

# “Service branding: the role of innovative brand leadership”

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## Service branding: the role of innovative brand leadership

### Abstract

This paper suggests and discusses a set of components which, the authors argue, will impact innovative brand leadership performance at the level of an individual service enterprise. The research design represents a holistic and systemic perspective to service branding and the methodology employed is conceptual desk research. A systemic model is suggested which depicts five influential components of innovative brand leadership performance. The components are termed as 'a service centric view', 'a customer centric view', 'a service employee centric view', 'an organizing centric view' and 'a knowledge centric view'. The paper contributes to existing knowledge of services branding by showing how innovative brand leadership may be obtained at the level of an individual service enterprise.

**Keywords:** service branding, service enterprises, innovative brand leadership, systemic approach, service centric view, customer centric view, service employee centric view, organizing centric view, knowledge centric view.

**JEL Classification:** O31.

### Introduction

This paper suggests and discusses five components which, we argue, will have a positive impact on innovative brand leadership performance at the level of an individual service enterprise. By finding support from service and service branding knowledge and theory, we claim that, in order to obtain a competitive edge and sustainable growth, innovative brand leadership is needed in service enterprises (Mohart et al., 2009; Vallaster & de Chernatony, 2005). Nevertheless, innovative brand leadership does not come out of the 'blue'. We will argue that it is dependent upon a set of components that form a relational or interactive system (Brodie, 2009). The aim of this paper is to suggest and discuss key drivers of innovative brand leadership and to introduce a systemic model of service brand leadership.

The rationale for this research is that more research on service branding is called for (de Chernatony & Segal-Horn, 2001; Davis, 2007; Kelley, 1998; Sok & O'Cass, 2011; Turley & More, 1995) and as argued by Moorthi (2002, p. 259), 'there is not much literature on how to brand a service' which is a claim supported by Grönroos (2000; 2007). In fact, service branding is a relatively new field of academic enquiry and, compared to product branding, research on service brands appears limited, fragmented and less developed (Blankson & Kalafatis, 1999; de Chernatony & Segal-Horn, 2001; Davis, 2007; Moorthi, 2002). Nevertheless, according to Ostrom et al. (2010), how to effectively brand and sell services are arenas of priority in future service research.

Furthermore, it is the expansion of a service-dominated economy (see de Jong & Vermeulen,

2003; Klaus & Maklan, 2007), particularly in Western economies, that explains why more research on service branding is called for. Thus, the move towards 'communities of services' (Droege et al., 2009) has consequences for businesses performance; as claimed by Urde (1994, p. 20), 'the future of many companies lies in the brands'. But, the management of service brands is complex and challenging (Weaver, 2007). Nevertheless, it is an important management task in the individual service enterprise to deliver and develop a superior, strong and profitable brand in a service-dominated world because brands have an impact on value creating processes in enterprises (Brodie et al., 2006).

At the level of an individual enterprise, a strong brand is regarded as a unique, strategic and organizational resource (de Chernatony, 2001; McDonald et al., 2001; Urde, 1994; 1999). Vrontis & Papsolomou (2007) argue that strong brands may lead to strong companies, customer loyalty and even strong industries and that a powerful brand can dictate high brand equity. Similarly, Davis (2007) claims that the most valuable resource a business has is the reputation of its brands. Thus, a strong brand as an intangible asset (Vargo & Lusch, 2004) is beneficial and useful because it enables a firm to strategically position itself with regard to competitors (Aaker, 1996; Aaker, 2002; Tsiotsou & Ratten, 2006). Furthermore, a strong brand, which is associated with superior quality (O'Cass & Gracy, 2004) is beneficial for customers in determining customer value (Berry, 2000) as it will impact their trust, commitment and loyalty to a brand.

According to branding knowledge, a strong brand appears as a guarantee of quality, consistency and superior service delivery (Aaker, 1996; Harris & de Chernatony, 2001), and a strong brand is a result of management's extensive planning, organizing and development (McDonald et al., 2001; de Chernatony

& Cottam, 2006). This issue is addressed by Kwortnik (2006) who argues that a strong brand is not a static entity but is sustained in relation to changes that involve a number of stakeholders, the three most important being the leadership, the employees and the customers (Schläger et al., 2011). Thus, according to this view, branding is perceived as a holistic, change oriented management process, which needs to be adequately planned, organized and implemented through the work of innovative brand leadership (de Chernatony & Cottam, 2006; Grönroos, 2007). In doing this, leadership needs to find a balance between internal and external orientation in the planning, development and implementation of branding strategies, activities and actions (Brodie, 2009; de Chernatony & Cottam, 2006). Internal orientation concerns the role of brands inside a company (Kimpakorn & Toquer, 2009; 2010; Michell, 2002), which implies that employees are an important source of brand equity. The essence is that the motivation, commitment and loyalty of employees are as important as their attitudes, values, beliefs and behavioral styles. Ideally, these should reflect an organization's brand values, promises and brand messages (Punjaisri & Wilson, 2007; 2009). Contrasting with the internal orientation of service branding, the external orientation implies an understanding of a brand as an image and representation of the reputation of an enterprise from the view of external stakeholders (Urde, 2003). This dual orientation of service branding implies that service branding encompasses all levels and functions of an organization. This contrasts with the classic view of branding as essentially as market communication tool (Simmons, 2007). Nevertheless, we opine that the development of a competitive, sustainable and successful brand becomes the responsibility of everyone working in an organization (de Chernatony & Segal-Horn, 2003; Vrontis & Papasolomou, 2007).

Rowley (2004) focuses on three aspects of a successful service brand. First, a brand is dependent on customer perception; second, customer perception is influenced by the value-added characteristics of a service product and third, the characteristics must be sustainable. Similarly, according to Davis (2007), there are three success factors in service branding. First, understanding customers, second, to carry out effective market communication and third, to engage in close interaction with customers. This view implies that service branding is perceived as a part of a company's web of market communication strategies. However, in accordance with Schreuer (2000), as argued, we extend this view by claiming

that service branding encompasses and involves organizational units beyond the market function. Thus, we opine that a strong brand is the outcome of organizing, development and the strategic planning of management (Hankinson & Hankinson, 1999; Simoes & Dibb, 2001). This view is consistent with an integrative perspective of service branding (Brodie, 2009) as several actors are involved in co-creation processes, internally and externally, to develop a strong brand (Prahalad & Ramaswamy, 2004; Schläger et al., 2011). Illustratively, customers participate in service branding processes and development as co-creators of brands (Boyle, 2007; Brown et al., 2003; Coupland et al., 2005). Similarly, Kimpakorn & Toquer (2009; 2010) and Kayaman & Arasli (2007) argue for the important role of service employees in the planning, organizing and development of service brands. The participative and active role of service employees in branding processes and development are supported by Jacobs (2003) who suggests turning employees into brand 'ambassadors'. Nevertheless, in this paper we will argue for the important role of *innovative brand leadership* in service brand planning, organizing and development by suggesting and discussing five components which, we opine, will have a positive impact on innovative brand leadership performance at the level of an individual service enterprise.

This paper addresses two research questions:

- ♦ What components may impact innovative brand leadership performance at the level of an individual service enterprise?
- ♦ How may a systemic model of innovative brand leadership be visualized?

Answering these questions will, in our view, enhance the knowledge base of an under-researched area in management science, that of service branding by an examination of a set of key drivers to innovative brand leadership and suggesting a systemic model of service brand leadership.

This paper is organized in the following way. After this introduction, the Section 1 elaborates on the concept of 'innovative brand leadership'. Section 2 provides an account of five components which, we argue, may have a positive impact on innovative brand leadership performance. This part includes a systemic model, which shows how the five components interact with and impact innovative brand leadership performance. Section 3 includes a discussion and the forth section of the paper is devoted to a discussion of the theoretical and practical aspects of the study. The final section concludes the paper.

## 1. Innovative brand leadership in the context of a service firm

According to branding theory, leadership and management play a decisive role in brand changing processes, organizing and development (Horan et al., 2011; Vallerster & de Chernatony, 2005) because a firm's corporate strategy may change and this may impact its web of strategies, including the brand strategy (Brodie et al., 2006). Thus, leadership, according to branding theory (Schlager et al., 2011) has the power to change a firm's brand strategic direction and ultimately impact operational brand decisions and actions. In order to conceptualize the construct, 'innovative brand leadership', we will first elaborate on what is meant by being innovative, then clarify the construct service brand, and, thereafter, shortly describe what constitutes leadership. Finally, a definition of the construct innovative brand leadership will be offered.

The adjective '*innovative*' generates from innovation and, according to Kay (2006, p. 4), 'effective brand management depends upon innovation'. According to Trott (2005), innovation is a broad concept that can be understood in a variety of ways. Nevertheless, today there seems to be a consensus that innovation is an information and knowledge creation process that arises out of social interaction (Johannessen, 2009; Tidd et al., 2005). An innovative organization uses these processes in order to initiate, plan for and develop incremental as well as radical changes, which represent a degree of newness in business conduct. Thus, we claim that being innovative in relation to brand leadership, is to possess creativity, ability and power to change a firm's brand strategic direction, which represents newness through the active use of creativity and knowledge creating processes inside a service enterprise.

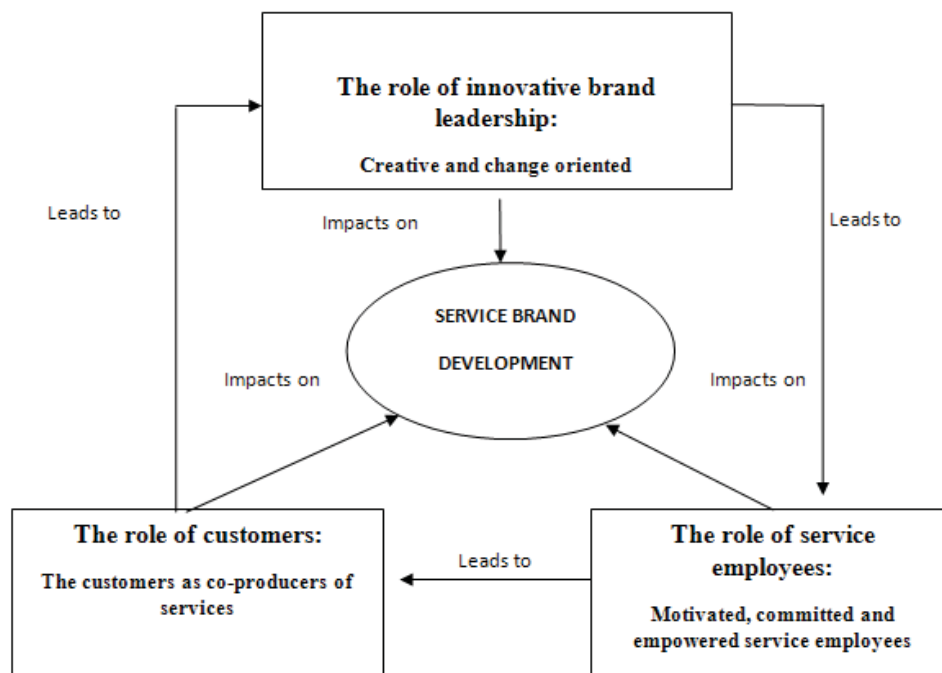
In the literature there are several definitions of the concept *branding*. According to the classic view of product branding, a brand consists of a set of perceptions that serves a differential purpose (Aaker, 1996; de Chernatony, 2001; McDonald et al., 2001). A classic definition of a brand has been suggested by the American Marketing Association (AMA): 'A name, term, sign, symbol or any other feature that identifies a seller's product or service as distinct from those of other sellers'. However, according to Gronroos (2007), the classic perception of branding is not suitable and applicable for service products for two reasons. First, the definition does not take into account the key characteristics of services, those of intangibility, inseparability of production and

consumption, heterogeneity of quality and perishability (de Chernatony & Segal-Horn, 2001; Hoffman & Bateson, 1997). Second, the definition excludes the participative and active role of customers. According to services theory (Andreassen, 2008; Lovelock & Wright, 1999; Hoffman & Bateson, 1997; Kandampully, 2007), services are processes in which customers normally participate and, as emphasized by Gronroos (2007, p. 331), 'if anybody builds a brand, it is the customers'. As a consequence, Gronroos (2007, p. 334) offers a definition that appears to be suitable for both physical and service products: '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'.

The construct *leadership* is given different interpretations in leadership literature (Strand, 2006). Some leadership theorists argue for the separation of leadership and management (see Kotter, 1982). Nevertheless, a leading author in the leadership field (Daft, 1997, p. 5) perceives leadership as 'an influence relationship among leaders and followers who intend real changes that reflect their shared purposes'. According to this view, leadership occurs among people, and those people desire significant changes and 'the changes reflect purposes shared by leaders and followers' (Daft, 1997, p. 5). Thus, the core of leadership in organizations is the leader's ability to create change, not to maintain the status quo.

From the discussion above, we conceptualize innovative brand leadership as 'creative, change-oriented leadership, which perceives branding as a dual oriented change process that aims to alter a firm's strategic brand direction and its battery of branding tools'. In this definition we feel that innovative brand leadership is an important construct at the level of the individual enterprise and, according to branding theory (Schlager et al., 2011), a dynamic, sustainable, strong and successful brand is created in the triangle between an enterprise, its customers and employees. In the literature, several models of service branding have been suggested (see e.g. Edvardsson & Enquist, 2006). Nevertheless, the Figure 1 represents an actor's approach to service branding and depicts the actors who are the prime driving forces influencing the creation, organization and development of a strong service brand which, ultimately, is the responsibility of service brand leadership.





Note: adapted from Schläger et al., 2011.

**Fig. 1. A service brand triangle: the key actors**

Figure 1 depicts an interactive service brand model (see Brodie, 2009) which consists of three influential actors that, according to branding theory (Schläger et al., 2011), are the prime driving forces that impact service brand development at the level of an individual service enterprise. First, as service branding is a competitive strategy that differentiates between products, services and companies (Aaker, 2002), innovative brand leadership plays a crucial role in the strategic orientation of a company (Trott, 2005). According to services theory (see Kandampully, 2007, among others), strategic orientation needs to be built on a service ‘logic’ which is dependent upon a workforce of highly motivated, committed and empowered service employees (see Grönroos, 2007, among others). Thus, according to branding theory, service employees are the real ‘ambassadors’ of a brand (see Kimpakorn & Toquer, 2009, 2010) and, as emphasized by Weaver (2007, p. 274), ‘the employees are carriers of a brand’s promises’. Similarly, as services are processes (Andreassen, 2008; Hoffman & Bateson, 1997), customers normally participate as co-producers of services (Kay, 2006). The participative role of customers is in accordance with the ‘involvement model’ (of management) (see Lovelock & Wright, 1999, p. 331) that contrasts with the ‘control model’ (of management) that still operates in many service enterprises (Lovelock and Wright, 1999).

We feel that Figure 1 is useful in the sense that it shows the key actors in service branding processes

and development. Nevertheless, although useful, we opine that the model appears too simplistic to fully examine the influential components of innovative brand leadership performance at the enterprise level. Consequently, a more complex and comprehensive model is needed in order to provide an understanding of the components, which may impact innovative brand leadership performance. Thus, we opine that the actor’s approach needs extension in order to outline what components may influence innovative brand leadership performance. Therefore, we will suggest and discuss a conceptual, change oriented and systemic model which encompasses five driving components.

## 2. Suggesting components of innovative brand leadership in the context of a service enterprise

We have argued that innovative brand leadership is needed in order to plan for, develop and implement a strong service brand at the company level. By finding support in service and service branding knowledge and theory, we suggest five components which may have a positive impact on innovative brand leadership performance. We have conceptualized the components as:

- ◆ A ‘service centric view’ – which represents a service perspective (see Grönroos, 2000; 2007);
- ◆ A ‘customer centric view’ – which focuses on the participative role of customers in service branding processes, organizing and development (see Boyle, 2007);

- ♦ A 'service employee centric view' – which focuses on the role of committed, motivated and empowered service employees in service branding processes, organizing and development (see Kimpakorn & Toquer, 2009; 2010);
- ♦ An 'organizing centric view' – which addresses a bottom-up organizing principle, front-line organizing (see Johannessen & Olsen, 2010; Johannessen & Skaalsvik, 2014); and finally
- ♦ A 'knowledge centric view' – which focuses on an enterprise as a knowledge system (see Nonaka & Takeuchi, 1995).

The components will be described and discussed in turn.

**2.1. A service centric view.** Grönroos (2000; 2007) argues that a firm that defines and positions itself as a service business needs to employ a service perspective as a business philosophy. The core of the service perspective is that the firm is dedicated to the delivery of quality services. In doing this, customers are put at the forefront by being offered attractive total service packages, which include core products and supplementary services (see Andreassen, 2008; Hoffman & Bateson, 1997; Lovelock & Wright, 1999; Kandampully, 2007). According to Grönroos (2007), a service perspective is a favorable strategic perspective that a service enterprise can follow in order to stay competitive and obtain sustainable business growth.

A 'service centric view' operates at a firm's strategic level when a firm chooses to position itself as a service business built upon a service 'logic' (Vargo & Lusch, 2008). This view implies that service leadership is rooted in a philosophy of 'service excellence' which contrasts with the old philosophy of scientific management that essentially is a command and control system of business conduct (Handy, 1993). Thus, we opine that a service centric view is a basic foundation for a service enterprise which aims to obtain and sustain a value creating service brand by means of a co-creation process (Boyle, 2007). This starting point should be backed up and supported by what we conceptualize as a 'customer centric view' which addresses the needs, wants and preferences of customers (Griffin & Hauser, 1993; Kotler, 1984). The customer centric view will be reviewed next.

**2.2. A customer centric view.** In a product-dominated economy, a goods centric view of brand development has prevailed, but in the new economy, an 'economy of services' (Grönroos, 2007), a 'service centric view' of brand planning, organizing and development will dominate. In such an economic regime, a 'customer centric view' will be

needed. This implies that customers become co-creators of services (Kimpakorn & Tocquer, 2009), and this will have implications for the planning, organizing and development of service brands. The main reason is that service brands are not perceived as static entities but are sustained in relation to changes as customers' preferences and values change over time (Simmons, 2007). As a consequence, the efforts of service brand leadership to develop strong service brands must take place through a holistic co-creation process that involves customers because customer involvement in brand processes and development may increase customer interest, trust and loyalty to an organization (O'Cass & Gracy, 2004). Nevertheless, according to Boyle (2007), brand loyalty can no longer be taken for granted. In a situation such as this, any service brand owner needs to initiate innovative actions to connect customers emotionally to a brand and thereby increase their trust and loyalty.

Boyle (2007) suggests that the customer co-creation process consists of five distinct stages:

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

The ultimate goal of the customer co-creation process is to obtain and sustain customer commitment, trust and loyalty to the brand. Nevertheless, many brands do not succeed (Kohli, 1997), because customers leave; they 'vote by their feet' (Matilla, 1999) by finding other suppliers who can better meet their needs and preferences. Thus, in order to be attractive, a service provider must deliver unique benefits and superior value as perceived by customers. In doing this, co-creation with customers is needed (Boyle, 2007; Brown et al., 2003; Coupland et al., 2005). Following these arguments, the delivery of quality services is dependent upon motivated, committed and empowered service employees because competitive service brands are dependent upon their attitudes, skills and service actions (Kayaman & Arasli, 2008), particularly those at the front (Lovelock & Wright, 1997). This is what we term a 'service employee centric view'. The 'service employee centric view' will be reviewed next.

**2.3. A service employee centric view.** In service branding literature, the important role of service employees is evidenced (see Brodie et al., 2006; de Chernatony & Dall'Olmo Riley, 1999; de Chernatony et al., 2006; Free, 1999; King & Grace, 2005, among others) because service employees are perceived to be an important source of brand equity (Kimpakorn & Toquer, 2009; 2010). The brand equity construct is given different interpretations in branding literature. Farquhar (1989) represents a rather simplistic understanding by claiming that brand equity encompasses the value that a brand name adds to a product. Keller (1993) provides a more comprehensive understanding by arguing that brand equity concerns the differential effect of brand knowledge on consumer responses to the marketing of a brand. According to branding theory, brand equity is an important construct from the perspective of consumer behavior in terms of financial and strategic aspects (Davis, 2007).

The role of service employees in service branding is built upon a social, network perspective of service branding (Brodie, 2009). The focus on service employees is built on the assumption that their knowledge, attitudes and service actions will have an impact on their branding behavior (de Chernatony & Dall'Olmo Riley, 1999; Punjaisri et al., 2009). For this to work, service brand leadership must engage in efforts to tie employees to a brand by means of social, psychological and emotional elements (Kimpakorn & Toquer, 2009; 2010). Nevertheless, it is not a sufficient condition simply to upgrade the role of service employees because their actions and performances must be supported and backed up by appropriate organizing design principles which we conceptualise an 'organizing centric view'.

**2.4. An organizing centric view.** In the new knowledge economy (Nonaka & Takeuchi, 1995; Johannessen & Olsen, 2010), an 'economy of services' (Grönroos, 2007), a service oriented way of organizing is needed which takes into account the key role of service employees, particularly those at the front (Johannessen & Skaalsvik, 2014). The 'bottom-up' way of organizing services was initiated in the late 1980s when substantial changes in customers' perceptions and preferences were observed. In particular, these changes involved the trend of enhanced individualism and customer requirements for immediate response and feedback. Carlzon (1987), for example, as a response to shifting customer trends, reorganized the service system of the Scandinavian Airline System (SAS). Terming his approach the 'inverted pyramid', he turned the airline into the most attractive and valued

airline company for air travellers in Europe. This organizational view and organization's design principle is supported by Hamel & Breen (2007) who argue for the necessity of a front-line focus which implies a need to upgrade the roles of those working closest to customers, the front-line employees.

The front-line design principle has organizational consequences. First, there is a need to readjust functional areas. For example, management, marketing, personnel and administration are turned into supporting functional areas for those working at the front. Second, there is a need to change the system of promotions and rewards so that it values the key role of those employees working at the front. A key trait has been that front-service positions have been associated with rather low salaries and few possibilities for promotions. Third, as service branding, according to a strategic perspective, involves several organizational layers and functions, enhanced focus is needed on collaboration processes, in particular those between employees at the front and management back-office positions.

As the importance of service personnel at the front increases, the industrial model of hierarchy and bureaucracy does not work (Johannessen & Olsen, 2010). Thus, as argued, we claim that the old logic of a top-down organizational view needs to be changed to a bottom-up approach to organizing. Nevertheless, the front-line organizing design principle cannot work in 'isolation' or in a 'vacuum' because it needs to be supported and backed up by what we term a 'knowledge centric view'. The 'knowledge centric view' will be reviewed next.

**2.5. A knowledge centric view.** By finding support in knowledge theory (see Nonaka & Takeuchi, 1995), we opine that a 'knowledge centric view' is required in order to obtain effective innovative brand leadership because knowledge is perceived to be a key organizational resource which needs to be developed and utilized in organizations in order to stay competitive and obtain a competitive edge (Johannessen, 2009).

According to Johannessen (2009, p. 560), knowledge is conceptualized 'as systematizing and structuring information for a specific purpose'. Hence, a presupposition for creating and developing knowledge is information, i.e. information is the building block of knowledge. In line with Nonaka & Takeuchi (1995), Johannessen (2009) discusses different types of knowledge and knowledge is often divided into two main categories; explicit and tacit knowledge (Nonaka & Takeuchi, 1995). While

explicit knowledge can be rather easily communicated to others, tacit knowledge is rooted in practices and is connected to specific contexts (Polanyi, 1962; 1966). Tacit knowledge perceived as ‘an important strategic capability of organizations’ (Grant, 2003, p. 211) is an important strategic resource because it is difficult for others to acquire and utilize it, because it is deeply rooted in an organization. Thus, explicit and tacit knowledge may impact innovative brand leadership performance. Nevertheless, as creativity and change capacity are core competencies that are needed in order to execute innovative brand leadership, tacit knowledge is particularly valuable in service branding processes and development because this type of knowledge is enterprise specific and is not easily copied by competitors.

Furthermore, in relation to innovative brand leadership performance, brands are information (Davis, 2007), and information can be acquired from both external and internal sources. Auster and Choo (1992; 1994) argue that external information scanning is the acquisition and use of information about events and trends in a business external environment, which may have an impact on business performance. In relation to service brands, this concerns, in particular, a firm’s brand strategies, brand choices and brand actions. Furthermore, information may generate from the firm itself, in particular from service employees at the front. Thus, innovative brand leadership utilizes a combination of internal and external information sources that

form a knowledge system and have an impact on innovative brand leadership performance. In this way, a mixture of information sources emerges that needs to be utilized in knowledge creating processes in order to obtain a value creating service brand (Boyle, 2007; Sok & O’Cass, 2011). A consequence of this line of arguing is that service branding cannot be perceived as a purely externally oriented communication activity in an enterprise but needs to be viewed as part of a larger social process where external and internal information scanning processes mutually interact in the creation of organizational knowledge and, as a consequence, impact innovative brand leadership performance.

### 3. The model

We have argued for five components which, we opine, will have an impact on innovative brand leadership performance. Our view is that the components form a circular pattern, which is grounded in a systemic perspective. The systemic perspective is linked to organization literature and theory (Handy, 1993) and is grounded on a system of relations between components which, in this case, may influence the performance of innovative brand leadership. Thus, the five components form a relational or interactive system, which is in accordance with the service brand as a relationship builder (Riley & de Chernatony, 2000). Figure 2 depicts a model, which shows how the five components interact and promote innovative brand leadership performance at the level of an individual service enterprise.

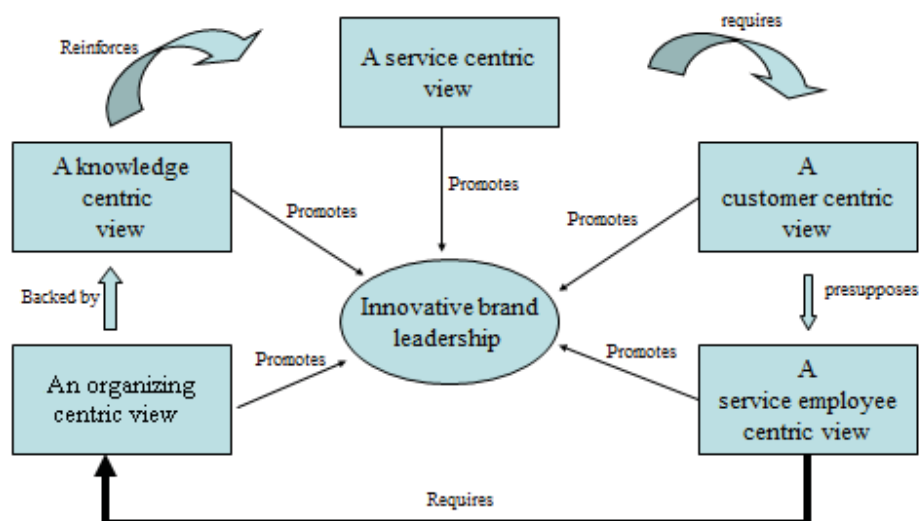


Fig. 2. Components of innovative brand leadership

### 4. Discussion

Figure 2’s logic is twofold. First, by finding support in services and service branding knowledge and theory, five components impact directly on innovative brand leadership performance. Second, the

five components are coupled together in a circular manner in accordance with a systemic perspective. Ideally, a circular model does not have a ‘natural’ start and end point (Veal, 2006). Nevertheless, not least for pedagogic reasons, we suggest that the model’s

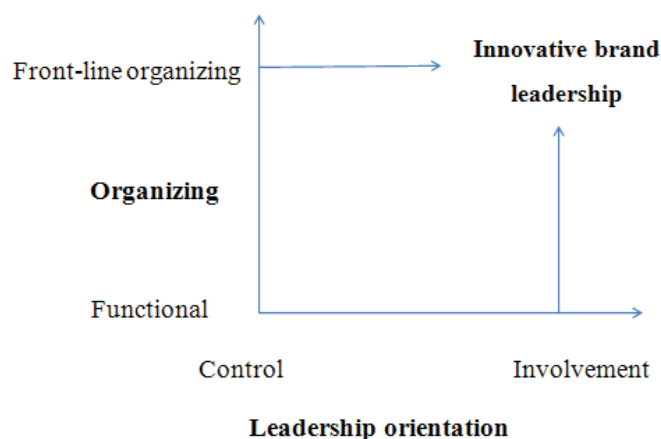


starting point is the component titled ‘a service centric view’, which is a business philosophy of ‘service excellence’ in business performance (Grönroos, 2007). A service enterprise which operates according to this philosophy puts customers at the front, which implies what we have termed a ‘customer centric view’, a view that is closely linked to market orientation (Kotler, 1984; Vargo & Lusch, 2004). According to services theory (see Hoffman & Bateson, 1997; Lovelock & Wright, 1999; Grönroos, 2007; Kandampully, 2007), a customer centric view needs to be supported by knowledgeable, skilled, dedicated and empowered service employees. The role of service employees as the real ‘ambassadors’ of a brand, is evidenced in service branding literature (Jacobs, 2003). This is what we term a ‘service employee centric view’. In order to fill their service roles fully, service employees need to work within the frames of a new organizational structure, that of front-line organizing (Johannessen, 2009; Johannessen & Skaalsvik, 2014). Front-line organizing implies an ‘organizing centric view’ which is in accordance with the principles of the ‘inverted pyramid’ (Carlzon, 1987). An organizing centric view then needs to be coupled to and backed up by what we have termed a ‘knowledge centric view’, which essentially deals with how a set of information sources are utilized in knowledge creating processes in an individual organization (Johannessen & Olsen, 2010). The knowledge centric view then constitutes the fifth and final component of Figure 2. The circular pattern of

the model implies that the ‘knowledge centric view’ component will strengthen an enterprise’s service orientation.

### Implications and contributions

Our research has implications for both theory and practice. First, on the theoretical side, contrasting with a classic linear view of service branding as consisting of a set of distinct phases (Boyle, 2007), this research widens the scope by suggesting a systemic perspective of service branding, which is portrayed in the circular model in Figure 2. The essence of the circular model is the linkage and interaction between five components, which, we have argued, may impact innovative brand leadership performance at the corporate level. Second, a systemic view implies that the service brand, perceived as a strategic organizational resource, is upgraded in the sense that it encompasses several organizational units and levels. This view contrasts with the classical view of branding as essentially a communication tool, which serves external purposes (Grönroos, 2007). The essence of widening the scope in relation to service brand theory implies that service branding is a multidisciplinary activity, which includes fields such as management, marketing, strategy and human resource management. Third, as the paper has argued for the implementation of involvement model of leadership and an organizing structure of front-line organizing, the theoretical consequences as illustrated in the Figure 3.



**Fig. 3. Innovative brand leadership: leadership orientation and organizing structure of front-line organizing**

The Figure 3 shows that innovative brand leadership may be obtained by the combination of an involvement model of leadership and front-line organizing.

Similarly, there is a set of practical implications of the research, which follows from the conceptual systemic model. First, a service business which utilizes the old industrial mode of business conduct must change to a service mode, which is grounded in ‘service logic’ as

a business philosophy. Second, as a consequence of the above argument, an enhanced focus on customers’ needs, wants and preferences is needed in, for example, the collection of customer information for different purposes. There should, ideally, be a correspondence between the values which management wants deployed in a brand and the values which customers request. Third, a service firm is advised to upgrade the roles of service employees

by offering training programs, promotional possibilities and enhanced decision-making power so that service employees become committed and empowered in their service roles. Fourth, there is a need to design new organizing principles and structures, i.e. to reorganize hierarchic structures into front-line structures, which implies a bottom-up approach and fewer organizational levels. Fifth, in the knowledge economy where 'communities of services dominate' (Droege et al., 2009), knowledge is a key organizational resource. This implies that leadership in an individual service firm must engage in and develop information and knowledge systems that continually enhance a firm's core competencies and capabilities. In order to do so, management is advised to utilize both external and internal information sources, in particular information from customers, competitors and front-line service employees.

An examination of the extant literature on service branding shows that service branding is a holistic experience (de Chernatony & Cottam, 2006), is subject to incremental and radical changes (Simmons, 2007), serves external as well as internal purposes (Bordie, 2009) and needs to be adequately planned, organized, managed and developed by innovative brand leadership (Grönroos, 2007). Nevertheless, in this paper the construct 'innovative brand leadership' has been discussed and clarified. We have conceptualized innovative brand leadership as 'creative, change oriented leadership, which perceives branding as a dual oriented change process that aims to alter a firm's strategic brand direction and its battery of branding tools'. Thus, the conceptualization of the construct innovative brand leadership brings an understanding to an important construct and in this way advances present insight. Furthermore, the study contributes to the extant knowledge of service branding by offering a systemic model which depicts the key drivers of innovative brand leadership. Finally, the study advances present insight and understanding of how

practice can benefit from the study findings. Illustratively, advices have been provided how to design and introduce organizing principles and design of front-line organizing.

## Conclusions

A competitive and strong service brand is not a static entity but is sustained by changes, which need to be planned, organized and developed through innovative brand leadership performance. Thus, we opine, that innovative brand leadership plays a decisive role in branding change processes and development, which serve external as well as internal purposes. Our examination of innovative brand leadership started by posing two research questions:

1. What components may influence innovative brand leadership performance at the level of an individual service enterprise?
2. How may a systemic model of innovative brand leadership be visualized?

The purpose of this paper has been to answer these two questions. The first question has been answered by means of a description and discussion of five components which we, by finding support in service and service brand knowledge and theory, have argued will influence innovative brand leadership performance at the level of an individual service enterprise. In order to answer question one, the concept 'innovative brand leadership' has been discussed and clarified. The answer to research question two is grounded on a systemic perspective in order to suggest and discuss a service brand model that features the traits of a holistic, change oriented and circular model which, we opine appears useful and applicable at the level of an individual service enterprise. The newness and originality of the research is represented by the conceptual model, which shows how a set of components interacts and how these components may impact innovative service brand leadership performance at the level of an individual service enterprise.

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