Elena Panteleeva, Olga Oyner

CORPORATE BRAND VALUES PERCEPTION GAP ANALYSIS AS AN INTERNAL MARKETING MANAGEMENT SYSTEM ASSESSMENT TOOL

Elena K. Panteleeva[1], Olga K. Oyner[2]

CORPORATE BRAND VALUES PERCEPTION GAP ANALYSIS AS AN INTERNAL MARKETING MANAGEMENT SYSTEM ASSESSMENT TOOL

One of the major problems facing Russian companies is the problem of differences between brand promises and the experience of actual consumer interaction with that brand, resulting in image destruction and the customers' refusal from repeat purchases. Having taken as the basis the idea of gap analysis in perception of corporate brand values by different stakeholder groups (owners/top managers, personnel and customers), we have developed and tested a methodology of internal marketing management system assessment, assuming that a significant gap between declared, shared, and perceived brand values is a consequence of absence or inefficient functioning of this system.

---

[1] Associate Professor, Marketing of Firm Department, National Research University Higher School of Economics.
[2] Full Professor, Marketing of Firm Department, National Research University Higher School of Economics.

1. Introduction

The current high level of uncertainty of the business environment, movement of the global economy toward innovation and reliance on expertise, and growing significance of services compel managers to seek the sources of competitive advantages within their companies. It should also be mentioned that over the past decade, many Russian companies began to realise that decisive factors of business success can increasingly be found in intangible assets, primarily the human capital (people with skills, knowledge, and values; highly motivated and customer-oriented). It should also be stated that in contemporary conditions the efficiency of external marketing depends directly on the personnel, and the degree of employees' emotional commitment and clear understanding of corporate brand values, goals and corporate strategies. And according to Glassman and McAfee (1992), personnel is becoming a resource of marketing function.

Although the internal marketing zone of responsibility covers only interactions between the company and its personnel, many authors (for instance, Rafiq, Ahmed, 1993; Ballantyne, 1997) noted that the internal marketing is aimed ultimately at promoting the growth of customer satisfaction and attainment of the company's market objectives. We believe a crucial factor in this respect is the formation and development of an organisation's internal marketing management system for coordinating interactions between internal suppliers and internal customers, motivating the personnel for high-quality consumer service and efficient implementation of corporate and functional strategies, thus ensuring a sustainable competitive advantage and achievement of market goals.

We identify the ***internal marketing management system*** (IMMS) as a complex of mutually related objects and marketing tool utilization mechanisms inside the company, aimed at involving the personnel in corporate brand values, meeting the requirements of internal customers, and changing internal processes in a manner enabling them to contribute to the formation of a positive consumer experience and ensuring the company's performance on the external market.

We propose using brand value gap analysis for IMMS assessment. According to Leslie de Chernatony (2006), values are important for a brand for two reasons:

1. They determine behavior (both consumer and staff);
2. They are connected with certain character traits and that is why consumers prefer the brands the values of which reflect the consumer's actual or desired personality.

2. Framework

A problem in the Russian reality is that often brand promises differ from the experience of actual consumer interaction with that brand, resulting in image destruction and the customers' refusal from repeat purchases. In our opinion, the problem is caused by the fact that Russian companies started focusing on influencing the consumers through advertising and sales promotion (external marketing elements) while allocating minimum attention[3] to interactive marketing and formation of an internal marketing system enabling to turn the company employees into its brand ambassadors and promote higher quality of client servicing.

Therefore, we can assert that to ensure successful functioning of companies three important elements need to be harmonized[4] (Fig.1): *declared brand values* (formed by company owners/top managers), *shared brand values* (brought into effect by company employees), and *perceived values* (customer reaction to company actions).

The problem exists in the fact that even the slightest gaps between the elements in question may grow with time and lead to unfavorable consequences for the companies. To determine whether a company is facing such a problem, it is necessary to assess the brand values perception gaps. The idea of perception gap analysis is not entirely new. One of the first attempts to evaluate these gaps was made in the GAP model proposed by Berry and Parasuraman (1991). This model demonstrates that a customer who comes to a company expecting to receive services of a certain standard formed under the influence of his/her own needs for the company's goods/services, various communications and information sources on the company's goods/services, and previous experience of purchase of similar products, may be disappointed. The reason for this is the existence of "gaps" caused by misunderstanding or ignoring the consumer needs by the company's top management, lack of communicating strategic vision and understanding consumer needs by the company top managers and rank-and-file employees, reluctance of the company staff to follow instructions, and mistakes in external communications with the clients.

---

[3] Moreover, in this sphere [interaction of the personnel with consumers] the Russian companies often settle for "smile" training of their employees without trying to motivate them for genuine customer orientation.
[4] P. Kotler's services marketing model was used as the basis for constructing this diagram.
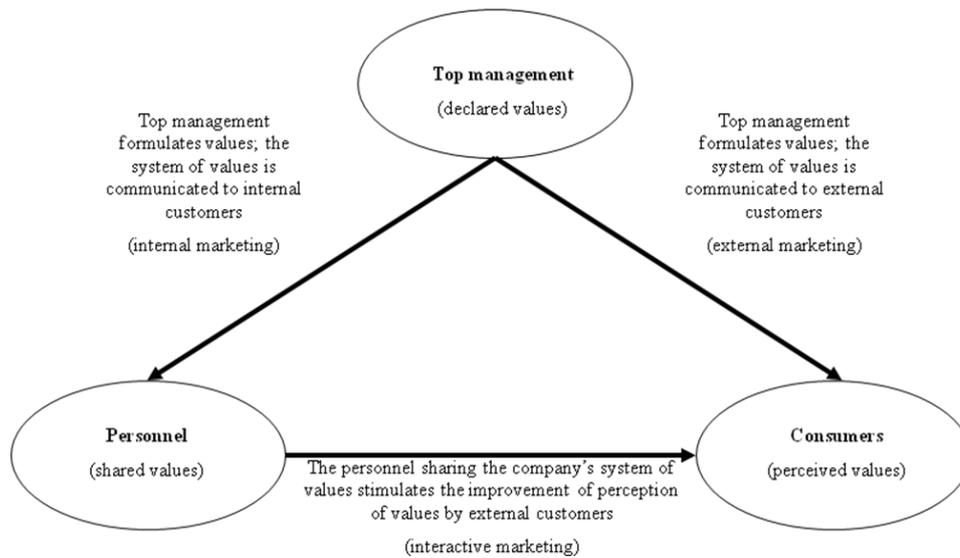
Figure 1. Relations between the main company stakeholders evolving in the process of corporate brand value formation and development

The same idea [perception gap analysis] was further used for assessing the efficiency of corporate branding tools (Hatch, Schultz, 2001, 2003). The authors believe that to create a strong corporate brand the companies need to harmonize three compulsory elements: vision, culture, and image put into motion by different forces: management, personnel, and stakeholders, accordingly (customers, shareholders, the media, etc.).

We can identify several levels of gaps the emergence of which may in the long term lead to the deterioration of the situation inside the company, loss of clients and lowering of the market outcomes. Let us consider all types of gaps. Depending on the reason underlying the gap, there are:

1. Zero level gap – 'existence' of a system of corporate brand values: the company has no such system of values. It may exist in the minds of owners/top managers, but they do not verbalize it for some reason or another. As a result, neither the company employees nor its clients know anything about the system of brand values, and the company's management is unable to control their behavior (each element of the triangle functions 'on its own').

2. First level gap – 'communication' of the system of corporate brand values: generated by communication gaps between the main stakeholder groups and leads to their low level of awareness of the corporate brand value system and/or its misunderstanding. It may emerge in cases when (a) the company lacks a system of communicating information on

brand values to employees or improper communication tools are used for conveying this information to employees; (b) the company fails to communicate the information on brand values to its clients, which may be a consequence of inefficient (external) communication strategy and/or contradictions in communications conveyed to the clients through means of impersonal (e.g. advertising) or personal (personal sales) communication.

3. Second level gap – 'sharing': as all people (in this case, employees and customers) have their own requirements and internal motivations, situations may occur where the employees/customers, being aware of the system of values existing in the company, do not share those values, as they are not close to them personally.

4. Third level gap – 'implementation'[5]: a consequence of existence of psychological and other barriers. Specifically, this may be caused by resistance to changes. In other words, the employees sharing the system of values that exists in the company are, nevertheless, not ready to relay it outwards, thus supporting the corporate brand promises, as it could require their additional efforts (emotional, time outlays, etc.).

Our proposed methodology of IMMS assessment is based on the assumption that a significant gap between the declared, shared, and perceived brand values is a consequence of a lacking or an inefficiently functioning IMMS. Consequently, the assessment should enable to detect and assess the level of differences between the examined brand value groups.

The proposed IMMS assessment methodology is based on in-depth interviews with company owners/top managers, and surveys of those companies' employees and customers.

The main research questions the answers to which we expect to receive are:

1. Does the company have a system of values?
2. Is that system formalized?
3. Do top managers communicate this system of values to the personnel?
4. Does the company communicate the system of values to the external customers?
5. Do the company employees share the system of values?
6. Do the clients share the company's system of values?
7. Does the existing system of values motivate the personnel?

---

[5] In our opinion, a third level gap does not occur in interaction between top management and consumers, as we are by default implying only the existing consumers of the company that remain the company's clients in spite of the possible low level of satisfaction.

To find answers to these questions, we have developed a plan of in-depth interviews with owners/top managers, as well as questionnaires for employees and consumers.

In-depth interviews with the company owners/top managers constitute a "starting point" for further research (including the development of questionnaires for the personnel and consumers), as we proceed from the assumption that the top management forms the system of corporate brand values[6] that will be communicated both inside the company and outwards in the future.

The interviews with owners/top managers are planned to reveal which values underlie their companies' business and in what way these values are being communicated (if they are) inside the company and beyond. The structure of interviews with owners/top managers includes three thematic blocks: (a) specifics of the company's business; (b) corporate brand values; and (c) the practice of communicating information on brand values to employees and consumers.

The questionnaires for employees are adjusted after summing up the results of in-depth interviews with owners/top managers. The questionnaire is structurally divided into two thematic blocks: (a) awareness of corporate brand values and (b) the practice of communicating the information on brand values to the consumers.

The questionnaires for consumers are also adjusted after summing up the results of in-depth interviews with owners/top managers. The questions of the questionnaires for consumers are aimed at:

(1) Determining the criteria of consumer choice of a particular company's produce/services;

(2) Finding out consumer opinion on the level of compliance or noncompliance of the company's activity with its corporate brand values and the degree of significance of these values for the consumers;

(3) Establish the level of consumer satisfaction with interaction with the company staff and quality of its goods/services.

The comparison of assessments of brand value perceptions by top managers, the personnel and consumers is aimed at identifying and measuring the differences in these assessments. If no such gaps are detected or the gap between the assessments of the declared, shared, and perceived values is rated first, the significance of introducing such a system in the company is zero or minimal or it may mean that the company's current system is efficient. If the gap in assessments

---

[6] It must be mentioned that in the process of testing the proposed methodology of brand value gap analysis in communication with the company employees and clients we used the term "basic principles" instead of the term "brand values," as this terminology was closer and more understandable to these groups of respondents.

rates second or third, the company management should consider the possibility of introducing IMMS or adjusting its existing system. And, finally, if the gap in assessments rates fourth or fifth, it would indicate the need for enhanced concern by the top management over internal marketing issues (introduction or radical reorganization of the system). Such approach (computing the median for each brand value and rating) will be adopted if the question about brand values is closed-ended; if the question about brand values is open-ended it will be necessary to use an assessments indication scale based on percent proportion of compliance/noncompliance of the responses of the employees and consumers with the top managers' responses.

3. Findings

A Russian company specializing in the manufacture and assembly of plastic and aluminum window constructions, roller blinds and a wide selection of sunscreens on the customers' individual orders[7] was selected for testing the proposed methodology of the internal marketing management system diagnostics. The company's clients include individuals serviced by the company directly or through its dealers, and construction companies. This company was selected for testing the methodology because it meets a number of criteria important for the purposes of the survey: firstly, it represents medium business (the average number of employees at the beginning of 2009 was 236 people), where direct communication between top-managers and employees may not exist, which often leads to lower level of understanding of corporate brand values. Secondly, the company operates in the sphere of services, where the importance of internal marketing, in the opinion of researchers (e.g. Berry, 1981; Grönroos, 1983), is especially high; thirdly, the company management acknowledges the role of its personnel in building a successful, client-oriented company; fourthly, the company is profitable and retains stable positions on the Moscow market.

The IMMS diagnostics included in-depth interviews with the company owner, general and commercial directors (100% coverage, 100% response), followed by interviews with employees (74 people, 31% coverage, without account for top managers; 16 questionnaires were removed from the survey due to filling out errors), and telephone interviews with individual clients (52 people, 87% response).

---

[7] Hereinafter referred to as Company X

As the main purpose of IMMS diagnostics was the identification of the presence or absence of brand value perception gaps, and in the event of their presence – evaluating their size and formulation of assumptions regarding their causes, we will present only the part of the diagnostics results directly connected with this purpose.

Table 1 presents a combination of responses to questions on corporate brand values by top managers and the company employees.

On the whole, it can be assumed that that the company has gaps between declared and shared values, although with respect to key positions r2.1.-r2.3. these gaps are relatively small. In our opinion, the existence of gaps can be explained by the absence of a formalized system of values, quite typical for Russian small and medium companies, which, on top of it, often exists merely in a latent form (in the conscience of owners/top managers). In addition, the system of internal communications is poorly developed in the company and, in fact, only performs the function of transmission of information necessary for operational decision-making. It is no less important that gaps exist also in the principles followed by the staff in their work, and their perception of the corporate brand value system (unanimity was expressed only with respect to the position "professionalism"). In our view, this is due to the fact that the employees, on one hand, have no distinct benchmarks in the form of a formalized system of values, and on the other – 64% of respondents have been employed by the company for more than three years, which suggests the formation of certain basic principles of activity in the process of joint work.

Table 1. Company X Brand Values

	Top Managers		Employees			
	Median*	Rating**	Median*	Employee's rating**	Median*	Company's rating**
r2.1. Quality of goods/services	4	2nd	1	3rd-5th	3	2nd-3rd
r2.2. Professionalism	3	3rd	3	1st	4	1st
r2.3. Customer orientation	5	1st	1	3rd-5th	3	2nd-3rd
r2.4. Respect of people	0		0		0	
r2.5. Team spirit	0		0		0	
r2.6. Innovation	0		0		0	
r2.7. Responsibility	0		0		0	
r2.8. Honesty	0		0		0	
r2.9. Willingness for self-improvement	0		1	3rd-5th	1	5th
r2.10. Productivity	0		2	2nd	2	4th

r2.11. Optimism	0		0		0	
r2.12. Reliability	1	4th	0		0	
r2.13. Freedom of judgment	0		0		0	
r2.14. Naturalness	0		0		0	
r2.15. Progressiveness	0		0		0	
r2.16.Ethics	0		0		0	

Note: * - In the question about corporate brand values the respondents were asked to mention not more than five values ranking them according to the level of importance from first to fifth. The most important values were thereafter ranked 5, second most important – 4, etc., which were then used for calculating the medians;

** - options with the biggest median value were rated first and so on, in the regressive order, down to fifth.

The question about the company employees' readiness to abide by these principles and relay them outwards was also very important for the survey purposes. The employees were asked: "Are you personally doing something or not doing anything so your clients would know what values underlie the corporate brand?" The answers to this question combined with the question about direct contacts with the clients (assignment of front- and back-office employees) are presented in table 2.

Table 2. Actions of Front- and Back-Office Employees for Communicating the Company System of Values to the Clients

Are you personally doing something or not doing anything so your clients would know what values underlie the corporate brand?	Permanent direct contacts with the clients	Lack of permanent direct contacts with the clients	Occasional direct contacts with the clients	Total
definitely yes	26%	0%	3%	29%
rather yes	9%	3%	9%	21%
rather no	14%	16%	9%	38%
definitely no	2%	10%	0%	12%
General total	50%	29%	21%	100%

It can be seen from the table that the company employees do not communicate the company brand values to the clients: only 29% of respondents said with confidence that they are taking efforts to communicate the company values to the clients, and only 26% of the front-office staff (sales managers, measurers and assembly workers, and specialists of the complaint bureau) are taking relevant efforts. Moreover, sales managers said that they usually tell the clients about the terms of the order, consult them on the choice of the window constructions, i.e. in effect focus attention on the product component. A similar situation [focus on the product component] is

typical of measurers', assembly workers' and complaint bureau specialists' communication with the clients. As a result of all this, the clients mainly receive information on the company from outside sources (the company website and printed ads), but the expectations formed in this manner do not always correspond to the actual experience of interaction with the company. In particular, while assessing the clients' opinion about compliance of the activity of the company and its employees with declared values, we have obtained relatively low compliance indicators (the average response number is indicated, with 1 standing for definitely compliant and 4 – definitely noncompliant):

- Quality of goods/services – 1.8;
- Professionalism – 2.1;
- Customer orientation – 2.3;
- Reliability – 2.9.

The assessment have revealed that the company lacks a comprehensive internal marketing management system, but some internal marketing tools are used in it. Specifically, the company has its own training center where all employees undergo compulsory training (covering issues of the company organizational structure and the market situation). In-depth product-specific training is held for the staff of the sales department and technical specialists. In addition, special training is held for the staff of the sales department to develop the skills of sales and work with the customers. The main internal communication tools include meetings with medium level managers and specialized trainings (the main tools of external communications include personal sales, the company website and printed ads).

Our diagnostics have revealed the existence of gaps at all levels:

- Zero level gap: the company lacks a formal system of brand values (which exists only in a latent form);
- First level gap: the existence of a zero level gap automatically leads to the emergence of the first level gap, since neither the employees nor the clients are aware of the system of brand values (there is no information on this score). Nevertheless, the gaps detected with respect to the key values are relatively small, which can be explained by the fact that more than half of the respondents (64%) have been working at the company for over three years;
- Second level gap: the differences are rather strong here in regard of the values indicated by the top management and the principles followed by the employees in their daily work (Table 1). Moreover, the values indicated by the top management are close to the company clients;

- Third level gap: its existence causes special concern, as according to Table 2, only 29% of the interviewed company employees undertake efforts to communicate the basic principles of the company's activity outwards.

In addition, representatives of the company top management in their in-depth interviews highlighted the key problem areas of internal interactions, specifically:

- low information communication level between departments;
- absence of a single vision of the company goals and objectives and, consequently, low level of interest in performance results;
- lack of distinct borders of the zones of responsibility of medium level managers;
- low level of comprehension of the system of internal communications between departments due to a lack of a wholesome picture of the company business processes.

The questioning of employees has, in turn, confirmed the existence of the problems outlined by the top management. The level of awareness about the company's activity is characterized as high by a mere 54% of employees, while only 60% dispose of the information about the activity of the company's related departments, with a significant contribution being made to this index by employees with over three years experience in the company.

In the opinion of 38% of the employees, the lack of a comprehensive picture of all business processes influences the performance results of each department and delays the solution of pressing issues (29% of respondents). The majority of employees (67%) are prepared to participate in joint working meetings between the departments for discussing and working out decisions on urgent issues. Many employees said they would like to receive regular detailed information about the company. Most respondents believe that joint meetings should be held not less frequently than once a quarter (78% of respondents) and cover the following problems:

- general goals and objectives of the company;
- review of the market situation (comparison with the competitors);
- current performance results of the company;
- changes underway in the company.

The survey of the employees' motivation was conducted afterwards to estimate the level of their involvement and satisfaction, followed by complex diagnostics of internal business processes. A plan of introduction of comprehensive IMMS in the company and implementation of measures aimed at improving the quality of internal communications was developed on the basis of the conducted surveys.

4. Framework limitations and directions for further research

The presented survey is actually an exploratory study, as it is restricted to one sole company. To follow up on this research, it seems necessary to extend the number of companies under survey to obtain a database for comparisons, specifically, to have a possibility for estimating to what extent the existence of gaps in corporate brand value perception correlates with its market positions.

Although our proposed assessment model enables to identify the gaps between declared, shared, and perceived values and to evaluate their size, it will be necessary to conduct further research for identifying the factors causing these gaps. This can be explained by the fact that the assumption underlying the methodology to the effect that the existence of gaps is a consequence of absence/inefficiency of IMMS is excessively strong and actually takes other factors, such as consumer behavior and the competitive environment, out of the survey.

References

1. Ballantyne D. (1997), Internal Networks for Internal Marketing. *Journal of Marketing Management*. 13 (5). pp.343-366.

2. Berry L.L., Parasuraman A. (1991). Marketing Services: Competing Through Quality. The Free Press.

3. De Chernatony, Leslie (2006). From brand vision to brand evaluation. Butterworth-Heinemann, 2nd ed.

4. Glassman M., McAfee B. (1992), Integrating the Personnel and Marketing Functions: The Challenge of the 1990s // Business Horizons. Vol.35. Iss.3. pp. 52–59.

5. Hatch, Mary Jo, Schultz, Majken (2001). Are the strategic stars aligned for your corporate brand?? *Harvard Business Review*, February, pp. 128-134.

6. Hatch, Mary Jo, Schultz, Majken (2003). Bringing the corporation into corporate branding, *European Journal of Marketing*, Vol.37, No.7/8, pp. 1041-1064.

7. Rafiq M., Ahmed, P.K. (1993), The scope of internal marketing: defining the boundary between marketing and human resource management. *Journal of Marketing Management*. Vol.9, pp. 219-232.

Elena K. Panteleeva

Associate Professor, Marketing of Firm Department, National Research University Higher School of Economics

E-mail: epanteleeva@hse.ru