Editorial

Rewards from brand-customer relationships

Four papers in this issue address brand-customer relationships from very different points of view. At the macro level, Shailendra Kumar reviews mergers and acquisitions. The large and growing share of assets represented by intangibles, including brand equity, is familiar territory but a useful start in exploring corporate pre- and post-nuptials. Less than 10 per cent, it seems, of UK M&A deals were followed by reviews of marketing and communications performance against pre-merger objectives. An Interbrand, Newell and Sorrell paper, like this, will regard brand valuation as essential, and many readers will agree. Whether brand valuation is needed or not, Kumar must be right that M&A deal-makers should have a clear model of why the merger will grow shareholder value and the role brand-customer relationships will play in that. And Kumar is also right that the model should be used to set objectives with indicators measured before and after the event. Mr Punch was more right than wrong about mergers ('don't') but those contemplating corporate marriage should read what Kumar has to say.

Maurice Patterson uses the literature to redefine brand image, brand personality and user image, all from the consumer's perspective. Thoughtful brand managers expend great efforts to understand what their brands mean for users. Innovation, and product extensions especially, should be rooted in this understanding. The last definition will be little debated: our perception of the other users of the brand and of our desired self-image can indeed affect brand choice, notably of cars. Readers will want to evaluate the re-definitions of image and personality against the literature and their own usage. Patterson uses brand image in a broad sense which includes brand personality as the end-place abstraction (see his Figure — The brand image system). Others treat personality as a staging post and essence as the ultimate abstraction. I would like to believe that this useful paper will bring more consistency and conformity but am deterred by the evidence of his Table 1 with 64 overlapping variations of Brand X where X stands for affinity … equity, essence … value, values . He can now add Brand Spirit to the list. A recent marketing services start-up had to switch to that when they discovered that Brand Soul had already been nabbed. With every marketing services agency seeking differential advantage through creating new terms, what hope for academics seeking to share language?

Gary Gregory takes another look at loyalty but this time examining how it varies across cultures. Gregory is dealing with longitudinal (repeat purchases) as distinct from the way practitioners usually measure it (share of category requirements). More strongly, he adopts the distinction between 'spurious' and genuine loyalty which latter requires both actual repeat purchases AND positive attitudinal disposition. Repeat purchases alone do not separate those buying randomly, or because they were influenced by special offers, from those who bought because they were truly loyal. With poor attitude behaviour correlation, that may not leave many loyal customers. It also raises the question of how many marriages are spurious and how one would know. Most of us would expect our loyalty to be reciprocated by the brand, i.e. we get decent offers from time to time.

This is a theory paper which proposes that more collectivist and uncertainty avoiding cultures will be more brand loyal. This seems reasonable. As Judie Lannon and others have long suggested, brands are social symbols. As Patterson affirms, user image is significant but it is more than that. We use brands to solve all kinds of mental problems: memory saving, self-image statements, group conformity, speed of decision-making, larder inventory control to name but a few. All these will impact loyalty. Gregory proposes to test the extent to which the consistency between culture (subjective norm), behaviour and attitudes varies across cultures. Multinational marketers may wish to compare that model with their own experience.

The last paper I wish to highlight takes the brand-customer relationships theme away from the external market and into the company itself. Belinda Dewsnap and David Jobber suggest that sales and marketing departments of FMCG (packaged goods) companies need to be more closely integrated and that category management is a major means to achieve that. The starting point is the historical differences between sales and marketing. Some readers will be in companies that have adopted new organisational forms to get away such dysfunction but others will identify with the traditional structure the authors use to develop their case. Trade marketing was the first step in formally using the marketing philosophy for direct trade customers, as distinct from end users or consumers. On the one hand, the clear separation of trade and consumer marketing roles should have helped, but on the other they became competitive or, where the consumer team sought overall authority (consumer is king), resentful.

Not traced in the paper but a significant part of this, leading to category marketing, was the growing power of FMCG's chain customers. Dewsnap and Jobber provide a valuable update on category management. Their thesis that it can provide an integrating mechanism has much to commend it. Critics may cavil that it unbalances the firm's efforts away from consumers toward trade customers. Consumers buy brands, not categories, and the consumer's perspective matters more, long term. A concept whose origins lie in maximising profit per linear shelf-metre and reconciling the brand owner's positionings does little for the consumer. On the other hand, the marketing concept requires one to empathise with customers and talk their language. How can one square this circle?

Dewsnap and Jobber's solution is to give pre-eminence to category marketing. Another is to describe many of the firm's functions as 'marketing' and leave the strategic role of priorities to the CEO. This supports the Dewsnap and Jobber case for category management *within* trade marketing but it would not subordinate consumers to that. Brands supply the crucial differentiation and superiority which ultimately provide consumer value and brand owner's profit. Category management, carried to extreme, commoditises everything. Thus the sales force should talk categories but think brands. In this alternative, the trade and consumer marketing departments are both customer facing, but in partnership. Using the same philosophy and processes should assist co-ordination. Neither is subordinated to the other.

Having made the split between trade customer and consumer marketing teams, we can extend the logic to employees, suppliers, investors. Thus the HR department becomes the Employee Marketing department. This is the same concept as the Employer Brand:[1] meet the employees' goals and satisfactions first, and they will then satisfy the firm's goals. Likewise, the Investor Relations department should be empathising with shareholder needs and aspirations, and reporting performance and plans in shareholder-oriented language. Suppliers will make most contribution if their capabilities are seamlessly structured into the firm's needs. Each marketing manager then faces his/her unique customer segment (consumer, customer, employee etc). They share a common philosophy and approach to planning. The CEO retains the roles of co-ordination, resource allocation and priorities. Marketers in our enthusiasm for our philosophic perspective have been accused of making the CEO redundant: Marketing *über alles*. Not so, the pan-company marketing approach renders each to her own.

Generalising further, marketing's basic precept (customer first) is not far from Christianity's second commandment (empathise with your neighbour). The message is that the way to achieve your own goal, financial or heavenly, is to first achieve your customer's/neighbour's goals. It should be no surprise that St Thomas Aquinas and his medieval followers were the first marketing gurus. His purpose in writing was not so much to promote marketing as to attack usury. Today usury is called 'Value-Based Management' or 'Shareholder Value Management'. Perhaps we should commission a paper from St Thomas, though the peer review process could be tricky.

Meanwhile, enjoy and gain benefit from these different approaches to the brand-customer relationship.

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Reference

(1) Ambler, T. and Barrow, S. (1996) 'The Employer Brand', *The Journal of Brand Management*, Volume 4, Number 3, December, pp. 185-206.