An Investigation of Internal Brand Management within a Retail Internationalisation Context:

A case study analysis using an international retailer as a basis for understanding the antecedents and outcomes of managing the internal branding mechanisms to help forge internationalisation strategy.

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Keywords
Internationalisation; internal; branding; brand; customer; behaviour

Abstract
The research being undertaken will investigate and explore internal brand management within a retail internationalisation context, focusing on a global brand in the retail pharmacy sector. The purpose of this paper is to platform the overall research being undertaken in a business academic environment and present the work as a ‘research-in-progress’ style paper. Although the internationalisation of retail operations has been researched and documented over the last four decades by many academics (Alexander and Doherty, 2008; Dawson, 1994) there is a paucity of research investigating the concept of managing and utilising the internal brand when a retail organisation decides to internationalise. The research will build on previous work on internal branding (Burmann and Piehler, 2014; Piehler, Hanisch, and Burmann, 2015) through a robust literature review of retail internationalisation and internal branding. The concept of knowledge management will also be explored in the literature. A conceptual framework will be developed focusing on the pharmacy retail sector (an area of retailing where internal elements of the brand are crucial) using an international pharmacy retail brand operating in 13 countries in Europe, to understand how internal branding mechanisms exist within the organisation and, if they do, how have they assisted the organisation in its internationalisation strategy. The researcher will adopt a single case study approach (Yin, 2014) together with a grounded theory strategy (Corbin and Strauss, 2008) and will employ a qualitative approach at both a senior management level internationally and at store level in the UK & Ireland with area managers and customer facing staff. The overall findings of this research will seek to understand and explain that if internal branding is managed it can become a huge asset and a unique form of competitive advantage for a retail organisation during an internationalisation strategy. This is original work by the author which when complete will add new knowledge to the body of knowledge in this key area.

Introduction and Research Rationale
The internationalisation of retailing has been well documented over the years (Alexander and Doherty, 2008; Brown and Burt, 1992; Burt, 1991, 1993, 1995, 2010; Burt, Dawson, and Sparks, 2003; Burt et al., 2002; Burt and Sparks, 2002, 2003; Dawson, 1976, 1978, 1979, 1982-a, 1982-b, 1994, 2001a, 2001b, 2003, 2004; Dawson and Jung-Hee, 2004; Dawson, Larke, and Masao., 2006; Dawson and Mukoyama, 2014; Doherty, 2000; Doherty and Alexander, 2004; Frasquet, Dawson, and Mollá, 2013; Hutchinson et al., 2007; Mavrommatis, 2003; Moore, Birtwistle, and Burt, 2004; Salmon, 1989; Tarnovskaya, Elg, and Burt, 2008; Treadgold, 1990a, 1990b, 1993; Treadgold and Davies, 1988) and a key theme in the retail internationalisation literature has been the motives behind international retail activity (Hutchinson et al., 2007).

The concept of understanding the internal brand of an organisation has been investigated by many academics (Burmann and Piehler, 2013, 2014; Burmann and Zeplin, 2005; Burmann, Zeplin, and Riley, 2008; O’Callaghan, 2007; Piehler, Hanisch, and Burmann, 2015). Their research focuses on the employees playing a key role in building and maintaining brand-customer relationships and, therefore, by managing employee behaviour and applying internal brand management concepts, this becomes a critical success factor in the organisation’s brand management process which could...
ultimately help develop and maintain competitive advantage. There is a significant gap between the employees’ and the customers’ perception of a corporate brand maintaining that these brands should be in some way aligned and if the promise made in the brand’s message, from advertising or any other form of brand communication, is not consistent across all customer–brand touch points, then the credibility and the overall strength of the brand will suffer (Burmann and Zeplin, 2005).

The research on internal branding has not yet been focused on the internationalisation of retail brands and its outcomes for the organisation. There is a growing understanding in international retail markets that the development of the brand internally within the organisation could and possibly should be viewed as a critical requirement for successful retail internationalisation. This is important when a key element of a retailers operations is maintaining the consistency, coherency and development of the retail brand across potentially hundreds, and in some cases thousands, of retail outlets of different formats, size, location and cultures (Burt and Sparks, 2002). Thus, the research being undertaken will investigate and explore internal brand management within a retail internationalisation context which represents a significant gap in the retail internationalisation and branding literature. The research will focus on the international pharmacy retail sector investigating the internal branding in the internationalisation of a leading European based Pharmacy brand.

This research proposes to develop a comprehensive understanding of the issues and challenges surrounding the process of internal brand management, focusing on the role of organisational leaders, management and employees in ensuring consistency of the brand identity when internationalising the brand. Although internal branding activities across all levels of the organisation will be investigated, employee buy-in and internal brand commitment will be a focus at an organisation customer interface level as this is deemed to have a critical impact on consumer brand perception, which ultimately drives brand success. This kind of customer-centric exposure is particularly important in the pharmacy sector. The findings of this research will form the basis of new knowledge which can be used in both an academic and practitioner environment.

Literature review

Internal Branding

Brands and the management of brands have emerged as key areas of practitioner and academic literature, across a divergent number of market sectors and within retail organisations of multiple sizes (Wallace and De Chernatony, 2009). The brand revolution saw the brand emerge as a key strategic and financial asset within retail firms across different market sectors (Kapferer, 2004). Academic research has developed the themes of brand management and brand consumption, particularly within competing philosophical paradigms in the marketing arena and they define brand management paradigm as a deep-seated way of seeing and managing brands and their value, shared by the members of an organisational community marked by a common culture (Louro and Cunha, 2001).

Internal Branding is the strategic process of creating brand ambassadors within an organization (Asha and Jyothi, 2013). This helps to increase the congruency of employee and organisational values, thus increasing the employee satisfaction and building citizenship behaviour among the employees which in turn creates a customer centric environment giving positive perceptual values towards its consumers through key brand touch points.

The role of employees in brand building is crucial because all sources of brand identity are based on the decisions and actions of employees within the organisation. In service industries such as retailing, this becomes particularly apparent. Most retail organisations have a sales and marketing department but there are also the ‘part-time marketers’ (Gummesson, 1987). These are the employees outside of marketing or sales and it must be recognised that they have a major direct and indirect influence on the customer brand experience through their responsibility for the quality of the company’s products and services and through their role as internal supplier/service provider for
those employees with customer contact (Burmann and Zeplin, 2005). Examining research findings as part of a study of the retail internationalisation process in small specialist retailers reveals that internal factors within the firm, including the globalvision/mind-set, entrepreneurial personality, and informal/personal relationships, determine the development of the company brand identity, which in turn facilitates the retailer’s decision to internationalise (Hutchinson et al., 2007).

Brands today must deliver a superior customer experience. This may sound simple, but how consistently do brands deliver this? They must respect customers’ time, appreciate their loyalty, commit to the highest quality, and make customer service everyone’s job, regardless of function or level. When the customer experience is coherent and seamless from end to end, it suggests efficient coordination and data sharing across the organisation (CSpace, 2016). The employees’ understanding of the brand is a foundation for affective and behavioural internal brand management outcomes. Service organisations should provide sufficient internal brand management practices to enable such brand understanding.

**Retail Internationalisation**

The strategy of retail internationalisation in its broadest sense is not uncommon (Dawson, 1994). The monitoring and understanding of the retail internationalisation process by academics over the years has mainly been focused on store openings but a number of other themes have also emerged (P Jackson and Sparks, 2005), for example the descriptions of the geographical spread of internationalisation activity, including direction and sequence of market entry and cultural affinity (Burt, 1991; Evans and Mavondo, 2002; Hollander, 1970; Kacker, 1985; O’Grady and Lane, 1996; Rugman and Girod, 2003). There is also the analysis of the motives for internationalisation (Alexander, 1990; Williams, 1992) and the selection of entry methods including the exploration of issues of risk and control (Doherty, 2000; Gielens and Dekimpe, 2001; Quinn, 1998; Treadgold, 1988, 1990a, 1990b; Treadgold and Davies, 1988).

Historically there has been much research around the reasons for retail internationalisation and the international operations of retailers have been subject to substantial study since the early reviews of European and American activity (Carson, 1967; Dawson, 1994; Hollander, 1970; Knee, 1966; Yoshino, 1966). Since the late 1990s, major retailers have been the subject of substantial increases in scale with an expanding geographical scope and diversification into multiple formats and formulae (Dawson and Mukoyama, 2014). One of the big dilemmas that retail chains face in the process of expanding their operations beyond its national markets is the selection of an appropriate strategy or model.

**Knowledge Management**

In modern day international businesses, firms must compete in a complex and challenging environment which is constantly being transformed by many factors such as globalisation, technological development and the development and use of knowledge itself (Hitt, Keats, and DeMaire, 1998). Increasingly, knowledge based capabilities are being recognised as among the most strategically important capabilities for creating and maintaining a sustainable competitive advantage (Grant, 1996; Marsh and Ranft, 1999). Organisational learning plays a key role in a firm’s competitive position. According to (Miller, 1996), it is defined as the acquisition of knowledge by individuals and groups who are willing to apply it in their jobs in making decisions and influencing others to accomplish tasks important for the organisation. Knowledge based resources include all the intellectual abilities and knowledge possessed by employees, as well as their capacity to learn and acquire more knowledge. Therefore, knowledge based resources include what the employees know and have mastered, as well as their potential for adapting and acquiring new information (S E Jackson, Hitt, and Denisi, 2003). These resources are seen as being extremely important due to the fact that internal brand management is seen by many as a potential route to acquiring sustainable competitive advantage by means of building a strong brand whose positioning (in terms of customer
loyalty, high market share and price premium) is extremely difficult for competitors to threaten or copy (Burmann, Zeplin, and Riley, 2008).

Research Methodology

Research Question
What are the potential antecedents and outcomes of successful internal brand management in the internationalisation of retail operations?

Research Approach
Using a single case study research design focusing on an international pharmacy retail brand, using their Irish and UK operations as a case study, this research will analyse the internal brand mechanisms within this international retail group and how the organisation can utilise and capitalise on internal branding when internationalising its brand. From the various themes arising out of the literature, it is proposed to develop and present a conceptual framework which will build on previous branding frameworks, such as, the Brand Identity Planning Model (Aaker, 1996); the Brand Religion Model (Kunde, 2000); Corporate Branding Framework (Hatch and Schultz, 1997) which proposed alignment of culture, vision and image as critical for corporate brand building; the Corporate Identity Framework (Abratt, 1989) which heavily emphasised the key requirements of integrated corporate communications for both internal and external audiences; the Process of Building and Sustaining Brands (de Chernatony, 2001); the Development Process of a Successful Service Brand (de Chernatony, Drury, and Segal-Horn, 2003). Some Retail Internationalisation models based on organisation culture will also be built on, for example, the Model of double cultural filtration in a culturalist logic (François, 2010) and organisational identity and capability development in internationalisation (Lowe, George, and Alexy, 2012). The use of organisation based modelling in a retail scenario will also be examined, examining research by (Matanda and Ndubisi, 2013) which investigates the moderating role of employee-perceived goal congruence on the link between internal branding, internal customer orientation, and employee attitudes (person-organisation fit) and behavioural intention.

Importantly, this research will also examine the existing empirical and conceptual frame works on internal branding (Burmann and Piehler, 2013, 2014; Burmann and Zeplin, 2005; Burmann, Zeplin, and Riley, 2008; Burt and Sparks, 2002; Piehler, Hanisch, and Burmann, 2015) and will attempt to build on these concepts. According to (O’Callaghan, 2007), the brand orientation link with culture becomes a reality when the brand becomes symbolic of the organisation as a whole. This brand orientation has serious implications for the internationalisation of the retail brand as brands acquire an emotional and symbolic value for their organisations, this gives the platform for the employees to actually live the brand (Macrae, 1996).

Several research propositions will be targeted across the organisation, some of these could be based on various cultural and organisational criteria, albeit these are likely to change or go through a process of metamorphosis as the research expands. The case study approach will provide the opportunity to observe and analyse a phenomenon which has not been considered before (Yin, 2014). Following Yin’s six-point case study research plan the process will take a linear yet iterative process from planning, designing, preparing, collection, analysis and finally the reporting of the study. Exploratory case studies based on primary data are deemed to be appropriate when the existing knowledge base is poor (Yin, 2014) and when the inductive process of data generation involved in such a method is anticipated to provide a greater understanding and a broader description of process and meaning (Doherty and Alexander, 2004). Given the paucity of research on internal branding in the internationalisation of retail, such a methodology is proposed to be employed in this research. Therefore, this study is proposed to be exploratory in nature and framed within an interpretive research paradigm, employing qualitative techniques and a case study design. The adoption of a qualitative approach provides for a holistic means of data gathering, analysis, interpretation, and understanding that is particularly suited to research that investigates the “why” and “how” of management decision making in organisations (Gummesson, 2000; Silverman, 1997).
It is also proposed to adopt the ‘Grounded Theory’ research strategy (Glaser and Strauss, 1967). The grounded theory strategy was developed as a process to analyse, interpret and explain the meanings that social actors construct to make sense of their everyday experiences in specific situations (Charmaz, 2006; Glaser and Strauss, 1967; Suddaby, 2006). As much of business and management is about people’s behaviour, for example consumers’ or employees’, a grounded theory strategy can be used effectively in this business and management issue (Saunders, Lewis, and Thornhill, 2012). According to (Corbin and Strauss, 2008), it may be appropriate to think of grounded theory as moving between induction and deduction. The researcher collects and analyses data simultaneously, developing analytical codes as these emerge from the data to reorganise the data into categories. With coding being a key element of grounded theory strategy, it is proposed to follow the two stage coding system (Corbin and Strauss, 2008); open coding and axial coding. Open coding involves the data collected being disaggregated into conceptual units and provided with a label and axial coding refers to the process of looking for relationships between the categories of data that have emerged from open coding.

Justification of Methodology

Examining previous primary research carried out in the area of international retailing, it stands out that the approach has been predominantly quantitative in nature, employing survey methods (Alexander, 1990; Gibb and Davies, 1990). Other early work in the field is also characterized by studies that adopt a descriptive case study approach based on secondary evidence (Laulajainen, 1991; Sparks, 1995) and even though this method is still employed (Burt and Sparks, 2002; P Jackson and Sparks, 2005) as the field of international retailing has evolved, there has been an increasing call for (Brown and Burt, 1992; Sparks, 1995) and recognition of the value of in-depth qualitative techniques, in particular, the case study method based on qualitative, primary sources (Doherty and Alexander, 2004; Moore, Birtwistle, and Burt, 2004; Picot-Coupey and Cliquet, 2015). The analysis of qualitative data will follow an inductive process and with regard to the analysis of interview transcriptions, it is proposed to implement content analysis, which in this study refers to the searching of text for recurring words, themes, or core meanings (Patton, 2015). Throughout the duration of the study, data analysis and data collection will go hand in hand to allow for the emergence of important themes and patterns. The use of different data methods will be employed i.e., interviews and documentation, which will assist in verifying the consistency of the information collected on the organisation (Patton, 2015). This will allow for the early analysis of themes, reflecting a triangulated approach in which the theory is continually supported, or contradicted by evidence from different groups (Hartley, 1994).

This methodology will result in the development of a conceptual base on the findings of this study. The framework is an important element of case study methodology (Creswell, 1994); that is, the development of a theoretical framework that informs and enriches the data, provides a sense not only of uniqueness of the case but also of what is of more general relevance and interest (Hartley, 1994). Furthermore, tying the emergent theory to existing literature enhances the internal validity and theoretical level of theory building from case studies (Eisenhardt, 1989) which is basic to this research integrity (Gillham, 2000).

Pharmacy Retailing, the Retail Brand and Internal Branding

The international pharmacy brand which is being used as the source of primary research for this research has retail operations in 13 countries in Europe. The group care for two million customers every day at more than 2,150 owned branded pharmacies, about 300 managed pharmacies and at over 5,500 participants in the brand partnership schemes in six countries in Europe. To do this, they rely heavily on internal branding through the expertise of their employees on site since they know their patients and customers best and are familiar with the requirements and conditions to their region. This international pharmacy retail brand is owned and managed by a European and USA based corporation distributing pharmaceuticals at a wholesale and retail sale level (Celisio,
The retail pharmacy brand has its largest footprint in Europe in the United Kingdom with 1800 community pharmacies. In 2012/2013 the company embarked on a mission to rebrand the various outlets across Europe under one ‘new’ brand. This resulted in an international brand change from several existing brands in their network. In Ireland alone, this came at a cost of €13m, notwithstanding the cost of €15m some years earlier when a previous brand change was implemented.

Pharmacy is essentially a local business, which creates huge opportunities to build individual brand identities which are often successfully focused around the owner-pharmacist and the pharmacy staff. This approach has a unique competitive advantage and cannot be easily copied by supermarkets striving for national or international recognition. Strong brand identities focused on the local community resonate with customers and patients in this market segment. Traditional differentiation strategies such as price or product range can be easily copied, but brand identity creates a lasting value greater than the other elements of a business (Fitzgerald, 2014).

In retail pharmacy, the identity of the owner-pharmacist and pharmacy staff and how they create a unique offering for the local community is central to the development of a strong brand. Customers and patients are the ultimate decision makers when it comes to the perception of brand quality. Consumers’ evaluation of a store brand follows a three-step process that begins with the formation of an attitude towards the brand, which directly influences brand preference and subsequently positively affects purchase intention (Gómez-Suárez, Quinones, and Yagüe, 2016).

It is important to note that a strong retail brand is more than just a sleek logo design. The pharmacy brand must be entrenched in the staff, through their knowledge and their understanding of what the brand stands for, the store environment and the product ranges. (Fitzgerald, 2014).

Conclusion

Brand consistency can allow a brand to own a position, make customers comfortable, and lead to cost efficiencies. A clear compelling internal brand provides direction and motivation to employees and partners. The internal brand can also inspire employees to find and implement creative, breakthrough brand building programs (Aaker, 2014). There is a universal view that corporate culture represents core values and beliefs within an organisation. Defining the core organisational values subsequently encourages and endorses preferred forms of staff behaviour that will allow them to become brand builders (Papasolomou and Vrontis, 2006). The internal values and beliefs and basic assumptions that embody the heritage of a company and communicate its meanings throughout the organisation form a huge part of the external image and consumer understanding of what the brand stands for in a new or existing market (Hatch and Schultz, 1997). Powerful brands are built from the inside out. To create a strong brand in the marketplace, employees and management need to both know the brand vision and care about its realisation. A clear, motivating internal brand will provide guidance and motivation to create a forward moving brand that will not confuse or undercut the customer promise. Creating a strong internal brand involves three stages: learning it; believing it; living it; these attributes should be aimed at top level management across the organisation, customer facing employees and internal brand ambassadors (Aaker, 2014).

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