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Strategic brand management: Archetypes for managing brands through paradoxes☆

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ABSTRACT

Although brands are acknowledged as significant assets in a firm's value creation and differentiation process, branding literature often describes opposing perspectives and contradictory demands. This article develops a framework of three strategic brand management archetypes that provide new insights into the complexity and often paradoxical ambiguity of branding. By combining an empirical qualitative study with extant brand management and relational exchange theory, the authors suggests that firms create, reinforce, switch, or allow certain brand management archetypes to coexist to optimize specific effects and manage paradoxes. From a managerial perspective, the article suggests that understanding strategic brand management and related paradoxes is fundamental for organizations to achieve desired effects with their value creation.

1. Introduction

In line with the strategic perspective on value creation, a brand signifies the customer-experienced use value a firm co-creates with its environment (Prahalad & Ramaswamy, 2004). The use value, defined as the customer's "*interactive relativistic experience evaluation*," (Holbrook, 2006 p. 715), forms the basis of firm's superior competitive advantages and long-term survival (Grönroos, 2008; Hunt & Morgan, 1995; Priem, 2007; Rindova & Fombrun, 1999). In order to create a brand that signifies novel and appropriate use value, managers need to weigh multiple and often contradictory strategic options against each other (Lepak, Smith, & Taylor, 2007). For example, a firm needs to weigh competing on brand preference versus brand relevance (Aaker, 2012); achieving consistency versus inconsistency in marketing activities (Keller, 2000); and simplifying and controlling brand information versus engaging in a complex co-creation process of brand meaning-making (Allen, Fournier, & Miller, 2008; Berthon, Pitt, & Campbell, 2009; Payne, Storbacka, Frow, & Knox, 2009). Drawing on Lewis (2000), such paradoxical tensions are defined as interrelated elements that may seem logical in isolation, but become contradictory when treated simultaneously.

Previous research recognizes how managers' responses to paradoxical tensions may be detrimental to a firm's performance, growth, and profitability (Håkansson & Ford, 2002; Levinthal & March, 1993; Mouzas, 2006; Sheth & Sisodia, 2002). Following extant studies on how to manage paradoxes (Poole & Van de Ven, 1989; Smith & Lewis, 2011), managers can either chose to live with tensions and select among competing demands to optimize alignment between internal organizational elements and the external environment. Another strategic option is to find means of meeting or considering competing demands simultaneously, which, rather than eliminating a tension, signifies a constant motion across opposing demands to create a dynamic equilibrium (Smith & Lewis, 2011).

Extant research that focuses on sources underlying brands often points to contradictions between what diverse forms of brands do for consumers and firms in various situations (Allen et al., 2008; Pitt, Watson, Berthon, Wynn, & Zinkhan, 2006). However, the research seldom provides a foundation from which to identify the usefulness of specific strategic schemas or judgment policies that underlie various brand management forms in particular situations (Priem, 1994; Priem, Butler, & Li, 2013). In doing so, the research also neglects how the firms' self-selected value creation strategies may create various paradoxical tensions and how such tensions can be managed (cf. Le Breton-Miller & Miller, 2014; Smith & Lewis, 2011). Drawing upon an empirical study, the main purpose of this article is to develop a formal strategic brand management typology

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that enhances understanding of different forms of brands and the management of paradoxical tensions.

In the following section the authors review a set of theoretical frameworks that provide three different value creation perspectives on strategic brand management. This review is followed by a description of the adopted research procedure and research setting. The subsequent sections are built upon the perspectives identified in the theoretical review and describe how firms adopt diverse strategic brand management archetypes that emphasize various forms of use value based on the results of the empirical study. The final section discuss how firms' self-selection of various strategic brand management archetypes induce paradoxical tensions and affect firms' ability and options when managing such opposing environmental demands in their value creation.

2. Use value and strategic brand management

In line with the strategic value creation perspective, firms' strategic brand management is likely to differ depending on whether they aspire to create extrinsic and/or intrinsic use value types (Addis & Holbrook, 2001; Holbrook, 2006; Prahalad & Ramaswamy, 2004; Priem, 2007). Extrinsic value creation focuses on customer-experienced utility or functionality of an offering's objective features as a means to some further end in relation to price and other sacrifices (Addis & Holbrook, 2001; Grönroos, 1997; Holbrook, 2006). Intrinsic value creation focuses on the customer-experienced subjective responses, which are appreciated for their experiential and/or symbolic/expressive sake and, thus, are seen as ends in themselves (cf. Addis & Holbrook, 2001; Holbrook & Hirschman, 1982; Smith & Colgate, 2007). A third balanced form of value creation focuses on both objective features and subjective responses to create a unique combination of extrinsic and intrinsic value (Addis & Holbrook, 2001).

Viewing firms as social actors whose organizational identity reflects the firm's membership in self-defining categories that support constituents' actions on behalf of the firm aids in understanding differences between these three distinct types of strategic brand management (King & Whetten, 2008; Whetten, 2006). In line with this view, the firm self-selects organizational features or attributes based on its assessment of environmental norms and change and scarcity factors to create brands that signify a relevant and/or preferred use value in a certain context (Högström & Tronvoll, 2012; Rindova & Fombrun, 1999). The norms provide minimum performance standards defining what the firm must achieve to be considered a legitimate option, while ideal standards define how well a brand needs to perform to be rewarded with a good reputation (King & Whetten, 2008; Rindova & Fombrun, 1999).

Following this view, organizational identity is defined as the subset of the firm's self-selected organizational features and attributes that are experienced as central, enduring and distinguishing in defining who the firm is, what it does and how well it does as an organization (Albert & Whetten, 1985; King & Whetten, 2008). Thus, the firm's self-selected social identities, such as type of organization, governance, and offerings, provide the firm with the strategic schema or organizing logic that informs organizational actions. In other words, the strategic schema constitutes the foundation for shared perceptions, coordinated decision- and strategy-making, as well as interaction with stakeholders (King & Whetten, 2008; Messick, 1999; Nadkarni & Narayanan, 2007; Priem, 1994; Whetten, 2006). Although several strategic schemas can coexist within the firm as latent predispositions, at any given time, one strategic schema is likely to dominate the firm's behavior and determine what environmental norms managers deem salient (cf. Högström & Tronvoll, 2012; Kelley & Stahelski, 1970; Miller, 1993; Prahalad & Bettis, 1986).

Below, the review of brand management and relational exchange literature shows how the creation of various types of use value demand diverse strategic schemas, emphasizing brand knowledge, brand meaning, or flexibility.

3. Managing brand knowledge to create extrinsic value

Focus on extrinsic value is important when consumers evaluate and base purchase decisions on objective product or service features (Berthon, Holbrook, & Hulbert, 2003; Holbrook, 2006). The high weight on utility in relation to costs or sacrifices puts customers in a transactional mode, making their choices cognitive, instrumental, and goal-oriented (Addis & Holbrook, 2001; Grönroos, 1997; Strahilevitz & Myers, 1998). Accordingly, in these circumstances, the brand's ultimate function is to appeal to consumers' rational reasoning to enhance calculative forms of trust and commitment (Chaudhuri & Holbrook, 2001; Gustafsson, Johnson, & Roos, 2005; Williamson, 1993). The firm's branding efforts become directed toward the economic, functional, and emotional customer benefits its products or services offer (Allen et al., 2008; Batra & Ahtola, 1990). This focus creates a basis for a reasoned, preference-driven form of value creation based on performing objective features better, faster, or cheaper to create superior utilitarian value and reputation (Aaker, 2012; Achrol, 1991; Bazerman, Tenbrunsel, & Wade-Benzoni, 1998).

A firm's attention to products' or services' extrinsic value to create competitive advantages results in a focus on marketing productivity, defined as, "generating satisfied customers at low cost" (Sheth & Sisodia, 2002: 352). Such a strategic scheme corresponds to a calculative strategic schema that relies on short-term, rational decision-making guided by consequences for transactions and efficiency (Heide & Wathne, 2006; March, 1994; March & Olsen, 2004). This form of knowledge search, absorption, and combination to create superior extrinsic value signifies an exploitative type of learning aimed at generating proximate benefits, such as increased productivity, incremental innovations, and predictable costs (Benner & Tushman, 2003; Danneels, 2002). Thus, the organization seeks to develop, acquire, control, protect, and leverage its brand's objective features to create a superior and/or unique desired extrinsic value and capture financial value for shareholders (Madden, Fehle, & Fournier, 2006; Rust, Ambler, Carpenter, Kumar, & Srivastava, 2004).

Following this logic, the firm aspires to create, control, and maintain brand information to direct a shared knowledge that builds brand equity (Aaker, 1996; Keller, 2003; Park, Jaworski, & MacInnis, 1986). Specifically, firms are assumed to manage brand information with the intent to create and maintain a specific set of brand associations in target consumers' minds, defined as brand identity (Aaker, 1996). The resulting brand knowledge constitutes brand awareness, indicating brand recall and recognition, and brand image (Berthon et al., 2009; Keller, 1993). The brand image represents consumers' mental perceptions of a brand, including both evaluative and descriptive associations, such as attributes, benefits, and attitudes (Keller, 1993). In turn, brand equity is the differential effect brand knowledge has on consumers' response to the firm's branding, such as trust and commitment (Chaudhuri & Holbrook, 2001; Gustafsson et al., 2005; Keller, 1993; Morgan & Hunt, 1994). Ultimately, the firm's assessment of its brand image and performance standards guides its efforts to enhance competitive advantages (Hunt & Morgan, 1995; Kohli & Jaworski, 1990; Slater & Narver, 1995). In effect, the firm focuses on incremental innovations to create productivity gains and serve existing customers increasingly well.

The discussion above shows how firms adopting a calculative strategic scheme rely on tightly coupled product or service designs, and target relatively narrow customer segments (Sanchez, 1995; Weick, 1976). However, although this exploitative approach increases the firm's ability to fully utilize its physical and financial assets, the firm runs the risk that its knowledge and resource bases ultimately become obsolete (Benner & Tushman, 2003; Levinthal & March, 1993). Thus, the firm's path-dependent nature and focus on extrinsic value make its brand vulnerable to market dynamism and technological changes compared to more meaning- or flexibility-focused firms (cf. Le Breton-Miller & Miller, 2014).