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Chapter 3

Service Branding: Suggesting and Discussing Four Perspectives Influencing a Value-Creating Service Brand at the Company Level

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Abstract

The chapter suggests and discusses four interrelated perspectives, which, we argue, influence a value-creating service brand at the company level. One research question is posed: which perspectives are useful and applicable in the development of a value-creating service brand at the company level? Four interrelated perspectives are outlined and discussed: a customer perspective, a management perspective, a service employee perspective, and a knowledge perspective. The discussion section of the chapter includes an interactive, circular model, which shows how the four perspectives directly and indirectly impact on the creation of a value-creating service brand. In the chapter, a set of theoretical and practical implications is drawn. Illustratively, on the theoretical side, one implication is that a high degree of service orientation together with change-oriented, value-driven management orientation is required in order to foster, develop, and sustain a value-creating service brand at the company level. On the practical side, one advice is to upgrade the role of knowledge of an important intangible resource by working in accordance with the principles of a dynamic knowledge system.

Keywords: service brands, service brand development, systemic thinking, perspectives, an interactive model, value creation

1. Introduction

In a world of services [1, 2], enterprises are facing a new competitive landscape world-wide. This landscape is characterized by increased turbulence, complexity, and ambiguity [3] in which the old recipes for business success in the industrialized world no longer provide a sufficient ground for value creation and competitive advantage in service enterprises [3]. In this
new competitive environment, we argue that service brands play an important role in their contribution to value creation and economic growth at the company level.

The background for the focus on service brands today is the fact that Western industrialized economies, in particular, have moved into societies dominated by services [4]. Grönroos [5, p. 11] perceives the rapid growth of services as the “new economy.” The new economy which emerged in the early 1990s is part of the knowledge economy [6, 7], and the main features of the knowledge economy include globalization, systemic changes, temporary rather than continuous competitive advantage, short life-cycles of products and services and new forms of competition [3, 8]. In the knowledge economy, knowledge has become a key organizational and strategic resource for businesses [6, 9, 10].

Today, the service sector constitutes a major part of the total economic activity, employment, and growth of industrialized economies [11]. The OECD, as an example, estimates that approximately two-thirds of GDP in high-income countries generate from services. The high growth rate of services implies that the service sector, service industries and service firms are arenas with a huge potential for employment, economic growth, and value creation [11–13]. However, according to branding research, many companies fail in their attempts to develop strong and competitive service brands, which may impact negatively on their value-creating potential and ultimately their bottom line. The Finnish IT company Nokia is a good example of a firm which has experienced a spiral of economic downturn in the course of a few years.

Hence, in “societies of services” [1], one observes a constant need for renewal, changes, and innovation at the corporate level [14–16]. In relation with this, the role of service brands may play an important role in enterprises’ competitive efforts and value-creation processes [17] because, as claimed by Urde [18, p. 18], “the future of many companies lies in the brands.” This view is supported by Ref. [2] who observes that a strong brand is a guarantee of superior service delivery and quality. This is important in attracting and retaining customers [19] and, as observed by Ref. [20], strong brands enable customers’ better to understand the intangible side of services.

Over time, a host of research has been carried out on fast-moving consumer goods (FMCG) in manufacturing organizations. Nevertheless there is a shortage of research on service branding at all levels in the brand hierarchy [21, 22], despite the fact that branding is assumed to be “even more important for services than for goods” [23, p. 333]. Thus, in this chapter, we seek to contribute to the extant knowledge of service branding at the company level by examining four interrelated perspectives which, we argue, may enhance the value-creation potential of a corporate service brand. Thus, the focus is on the highest level in the brand hierarchy. Furthermore, an interactive model is offered grounded on a systemic thinking that depicts the linkages between the model’s components, and shows how the perspectives interact and how they may contribute to a value-creating service brand at the company level. Thus, the format of this chapter is conceptual.

This chapter addresses one research question:

Which perspectives are useful and applicable in the development of a value-creating service brand at the company level?
To answer the question, the chapter is organized in sections. After this introduction, the second section constitutes the literature part. The third section provides an account of four perspectives that, we argue, may contribute to a value-creating service brand at the company level. In relation with this, in the fourth section, a conceptual model is suggested and discussed. The fifth section entails a model and discussion, while the sixth section sets out the implications and contribution of the research. A conclusion section terminates the chapter.

2. Literature

2.1. Concepts

2.1.1. Value creation

Value creation is a term used in the academic management literature and in the business press. However, as argued by Ref. [24], much of the management literature uses the term value creation incorrectly when the intended meaning is value capture. Hence, according to this view, value capture is defined as: “the appropriation and retention by the firm of payment made by customers in expectation of future value from consumption” [24, p. 220]. Value capture has predominately been viewed from the perspective of the firm and not from the demand side, the consumer perspective [25]. Value creation, in contrast, involves an enterprise’s activities that establish or increase customers’ valuation of the benefit of consumption [3]. In the context of service branding at the company level, this implies a more active participation and involvement from the customers in services branding research and development. Thus, as with customer-driven innovation [26, 27], to enhance value creation at the corporate level, service brands are important intangible assets which need to be developed by means of extensive customer information gathering, contact, and involvement [28]. The essence is that the brand values, which a service firm wants to deploy in its brands, are in accord with the customers’ expectations of the brand values.

2.1.2. Service brand

In the branding literature, there are different conceptual views on how to perceive a brand as a construct. The American Marketing Association (AMA) offers a well-known and classic definition of a brand: “A brand is a name, term, sign, symbol or any other feature that identifies a seller’s product or service as distinct from those of other sellers.” The core of this definition is that a brand consists of a set of perceptions that serves a differential purpose [29, 30]. However, [2] argues that the AMA’s definition is relevant for physical products, but not for service products for two prime reasons. First, the definition excludes the process view of services [31–34] and second, it excludes the key role of customers in branding processes and development. According to services knowledge and theory [35], the unique characteristics of services; intangibility, simultaneous production and consumption (inseparability), the heterogeneity of quality and perishability [33, 36] affect the branding of services. To illustrate, in relation to customers’ assessment of quality, production and consumption usually take place
at the same time in services, making it problematic for customers to assess the quality of a service in advance of service delivery. As a response, Ref. [2] has offered a definition, which he perceives encompasses both physical and service products. He says that “a brand is created in continuously developing brand relationships, where the customer forms a differentiating image of a physical product, a service or a solution including goods, services, information, and other elements based on all kinds of brand contacts that the customer is exposed to” Ref. [2, p. 330]. This definition addresses, in particular, the key role of customers in branding services by focusing on all brand contacts to which customers are exposed to. This conceptual view is supported by Ref. [37], who argues that the development of a strong brand must be carried out by means of a customer co-creation process. The ultimate goal of the co-creation process is to connect and tie the customers emotionally to the brand, and thereby obtain their commitment and constant loyalty.

2.2. An actors approach to service branding

Ref. [38] argue that a brand represents a holistic, comprehensive experience that is based on excellent and personalized customer service, challenges an organization’s values and norms, and is responsive to change. According to Schlager et al. (2011), a brand is created in the triangle between the company, the customers and the employees. By building on Ref. [39], Figure 1 emerges.

Figure 1 shows a relational system in which the customers are important in the creation and development of a value-creating service brand as they are co-creators of the service brand [35]. Similarly, management’s activities in developing a strong, value-creating service brand are important because management possesses the authority and power needed to plan for, develop and implement changes in businesses operations, including decisions on service brand strategies, values, and actions [40–42]. Similarly, the service employees [43, 44, 65] are important sources of brand equity due to their ability to engage in service brand processes and development and to fulfill brand promises. Hence, this chapter finds that the actors in the brand triangle [39] have an impact on the development and maintenance of a value-creating

![Figure 1](image-url). The key actors promoting a value-creating service brand (adapted from Schlager et al. [39]).
service brand at the corporate level. The triangle in the Figure 1 then serves as a framework for suggesting perspectives of a value-creating service brand at the company level.

2.3. A research perspective

A research perspective is by Ref. [45] perceived a point of view or scientific position taken to guide the research in question. The choice of a research perspective is linked to the research topic and research question(s) under scrutiny [46], as an example, has discussed a set of theoretical perspectives useful for services brand research, for example an economic perspective, a psychological perspective, and broader relational perspective. Illustratively, the economic perspective sees the brand as a financial resource, which serves profit-generating purposes, whereas in a relational perspective, brands are given a wider interpretation than that of a traditional marketing perspective. The essence is that branding at the company level is perceived as a holistic, change-oriented management process that encompasses all organizational layers, and serves internal as well as external purposes [36, 43, 44, 47]. This view is in contrast to the classic understanding of a brand as an entity, which essentially is perceived to be the responsibility of the marketing department and its personnel. Hence, according to this view, services branding essentially serves external purposes.

This chapter suggests four interrelated perspectives grounded on systemic thinking in order to understand service branding as a tool for value creation at the corporate level. Systemic thinking in this context concerns a system of relationships between perspectives that influences value creation at the corporate level. As evidenced in research on service branding, several factors may affect successful service brand development [35, 36, 48, 49]. By building on and finding support in service branding knowledge and theory, this chapter suggests and discusses four interrelated perspectives which may affect a value-creating service brand at the corporate level.

3. Findings

Suggesting four perspectives of a value-creating service brand at the company level.

A classic view of a product brand is that a brand consists of a set of perceptions that aims to differentiate a producer’s products from those of competitors [23, 29, 30]. In contrast, a service brand consists of a cluster of functional and emotional values [36] which need to be managed by change-oriented and innovative service brand leadership [23, 38, 50, 51]. Nevertheless, the rationale for branding physical goods and services is the same, the aim being to build and leverage the brand equity to develop a strong relationship between the brand owner and the stakeholders, particularly the customers [35]. Ref. [52, p. 535] claim that brand equity concerns “the added value with which a brand endows a product and to the addition of the brand’s attributes including reputation, symbols, associations, and name.” On the other hand, Ref. [53, p. 539] perceives that corporate brand equity is “the differential response by consumers,
customers, employees, other firms, or any relevant constituency to the words, actions, communications, products or services provided by an identified corporate brand equity.” Thus, corporate brand equity concerns the differential effect of brand knowledge on different stakeholders’ responses to a corporate brand.

We have argued that a value-creating corporate service brand is beneficial in order to stay competitive and contributes to economic success at the corporate level. By finding support in service branding knowledge and theory, we suggest four perspectives, which may have a positive impact on the development of a value-creating service brand at the company level. These perspectives are conceptualized as follows:

- **“A customer perspective”**: customer orientation in service brand development;
- **“A management perspective”**: change-oriented, value-driven leadership/management;
- **“A service employee perspective”**: service employees’ motivation and commitment.

These three perspectives are grounded on the framework developed by Ref. [39]. Nevertheless, as will be outlined and discussed, we introduce and discuss a fourth perspective which we term:

- **“A knowledge perspective”**: knowledge orientation in business conduct.

### 3.1. A customer perspective

In a product-dominant economy, a goods-centric view of brand development has predominated, but in the “new” economy—an economy of services [2]— a customer-centric perspective of brand development will be the chosen one. In such an economic atmosphere, the customers become co-creators in service brand development and processes [37]. The main reason is that brands are not static; instead they are subject to changes due to shifting competitive environments, individualism, as well as shifting customer preferences and demands for tailor-made services [3, 49, 54]. As a consequence, management’s efforts to develop a strong service brand will take place through a customer co-creation process. Ref. [37] categorizes the co-creation process in five stages:

1. The development of a new product with unique perceived product attributes.
2. The creation of brand awareness through marketing and other communications.
3. Consumer interpretation of marketing and other communications to form pre-consumption brand associations.
4. Consumption of the product and the formation of post-consumption associations.
5. Repurchase based on the intensifying perception of unique benefits leading to brand loyalty.

The ultimate goal of the customer co-creation process is to attain customers’ commitment, trust, and brand loyalty. However, many companies do not succeed in their branding attempts [55],
and practice shows that the customers often “vote with their feet” by finding other suppliers who better can meet their needs, wants, and preferences. Thus, to be attractive and stay competitive, a service provider must stay in close contact with its customers [56, 57] seeking to deliver unique benefits and superior value as perceived by them. Nevertheless, the involvement of the customer is a necessary but not sufficient condition for the creation of a value-creating service brand as managers and service employees also need to be integrated in service branding processes and development as they are perceived to be the real “ambassadors” of a brand [58]. In fact, management has the force to influence on and change a firm’s web of strategies, including the brand strategy.

3.2. A management perspective

According to brand knowledge [18], a brand is a strategic and operational resource which implies that leaders and managers play decisive roles in brand development [42]. Nevertheless, the roles of leaders and managers differ by the magnitude of organizational changes [59]. Organizational changes may be categorized as radical or incremental (op. cit). Obviously, a change in a business corporate strategy belongs to the first category and is the responsibility of top leadership. In contrast, a change in a business brand strategy becomes the responsibility of brand management. Hence, a new brand strategy as a response to enhanced competition needs to be in accord with the overall business strategy. Illustratively, when new entrants enter a firm’s market, it may be beneficial for the firm to change its brand communication mix accordingly to keep the market position [2, 34].

From the discussion follows that a service brand is sustained to changes in order to keep a firm competitive. But in change processes, the role of leaders and managers are different. The leaders are change masters [60], they decide and take responsibility for the strategic orientation of a company and secure that the web of strategies are in accord with the overall business strategy. In contrast, brand managers have operational duties; i.e., they carry out the operational tasks such as communicating brand promises and messages. The leadership/management perspective in relation with a value-creating service brand concerns the different role taking behavior by leaders and managers in brand processes and development. Nevertheless, both leaders and managers must act change-oriented and value-driven in performing their work roles.

3.3. A service employee perspective

In the service brand literature, the important role of service employees is evidenced [47, 61–65]. Thus, the service employees are viewed as an important source of brand equity [43, 44] by their work role performances [34]. As observed by Ref. [65, p. 274], “the service employees are carriers of a brand’s promises.”

The importance of the service employees in service branding lies in a social, relationship approach to the process [46]. The focus on service employees is built upon the assumption that their knowledge, attitudes, and service actions will influence their service attitude and behavior [62, 66]. In order to utilize the brand knowledge and competencies of service personnel, service brand leadership must engage in efforts to tie the employees to a brand by means of
social, psychological, and emotional elements [42, 43, 44]. Nevertheless, this chapter takes the view that it is not a sufficient condition simply to upgrade the role of service employees in branding processes and development; but their actions and performance must be supported and backed up with knowledge as a prime organizational resource.

3.4. A knowledge perspective

Supported by knowledge theory [9, 10, 67], we will argue that a knowledge perspective is required to develop a value-creating service brand at the company level. The core reason is that knowledge is perceived to be a key organizational and strategic resource, a resource which needs to be developed and utilized in organizations in order to obtain a competitive edge and stay competitive [68]. Thus, we opine that knowledge contributes to value creation at the company level [68].

Knowledge is conceptualized “as systematizing and structuring information for a specific purpose” [67, p. 560]. Hence, a presupposition for creating and developing knowledge is information, i.e., information becomes the building block of knowledge. Information can be acquired from both external and internal sources [21]. In relation with external sources [69], for example, point out that external information scanning to acquire and use information about events and trends in the external business environment may have a positive impact on business performance. In relation to service brands, this concerns, in particular, a firm’s brand strategies, brand choices, and brand actions [19]. Information may also be generated from the firm itself, in particular from the knowledge reservoir of service employees. Thus, effective service branding implies a combination of internal and external information sources, which together forms a knowledge system and has an impact on a value-creating service brand.

Knowledge is often divided into two main categories: explicit and tacit [9]. Whereas explicit knowledge can be communicated and transferred to others relatively easily, tacit knowledge is rooted in practice and is connected to specific contexts [70, 71]. Tacit knowledge constitutes “an important strategic capability of organizations” [72, p. 211] and is an important strategic resource because it is difficult for others to acquire and utilize it, in part because it is deeply rooted in an organization’s culture. Thus, explicit and tacit knowledge may affect an organization’s capability to develop a value-creating service brand.

4. Model and discussion

4.1. An interactive model of a value-creating service brand

Although the actors in Figure 1 play an important role in the creation and development of a value-creating service brand, as a model we consider it is too simplistic and limited in terms of elaborating the core perspectives contributing to a value-creating service brand. We believe that the prime weakness in the model is that it does not include a knowledge perspective because a firm’s knowledge reservoir lays the foundation for the firm’s operative strength in business conduct. Consequently, in Figure 2, we suggest an interactive model of
a value-creating company service brand comprising four interrelated perspectives discussed above which, we argue, will influence the development of a value-creating service brand at the company level, and hence lay the foundation for value creation and sustainable growth at the level of the individual service enterprise.

The interactive model shown in Figure 2 is grounded on systemic thinking that forms a relational or interactive system. As argued, the model depicts four perspectives for the development of a value-creating service brand at the corporate level.

The logic underpinning the interactive model in Figure 2 is twofold. First, by building on service and service brand knowledge and theory, four distinct perspectives directly affect the creation of a value-creating service brand at the company level. Second, the four perspectives are linked together in a circular and systemic manner. Ideally, a circular model does not have a clear start or end point [72]. Nevertheless, not least for pedagogic reasons, this chapter suggests that the model’s starting point is the customer perspective as this is a core business philosophy [2, 73]. A service enterprise which operates according to this philosophy is customer-focused and oriented, a view that is closely linked to a market orientation [13, 74]. According to service theory [2, 32-34], a customer perspective must be supported by change-oriented and value-driven management perspective. Furthermore, a change-oriented, value-driven management perspective acknowledges a knowledgeable, skilled, committed, and empowered service employees, conceptualized in the model as a “service employee perspective.” In order to work, the service employee perspective needs to be backed up by a knowledge perspective, which essentially deals with how sets of information sources are utilized in knowledge-creating processes in an individual organization [3]. The knowledge perspective thus constitutes the fourth component of Figure 2. The circular pattern of the model implies that the knowledge system component will strengthen the customer perspective of a service organization.
5. Implications

Ref. [2] observes that a firm that defines and positions itself as a service business needs to employ a service philosophy. Essentially, a service philosophy implies that the customers are put at the forefront of a service firm’s operations by being offered attractive service packages, which include core products and supplementary services [32–34].

The service philosophy is strategic in the sense that the firm chooses to position itself as a service business built upon a service’s logic of “service excellence” [2, 74]. Management plays a crucial role in the choice of a service philosophy by focusing on customers’ value-generating processes, which implies that leadership is rooted in a philosophy of service excellence in contrast to the old philosophy of scientific management, which is essentially a command-and-control system of business conduct [41, 75]. Thus, supported by service theory and knowledge, we take the stand that a service orientation of service excellence is a prerequisite and basic foundation for any service enterprise, which aims to stay competitive by means of a value-creating service brand.

5.1. Theoretical implications

In this part, we theorize how a value-creating service brand may be attained at the company level by a valuation of the four interrelated perspectives outlined and discussed in this chapter. The theoretical points are supported by illustrative figures, which show, in particular, that a prerequisite is that the service orientation of a service enterprise is high which is consistent with a service philosophy of service “excellence” [2, 74].

Theoretically, Figure 3 shows the link between service and management/leadership orientation in the creation and development of a value-creating service brand. Our position is that a value-creating service brand can be attained by a firm giving priority to a high degree of service orientation together with a change-oriented, value-driven management/leadership practice.

Theoretically, Figure 4 shows the link between service and customer orientation in the creation and development of a value-creating service brand. Our position is that a value-creating service brand can be attained by a firm giving priority to a high degree of service orientation together with a focus on a high degree of customer orientation in branding processes and development.

Similarly, according to service brand knowledge and theory, the service employees are important sources of brand equity through their motivation and commitment to the firm. Thus, a high degree of employee commitment to their service roles is required together with a high degree of service orientation to create and develop a long-lasting value-creating service brand as shown in Figure 5.

Finally, on the theoretical side, this chapter argues that a value-creating service brand may be attained by the combination of a high degree of service orientation and a dynamic knowledge system as shown in Figure 6. A dynamic knowledge system features traits of innovative power; i.e., traits of dynamics and change.
Figure 3. The degree of service and leadership/management orientation.

Figure 4. The degree of service and customer orientation.

Figure 5. The degree of service orientation and employee commitment.
5.2. Practical implications

There are several practical implications that follow from the research reported in this chapter. First, a service enterprise must operate according to the principles of a service model grounded in a service philosophy of "service excellence", which implies a high degree of service orientation. Second, as a consequence of a well-designed service model, an enhanced focus on the customers' needs, wants, and preferences is required by means of a thorough examination of their preferred brand values. Clearly, there should be a correspondence between the values and promises that management wants to incorporate in a service brand and the brand values desired and valued by the customers. Third, a service enterprise must pay attention to the role and behavior of service employees, particularly those working at the front end of the organization. To do so, management should offer training programmes, promotion possibilities, and enhanced decision-making power, thus empowering the service employees. Fourth, management should carefully consider the organizing principles and structures in the firm, reorganizing hierarchical structures, procedures, and regulations to create a front-line organizing system based on principles consistent with the "inverted pyramid," which implies a bottom-up approach to service brand planning and development. Fifth, to enhance the value of possessing a strong company brand, service firms must upgrade their knowledge as an important intangible asset by working in accordance with the principles of a dynamic knowledge system.

6. Conclusions

The background for the study has been the need for more research on service branding at the corporate level. In order to contribute to the extant knowledge base, we have examined four perspectives of a value-creating service brand at the level of the individual service company. The perspectives are termed "a customer perspective," "a management perspective," "a service employee perspective," and "a knowledge perspective." Descriptions are provided as to the content of the suggested perspectives. The first three perspectives are linked to the prime
actors in services brand processes and development. The fourth perspective concerns the role
a service brand possesses as an intangible asset and as a knowledge tool. The core argument
is that unless the individual service enterprise possesses a strong knowledge reservoir, it does
not have the capabilities needed to develop and sustain a strong service brand.

The perspectives, we argued, may contribute to the development of a value-creating service
brand, and in this way provide contemporary competitive advantage at the corporate level
and exert a positive impact on a service firm’s business performance. The research carried
out has shown how the four perspectives interact and how they may contribute to the extant
knowledge on service branding by focusing on value creation at the level of the individual
service enterprise.

Furthermore, a systemic approach has been employed to develop and discuss an interactive
service brand model which features the traits of a circular model that can be applied at the
corporate level. Both theoretical and practical implications follow from the research. In partic-
ular, on the theoretical side, it is apparent that a high degree of service orientation needs to be
coupled with a high degree of customer orientation, and a high degree of a service employee
involvement. From a practical perspective, one particularly salient implication is that firms
need to plan for and design service systems to exploit the employees’ skills, knowledge, and
competence, in particular those of the people working at the front end of the company, i.e.,
the high-contact service employees.

The research carried out is conceptual, desk research which raises research possibilities, in
terms of both qualitative and quantitative research. One option is to carry out a case study
aiming to examine the robustness of the suggested model. Following this approach, another
option is to carry out a quantitative study aiming to assess the value of the model in broader
contexts, i.e., in a selection of tourism enterprises.

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