Corporate branding: an exploration of the influence of CRE

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Abstract

Purpose – The purpose of this paper is to understand how corporate real estate (CRE) can add value to corporate branding and how corporate branding strategies for CRE can be determined.

Design/methodology/approach – The paper presents a theoretical background for corporate branding and real estate and links these two concepts through interviews with 19 CRE managers of service providers.

Findings – Analysis of the relationship between CRE and the corporate brand brings forward two links: CRE influences the perception of the corporate brand directly and indirectly (via employee behaviour). Corporate identity and its six characteristics (structure, strategy, culture, communication, behaviour and design) formed a useful tool to determine the proper branding strategy for an organization. Especially, “design” and “communication” define the way CRE should communicate the corporate brand. Two location issues are seen as the most important CRE aspects to support branding strategies.

Research limitations/implications – The field research is explorative, so it only studies a small sample of four types of service providers: real estate brokers, architects, lawyers and multinationals.

Practical implications – Understanding the key factors of CRE that orchestrate the direct and the indirect influence on the corporate brand provides guidelines for CREM for designing CRE that supports a successful corporate brand.

Originality/value – Research done so far on corporate branding highlights the importance of CRE for corporate branding, but does not explicitly discuss the importance of (all) different CRE aspects.

Keywords Corporate branding, Corporate identity, Corporate strategy, Real estate

Introduction

In markets where competition is tough and product differentiation is no longer sufficient to maintain credible market positions, companies more often specifically positon the entire corporation, with all its tangible and intangible aspects, to increase their competitive position. This concept, labelled corporate branding, is about disseminating values and emotions symbolized by the company: the corporate brand. All aspects of the company ought to correlate with the corporate brand, so also corporate real estate (CRE). Aligning CRE with the corporate brand is essential for successful corporate branding since CRE – as one of the five company resources – forms a vital part of the company (Joroff et al., 1993; Gibler et al., 2002).
With proper CRE management added value can be created. Lindholm et al. (2006) have distinguished seven added values of corporate real estate managers (CREM), of which marketing and sales, is the one that incorporates branding. Appel-Meulenbroek and Feijts (2007) have appointed the possible effects of many CRE aspects to these seven added values through an extensive literature study, showing that the added value for marketing and sales has not been studied much so far. They mentioned representativeness and aesthetics of the building, plus some layout issues as possible ways of CRE to influence marketing and sales. Research done so far on corporate branding highlights the importance of CRE for corporate branding, but does not explicitly discuss the importance of (all) different CRE aspects.

This paper tries to reveal the CRE aspects that are most important for corporate branding through literature study and field research. The concept of corporate branding will first be explained. Then, the literature study describes the influence CRE might have on the corporate brand and the relevant aspects. The field research explores the level of importance of the different CRE aspects for corporate branding for real estate brokers, architects, lawyers and multinationals. The paper ends with conclusions and suggestions for further research.

**Corporate branding**

The concept of corporate branding finds its origin in product branding. Since the introduction in marketing theory in the 1960s the perspective on branding has changed. Over the years, branding has developed into a phenomenon which is widely supported. It tries to add value to a basic product or service and subsequently create brand preference and loyalty (Knox and Bickerton, 2003). Early definitions of branding focused merely on the development of names, logos and slogans and were mainly product-oriented. Currently, there is an agreement amongst scholars that a brand is more than a name or a slogan. It can be seen as a cluster of physical and functional attributes and socio-psychological beliefs and values associated with a certain product or service (Simões and Dibb, 2001; de Chernatony, 2006). Branding refers to the creation of such a distinctive product or service.

During the 1990s, criticism arose against classic (product) brand management in that it was too narrow, external-oriented, and not linked with the organization behind the product (Heding et al., 2009). The traditional marketing mix concept was seen as not being of use in the new economy and society (Kavaratzis, 2008). In order to operate in markets which are homogenized, companies need to position more than solely their products or services to create distinctiveness. This has lead to the introduction of corporate branding.

Corporate branding brings to marketing the ability to use the vision and the culture of a company as part of a unique selling proposition (Hatch and Schultz, 2003). The idea of corporate branding is based on the assumption that consumers create images of companies based on the whole experience of these companies (Heding et al., 2009). Corporate branding requires a holistic approach to brand management, in which all members and aspects of an organization behave in accordance with or are in line with the brand (Harris and de Chernatony, 2001). Therefore, for successful corporate branding the corporate brand ought to be deeply rooted in the company expressing one consequent story.
Fundamental to the corporate brand is the concept of corporate identity. Corporate identity can be defined as the corporate ethos, aims and values which present a sense of individuality or uniqueness that can help to differentiate the company from the competition and improves the competitive position (Balmer and Gray, 2000; Hatch and Schultz, 2003; Kay, 2006; Knox, 2004; McDonald et al., 2001). It is seen as a formulated covenant which illustrates the message that the company wants to send to its customers (Balmer, 2001; Balmer and Gray, 2003; Harris and de Chernatony, 2001; Knox, 2004; Roothart and van der Pol, 2003). In other words, corporate identity refers to the communication of what the organization is, what it does and how it does it (Markwick and Fill, 1995).

Various cues are used to project the corporate identity to stakeholders. Some of these cues are related to the visual expression of the essence of an organization's identity ("visual identity") (Heding et al., 2009; Markwick and Fill, 1995). The visual identity or corporate visual identity (Melewar and Karaosmanoglu, 2006) becomes manifest in "the design and graphics associated with an organization's symbols and elements of self-expression" (Markwick and Fill, 1995, p. 397). It consists of fundamental elements: name, slogan, logo/symbols, color and typography (Howard, 1998; Melewar and Karaosmanoglu, 2006). These elements are implemented in properties, products, presentations and publications; the four P's (Schmitt et al., 1995). Other cues are related to behaviour ("behavioural identity") and refer to the actions of organizations and their employees. As such consumers’ perception of identity is formed on the basis of the whole experience of a company through all of their contacts with the brand/company (Heding et al., 2009; Markwick and Fill, 1995).

According to Melewar and Karaosmanoglu (2006), seven organizational characteristics form the foundation for the corporate identity namely "industry identity", "corporate culture", "corporate structure", "corporate strategy", "corporate behaviour", "corporate communication" and "corporate design". The first six characteristics are related to behavioural identity whereas corporate design is related to visual identity. It is clear that CRE and its design are included in the characteristic "corporate design".

Based on the findings of Melewar and Karaosmanoglu (2006), a model is configured which illustrates the relationship between corporate design and the corporate identity (Figure 1). In contrast with their model, the dimension "industry identity" is not included. This dimension refers to the specific typology of the sector a corporation is operating in. This is a constant factor for all competitors in the field and as such companies cannot employ this dimension in order to create distinctiveness. A link not mentioned by Melewar and Karaosmanoglu, but added by the authors in Figure 1, is the influence corporate design has on corporate behaviour. This link is added on grounds of theories extensively discussed in literature over the years in different fields and settings. It concerns the notion that the built environment has a significant impact on behaviour of people (Barker, 1968; Bonnes et al., 2003; Franz and Wiener, 2005; Vilnai-Yavetz et al., 2005; Shpuza, 2006; Alalouch and Aspinall, 2007) and subsequently may influence the previously discussed behavioural identity.

As shown in the model, corporate communication plays an important role for the corporate identity and thus the corporate brand; all other characteristics influence corporate communication. After all, design and behaviour are ways of communicating too. A direct and indirect (through corporate behaviour) influence of CRE (corporate design) is visible, which will be discussed in the next two sections.
Direct influence

The general added value of the design of properties for companies is endorsed by many (Bitner, 1992; Rafaeli and Vilnai-Yavetz, 2004; Nenonen, 2005; Lindholm et al., 2006; Singer et al., 2007). Singer et al. (2007) even try to relate the real estate strategy to different competitive advantages that an organization can strive for.

Buildings can contribute to the visual identity of an organization because their appearance communicates the beliefs and principles of the organization and provides information about the way they work (Manning, 1991). But despite this recognition, only a few studies have been done on physical surroundings of companies and its actual effect on customer’s perception. Bitner (1992) explores the impact of aspects of the whole setting on the perception of customers and distinguishes ambiance conditions (like temperature, sound, light and smell), space and function and signs, symbols and artefacts. Hatch and Cunliffe (2006) and Strati (1999) explore the relationship more specifically between CRE and images of companies. They call this corporate architecture and distinguish location, layout and style as important factors for creating an image of the company by its stakeholders.

These three studies indicate that the important aspects of CRE for the direct influence of corporate identity are:

- location typology; characterization of the location, e.g. business district or city centre;
• reputation location; general feelings of the location which evoke certain images, e.g. prestige, multinational or ultramodern;
• landscaping;
• façade;
• recognisability;
• quality finishing;
• main entrance;
• architectural style;
• floor-plan (zones horizontally and vertically);
• accessibility;
• thermal comfort; and
• lighting.

There is no indication of which aspects are more important than others.

**Indirect influence**

The rise of corporate branding has raised awareness of the crucial role that employees play in corporate marketing and the corporate branding process (Punjaisri and Wilson, 2007). Especially, for service providers, employees constitute the interface between a corporate brand and customers. Hence, employees can have a powerful impact on consumers’ perceptions of both the brand and the organization (Harris and de Chernatony, 2001). The experience of customers in their interactions with an organization and its services are dependent on internal factors like “internal service quality”, “employee satisfaction”, “employee retention” and “employee productivity” (Aurand et al., 2005; Punjaisri and Wilson, 2007). In studies done so far, the engagement of employees in the brand is often referred to as internal branding, employee branding or internal marketing (Aurand et al., 2005).

The notion that physical surroundings have an impact on the behaviour of people too, can enrich the theories of employee branding to steer behaviour of employees. Besides, the soft aspects of employee branding strategies (e.g. personal values, training and rewards), Barker’s (1968) behaviour setting theory also mentions “hard” factors like:

*Physical factors.* Physical elements can make certain behaviour impossible (like walking through a wall) but can also stimulate certain behaviour (e.g. encouraging people to walk on the sidewalk instead of through peoples gardens).

*Physiological factors.* Sometimes behaviour is an unconscious reaction of the body, like shivering from cold.

*Physionomical factors.* A setting which promotes certain behaviour by associations of forms and attributes people have with it, like an open field makes children want to run.

Later research by Vilnai-Yavetz et al. (2005) suggested that aesthetics are an important factor for steering peoples’ behaviour too. People tend to behave differently when for example material things and properties are pretty, then when their surroundings are messy and filthy.
The studies discussed, indicate that the important aspects of CRE for the indirect influence on corporate identity are:

- landscaping;
- facilities in the neighbourhood;
- accessibility by car, bicycle or public transport;
- quality of finishing;
- architectural style;
- floor-plan;
- accessibility;
- thermal comfort;
- lighting; and
- restaurant facilities.

There is no indication of which aspects are more important than others.

The CRE influence according to service providers in practice

The literature study provided a first insight in the CRE aspects that are important for corporate branding. But are all mentioned CRE aspects equally important? And are all aspects important for all types of companies? The design of CRE is generally more important for companies where interaction occurs between customers and employees (Bitner, 1992). Especially, for retail companies the physical conditions and atmosphere in the store are important because these aspects influence the consumers’ behaviour and their consumption pattern (Baker et al., 1994, 2002; Bonnin, 2006; Zimmer and Golden, 1988). This research focuses on companies offering services to customers. It is expected that for these types of companies the design of CRE is important as well. Here, the physical environment is able to create an image for customers and influence behaviour of employees, because services are generally produced and consumed in the presence of the consumer within the firm’s physical facility.

To get a first impression of differences between types of companies, four types of service providers were distinguished (number of organizations interviewed): real estate brokers (six), architects (six), lawyers (three) and multinationals (four). All companies are located in The Netherlands or have at least one office in The Netherlands. By means of interviews, the CREM or the managing director of the companies were questioned.

The interview consisted of questions about the six identity related organizational characteristics of the company (Figure 1) and their strategies for corporate branding regarding CRE (first in general and later with the help of the list of CRE aspects). Also, the interviewees were asked to score the CRE aspects on their perceived importance for corporate branding, 1 being the lowest score and 5 the highest. Besides, the aspects that came forward from the literature discussed before, three other CRE aspects were added to this list (Table I), namely “visibility”, “security entrance building” and “visibility of sustainability”. These aspects appear important to include in the list since they are all aspects of CRE that the customer can experience (Stevens et al., 1992; Stichting Real Estate Norm Nederland, 2003). Visibility is important because it could illustrate whether a company wants to be seen or needs to be seen by its customers.
<table>
<thead>
<tr>
<th>Location aspect</th>
<th>Multinationals (four)</th>
<th>Real estate brokers (six)</th>
<th>Lawyers (three)</th>
<th>Architects</th>
<th>Post Rabobank Arcadis ING</th>
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<tr>
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<td>4</td>
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<tr>
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<td>Facilities in the neighbourhhood</td>
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<tr>
<td>Facade</td>
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<td>4</td>
<td>2.8</td>
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<tr>
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<td>2</td>
<td>2</td>
<td>3</td>
<td>1.8</td>
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Table I. Importance of CRE aspects for branding
Security of the entrance of the building can create a certain image of the company among customers or create a certain feeling among customers that may be important for providing a certain service, e.g. handling delicate information. Sustainability is a fashionable trend this millennium, which can also be related to branding. Companies massively choose for sustainable offices, in such a way that these buildings significantly show higher rent prices and less vacancy for reason of their sustainability (Kok, 2008). So, the visibility of this choice is expected to add to the corporate brand. Whether these aspects have a direct and/or indirect influence has not been studied.

Since only a few companies per type of organization participated in the field work, nothing definite can be concluded. But this first explorative study does find some interesting results. As Table I shows, the highest average scores in general (four points or higher, from highest down) were given to the CRE aspects accessibility of the location, typology of the location, quality of the finishings, main entrance and recognizability of the building. The standard deviation of accessibility of the location was also very low, so all considered this to be a very important aspect to support their branding strategy. The other important aspects show a bigger standard deviation. Looking at the individual CRE aspects predominantly one or two companies differ from the rest in their valuation of the importance of the aspect in question. This seems to indicate that some companies apply unique strategies by means of that CRE aspect. The most obvious example of such a unique strategy and also the example with the highest standard deviation is the perception of two multinationals of the aspect “visibility of sustainability”. Their values of distributing mail with least cost to the environment (TNT Post) and developing buildings for their customers with care of the environment (Arcadis) is incorporated in their corporate brand and makes their branding strategy unique. The high scores illustrate these unique strategies.

The least important aspects on average (below three points, from lowest up) were restaurant facilities, neighbourhood facilities, visibility of sustainability, vertical zoning and landscaping. So facilities, although mentioned in literature to have a possible indirect effect, do not appear to support the behaviour of employees much with regard to expressing the brand. They do help to attract employees, so maybe a certain type of employee can be attracted that way. A surprising result is that both sustainability and landscaping are at the bottom of the list too. Both these aspects are often taken up specifically by organizations to spread a certain image about themselves. Kok (2008), who identified the preference for sustainable offices, does not distinguish different types of companies like in this sample, so perhaps these service providers are of an exceptional type. The multinationals do find sustainability important, while the other three types of organizations are responsible for the low-average score in this sample. The same is true for the facilities in the neighbourhood. Some logical differences between types of companies came forward as well, like the fact that architects do think landscaping is important, and that they assign a very high importance to architectural style and quality of finishing. More surprising was, that they do not find visibility of the location important at all (score = 1.2).

Discussion
The two most important aspects are both location aspects, suggesting that for branding the location is more important than the building. This is remarkable, because intuitively, one would think that especially the appearance of the building (the work
of the architect) supports the image that is created of the organization the most. But in this sample, the direct influence of the appearance of the building appears to be preceded by the indirect influence of the accessibility for customers and employees and the location typology. So, it is not only the way the CRE looks, that helps the corporate image. Especially, the lawyers and real estate brokers have a location aspect at the top of their list, while the architects assign the highest importance to building aspects. For the multinationals the answers are more diverse.

The overall interpretation and application of the identity aspects “design” and “communication” define the way CRE should communicate the corporate brand. For example, the means for companies to communicate with and attract (new) customers influences the way CRE should be designed. If companies attract their customers face-to-face (through seminars, presentations and networking), their CRE generally has to state their abilities and visions. Especially, for architects, lawyers and multinational Arcadis this was the case.

If companies attract their customers more passively (through the web site, billboards, etc.) and customers have to find their way to the office themselves, their CRE generally does not only reflect the abilities and vision of the company, but visibility is also very important. The logo, recognizable colours of the logos and the appearance of the façade are important to attract customers passing by. For these types of companies, the office also has got a kind of shopping functionality. The typology of the location of these offices also corresponds with this function. For example, real estate brokers used to have several smaller establishments in shopping or residential areas.

Which design criteria apply for filling in these aspects varies for every company. For example, recognisability can be important for two companies, but one will prefer to have their logo and name clearly on their façade, while the other company prefers a recognizable building by means of colour, vibe and impression. The reasons for choosing a particular appearance or criteria can be found within the corporate branding “story”. Corporate identity and its six characteristics formed a useful tool to determine the story and discover the branding strategy for an organization. The story within the distinguished types of organizations does appear to be similar, meaning that arguments that the interviewees gave for particular high or low scores fit within one strategy or trend. For example, one lawyer explains that it is important that the location for his subsidized legal aid office must be in an average living district, because customers with less means need to feel welcome in his office. Another lawyer prefers his office in a high-end business district. The two criteria for the location typology for the two interviewees are very different, but they both fit within one strategy which focuses on matching the location typology with the business strategy and the target group. Also for architects, there are different arguments that fit within one strategy. Not very surprising is the fact that the aspect “architectural style” scores highest. But the specifics of the architectural style that the architects find important differ. One architects explains that the building should define “what we are capable of”, referring specifically to style, materials and details of the building, while another architect prefers a castle-like building because it illustrates their expertise to renovate and give new life to old buildings. Here, not so much style, materials and details are most important, but the entire building as an indicator of expertise.

For real estate brokers, a trend can be noticed that exemplifies certain arguments concerning the CRE aspect “visibility”. Some real estate brokers explicitly state that
the visibility of their building is not so much necessary (any more). Others (still) say that their building must be clearly visible for passers by. An overall trend that is boosted by technology and internet enlightens these arguments and illustrates the shift from people using real estate broker offices as a store to “shop for houses” to using almost exclusively real estate broker web sites.

Conclusions and recommendations
Although CRE is not considered to be the most important aspect for design and communication for any of the companies interviewed, they all think it can play an essential role. Not all companies include their CRE deliberately in the branding strategies. Bigger companies seem to be more aware of the effect CRE can have on their corporate brand than smaller companies. The latter apply CRE more unconsciously. When asked about their branding strategy, a small company might not be able to answer the question straight away, but does know what it stands for and what it does. The fact that two location aspects, namely “accessibility of the location” and “typology of the location” had the highest average scores is possibly related to this. It can be expected that when companies are more aware of the effect CRE may have on their corporate identity, they will evaluate the relation between CRE and corporate branding differently.

One single list of CRE aspects for all companies cannot be provided. This depends too much on the combination of the different company characteristics. However, the configuration of the six organizational characteristics helps to explain and formulate a branding strategy for CRE for each type of organization. CRE has to replenish other means that the company uses for design and communication. Cooperation with marketing managers and human resource managers would contribute to implementing an integral, fine tuned corporate branding strategy. Cooperation of these different disciplines is complementary and would bring corporate branding to a next level.

Field research among many types of companies might generate a complete list of profiles of corporate identities within types of companies. Each profile should then be matched to certain guidelines for designing CRE for corporate branding. With the help of some questions, companies could identify themselves with these profiles and would be led to a guide that would help them design their CRE in accordance with the corporate brand. Such a (decision-making) model would increase the usefulness and applicability of the results of this research. On the other hand, organizations want to stand out, because that is what a brand is for. So perhaps, uniformity in this is undesired.

Further research could also look at how to design the CRE aspects for corporate branding strategies. This type of research would zoom in on specific aspects such as architectural style; what colours have what influence on the perception of a company for people? Also, customers and marketing managers should be asked to answer these types of questions. What is the customers’ image of a company with a particular building on a particular location? And do marketing managers also recognize and use the value of the same CRE aspects. Other possibilities for research are finding a way to determine the actual influence of CRE on branding in relation to other relevant company resources, and studying whether the direct or indirect influence is the most important. The perceived importance could have been influenced by the importance of certain
CRE aspects in general. So, there is still a lot that needs to be studied, before the position of the CRE in communicating a corporate brand is clear.

References


**Further reading**


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