermath. How brands respond is a central part. A major concern for brand managers now is resilience and success during crisis time. 94 percent of CEOs believe that sustainability issues are important to the future success of their business [2]. Therefore, from the sustainability perspective, this

chapter proposes that, these are good times to examine and revisit established relationship between branding constructs. Especially if we bear in mind that we're faced with new circumstances that highlight what's truly important to brand manager. This will cause a major shift in priorities and therefore decisions. Shifts in brand managers mind-set and attitudes are crucial during the pandemic. Contrary to the prevailing view in the literature, it is, therefore, argued that that brand performance can be viewed as a major determinant of brand orientation during COVID 19 and better brand performance can be achieved through various practices that would be highlighted in the end of this paper.

2. LITERATURE REVIEW

2.1. Brand orientation and brand performance

Brand orientation has been defined as: an approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an on-going interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands [3]. Brand orientation puts more emphasis on the creation, development and protection of brand identity with the aim of reinforcing distinctiveness [3], [4], [5]. Brand

oriented firms view branding as an important issue in all business decisions [5].

Brand orientation concept is developed on the basis of market orientation concept [5], [6], [7], [8]. However, it represents an inside-out approach according to which brand development should be guided by the vision, mission, and values of an organization [9]. This contrasts with the market orientation paradigm of placing the customer perspective at the centre of company operations [10], [11]. Researchers have approached brand orientation from two perspectives, namely philosophical and behavioural [9]. Brand orientation as a philosophy is said to exhibit organizational values, beliefs, and attitudes toward branding, whereas the behavioural perspective focuses on the extent to which a firm's marketing practices support the brand. However, the behavioural perspective has recently been criticized for failing to acknowledge that the brand must first be established at the philosophical level [12].

Brand performance is defined as the success of a brand within the market. Brand image, brand awareness, customer brand loyalty, and brand reputation are identified as factors pertaining to the concept [13]. Researchers have also measured brand success from a financial perspective. This perspective is referred to as company-based brand equity. Wood (2000) notes that company-based performance measures are often used for accounting purposes rather than marketing diagnostics [14]. It is widely agreed that customer-based brand equity drives a brand's financial performance [15], [16], [17]. Research showed that brand orientation has a positive effect on brand performance in general [13], [18], [19], [20]. Previous research generally emphasized the importance of corporate branding to SMEs [21], [22], [23], [24], [25], [26]. Brand orientation helps firms to generate business growth and profitability [27]. The literature asserted that brand orientation is an antecedent of the development of stronger brand and better financial performance. For example, a positive relationship is found between brand orientation and profitability [20]. Furthermore, growing SMEs are found to be significantly more brand-oriented than declining or stable SMEs [28]. Also, a strong brand helps to gain larger margins [16], [29]. Researchers report a positive relationship between brand performance and a firm's financial performance [13]. Therefore, we propose the following:

Proposition 1: Brand orientation has a positive effect on brand performance

2.2. Brand orientation and internal branding

Internal branding refers to coordinated programs aimed at educating and training employees on the brand message and how to incorporate it in their work [30]. Employees are thus a key element of building an organization's corporate brand [31] as corporate brand management requires the total commitment of all staff within an organization [32] to deliver the brand promise to the stakeholders. The importance of employees in the corporate branding literature has been extensively highlighted [33], [34], "employees have the potential to make or break the corporate brand" [35]. Therefore, close alignment of the employees with the organization's brand values may provide an organization with a sustainable competitive advantage [36].

Two-way communication, daily briefing, group meetings, notice boards, and corporate magazines are suggested as means of communicating the brand message to employees [37]. Both formal (e.g. written instructions) and informal control mechanisms (e.g. discussions between managers and employees) have a role to play in enhancing employees' brand supporting behaviours [38]. Internal branding should not solely be the responsibility of the marketing people. Internal branding activities should cover all human resource activities from employee recruitment to creating incentives for existing employees [30], [38]. It is argued that marketing, human resource, and customer service personnel must work together for higher brand performance. Internal branding is essential in operationalizing a brand orientation and ensuring employees share the characteristics of the brand that are essential in implementing brand-building activities [39], [40].

Proposition 2: Brand orientation has a positive effect on internal branding

Proposition 3: Internal branding will have a positive effect on brand performance

Proposition 4: Internal branding mediate the relationship between brand orientation and brand performance

2.3. Brand orientation as an outcome

The COVID-19 pandemic is creating a new reality for brands. At this time of intense uncertainty, the key attributes that underpin trust in a brand are different than even a month ago. To better understand the impact this crisis on brands, Qualtrics identified factors that make a brand trustworthy and in turn improve brand performance in a time of crisis, the top three responses focused on the well-being of customers, the well-being of employees, and not

taking advantage of the crisis to maximize profits. Subsequently, brands can achieve these goals by ensuring that the internal branding activities are aligned with these goals in the entire firm's units and departments. Furthermore, firms should facilitate the progress of sharing information, communication and coordination among different functions [41]. Thus, internal branding is supposed to provide employees with clear guidance and direction to deliver brand messages and meaning to the customers during crisis [16]. Internal branding also requires the implementation of an internal communications programme to motivate and inspire employees to support organizational values and the brand vision [42], [43], [44]. Therefore, inter-functional coordination is critical for the firm during COVID-19 to get employees to understand and embrace the new reality.

Proposition 5: Brand performance has positive effect on brand orientation

Proposition 6: Internal branding has a positive influence on brand orientation

2.4. Internal branding and brand orientation

Accomplishing brand orientation during COVID-19 will involve internal branding to motivate employees to take ownership of the brand. Internal branding enables employees to provide evidence of the brand values in their organizational responsibilities [45]. Internal branding also entails well-coordinated employee training aiming at instilling the new brand values in employees [30]. The training can enhance brand commitment, and brand loyalty, in other words, brand performance [46] [49]. Thus, it is proposed that:

Proposition 7: Internal branding will mediate the relationship between brand performance and brand orientation

3. DISCUSSIONS

The research provided evidence that brand orientation and brand performance is a two-way relationship. In other words, both constructs influence each other, and the relationship between the two constructs is of vital importance to firms. In light of the findings, this research is attempting to answer the question of the role of corporate culture during COVID-19 era. Crises are characterized by their threat to the organization, element of surprise, and need for creating a short decision time [47]. In time of a crisis, immediate action is required by organization to achieve their financial and non-financial goals. To be able to do so, organizations should have a professional crisis management plan in place – one that addresses

employee well-being, brand reputation, finance management, supply chain and legal issues that the crisis might trigger. Therefore, business strategy during the time of the COVID-19 pandemic should be changed and firms should move away from its present state toward some desired future state to increase its competitive advantage. Strategy should be the starting point when dealing with crises. Previous studies showed that strategy plays an important role in overcoming crises. For instance, a well-formulated strategy may be used to stop crises from having a large impact, or it may be used to mitigate the damage done to the organization if deemed unpreventable [48]. Therefore, good strategy may facilitate successful crisis management, whereas a bad strategy is likely to worsen the situation. Therefore, in this paper, it is argued that a good branding strategy for firms is to focus initially on brand performance and how the brand react to what is required during COVID-19 pandemic and that would be reflected and manifested in more brand orientation strategy. Brand managers may ask few questions such as; how can we help in solving the crisis? Can we contribute in some way? For examples, many firms committed to help produce hand sanitizer gel during the pandemic. Other manufacturers are retrofitting their factories to build masks and ventilators.

4. MANAGERIAL IMPLICATIONS

In addition to the classical view on the brand orientation- brand performance link, the results provide empirical evidence that SMEs can gain considerable brand orientation by assessing brand performance during covid-19 crisis, the question now for managers is how brand can achieve great performance during COVID-19 periods. The study offer few implications as follows: Brand employees are the greatest asset. In times of a crisis, organizations should have the responsibility to act in the best interests of their people, and their customers and other stakeholders. Brand should be retaining talent while controlling cost. Brand should identify alternative working arrangements to ensure the health and safety of employees. Firms should determine how the crisis affects budgets and business plans, they should test their financial plans for multiple scenarios to understand the potential impact on financial performance and assess how long the impact may continue. Most companies are likely to experience significant disruption to their operations and will underperform throughout the duration of the COVID-19 crisis. Firms will experience disruption to their supply chain and production commitments. When working with broken supply chains, companies need to maintain regular contact with suppliers regarding

their capability to deliver goods and services, and work out recovery plans.

This paper showed the importance of internal branding during the COVID-19 pandemic, the internal branding program should be comprehensive to transform and align the behaviours of employees. The ultimate objective here is to thoroughly train staff members on how to deal with the COVID-19 new strategy [6]. Managers can periodically organize brand workshops and exercises for employees to make them aware about new strategies. This practice would assist in delivering the promises made by a brand, thus uplifting the credible image of the brand.

5. FUTURE RESEARCH

Future research is recommended to empirically test and examine the above conceptual model and highlight the role of corporate culture during COVID-19 era in different contexts and different countries. Testing this model will shed light on how well the model performs in broader contexts. Finally, future studies could also examine and compare how other strategic orientations (e.g. customer orientation) affect brand performance.

6. CONCLUSION

During COVID 19, there should be a major shift in brand manager's priorities to sustain the brand. Two models are presented in this paper. The first one is congruent with the prevailing view in the literature, which is brand orientation affects brand performance. The second one, it is argued that that brand performance can be viewed as a major determinant of brand orientation during COVID 19 and better brand performance can be achieved through various practices that have been highlighted in the end of this paper. The two models are of great importance to consider and it is time for business owners/managers to think and invent, to understand the role their brands can play in reframing a better more sustainable world during COVID-19. However, we believe the second model is more plausible during the COVID-19 whereby the direct relation from brand performance to brand orientation is more perceptible.

REFERENCES

- [1] BrandFinance, America's Top 500 Brands Could Lose up to \$400 Billion from COVID-19 Pandemic, 29 April 2020, Retrieved on 25th November, 2020.
- [2] Accenture, Accenture Strategy, "U.N. Global Compact Accenture Strategy CEO Study on Sustainability, September 24, 2019. Retrieved on 25th November, 2020
- [3] Urde, M. Brand orientation: A mindset for building brands into strategic resources. *Journal of Marketing Management*, 1999, 15(1-3), 117-133.
- [4] Merrilees, B., Rundle-Thiele, S., & Lye, A. Marketing capabilities: Antecedents and implications for B2B SME performance. *Industrial Marketing Management*, 2011, 40(3), 368-375.
- [5] Wong, H., & Merrilees, B., A brand orientation typology for SMEs: a case research approach. *Journal of Product and Brand Management*, 2005, 14(3), 155-162.
- [6] Baumgarth, C. Living the brand: Brand orientation in the business-to-business sector. *European Journal of Marketing*, 2010, 44(5), 653-671.
- [7] Mulyanegara, R.C., The relationship between market orientation, brand orientation and perceived benefits in the non-profit sector: a customer-perceived paradigm. *Journal of Strategic Marketing*, 2011, 19(5), 429-441.
- [8] Reid, M., Luxton, S., & Mavondo, F., The relationship between integrated marketing communication, market orientation, and brand orientation. *Journal of Advertising*, 2005, 34(4), 11-23.
- [9] Urde, M., Baumgarth, C., & Merrilees, B. (2013). Brand orientation and market orientation—From alternatives to synergy. *Journal of Business Research*, 2013, 66(1), 13-20.
- [10] Kohli, A.K., & Jaworski, B.J., Market orientation: the construct, research propositions, and managerial implications. *Journal of Marketing*, 1990, 54(2), 1-18.
- [11] Narver, J.C., & Slater, S.F., The effect of a market orientation on business profitability. *Journal of Marketing*, 1990, 54(4), 20-35.
- [12] Evans, J., Bridson, K., & Rentschler, R., Drivers, impediments and manifestations of brand orientation. *European Journal of Marketing*. 2012, 46(11-12), 1457-1475
- [13] Wong, H., & Merrilees, B., The performance benefits of being brand-orientated. *Journal of Product and Brand Management*, 2008, 17(6), 372-383.

- [14] Wood, L. Brands and brand equity: definition and management. *Management Decision*, 2000, 38(9), 662-669.
- [15] Ailawadi, K.L., Lehmann, D.R., & Neslin, S.A. Revenue premium as an outcome measure of brand equity. *Journal of Marketing*, 2003, 67(4), 1-17.
- [16] Keller, K.L. Brand synthesis: The multidimensionality of brand knowledge. *Journal of Consumer Research*, 2003, 29(4), 595-600.
- [17] Lassar, W., Mittal, B., & Sharma, A., Measuring customer-based brand equity. *Journal of Consumer Marketing*, 1995, 12(4), 11-19.
- [18] Hankinson, G., The measurement of brand orientation, its performance impact, and the role of leadership in the context of destination branding: An exploratory study. *Journal of Marketing Management*, 2012, 28(7-8), 974-999.
- [19] Baumgarth, C., Living the brand: Brand orientation in the business-to-business sector. *European Journal of Marketing*, 2010, 44(5), 653-671.
- [20] Gromark, J., & Melin, F., The underlying dimensions of brand orientation and its impact on financial performance. *Journal of Brand Management*, 2011, 18(6), 394-410.
- [21] Abimbola, T., & Vallaster, C., Brand, organisational identity and reputation in SMEs: an overview. *Qualitative Market Research: An International Journal*, 2007, 10(4), 341-348.
- [22] Hirvonen, S., & Laukkanen, T., Brand orientation in small firms: an empirical test of the impact on brand performance. *Journal of Strategic Marketing*, 2014, 22(1), 41-58.
- [23] Mitchell, R., Hutchinson, K. & Quinn, B., Brand management in small and medium-sized (SME) retailers: A future research agenda, *Journal of Marketing Management*, 2013, 29(11-12), 1367-1393.
- [24] Spence, M., & Essoussi, L.H., SME brand building and management: an exploratory study. *European Journal of Marketing*, 2010, 44(7/8), 1037-1054.
- [25] Craig, J.B., Dibrell, C., & Davis, P.S., Leveraging family - based brand identity to enhance firm competitiveness and performance in family businesses. *Journal of Small Business Management*, 2008, 46(3), 351-371.
- [26] Agostini, L., Filippini, R., & Nosella, A., Corporate and product brands: do they improve SMEs' performance? *Measuring Business Excellence*, 2014, 18(1), 78-91.
- [27] Urde, M., Brand orientation—a strategy for survival. *Journal of consumer marketing*, 1994, 11(3), 18-32.
- [28] Reijonen, H., Laukkanen, T., Komppula, R., & Tuominen, S. Are growing SMEs more market - oriented and brand - oriented? *Journal of Small Business Management*, 2012, 50(4), 699-716.
- [29] Park, C.S., & Srinivasan, V. (1994). A survey-based method for measuring and understanding brand equity and its extendibility. *Journal of Marketing Research*, 1994, 31(2), 271-288.
- [30] Aurand, T.W., Gorchels, L., & Bishop, T.R., Human resource management's role in internal branding: an opportunity for cross-functional brand message synergy. *Journal of Product and Brand Management*, 2005, 14(3), 163-169.
- [31] King, S., Brand building in the 1990s. *Journal of Consumer Marketing*, 1991, 8(4), 43-52.
- [32] Balmer, J.M., Corporate identity, corporate branding and corporate Marketing - Seeing through the fog. *European Journal of Marketing*, 2001 35(3/4), 248-291.
- [33] de Chernatony, L., and Harris, F., Developing corporate brands through considering internal and external stakeholders. *Corporate Reputation Review*, 2000, 3(3), 268-274.
- [34] Harris, F., & De Chernatony, L., Corporate branding and corporate brand performance. *European Journal of Marketing*, 2001, 35(3/4), 441-456.
- [35] Ind, N., An integrated approach to corporate branding. *Journal of Brand Management*, 1998 5(5), 323-329.
- [36] Pringle, H., & Thompson, M., *How Cause-related Marketing Builds Brands*. 2001, Chichester, New York.
- [37] Punjaisri, K., Evanschitzky, H. & Wilson, A.: Internal branding: An enabler of employees' brand-supporting behaviours. *Journal of Service Management*, 2009, 20(2), 209-226.
- [38] Henkel, S., Tomczak, T., Heitmann, M., & Herrmann, A., Managing brand consistent employee behaviour: relevance and managerial control of behavioural branding. *Journal of*

Product & Brand Management, 2007, 16(5), 310-320

- [39] De Chernatony, L., & Cottam, S. (2006). Internal brand factors driving successful financial services brands. *European Journal of Marketing*, 2006, 40(5/6), 611-633.
- [40] Santos-Vijande, M.L., del Río-Lanza, A.B., Suárez-Álvarez, L., & Díaz-Martín, A.M., The brand management system and service firm competitiveness. *Journal of Business Research*, 2013, 66(2), 148-157.
- [41] Tyler, B.B., & Gnyawali, D.R., Mapping managers' market orientations regarding new product success. *Journal of Product Innovation Management*, 2002, 19(4), 259-276.
- [42] Malmelin, N., & Hakala, J., Guided by the brand: from brand management to integrative corporate communications. *Business Strategy Series*, 2009, 10(5), 248-258.
- [43] Berry, L.L., Cultivating service brand equity. *Journal of the Academy of Marketing Science*, 2000, 28(1), 128-137.
- [44] Foster, C., Punjaisri, K., & Cheng, R., Exploring the relationship between corporate, internal and employer branding. *Journal of Product and Brand Management*, 2010, 19(6), 401-409.
- [45] Devasagayam, P. R., Buff, C.L., Aurand, T.W., & Judson, K. M., Building brand community membership within organizations: a viable internal branding alternative? *Journal of Product & Brand Management*, 2010, 19(3), 210-217.
- [46] Punjaisri, K., & Wilson, A., The role of internal branding in the delivery of employee brand promise. In *Advances in corporate branding* (pp. 91-108). 2017, Palgrave Macmillan, London.
- [47] Seeger, M. W., Sellnow, T.L., & Ulmer, R.R. Public relations and crisis communication: Organizing and chaos. *Handbook of public relations*, 2001, 155-166.
- [48] Ritchie, B.W., Chaos, crises and disasters: a strategic approach to crisis management in the tourism industry. *Tourism Management*, 2004, 25(6), 669-683.
- [49] Mohamad, B., Rageh, A., & Bidin, R. Corporate identity management and employee brand support: Enhancing marketisation in higher education sector. *Jurnal Komunikasi: Malaysian Journal of Communication*, 2017. 33(3), 178-195.