Strong corporate branding virgin group marketing essay

This study is an identification and discussion of the factors that contribute towards the development of a strong and successful corporate brand by taking into consideration the corporate brand of the Virgin Group.

The importance and value of corporate brands has, to varying degrees, been alluded to in the marketing literature for some considerable time (Hotchkiss and Franken, 1923; Kennedy, 1977). However, it has only been since the early 1990s that has witnessed a gradual build-up of writing on corporate branding and since then it has seized the imagination of scholars and managers alike and its rise has become inevitable (Balmer, 1995). Bernstein (1989) suggested that the new millennium would witness increased importance being assigned to corporate branding, and now Olin's (2000) recognises that corporate brands are being considered as more important than product brands. The importance of corporate brands is becoming increasingly unquestionable with an increasing realisation (Knox et al, 2000) that they serve as a powerful navigational tool to a variety of stakeholders for a miscellany of purposes includes employment, investment and, most importantly, consumer buying behaviour.

It has been suggested that a corporate brand is a valuable resource: one that provides an entity with a sustainable competitive advantage (Aaker, 2004). Keller (2003) recognises that in an increasingly complex world, individuals and business is faced with more and more choices but seemingly have less and less time to make those choices. The ability of a strong corporate brand to simplify consumer decision-making, reduce risk and set expectations has thus become invaluable. Creating strong corporate brands, and maintaining

and enhancing the corporate brand, should therefore be at the heart of branding decisions.

Figure 1: Various products and services under the corporate brand name " Virgin"

As a result, the aim of this study is to hypothesise what a company can do in order to develop a strong and successful corporate brand. The corporate brand of Virgin has been selected as the company in question because of its geographical presence all around. Virgin can be focused on directly because of its significant presence in the UK marketplace as one of the most successful and recognised corporate brands. Awareness of the company and its products is high in the UK as it competes in several different markets, and it is therefore an ideal company for study.

Conceived in 1970 by Sir Richard Branson, the Virgin Group has gone on to grow very successful businesses in sectors ranging from mobile telephone, to transportation, travel, financial service, leisure, music, holidays, publishing and retailing (Virgin, 2009). Virgin now comprises of more than 200 companies with 50, 000 people working for the corporate brand worldwide. It is a leading branded venture capital organisation with a turnover in excess of 7 Billion pounds in 2008 (Mintel, 2008). Besides being one of the most strongest and successful corporate

brands in the UK, it has also become one of the world's top 50 brands (Kapferer, 2008).

The significance of carrying out this particular research is that not only it intends to identify the factors that have allowed the Virgin group to be able to create such a strong and successful corporate brand, but also, what Virgin can do in order to maintain the strength and success of its corporate brand. More importantly, corporations competing in similar markets in the UK and elsewhere can also use this information as a guideline to try and achieve similar heights in corporate branding that are currently being enjoyed by the corporate brand of the Virgin group.

1. Objective

Identify the factors that contribute towards the development of a strong corporate brand.

Aaker (1996) recognises that developing a strong corporate brand is a worthy independent marketing goal, one that provides an entity with a sustainable competitive advantage. As a result, the objective of this chapter is to identify the factors that contribute towards the development of a strong corporate brand. Before these factors can be acknowledged, it is essential to discuss the term branding and what does the term corporate brand mean.

1. 1 What is Branding and Corporate Branding?

Keller (1993) recognises that branding has been around for centuries as a means to distinguish the goods of one producer from those of another. The American Marketing Association (1960) has defined the term brand as " a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to

differentiate them from those of competitors". Aaker (2004) declares that all company names are, to some degree, corporate brands. ' Corporate' implies organisations – both profit and non-profit

making, in their totality. It encompasses everything from small family run firm to the largest multinational. According to Aaker (2004), what really defines it as corporate is its cohesion: the idea of people coming together and working towards a common goal.

Virgin is a classic example of a corporate brand whose unifying vision is to bring people together and work towards a common goal, which is to challenge the well-established brands by being innovative, fun and challenging in all the different markets in which it competes (Olin's, 2000).

2. Building Strong Corporate brands

Aaker (2004) recognises that building a strong corporate brand is fundamentally different from building a product brand. Corporate branding and corporate identity targets are distinct from product and service branding targets. The branding logic appears to vary for each individual corporate brand. There are number of factors that can contribute towards the development of strong corporate brands and their importance varies depending on the corporate brand in question. However, following are some of the key factors that are regarded as crucial towards developing the strength of a corporate brand.

2. 1 Strategic Vision, Organisational Culture and Corporate Image

Collins and Porras (1994) define vision as " what the organisation aspires to be in the future". Hatch and Schultz (2001) have defined organisational culture as " the internal values, beliefs and basic assumptions that embody the heritage of the company and communicate its meanings to its members; culture manifests itself in the ways employees all through the ranks feel about the company they are working for". On the other hand, corporate image refers to the views of the organisation developed by its stakeholders; the outside world's overall impression of the company including the views of customers, shareholders, the general public and so on (Hatch and Schultz , 2001).

Developing a strong corporate brand usually involves articulating a strategic vision. Articulating a strategic vision pushes the corporation towards achieving its current and new goals. Balmer and Soenen's (1999) declare that vision and organisational culture are strongly linked and there is a definite need for perceived long-term mutual support between them in order to build a strong corporate brand.

A classic example of a corporate brand that has developed its strength and success by using the interplay of strategic vision, organisational culture and corporate image is the UK-based company Virgin (Olin's, 2000). He (Olin's, 2000) recognises that Virgin as a corporate brand has garnered a certain amount of strength and success in the UK, as the result of its demonstrated ability to extend its corporate image to all the different products and services that it offers.

2. 2 Corporate Symbols

Cutlip and Center (1982) assert that corporate symbols such as signs, slogans and logos play an important role in developing the strength and power of corporate brands. Factor (1984) recognises that corporate symbols can be a valuable addition to help bring a concept to life. He (Factor, 1984) stresses that good symbols communicate a message quickly as they capture not only the eyes but the imagination as well. Olin's (2000) recognises that Virgin is a classic example of a corporate brand that is continually responding to and managing a set of relationships, by encouraging emotional associations with it on the part of each of its stakeholders, using a single symbol consisting of its distinctive name, flashy red and white colours, and a graffiti-inspired typeface that is recognisable to its consumers around the world.

2. 3 Differentiation

Clancy (2001) suggests differentiation is an important factor that helps develop the strength of a corporate brand. Trout (2002) recognises that as brands operate in a highly competitive environment, being perceived as different is an important factor

in the development of a strong corporate brand. Virgin is a classic example of a corporate brand that has built its strength by differentiating itself from competitors by having a set of values such as fun, innovation, value for the money, brilliant customer service, and by entering markets that are either underserved or poorly served (John Doorely, 2006).

2. 4 Brand Meaning

Yates (1999) suggests that the strength of a corporate brand is not simply due to the strength of creating a difference in customer perceptions. Rather, corporate brand strength is due to the meaning that the brand creates in consumer's minds. Muniz and O'Guinn (2001) recognise that through meaningful associations, corporate brands can become strong and powerful, having considerable social impact, and provoking considerable loyalty as consumers identify themselves with a set of beliefs that they hold about a particular corporate brand.

2. 5 Consistency

In order to develop the strength of a corporate brand, corporate brands need to follow the logic of consistency and within this logic; brand meanings need to be supported over time with similar or reinforcing messages (Keller, 1999). However, Kates and Goh (2003) argue that this consistency is increasingly difficult to sustain, particularly for corporate brands that operate in more than one market. Keller (1999) suggests corporate brands need to find a consistent fit with their promotional activities that could potentially affect consumer initiated brand meaning.

2. 6 Corporate Story & Leadership

Harris and De Chernatony (2001) recognise that a " corporate story" is a very good device for creating emotional and aesthetic connections between diverse groups of stakeholders. Corporate stories are regarded as potent communication tools, and telling a good consistent corporate story through advertising, websites, public

relations or events are an important and meaningful way to relate the company not only to its corporate brand meaning, but also to its strategic vision, organisational culture and corporate image (Hatch and Schultz, 2001). Moreover, an effective corporate story helps enormously in motivating the employees and the entire corporation towards achieving its common goals and therefore plays a key role in developing the strength of a corporate brand (Harris and De Chernatony, 2001).

Virgin is a classic example of a corporate brand that has built its strength over the past few decades, by telling a good consistent corporate story and keeping their owner/leader Sir Richard Branson at the heart of their story telling. Virgin's corporate story is about an underdog challenging the well-established brands and the story is repeated each time Virgin moves into a new line of business (Olin's, 2000).

Conclusion

In conclusion, as mentioned earlier, there is not just one way or one factor that contributes towards the development of a strong corporate brand, rather there are a number of factors, but due to certain limitations (word-count) the factors mentioned in this chapter have found to be the most important one's and have therefore been prioritised.

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