

# A Brand Oriented Model in Service Organizations with an Emphasis on Airlines

Shirin Salehi and Amir Ekhlassi

**Abstract**—The present research aimed at recognizing the indexes of brand orientation in service organizations and discussing their effects on creating a competitive advantage for a service organization and developing a strong service brand. 150 experts and managers of the business and marketing units of Airlines were chosen to attend the current project. Data analysis was performed using structural equation modeling. The results indicate that brand orientation indexes in service organizations including brand symbolization, Brand identity, internal marketing and implementation of integrated marketing communications, lead to a strong service brand development and differentiation from competitors in the marketplace. Furthermore attitudes of senior managers to brand orientation as an investment approach affects their participation in branding process thus it provides a situation for brand orientation improvement in the organization. According to this research, Competitive advantage and differentiation from competitors are attained as a result of developing a strong service brand.

**Index Terms**—Brand development, brand orientation, Brand oriented organization, service organization.

## I. INTRODUCTION

Brand orientation is an approach in which the processes of the organization revolve around the creation, development and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands [1].

Recently Brand orientation has been introduced as a possible way to conduct the branding process. The main purpose of this concept is to measure how an organization should control and conduct its internal activities to develop a sustained strong brand [2].

Brand orientation is an inside out approach that knows brand as core business strategies and activities. In this approach while customers' needs and wants are known, brand comes first and its values and promises are core strategic point [1]. The aim in brand oriented organizations is to create values in a brand framework. The brand is a strategic platform for interplay with the target-group thus it is not limited to being an unconditional response to what at any moment is demanded by customers [3].

While most of researches are around market orientation [4]-[8] the studies with subject in the field of brand orientation are less and all of them are done in companies with

physical products [1]-[19] there is no research with the case of brand orientation in service organizations as well.

In general, researchers believe that service branding and product branding are two distinctive methods [20]. In service branding power is related to staffs that inherently need organizational wide commitment to the brand that means brand orientation [19].

Service employees should support the brand message by their behaviors to ensure consistency between brand promises and service quality.

Airlines as an example of Service Companies are offering a variety of services such as passenger services, cargo services, including cargo export import training of ground, safety services. These companies have been investigated according to brand orientation and related concepts due to strong domestic and international brand existence in this field of research and related concepts are examined from the standpoint of brand orientation.

Nowadays the creation of a sustainable competitive advantage for a business is not only achievable through the introduction of clear and tangible privileges. This concept in service businesses due to the intangible nature of services becomes more relevant. Thus organization brand which is a set of intangible and practical privileges can be a determining element in creating sustainable competitive advantage for service organizations. Variable and unstable quality of the services that is because of its intangible and inseparable nature, makes branding different. Moreover at the same time it raises the need for using brand to deliver tangible and conceptualized benefits.

The present study is aimed at understanding the dimensions of brand orientation in service organizations and its effect on the creation of competitive advantage for the organization and developing a strong service brand. The significant role of employees in service organization for the sake of delivering the brand identity to the customer is an inevitable fact due to the nature of the service, so in this study is considered on the dimensions of brand orientation and convey of brand concepts within the organization.

As it has been argued in this paper brand orientation has been proposed as an approach for guiding and controlling branding process in airlines due to the service nature of their activities. This study can be effective on developing brand orientation approach in field of service organizations. The results of brand orientation approach in service organizations are strong service brand development and differentiation of competitors in the market. Brand development is an extended and continuous process which is created as a result of effective communicative brand orientation aspects that begins within the organization and spreads in the market. Brand orientation aspects make the prerequisites of a strong service brand development to create a competitive advantage.

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Focusing on brand is the first step by which organizations create their competitive advantages in the market. When the level of brand orientation in organization is large, there are strong values that an organization can rely on them. The model presented in this study shows brand orientation aspects of service organizations in order to achieve the stated outcomes.

## II. LITERATURE REVIEW AND CONSTRUCT DEVELOPMENT

Mats Urde [18] introduced brand orientation in marketing literature for the first time. He believed that the future of many organizations relies on the brand. In his opinion brand creation, can potentially increase competitive abilities along with growth and profitability for organizations. Awareness of this potential can make the brand as an important element in making organization strategies. In 1999 Urde criticized that market orientation was very focused on customer preferences and forgot the long term brand development. Therefore brand orientation approach arises.

Carsten Baumgarth [10] in his study, while integrating two main aspects of the market orientation which are cultural and behavioral aspects, implemented the resulting framework in branding.

- The behavioral aspect describes the phenomenon through tangible actions [7].
- The cultural aspect has a more corporate approach to the process [8].

He used the Schein cultural model in which different layers such as values, norms, artifacts and behaviors are distinguished from each other. The model is conceptually similar to the market orientation model of Lesser and Hamburg but focuses on brand instead of customers' needs.

Hirvonen, Laukkanen and Reijonen [13] in their view towards brand orientation in SMEs, examines the effect of market orientation on brand orientation. According to them, 5 to 15 market orientation variables have a tremendous positive impact on the high level of brand orientation in SMEs. According to their model, customer value and customer satisfaction as customer orientation scales determine high brand orientation.

Urde et al [18] introduced the interaction between brand orientation and market orientation approach using a hybrid approach. Brand orientation is an inside out approach that knows brand as core business strategies and activities. Similarly market orientation is an inside out approach. At first it seems that these two strategic choices are different but synergistic combination of them is also possible. Accordingly four basic approaches to brand orientation and market orientation include: brand orientation, market orientation, brand and market orientation, market and brand orientation. Reid, Luxton and Mavondo [16] make a relation between integrated marketing communications, brand orientation, market orientation and external performance measurement concepts and express that the relation between integrated marketing communications and brand orientation results in brand identity development. For successful creation of a brand identity it should be ensured that brand messages are transmitted through synchronized communications as an essential aspect of the brand orientation process. Consistency of brand message is expressed by many researchers as one of the key success factors of brand [1], [21].

Azizi, Ghytasivand and Fakhmanesh [9] suggest how to shape internal brand equity for employees through job satisfaction, internal marketing and brand orientation. Organizations are struggling to use the branding capabilities through internalizing brand in the organization and synchronizing employees within brand values. So it can be concluded that organizations can anchor the brand in the minds of employees through development of internal branding within the organization. There is also a strong positive relationship between internal marketing and brand orientation in organizations.

## III. RESEARCH METHOD

The current study can be categorized in the field of applied research due to the fact that it can be applied in decision-making needs in the field of service organization marketing strategies. Based on data collection practices this is a descriptive research. It is also a correlation study since the relationships between variables are considered.

The population of this research was business unit managers and marketing experts of seven airlines, including: Iran Air, Aseman, Mahan, Qeshm, Emirates, Turkish and Etihad. According to official statistics, these organizations consist of 203 people in mentioned unit. For data collection and measurements of research indices, questionnaire was used. The questionnaire based on the research objectives has been developed as 30 questions with a 4-degree scale. Validity of the questionnaire was assessed by content validity and construct validity. Construct validity was done by confirmatory factor analysis and for content validity comments of professors and experts in marketing management, strategic management and marketing, strategic brand management, strategic management policy and marketing management and strategic advertising, were collected. For this reason the questionnaire was presented to 7 experts in mentioned fields and their corrective comments and advices were collected so the validity was confirmed. It should be noted; the corrective comments included literature correction and prioritizing the questions. Cronbach's alpha for the total questions was 0.929.

The main purpose of this study is to apply brand orientation opportunity in service organizations. Based on reviewing the models presented in the previous researches and introduced features of the service organizations, the dimensions of brand orientation are expressed in three levels in the model:

- Brand/Product/Service level
- Organization level: in this level, as the model is in the field of service organizations, internal marketing of brand within the organization is very important and refers to internal branding that takes place through brand oriented values propagation and implementation of brand oriented behaviors among the employees.

- Market/Customer level

The effectiveness of the brand orientation approach in service organizations was also evaluated in two aspects:

- Brand performance: it can be achieved through inter functional collaboration between brand level and organization level and includes the development of a strong brand.

- Organization performance: it can be achieved through inter functional collaboration between organization level and market level and includes the differentiation from competitors.

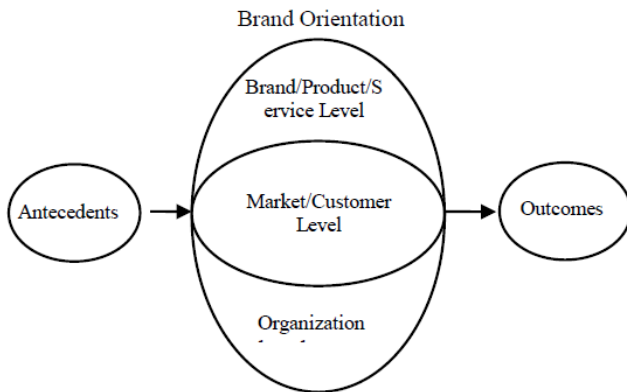


Fig. 1. conceptual model.

#### IV. ANALYSIS OF SURVEY DATA

The conceptual model was tested using structural equation modeling analysis. Estimates and effects of each factor are illustrated in the conceptual model (Fig. 2). According to the t-value in 0.05, all relationships in the conceptual model were statistically significant.

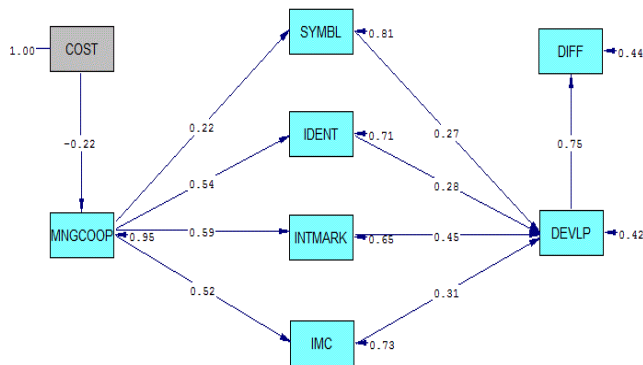


Fig. 2. model of brand orientation in service organization with standard coefficients.

*Cost*= Treating branding as a cost rather an investment, *Mngcoop*= top management participation in branding, *Symb*= Brand symbolization, *Ident*= brand identity, *Intmark*= internal promoting of brand within the organization, *IMC*= integrated marketing communications, *Devlp*= development of strong service brand, *Diff*= organization differentiation from competitors

The model presented in this paper is recursive; this means that all paths are one-way. In this model there is an indirect relationship between treating branding as a cost rather an investment and top management participation in branding, and two variables development of strong service brand and differentiation from competitors. Brand symbolization, brand identity, internal promoting of brand within the organization and integrated marketing communications mediate in this relationship. Thus treating branding as a cost rather an investment through Brand symbolization, brand identity, internal promoting of brand within the organization and integrated marketing communications causes the development of strong service brand and differentiation from

competitors. Moreover negative relationship between treating branding as a cost rather an investment and top management participation in branding is considerable. These are showed in Table I.

TABLE I: MEASUREMENT MODELS OF BRAND ORIENTATION CONSTRUCTS

	Predictive variable	mediators	Standardized $\beta$	t-value	Acceptable or not
H1	Treating branding as a cost rather an investment	top managers' participation in branding	-0.22	-2.79	Yes
H2a	top managers' participation in branding	brand identity	0.54	7.77	Yes
H2b	brand identity	development of strong service brand	0.28	4.86	Yes
H3a	top managers' participation in branding	Brand symbolization	0.22	5.03	Yes
H3b	Brand symbolization	development of strong service brand	0.27	2.97	Yes
H4a	top management participation in branding	internal promoting of brand within the organization	0.59	9.03	Yes
H4b	internal promoting of brand within the organization	development of strong service brand	0.45	7.74	Yes
H5a	top managers' participation in branding	integrated marketing communications	0.52	7.39	Yes
H5b	integrated marketing communications	development of a strong service brand	0.31	5.48	Yes
H6	development of a strong service brand	differentiation from competitors	0.75	13.68	Yes

In Table II, model indices are compared with fitting indices. The results show that the model fit the data and there is a linear relationship between variables.

TABLE II: FIT MEASURES FOR THE FULL STRUCTURAL MODEL

Fit indices	Statistics for the measurement model	Bench mark
Chi-square	39.38 (p=0.00)	Insignificant values of $\chi^2$
$\chi^2/df$	2.81 (df=14)	Between 2, 3 and less than
RMSEA	0.075	< 0.08
NFI	0.96	> 0.95
CFI	0.97	> 0.95
GFI	0.96	> 0.95

#### V. RESULTS AND DISCUSSION

Based on results, internal promoting of brand which is one of the brand orientation indicators in organization level of the model can be considered the most effective variable on

developing a strong service brand in the market and differentiation from competitors. The most effective leaders of powerful brands neither are the products nor the messages but the interactive communication skills of those who present it to the customers. This is a key factor specially in service organizations which do not have tangible and physical products. Thus it is of paramount importance that the entire organization, not only a single part, has the responsibility of the brand image. Internal promoting of brand within the organization is a key factor in service organizations.

Integrated marketing communications deployment is identified as the next effective aspect. For successful creation of a brand identity it should be ensured that brand messages are transmitted correctly to the market through integrated marketing communications as an important aspect of brand orientation.

Brand identity as a component of brand orientation in organization level is the communal in brand orientation and market orientation approaches. This relation arises from this point that no brand can be developed without a correct understanding of customer preferences. Service brand identity is consolidated in the minds of customers by customer experience of using the service.

Service brand symbolization is another index of brand orientation in brand/product/service level. Because of the intangible nature of both services and brand, using the symbolic features for brand can have a significant role in adding a tangible and visual aspect of it.

Visual elements can create a mindset for customers after utilizing the service and understanding its brand by making a brand image which can simplify remembering and recalling it. The results of this study suggest that service Brand symbolization is one of the effective variables on development of a strong service brand.

The implications include the results of achieving the brand orientation approach in service organizations. Two main outcomes which are introduced in this model are: development of strong service brand, differentiation from competitors. Brand development is a continuous and long-term process that starts as a result of effective relations among brand orientation aspects and developers in the market. Brand orientation aspects create prerequisites for developing a strong service brand towards Competitive Advantage.

According to the results of this study Competitive advantage and differentiation from competitors are achieved as a result of strong service brand development. Brand centralizations the first step by which organizations create competitive advantage in the market.

## VI. MANAGERIAL IMPLICATIONS

According to these findings, the following suggestions are presented to develop a strong service brand in order to create a competitive advantage for service organizations using brand orientation for each of the dimensions and components of approach:

- The results of this study indicate that the attitudes of top managers of service organizations to branding as a cost-abundant process or investment, affect their participation in brand orientation approach.
- In other words, if managers consider branding as a cost-abundant process and do not consider it as an organization asset, brand orientation aspects and pursuing the related affairs would face failure, so taking advantages of implementation of brand orientation approach in service organizations is not optimistic. If there is an aim to take advantage of top managers' support and participation performing scientific and practical trainings to familiarize them with branding concepts is being suggested, which can result in creating brand orientation infrastructure and culture in high levels of service organization.
- According to the results of this study brand identity as an aspect of brand orientation has a positive effect on the development of strong service brand. Service brand should include the vision, values and missions of organization and managers should introduce service brand identity to the customers through organizational values that are supported by brands. In this way customers believe that service brand identity is valuable and unique and competitors cannot imitate it easily.
- According to the results of this study brand symbolization as an aspect of brand orientation has a positive effect on development of a strong service brand. Thus utilizing visual and symbolic elements for a brand such as unique and beautiful graphics or appropriate colors in logo which support organization values have an important role in brand positioning in customers' minds that result in making the service brand memorable. Also using uniforms and logo badges for employees of service organizations that do not have tangible products and employees are the first line of communication with customers, are other policies to anchor the service brand on customers' minds.
- The results of this study indicate that internal promoting of brand an aspect of brand orientation has a positive effect on development of a strong service brand. So familiarity of service organization employees with the values that organization brand supports and the role of brand in creating a competitive advantage for service organizations is vital. Achieving this result is possible through regular meetings and discussions about brand, highlighting the role of the staff in supporting service brand, staff training in brand and branding concepts and monitoring their related activities.
- The results of this study indicate that integrated marketing communications deployment as an aspect of brand orientation has a positive effect on development of a strong service brand. Therefore a consideration of integration is suggested in using different tools, techniques and ways of brand communication. All marketing activities should be done through a responsible

unit of the organization and even if they are outsourced the integrity and continuity should be considered. Fragmentation results in wrong transmission of brand message to the market and an inappropriate image of that.

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