



# Brand orientation and market orientation – From alternatives to synergy<sup>☆</sup>

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## ARTICLE INFO

### Article history:

Received 1 October 2010

Received in revised form 1 March 2011

Accepted 1 April 2011

Available online 8 September 2011

### Keywords:

Brand orientation  
Market orientation  
Strategic orientations  
Synergy

## ABSTRACT

This paper explores the interaction between brand orientation and market orientation. Brand orientation is an inside-out, identity-driven approach that sees brands as a hub for an organization and its strategy. Similarly, market orientation is an outside-in, image-driven approach. Initially, brand orientation and market orientation appear to be two different strategic options. Though synergistic combinations are also possible, they are not explored in previous theories, nor labeled as part of branding practice and philosophy. A new type of orientation, a hybrid between brand and marketing orientation, is among the key findings of this study. The paper articulates typical trajectories for evolving the orientation and aspires to move the discussion from the tug-of-war between the two paradigms by developing a more dynamic view. The study paves the way for better understanding, operationalization and evaluation of alternative approaches to marketing.

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## 1. Introduction

The discussion about market orientation and brand orientation is in essence concerned with a company's or organization's approach to brands and the market. Is it the brand identity or the brand image that serves as a guiding light? Should a company's management primarily take the outside-in perspective or the inside-out perspective when guiding their brands? Or should they select a brand approach that is a combination of these two perspectives? How can management square the general principle that *the customer is king* with the specific belief that *our brands are our greatest assets*?

### 1.1. The brand and the business

In 1989, Nestlé acquired the British confectionery company Rowntree for 4.5 billion USD, which was six times its book value and twenty-six times its annual profit. The fixed assets were 600 million USD, and Nestlé paid 3.9 billion USD for what were described as 'other values'. Their head of marketing commented in an earlier research study:

"How much are brands such as Kit Kat, After Eight, Lion, Polo, and Smarties worth? Brands, brand management, sectors, segments

are equities valued differently from one firm to another... The value becomes a strategic value" (Urde, 1997, p. 12).

The Rowntree case is a prominent example, acting as a milestone in the way marketers view, consider and work with brands as strategic resources, a fundamental characteristic of the brand orientation approach. A senior vice president at Nestlé remarked in the same study upon the difference between market orientation and the proposed definition of brand orientation:

"Market orientation is on a more uncomplicated, short-term, and fundamental level. If an organization is only market oriented, then it's still in the discussion about products and markets. Brand orientation is an additional degree of sophistication. To be brand oriented is market orientation 'plus.'" (Urde, 1999, p. 118).

Has the understanding of brands, the role of brands, and the management of brands fundamentally changed, or are these examples just anomalies; that is, rare exceptions to the rule that can be disregarded? Kuhn (1962, 1977), discussing paradigm shifts, describes a change of practice, the theoretical applications and the set of fundamental rules that define an area or discipline. In a narrow sense, identifying a shift in a paradigm is about ideas expressed in textbooks, while in a broader sense, it can be viewed as what is seen as the theoretical foundation of a given area. It is now vital to backtrack for further reflection on developments within the area of strategic brand management. For example, if an older edition of a marketing textbook by Kotler were to be compared with a more recent edition of a reader on strategic brand management by Kapferer, what conclusions could be drawn? If attention is paid to 'new' concepts such as identity, brand equity, core values, corporate branding, internal branding, employer

<sup>☆</sup> The authors thank the participants in the Sixth *Thought Leaders in Brand Management* Conference for many interesting suggestions and gratefully acknowledge the helpful comments of the three anonymous *Journal of Business Research* reviewers.

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branding, brand leadership, and reputation, how has theory evolved? And, how do firms manage brands in a practical sense? How are the manager's approach and mindset evolving, with respect to brands, markets and customers?

## 2. A tug-of-war between brand orientation and market orientation?

Satisfaction of customer needs and wants: this is what the principle of market orientation very successfully maintains. However, when that becomes a mantra, the brand may morph into an unconditional response to customer needs and wants, thereby creating difficulties for the consistency and management of brands. In contrast to market orientation, it is possible to see the brand as a resource and a strategic hub of the company. Essentially, this means that the brand is made super-ordinate to the needs and wants of customers. According to the dominant paradigm in marketing theory, this idea may seem almost heretical. There could thus be a questioning of such familiar maxims as that the customer is always right, that the company must do everything for the customer, and that it must deliver 'customer delight'.

The wants and needs of the customer are relevant, but they should not unilaterally steer the development of the brand and determine its identity. Strategically companies may have motives beyond the satisfaction of customers' wants and needs. Prioritizing the brand in the organization gives it integrity in relation to customers' desires and the actions of competitors, but also in internal strategic processes. Satisfaction of customer needs and wants occurs within the framework of the brand. In practice, the essence of the brand-orientation approach evaluates proposals depending upon what the brand stands for. The decisive difference is whether or not the core brand identity represents a strategic hub for the company. If a company starts from its brands and regards them as strategic resources, it is an expression of an approach and a mindset (Urde, 1999). Fig. 1 visualizes the basic ideas of market and brand orientation.

The purpose of this conceptual paper is to explore the interaction between brand orientation and market orientation. The concept of brand orientation is positioned in relation to the ruling paradigm of market orientation. The aim is to broaden the debate and introduce a

more dynamic view of both brand orientation and market orientation. The broader objective is to pave the way for better understanding, operationalizing and evaluating of alternative approaches to branding and marketing.

## 3. Concepts of strategic orientations

The concept of strategic orientation is defined as "... the guiding principles that influence a firm's marketing and strategy-making activities" (Noble, Sinha, & Kumar, 2002, p. 25). Discussion is limited here to an overview of brand and market orientation. The strategic orientation of a company is not always the explicit choice of the management. It can include the pattern of decisions or the results of organizational learning (Mintzberg, 1989) and other factors. This issue is relevant to note.

Previous research addresses the conjunction of market orientation with other strategic orientations: (1) innovation or technology orientation (Berthon, Hulbert, & Pitt, 1999; Gatignon & Xuereb, 1997; Olson, Slater, & Hult, 2005; Zhou, Yim, & Tse, 2005), (2) learning orientation (Baker & Sinkula, 1999), (3) entrepreneurial orientation (Miles & Arnold, 1991; Zhou et al., 2005) and (4) production and cost orientation (Noble et al., 2002; Olson et al., 2005). In addition, one paper has differentiated between distinctive types of market orientation (Noble et al., 2002). Much of the debate in theory and practice has been how to lift a production or product orientated firm to a state of market orientation. There is minimal research relevant to the broad relationship between brand orientation and market orientation.

From a performance perspective, Keiningham et al. (2005) analyze in two empirical studies, of a truck manufacturer and a financial institution, the influence of the brand-centric construct brand preference and the customer-centric construct customer satisfaction on the performance outcome, measured as share of spending. In an exploratory study for one non-profit organization, Weisenbach Keller and Conway Dato-on (2010) compare the influence of brand and marketing orientation on performance.

The literature discusses the more specific topic of the relationship between brand equity and customer equity (Keller, 2008; Leone et al., 2006). Keller (2008), and Burmann et al. (2009) underpins the

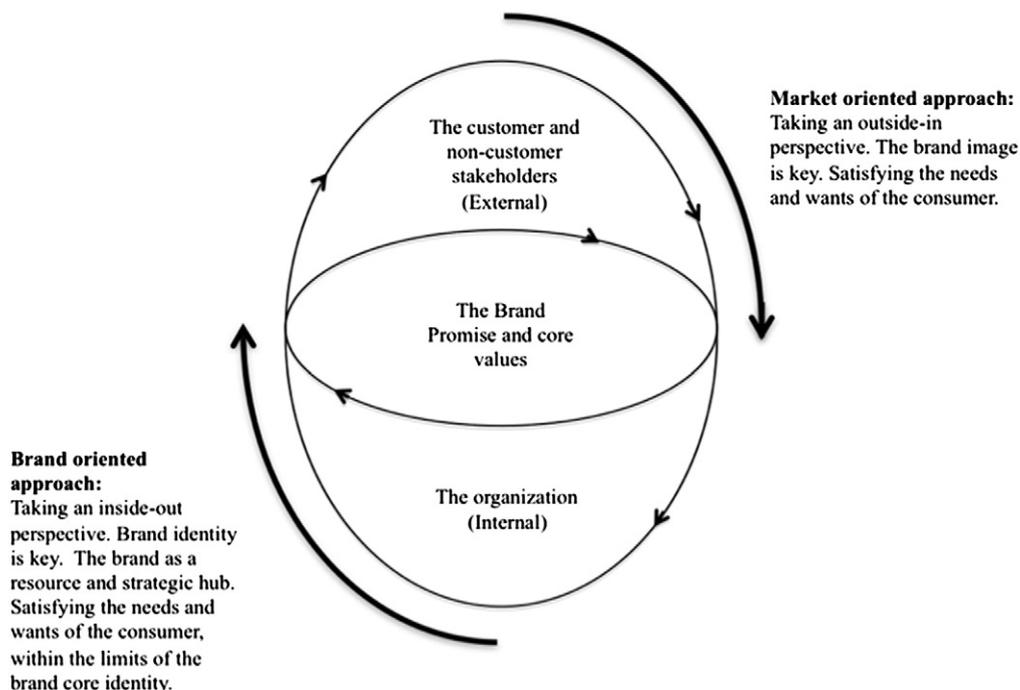


Fig. 1. The market and brand-oriented approaches (based upon 'The Egg Model', Urde, 1997).

differences between the two concepts, but also the need to integrate both views. This approach is both inspiring and complementary to how brand orientation and market orientation are viewed in this paper. Though there are differences, it is also necessary to explore possible integrations and combinations of the two orientations.

Three perspectives on market orientation can be distinguished: cultural, behavioral, and performance-related (Baumgarth, Merrilees, & Urde, 2011; Bridson & Evans, 2004; Homburg & Pflesser, 2000; Meehan, 1996).

### 3.1. Market orientation

The concept of market orientation (sometimes synonymous with customer orientation: see Deshpandé, Farley, & Webster, 1993; Shapiro, 1988) is a classical concept in marketing. Drucker (1954), Kohli and Jaworski (1990), Narver and Slater (1990), and Shapiro (1988) are seminal writers on the topic. Research studies address the definition of the construct and its theoretical foundation, the development of a measurement instrument, and the empirical analysis of determinants and performance effects of market orientation.

The cultural perspective defines market orientation as a unique type of corporate culture or as a particular mindset of a company (Deshpandé et al., 1993; Homburg & Pflesser, 2000; Narver & Slater, 1990). The literature offers a wide range of conceptualizations of corporate culture (Cameron & Quinn, 2006; Deshpandé & Webster, 1989). The seminal model formulated by Schein (2004) distinguishes between three different but interrelated layers of corporate culture: underlying assumptions, espoused beliefs and values, and artifacts. Homburg and Pflesser (2000) adapt this general framework to the market orientation context.

In contrast, the behavioral perspective describes market orientation in terms of concrete instruments, tools or behaviors (Kohli & Jaworski, 1990; Shapiro, 1988), focusing on the satisfaction of individual and changing customer needs and wants. Behaviors with a strong link to market orientation are market segmentation (Beane & Ennis, 1987; Wedel & Kamakura, 2002), customization (Franke, Keinz, & Steger, 2009), adaptive selling (Spiro & Weitz, 1990), customer relationship management (Reinartz, Krafft, & Hoyer, 2004), customer satisfaction surveys and calculation of customer lifetime value or customer equity (Keiningham et al., 2005; Rust, Lemon, & Zeithaml, 2004; Venkatesan & Kumar, 2004).

The analysis of the influence of different strategic orientations on corporate performance is one of the central ideas of the strategic orientation concept. The literature on marketing accountability and marketing control discusses the influence of strategic orientation on the selection of marketing metrics (Ambler, Kokkinaki, & Puntoni, 2004). Typical performance metrics of a market-oriented company are such key performance indicators as customer satisfaction, customer loyalty or customer lifetime value. In addition, many research studies analyze the impact of market orientation on corporate performance (Homburg & Pflesser, 2000; Jaworski & Kohli, 1993; Narver & Slater, 1990).

To conclude, market orientation can refer to the mindset of a company or to concrete instruments that pertain to the actual and latent needs and wants of individual customers. The core of this orientation identifies with the satisfaction of each customer.

### 3.2. Brand orientation

Researchers describe the concept of brand orientation as a new approach to brands that focuses on brands as resources and strategic hubs (Melin, 1997; Urde, 1994, 1997). Specifically, “Brand orientation is an approach in which the process 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” (Urde, 1999,

p. 119). This orientation is relevant for describing companies that strive not only to satisfy needs and wants, but also to lend a strategic significance to brands. The brand is a strategic platform.

Inspiration for the new orientation came from case studies of practice at DuPont, Nestlé, Tetra Pak, Nicorette and Volvo (Melin, 1997; Urde, 1997), and from the simultaneously emerging field of strategic brand management pioneered by Aaker (1991), de Chernatony et al. (2011), Kapferer (2008), King (1991), and Olins (1978). The perspective on brands as strategic assets (Itami & Roehl, 1987; Melin & Urde, 1990) and on brand management (Diamond, 1981; Low & Fullerton, 1994) as a core competence (Prahalad & Hamel, 1990) finds support from the field of resource-based strategy (Barney, 1991, 1997; Dierickx & Cool, 1989; Grant, 1995; Itami & Roehl, 1987). The roots of brand orientation as a concept can be traced to strategic intent (Hamel & Prahalad, 1989), visionary companies (Collins & Porras, 1998) and the brand as part of the culture of the organization (Alvesson & Berg, 1992).

The continuous interaction between values and identity at three levels is a key proposition of brand orientation: the organization, the brand, and customer and non-customer stakeholders, as depicted in Fig. 1. First, organizational values are translated into core values and promises (what the brand stands for), which guide the organization's efforts (how it works and behaves). Second, those core values are converted into extended customer values (what the brand offers and how it is perceived). In this sense, brand orientation can be seen as an inside-out perspective, with the brand's core values and promise as a strategic focal point. The statement that “the brand is not an unconditional response to the wants and needs of customers” (Urde, 1999, p. 119) challenges the market-oriented paradigm by assigning greater emphasis to the organization's mission, vision and values. Brand orientation represents an integrated view of the brand, bringing both the internal and external perspectives into the process (Hankinson, 2001; Reid, Luxton, & Mavondo, 2006). A central argument is that the brand's core values and promise continuously affect an organization at every level (Simoes & Dibb, 2001). When an organization grows from a position in which its mission, vision, and organizational values are combined (Collins & Porras, 1998), a critical rung on the ladder toward a high level of brand orientation is achieved (Urde, 2003). For brand-oriented organizations, this leads to strategic competitive advantages (Melin, 1997), with brands as resources and the basis of increased performance (Persson, 2007, 2009).

Brand orientation, being a striving and relatively young paradigm (Louro & Cunha, 2001) relies more on contributions to the concept than on explicit references. The management literature also discusses a number of closely related concepts, such as brand-driven business (Davis & Dunn, 2002; LePla, Davis, & Parker, 2003), brand mindset (Knapp, 2000), brand manners (Hamish & Gordon, 2001), authentic branding (Beverland, 2009), and even corporate religion (Kunde, 2000).

There have been many important contributions to the field of brand management and the management of brands during the past decade, reflecting the attention and interest from practitioners and scholars. With this note of respect, the literature overview is structured in terms of culture, behavior, and performance as the key aspects of the concept of brand orientation.

From a cultural perspective, brand orientation may also be defined as a certain type of corporate culture or as a particular mindset of a company. It is suggested that the way of relating to brands and the organization's brand competence are “prerequisites of brand development” (Urde, 1999, p. 123). Hatch and Schultz (2001, 2008) offer insights into the alignment of vision, culture and image. Their approach uses culture as a foundation, vision as a point of gravity and image as the external aspect of the brand, relating their work closely to the ideas of the brand-oriented corporation. It is also possible to view the exploration of the multiple identities of the corporation and the evolution of corporate branding by Balmer and Greyser (2003) as another important contribution to the

understanding of brand orientation. Baumgarth (2009, 2010) uses Schein's corporate culture framework for explaining the internal structure of brand orientation.

From a behavioral perspective, brand orientation characteristics include the importance accorded to the internal anchorage of the brand identity (mission, vision, and values). The idea of 'living the brand' has a strong link to the brand orientation concept (de Chernatony, 2010; de Chernatony, Drury, & Segal-Horn, 2003; Ind, 2003, 2007; Ind & Bjerke, 2007; Mitchell, 2002; Punjaisri & Wilson, 2007). Other examples of important brand-oriented behaviors are corporate identity and corporate design (Birkigt & Stadler, 2002; Olins, 1978; van Riel & Balmer, 1997), integrated marketing communication (Cornelissen, 2000; Ewing & Napoli, 2005; Schultz, Tannenbaum, & Lauterborn, 1995), measurement of brand equity (Christodoulides & de Chernatony, 2010; Keller, 1993, 2008; Yoo & Donthu, 2001), the impact of brand orientation on managerial practice (Hankinson, 2002) and employer branding (Barrow & Mosley, 2005).

From a performance perspective, the critical consideration is whether or not brand orientation is associated with better corporate performance. Empirical studies in different contexts by Baumgarth (2009, 2010), Bridson and Evans (2004), Gromark and Melin (2011), Napoli (2006) and Wong and Merrilees (2007, 2008) demonstrate a positive relationship between brand orientation and corporate performance.

To conclude, brand orientation is, like market orientation, a mindset. The core of this orientation is customer satisfaction within the limits of the core brand identity.

#### 4. Four basic approaches to brand and market orientation

In principle, market orientation and brand orientation are two different strategic orientations. Market orientation primarily takes an outside-in approach, with brand image as a fundamental concept. Conversely, brand orientation takes a primarily inside-out approach, with brand identity as a key concept. Using this logic with two dimensions, it is possible to identify four basic approaches to brand and market orientation, as illustrated in Fig. 2.

The mapping of brand and market orientation invites discussion of the two paradigms. It can no longer be an either-or proposition; there are now two additional major-minor approaches to consider. *Brand* and market orientation, and *market* and brand orientation are hybrid versions, one being related more closely to brand orientation and the other more closely to market orientation. Discussion of the four basic approaches draws on four case examples: Amazon.com, Amnesty International, Volvo Cars, and Electrolux. All are strong international organizations by any standards.

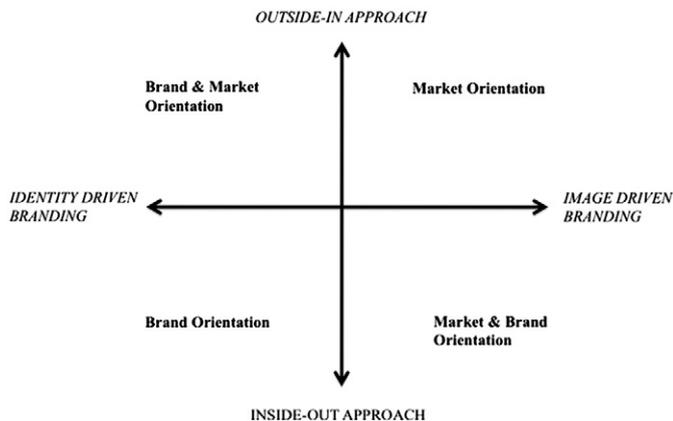


Fig. 2. The brand and market orientation matrix.

#### 4.1. Market orientation

"Customer obsession: We start from the customer and work backwards." (Amazon, 2010).

Market orientation accords importance to the customer and the brand image. The perspective is from the outside in, and the needs and wants of the consumers in the market are viewed as essential. Amazon.com is used here to illustrate market orientation. The quotation above clearly identifies the company's outside-in approach. The customers' needs and wants are the point of departure for the Amazon way of creating value. The needs and wants of the consumers are paramount, to the extent of being an 'obsession' with the customer.

#### 4.2. Brand orientation

"We believe human rights abuses anywhere are the concern of people everywhere. So, outraged by human rights abuses but inspired by hope for a better world, we work to improve people's lives through campaigning and international solidarity. Our mission is to conduct research and generate action to prevent and end grave abuses of human rights and to demand justice for those whose rights have been violated." (Amnesty International, 2010).

Brand orientation emphasizes the significance of the brand identity (mission, vision, and values) as a guiding light and hub for organizational culture, behavior, and strategy. The internal aspect of the brand — the organization — is seen as vital in the brand-building process. The perspective is from the inside out, while the needs and wants of consumers are recognized, the integrity of the brand is paramount.

Amnesty International illustrates the brand-oriented approach. Deeply held values and convictions, derived from the Universal Declaration of Human Rights propel this independent, non-profit, self-governing organization.

#### 4.3. Market and brand orientation

"All our products and services share the common Electrolux philosophy — to make that extra effort to find out what people really need and want... That is our way of demonstrating how all the time "Electrolux is thinking about you" in order to make your life a little easier and more enjoyable." (Electrolux, 2010).

The CEO of Electrolux explains that "Becoming the Thoughtful Design Innovator requires a lot of thought. But now it is time to shift from thinking what we should do, to thinking about how we can do it better, faster and more efficiently in every part of our value chain — thereby accelerating the implementation of the entire brand-driven business development strategy that has evolved over the past years" (Electrolux, 2009, p. 1). This approach is hybrid, initially relating to market orientation, but recognizing the importance of brand identity and the internal side of the brand. The view of the market and customer comes first, but brand identity also influences the culture, behavior and strategy of the organization.

Electrolux illustrates the *market* and brand orientation. The company's design processes begin with consumer insight studies, which investigate the possible needs and wants of their target markets. Outcomes are translated into new product ideas or new features. Depending upon the character of the new product or feature, it is channelled to the key brands of the Electrolux corporation: Electrolux, AEG or Zanussi. The choice of brand depends on positioning and other strategic considerations. Electrolux follows a brand-oriented approach in this stage of the process. As a corporation,

Electrolux relies on brands as competitive advantages. The company's 'Thinking of you' promise, which is an expression of their market-oriented approach, governs the brand-building process.

#### 4.4. Brand and market orientation

"The Volvo core values express what the organization believes in and, ultimately, help the corporation to endure. The core values drive the development of new product offerings and the way Volvo serves its customers and the community. By following this path, a bond between Volvo and its customers and partners is established." (Volvo, 2007, p. 8).

This approach is hybrid, relating to brand orientation, but also recognizing the weight of brand image and the external aspect of the brand. Volvo's view of brand identity comes first, but both the brand image and the needs and wants of consumers play an important role in the strategy and culture of the organization.

Volvo Cars illustrates the *brand* and market orientation (Urde, 2003, 2009). The statement in the quotation above, that the company's core values "drive the development of new product offerings and the way Volvo serves its customers and the community", encapsulates Volvo's use of a brand and market-oriented approach. The core brand values are fundamental and act as bellwethers in the process of satisfying customer demands.

The case examples illustrate all four orientations. The next step is to explore how corporate orientation may evolve. Relevant cases again illustrate the arguments.

### 5. A dynamic view of brand and market orientation

#### 5.1. Case examples and fundamental evolution routes

There is in fact no inevitable tug-of-war between the market orientation and brand orientation paradigms. On the contrary, this paper suggests a new and dynamic view, which is more realistic and fruitful, both for advancing theory and for business practice. The evolution of different companies' orientations over time is examined. The brand and market orientation matrix in Fig. 3 illustrates the trajectories of the Body Shop, Nicorette, Dell, and Avis brands.

##### 5.1.1. Nicorette

Nicorette made the dramatic transition from a strong value-driven, brand-oriented culture to a market-oriented approach (Urde, 1994, 1997). From being part of a traditional pharmaceutical company, as a

prescription-only smoking cessation product, it became an international over-the-counter consumer brand.

The switch from a medical to a consumer market focus was in itself a commercial success, but the reaction of the organization was both unexpected and very strong, as demonstrated by the following verbatim comments:

"We don't recognize ourselves anymore; Why invest in silly advertising when research projects lack funding?; Our products are better, why invent arguments out of the blue?; Branding is for Coca-Cola type of businesses, our business is different; and, I'm embarrassed when colleagues at conferences ask me how life is in the Cola-business" (Urde, 1997).

The head of research delivers the harshest criticism saying that branding is an unworthy manipulation. What had gone wrong? A top manager reflects: "We are in an ethical battle against smoking; we are on a crusade against smoking. This is what we are all about and what, deep down, drives us" (Urde, 1997, p. 288). It became evident that the marketing and branding team had forgot the internal element of the brand, and failed to carefully evaluate the mission and deep values of the organization and the brand. They had, in effect, abducted the brand and left the bewildered organization behind.

The dramatic change to an outside-in approach had followed the marketing textbooks step by step. The marketing team had surveyed consumers and given them exactly what they wanted, but the brand had become an unconditional response to customer needs and wants.

Top management initiated a dialogue within the organization, emphasizing that the core identity and mission were unchanged, and that only the market approach had been adapted, to fit the transition from medicine to consumer products and from patients to consumers. With time, this approach was accepted and Nicorette fits the description of following a market and brand-oriented approach.

##### 5.1.2. The Body Shop

Illustrating the brand and market orientation approach is the Body Shop, which rejects animal testing, chemicals and exploitation of third world farmers. In its own words, "We have never, and will never, test our cosmetic products on animals. We also don't commission others to do it for us. In fact, we campaigned for years to bring about a ban on testing cosmetics on animals. We are among the few companies to comply with the stringent requirements of the internationally recognized Humane Cosmetics Standard" (Body Shop, 2010).

The Body Shop brand subsequently became an admired global brand with a worldwide retail presence. When L'Oreal acquired the brand, they pursued a more commercial approach until a scathing press article suggested that everything was not exactly as the company had been promising, and implied that some ingredients of Body Shop products might have been tested on animals. Today, the brand has largely returned to its origins and thereby restored its reputation. The company's current approach can be described as brand and market oriented.

##### 5.1.3. Dell

Dell had considerable initial success with its direct-selling business model (Dell & Fredman, 2000), which had both lower distribution costs and a product customization capability. The customer is central to such a focus, with the brand performing a secondary role to package the customer focus. The initial organizational direction can be described as a market and brand orientation. The Dell strategy became broader over time, with e-commerce replacing the traditional telephone method and other channels, such as retail distribution, being added to the model. Broader distribution and image considerations replace the dominant role of the unique customer experience, switching the company to a brand and market orientation.

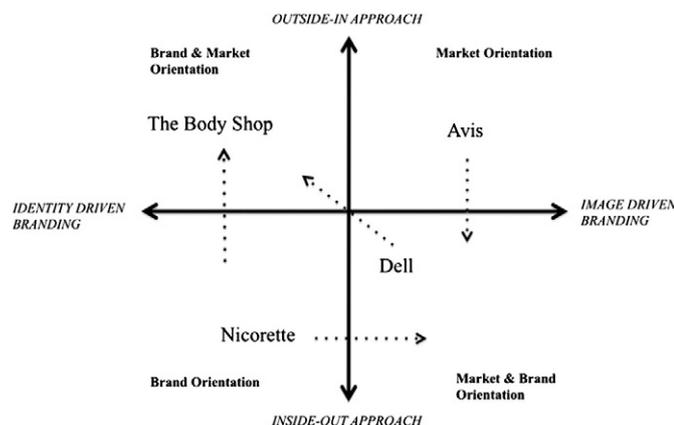


Fig. 3. The brand and market orientation matrix with examples of evolutions of different brands.

#### 5.1.4. Avis

Avis became famous for its strategy, as the second-ranked car rental company in the USA, encapsulated in the slogan 'We try harder' (Avis, 2010). Essentially, this strategy corresponds to a market orientation, with an obsession for satisfying the customer, regardless of the cost. However, the strategy was so successful that Avis became the market leader. Today, customer service remains an important component of their strategy, but the aggressiveness of the strategy is tempered by the need for a more stable, brand-based offering befitting a market leader. Thus, Avis evolves from market orientation to market and brand orientation.

#### 5.2. Typical brand evolution trajectories

These case examples of the dynamic view of brand and market orientation demonstrate that many companies' orientations evolve over time. Arguably, two patterns stand out. First, there is a tendency to move to the middle ground. That is, if a firm starts out as either fiercely brand or market oriented, its polar position is likely to progress over time to a hybrid orientation towards either brand-market orientation or market-brand orientation. For example, Avis has shifted from a polar market orientation to a hybrid market and brand orientation, Nicorette from a polar brand orientation to hybrid brand and market orientation.

Second, a brand-oriented firm generally moves to a brand and market orientation, while a market orientated firm moves to a market and brand orientation. Firms are likely to retain their historical emphasis as the lead component of their new orientation. It seems less credible that a firm would move from a brand orientation to say a market and brand orientation.

### 6. Conclusion

#### 6.1. Theoretical implications

The previous three sections crystallize into four theoretical implications concerning the motivations behind choosing and evolving a particular orientation.

The first is that brand orientation caters to firms offering a visionary approach to their market, as in the Body Shop case. Visionary moves often break from the traditional narrow focus on the customer and become more market-driving than market-driven (Kumar, Scheer, & Kotler, 2000). Organizations with strong principles and values, such as Amnesty International, also suit the brand orientation approach.

The second theoretical implication is that brand-orientated firms evolve to a brand and market orientation. That is, brand-orientated firms add a strong dose of market focus to their very strong branding-centric approach. A major reason for this addition is to maintain the relevance of the brand to customers. Over time, a strong brand cannot isolate itself from the evolving needs of its customers. For example, Volvo has a long track record built on the core values of quality, environment and safety (Urde, 2003, 2009). However, declining profitability plus consumer demand for more excitement and improved aesthetics has led to a brand and market orientation, resulting in a stronger brand now coupled with greater attention to consumer needs.

A third theoretical implication is that market orientation suits firms requiring a customer focus. In a sense, this is the default option, since it reflects the dominant paradigm of the marketing discipline for the past fifty years, disseminated in through marketing textbooks and company strategy statements. To be customer-centric is the norm for business expectations. Market orientation studies outnumber brand orientation studies by a considerable margin.

A fourth theoretical implication is that market orientated firms evolve to a market and brand orientation. That is, market orientated firms add a strong dose of branding to their very strong customer-centric approach. A major reason for doing so is to rein in greater

control, achieve manageability and coherence, and project a greater degree of difference. All of these factors represent a more conditional (branding) response to customer needs rather than something resembling an unconditional response to service customers. This evolution from market orientation to market and brand orientation becomes more essential as the market share of the firm increases, particularly if it becomes the market leader.

#### 6.2. Managerial implications

The discussion about market orientation and brand orientation is, in essence, about the approach of a company or organization to brands and the market. Based upon this new way of thinking, three broad implications arise for the management of brands.

##### 6.2.1. Choice of orientation

The initial orientation of a company may reflect deeply held convictions or a bold vision with the hope of attracting customers, which is typical of brand orientation, or a strong intent to serve customers by answering unmet needs and wants, which is typical of market orientation. The choice is not inherently free, but is dependent on, for example, existing culture, competencies and resources. In the case of the Ben & Jerry's ice cream brand, the founders state "We have always done as much as possible for community and society, and hoped to make a reasonable profit. Money is not our main motivation" (Roberts, 2010, p. 9). This statement projects as a clear brand-oriented approach. Unilever bought the brand in 2000 for USD 326 million. A quote by one of the co-founders of the ice cream brand demonstrates the difference in orientation: "Ben & Jerry's is values led, whereas Unilever is more consumer driven" (Roberts, 2010, p. 9). When it comes to choice of orientation, a brand manager can find himself or herself in a position where the brand's orientation differs from the owner's.

A company's orientation does not need to be the same as that of an individual brand in the portfolio. In the case of companies such as P&G, Unilever, DuPont, Volvo, and Nestlé, one would most likely find brands that have an orientation different from the corporation's. The understanding that a brand may not only represent a positioning in the market and a special value proposition, but also a different orientation, may well be vital for the policy makers in the strategy process.

##### 6.2.2. Change of orientation

A change of the orientation of a brand is an elevated policy decision. It is a shift of the entire operation and the perception of staff. It affects the culture, the prioritizations, the dynamic in which the company engages with the market, and how managers regard the brand. A change of strategic orientation prompts a transformation process for the adoption of a new or altered mindset. As the Nicorette case illustrates, it is evident that this change cannot be developed too abruptly or without the understanding and commitment of the organization. Such insight is a crucial lesson for managers to note. A change of orientation can be like changing the course of an oil tanker, but the need to evolve is sometimes necessary.

Consider the position of Chinese industry. China has become the workshop of the world, manufacturing products for international brands. Today, one can find production of such brands as Nike, Adidas, and Reebok taking place in a single area. Chinese industry is, in this sense, extremely market oriented: that is, it produces according to customer specification. In the future, it is probable that Chinese industry will endeavor to establish and build its own brands, and thus become more brand oriented. However, this requires Chinese managers first to learn more about branding and communication on an international scale.

##### 6.2.3. Negotiating between orientations

Managers in any organization are often torn between short-term sales cycles and the more long-term commitments of building and

managing brands. The market demands require balance with sound principles of brand management. With the understanding of the orientations and the drivers as well as the different perspectives, the manager can alleviate the usual tug-of-war pressures between brand and market orientation. In discussion in late 2010, the CEO of Electrolux commented on the interaction between market and brand orientation as follows:

“Our shareholders have given us money to grow, and we need to sell our products with a margin to build our business. This means that we need to target a sufficiently large customer segment. A brand that does not appeal to consumers becomes a problem. We are fortunate because our Electrolux brand stands for values that attract the ‘Affirmation of Self’ customer segment, which has proven to be the most significant and important for the Electrolux brand. We have not sought out customers and afterwards, adapted the brand values to suit their needs. In our case, this has not been necessary. At Electrolux we always start with a consumer insight process but are careful to avoid making concessions with our brands. There is no contradiction between being both market oriented and brand oriented.”

The discussion in this paper will be relevant and advantageous for managers in finding the middle ground: that is, the ability to maintain sound business without violating the brand core identity.

### 6.3. Summary and routes forward for further research

This discussion set out with the purpose of exploring the interaction between brand and market orientation. The objectives were to contrast these two orientations in order to broaden the strategic options for orientation from brand or market orientation to additional choices. Another objective was to canvass the possibility of evolving the type of orientation a firm adopts.

The paper's key contributions are:

- identifying a four-part (2 by 2) brand and market orientation matrix;
- an emphasis on a new type of orientation, a hybrid between market and brand orientation; and,
- articulating typical trajectories for evolving the orientation.

The main theoretical contribution is the positioning of brand orientation within a broader (2 by 2) strategic option matrix. Brand orientation moves from a relatively minor, subservient role to the dominant paradigm, market orientation, to a pivotal, main stage role on an equal footing with market orientation. This finding opens further research opportunities for the advancing of brand and market orientation.

Case studies, either new or revisited, could re-examine the nature of orientation, emphasizing the possibility of the two newly defined hybrid orientations. Quantitative studies could develop scales and measures, for example to explore the link between different orientations and profitability. Another fruitful area for further research might be change management, taking into account culture and other relevant aspects to the different orientations.

To conclude, there is no such thing as the best or the ideal orientation; it depends on the circumstances. To quote a familiar fable: *Alice*—“Would you tell me, please, which way I ought to go from here?” *The Cat*—“That depends a good deal on where you want to get to.”

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