



## Does brand orientation contribute to retailers' success? An empirical study in the South African market



Holger J. Schmidt<sup>a,\*</sup>, Roger Mason<sup>a</sup>, Pieter Steenkamp<sup>b</sup>, Virimai Mugobo<sup>c</sup>

<sup>a</sup> Cape Peninsula University of Technology, Wholesale & Retail Leadership Chair, Cape Town, South Africa

<sup>b</sup> Cape Peninsula University of Technology, Marketing Department, Cape Town, South Africa

<sup>c</sup> Cape Peninsula University of Technology, Retail Business Management Department, Cape Town, South Africa

### ARTICLE INFO

#### Keywords:

Brand management  
Brand orientation  
Retail brand orientation  
Strategic orientations  
Partial least squares path modeling

### ABSTRACT

Despite retailers investing considerable budgets in building and maintaining their corporate brands, very little research on the effect of brand orientation on their performance has been conducted. The main findings of this study among 196 respondents from the South African retail sector support the idea that values, norms, symbols and behavior are important elements of retailers' brand orientation. Building on insights from partial least squares path modeling, the findings emphasize the importance to a retail store's performance of agreed values and implemented norms being part of the everyday culture of all staff. Furthermore, the study shows that symbols of brand orientation and staff's brand-oriented behavior contribute significantly to a retailer's market performance.

### 1. Introduction

Research about achieving competitive advantages has a long tradition in business management. From a strategic perspective, various explanations of success can be identified. One school of thought analyses different strategic orientations (e.g., customer, service or entrepreneurship orientation) and – defining them as both a mind-set and a behavior and considering multiple internal and external factors – centers around the question which of these makes a company more successful. Brand orientation (BO) is one strategic orientation that is discussed widely in the marketing literature. BO has been described as an approach that focuses on brands as resources and strategic hubs (Melin, 1997; Urde, 1994, 1999). According to Schmidt et al. (2015), the core of BO is “building and living a clear brand identity” (p. 138).

BO is considered a major success factor in many industries, not only in the context of consumer goods, but also for business-to-business (B2B) companies and social businesses. Surprisingly, with the exception of Bridson et al. (2013) and Bridson and Evans (2004), there are hardly any studies that apply the concept of BO to the retail industry. This is worrying for at least two reasons: First, retailer brands are different from product or other corporate brands, and therefore, the application of well-established branding principles may not work in a retail environment (Ailawadi and Keller, 2004). Second, the aforementioned authors (Bridson et al., 2013; Bridson and Evans, 2004) adopt a behavioral and not a holistic perspective of BO. Therefore, there seems to be

an important research gap that needs to be closed.

In this sense, this paper aims to identify the cultural and behavioral building blocks of retail brand orientation (RBO) and the impact of RBO on retailers' market performance. This is done via a study within the South African retail market, a geographical region that, explicitly for retailing, is an international growth area (Hirsch, 2012) but strongly underrepresented in the international retailing literature. In fact, the arrival of Walmart and other international retailers, such as Zara, has increased competition within this market, with a resultant downward pressure on prices. Further factors that are influencing the perceived attractiveness of the South African market are the fact that the Internet has narrowed the time lag between international and local trends, the perception that the country is the gateway to the rest of Africa (The Economist, 2012) and the increasing support by the local emerging middle class and wealthy shoppers from other African countries. In this environment, the importance of retail brands as assets for sustainable advantage is more and more realized (JD Group, 2014).

The paper is organized as follows: initially, main lines in research about the more general concept of strategic orientations and, specifically, of BO are carved out and core dimensions of brand management in the retail industry are delineated. Subsequently, a conceptual model of RBO is developed, and corresponding hypotheses are discussed. We then describe the research method and present and discuss the findings of the study. The paper closes with the consideration of major implications from a theoretical and managerial perspective and a

\* Correspondence to: Koblenz University of Applied Sciences, Department of Business Science, Konrad-Zuse-Str. 1, 56075 Koblenz, Germany.

E-mail addresses: [hjschmidt@hs-koblenz.de](mailto:hjschmidt@hs-koblenz.de) (H.J. Schmidt), [MasonR@cput.ac.za](mailto:MasonR@cput.ac.za) (R. Mason), [SteenkampPi@cput.ac.za](mailto:SteenkampPi@cput.ac.za) (P. Steenkamp), [MugoboV@cput.ac.za](mailto:MugoboV@cput.ac.za) (V. Mugobo).

discussion of the limitations of the study. Areas of further research are suggested as well.

## 2. Literature review

### 2.1. Strategic orientations and brand orientation

The concept of strategic orientations implies that strategy is not always explicitly decided by management but also evolves through decision patterns and organizational learning (Mintzberg, 1989). Noble et al. (2002) understand them as guiding principles that influence not only the strategy-making but also the concrete behavior of a company. The literature offers a wide variety of different strategic orientations, for example, market or customer orientation (Jaworski and Kohli, 1993; Narver and Slater, 1990), innovation or technology orientation (Gatignon and Xuereb, 1997) and entrepreneurial orientation (Matsuno et al., 2002; Zhou et al., 2005), just to mention a few. BO is one of the strategic orientations that is now being more widely discussed (Balmer, 2013; Baumgarth et al., 2013; Gromark and Melin, 2013; O’Cass and Voola, 2011; Yin Wong and Merrilees, 2008). Different strategic orientations can be interrelated and may co-exist in one company at the same time (Urde et al., 2013).

Brand-oriented organizations value strong brands (Huang and Tsai, 2013). The concept of BO was introduced to the international marketing literature by Urde (1994, 1999), who defined it as “an approach in which the process of the organization revolves 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” (Urde, 1999, p. 119). Hankinson (2001) argues that BO is “the extent to which organizations regard themselves as brands and an indication of how much (or how little) the organization accepts the theory and practice of branding” (p. 231). The perspective on brands as strategic assets (Itami and Roehl, 1991) and on brand management as a core competence (Low and Fullerton, 1994; Prahalad and Hamel, 1990) finds support from the field of resource-based strategy (Barney, 1991; Barney et al., 2001; Grant, 1991). The view that the brand is not an unquestioning response to the expectations of the customer (Urde, 1999) challenges the market-oriented paradigm that has been dominating marketing for decades by assigning greater emphasis to the organization’s internal conditions (e.g., its values). On this foundation, the concept of “corporate brand orientation”, introduced by Balmer (2013) and referring “to a category of institution where the corporate brand specifically acts as an entity’s cornerstone” (p. 723), gains importance. Santos et al. (2016) describe corporate brand orientation as “being distinct from the (implicit) product brand focus of the traditional brandorientation canon” and therefore demand “a more specific treatment of branding at the corporate and product level” (p. 72).

Following the widely recognized literature on market orientation, where most authors adopt a behavioral or a cultural perspective (Jones and Rowley, 2011), the concept of BO incorporates those two viewpoints as well (Bridson and Evans, 2004). Baumgarth (2009, 2010), conceptually similar to the existing market orientation model of Homburg and Pflesser (2000), uses Schein’s corporate culture framework (Schein, 2006) to explain the internal structure of brand orientation, which he divides into value based, normative and symbolic layers. Building on this, he suggests that a brand-oriented culture determines a brand-oriented behavior, which consists of activities of market research and control as well as of other activities of implementing the brand (Baumgarth, 2010). Schmidt et al. (2015) act on this idea and develop it further in the context of social businesses.

From a cultural standpoint, BO can be defined as a certain type of corporate culture or as a particular company mind-set. In a recent study, Osakwe (2016) conceptualizes a brand-oriented culture “as a cumulative deposit of brand building attitudes, brand norms, brand core values, and brand symbolic-artefacts” (p. 44). Schmidt and

Baumgarth (2015) define the culture of a brand-oriented organization as one that puts emphasis on the formation of a strong brand. Using the example of Apple, Baumgarth et al. (2011) argue that, in a brand-oriented culture, top management watches personally and intensely over the brand. Furthermore, they describe the brand promise of brand-oriented companies as consistent and congruent. In a qualitative study on social entrepreneurial organizations (SEOs), Schmidt and Baumgarth (2014) describe a brand-oriented culture as one that places great value on brand management, possesses individual and specific values, supports the employees in living the brand and has an outlined brand model or a written mission statement. In such a culture, measures of internal marketing (e.g., Greene et al., 1994; Papsolomou and Vrontis, 2006) and internal branding (e.g., King and Grace, 2008; Saleem and Iglesias, 2016) are commonly used. In the context of small to medium-sized enterprises (SMEs), Krake (2005) shows that a passion for the brand throughout the company is a very important factor and that, therefore, an active role of the entrepreneur to achieve brand recognition is a prerequisite. Baumgarth (2010), discussing norms of brand orientation, names them “explicit or implicit regulations and institutions (that) influence or determine the basic operations of brand management, such as formal integration of brand communications” (p. 657). Tangible symbols, such as logos, branded name tags, uniforms or stories, complement a brand-oriented culture (Baumgarth, 2010).

From a behavioral standpoint, the impact of BO on managerial practice is of interest (Hankinson, 2002). In relation to that, the idea of ‘living the brand’ has a strong link to the brand orientation concept (Baumgarth, 2010; de Chernatony et al., 2003; Ind, 2007; Punjaisri and Wilson, 2007). Other examples of brand-oriented behaviors are measures of integrated marketing communication (Ewing and Napoli, 2005), the use of corporate design guidelines (Schmidt and Baumgarth, 2013) and the use of controlling instruments, such as the measurement of brand equity (Christodoulides and de Chernatony, 2010; Keller, 1993). Schmidt and Baumgarth (2014), name brand management workshops and research about the brand, as further signs of brand-oriented activities. Bridson and Evans (2004) argue that a brand-oriented retailer may be more focused on creating an in-store experience, for example, through perfumed scents that re-affirm the brand’s personality, which can be seen as another brand-oriented activity.

From a performance perspective, the critical consideration is whether or not BO is associated with better corporate performance. Therefore, Schmidt et al. (2015) combine the cultural and behavioral perspectives and integrate them into a single model of brand orientation. Building on this conceptual work and analyzing Social Entrepreneurial Organizations (SEOs), they develop scales to measure the different aspects of BO and of other strategic orientations to quantify the influence of those constructs on performance indicators (Lückenbach et al., 2016). The results of their work indicate that SEOs that combine BO with market orientation achieve higher economic performance (Lückenbach et al., 2017). Studies in other contexts by Baumgarth (2009, 2010), Bridson and Evans (2004), Gromark and Melin (2013), Napoli (2006) and Yin Wong and Merrilees (2005, 2008) also demonstrate a positive relationship between BO and corporate performance.

### 2.2. Brand management in the retail industry

Historically, the focus of brand management research and practice within the retail industry has been on store brands (Raju et al., 1995; Semeijn et al., 2004), also known as house brands or private labels (Collins-Dodd and Lindley, 2003). It used to be that customers purchased store brands, as opposed to manufacturer brands, due to price considerations with no loyalty dimensions (Corstjens and Lal, 2000; Steenkamp and Dekimpe, 1997; Uncles and Ellis, 1989) and that store brands were of lesser quality (Bellizzi et al., 1981; Cunningham et al., 1982). However, Dunne and Narasimhan (1999) some time ago noticed that the quality differential was diminishing and that manufacturer

Download English Version:

<https://daneshyari.com/en/article/5111375>

Download Persian Version:

<https://daneshyari.com/article/5111375>

[Daneshyari.com](https://daneshyari.com)