Customer experience, organisational culture and the employer brand

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Abstract

It has been little more than a decade since this journal published the first recorded paper on the employer brand concept, first originated by Simon Barrow and first researched in partnership with Tim Ambler of the London Business School. In light of the subsequent evolution in employer brand management practice, the aim of this paper is to present a re-appraisal of the concept in terms of its potential contribution to brand-led culture change and customer experience management. The ultimate aim of brand management has always been to deliver a consistent and distinctive customer experience, but this task has been particularly difficult for service brands due to the greater complexity involved in managing service brand experience. Despite the evidence that personal interactions are generally more important in driving customer service satisfaction, there has been a tendency for service companies to focus more of their attention on the functional/operational factors involved in service delivery. Successful service companies stress the role of organisational culture in promoting on-brand customer service behaviours, but the mechanisms for shaping an on-brand culture (such as internal marketing and internal branding) have typically relied too heavily on communications-led approaches to sustain a lasting effect. The discipline of employer brand management takes a more holistic approach to shaping the culture of the organisation, by seeking to ensure that every people management touch-point is aligned with the brand ethos of the organisation. In providing a robust mechanism for aligning employees’ brand experience with the desired customer brand experience, and a common platform for marketing and HR, employer brand management represents a significant evolution in the quest for corporate brand integrity.

Keywords

employer brand management; employer branding; internal branding; internal marketing; customer experience; organisational culture
retail pioneers like Gordon Selfridge were similarly clear about delivering a consistently distinctive customer experience. The man who first coined the phrase ‘the customer is always right’ described his original vision for his new department store, Selfridges, as ‘delighting them with an unrivalled shopping experience’ (which included such innovations as in-store coffee shops) and training his staff in the ‘Selfridges Way’ to ensure a distinctly consistent level of customer service.

FROM PRODUCT TO SERVICE BRAND MANAGEMENT

While attempts to manage the total customer experience were present among both product and service brand pioneers, the systematic approach to brand management first introduced by P&G in the 1930s has mostly been dominated by fast-moving consumer goods. When Philip Kotler first suggested the 4 Ps as a platform for marketing management, it was clear that he had product brands in mind, not services, and there is still little sign of Kotler adopting the 5th P (People), despite its now widespread popular usage. While the value of reputation, differentiation and consistency has always been appreciated by the service sector, it is only within the last 20 years that brand management has been as systematically and rigorously applied to service brands, and in most service companies this approach is still struggling to find its feet. In many respects, this seems strange. The service sector has played an increasingly dominant role in advanced economies since the 1960s and most major service sector companies were quick to adopt brand identity, advertising and sales promotion. Why did it take so long for them to extend this brand management approach to the total customer experience?

SERVICE BRAND COMPLEXITY

One reason for the service sector’s relatively late adoption of a fully rounded approach to brand management is the level of complexity involved. While there are clearly exceptions to the rule (the NASA Space Shuttle, the Ikea ‘flat-pack’), product brand experiences tend to be a lot simpler than service experiences, and therefore that much easier to manage.

From the perspective of the service provider this complexity has two principal dimensions: operational complexity and interpersonal complexity. The first dimension relates to the number of component parts brought together under the same brand name, in terms of the number of different services offered, the number of steps in a typical service transaction or the number and/or complexity of products offered in relation to the service. The second dimension relates to the potential complexity of the personal interactions between customer and provider, in terms either of the number of different people involved in the service transaction or the depth of knowledge or quality of relationship required to deliver the service effectively.

To illustrate the potential complexity from a customer perspective, your customer experience of a mobile phone operator is likely to involve an interaction with the retail store personnel advising you on which handset and tariff would best suit your needs; your ability to pick up a regular signal; your experience of the additional service features offered by the provider in addition to regular telephony; and your interaction with customer service centre employees when you have a query or problem to solve. Despite the (hopefully) straightforward personal interactions involved, the total service experience involves many different component parts and therefore presents significant challenges to delivering a consistent, on-brand experience.
FROM CRM TO CUSTOMER SERVICE EXPERIENCE

One of the responses to service brand complexity has been a highly data driven approach to customer relationship management (CRM), largely driven by a desire to improve the targeting of specific products and services, incentivise loyalty and reduce cost. It is now widely reported that the significant investments made in CRM have mostly delivered a disappointing investment return in terms of customer satisfaction, loyalty and sales and the emphasis of leading consultancies like Accenture and IBM has begun to shift towards a more joined-up approach to managing customer experience. Accenture’s recent research on the subject concluded that leading companies are taking a broader, more integrated approach to customer management ‘that enables them to orchestrate all the activities that influence customer loyalty’. Likewise, the latest Harvard Business Review article on the subject ‘Understanding Customer Experience’ recommends a similar shift in emphasis from conventional CRM to a more holistic view of the total customer experience.

THE SERVICE BRAND TENDENCY TO FOCUS ON OPERATIONAL FACTORS

In attempting to manage the total customer experience, complexity is generally the enemy of consistency. In terms of delivering a consistent brand experience, both operational and interpersonal dimensions provide headaches to a service provider. However, where service companies are generally more confident (and more focused) is in managing the operational complexities. Repetitive operational tasks are the most conducive to training by rote, automation, measurement and quality control. Most successful service businesses have a highly disciplined approach to process management and many (like GE) have an almost religious devotion to quality management which ensures that the functional side of their service delivery is highly consistent.

The interpersonal complexities involved in delivering a consistent customer experience have always been more difficult to manage, and in many service businesses receive far less attention. As Colin Shaw pointed out in his recent study of service organisations: ‘In our experience organisations are obsessed with the physical aspects of the customer experience. They have meeting after meeting about the delivery timescales, lead times, range of products, the time it takes to answer a phone call’, but spend relatively little time trying to understand the emotional dimensions of the service experience, which are far more dependent on interpersonal interaction.

You would think from a service provider’s focus on operational consistency that this was the most important dimension in driving customer satisfaction. Operational consistency is clearly vital in avoiding customer dissatisfaction. If something doesn’t work, it doesn’t matter how engaging the interpersonal experience is, you’re not going to deliver satisfaction. But if the ambition is higher, and the organisation is striving to achieve customer delight, loyalty and advocacy, most research suggests that the balance of attention needs to shift to the interpersonal dimension of customer service.

ROLE OF INTERPERSONAL INTERACTION IN THE CUSTOMER EXPERIENCE

I spent the early part of my career conducting customer satisfaction surveys for a wide range of service companies...
from high street banks to four and five star hotel chains. This involved the use of correlation analysis to identify the most important factors in driving customer satisfaction. Before we revealed the results to the senior management team we would ask them to list the factors they expected to come top of the list. Their response was invariably the same, with a regular tendency to emphasise the more functional, objective and controllable factors. For the hotel management team this would be the size of the room, the quality of the fixtures and fittings, etc. The customer survey results would typically paint an entirely different picture, with the most important factors invariably identified as the more subjective, interpersonal (and more difficult to control) factors.

This relative hierarchy has been confirmed in many research reports. One of the most comprehensive studies involved a Mori survey covering six major service sectors and identified that the single most important factor in driving customer satisfaction and brand loyalty was employee behaviour. In a study conducted by IBM among ten major US retailers, the result was very similar, with ‘person-to-person experience’ identified as twice as important in driving satisfaction than any other factor. Even in the most product focused of retail service environments, mobile phones, recent studies again confirm that employee interactions are the most important factor in customer satisfaction. The evidence that employees have a significant impact on the service experience has been further reinforced by the numerous studies that have identified a strong correlation between satisfied employees, satisfied customers and positive business results, generally referred to as the service profit chain.

**ROLE OF EMPLOYEES IN CREATING BRAND DIFFERENTIATION**

There is no doubt from the research that engaged and satisfied employees are more likely to deliver a consistently positive service experience. This may be differentiating in a market where relatively poor service is the norm, but does the role of employees in creating brand differentiation extend beyond a positive service attitude? The evidence would suggest that employees are increasingly key in developing sustainable service brand differentiation, not only through the development of a consistently positive service attitude, but also through the emotional values that tend to be evoked by a particularly distinctive style of service. It is generally agreed that these intangible brand characteristics are far more difficult for competitors to copy than the operational components of a service brand experience.

Functional differentiation is still an important factor in driving competitive advantage, but the lead time before you are copied by a competitor has become increasingly narrow. Even if you create a completely new operating model, as Easyjet succeeded in doing in the airline business, it is only a matter of time before competing companies, like Ryan Air, start beating you at your own game. If you study the success of the most successful service brands, the most obvious point of similarity is the stress they place on the role their people play in delivering a distinctive brand experience. In his recent study of the ‘Starbucks Experience’, Joseph Michelli commented:

‘While seemingly endless details go into producing the emotional bond that loyal Starbucks customers feel, often the most important aspect of this bond is the personal investment of Starbucks partners [employees].’
An observation that has been confirmed many times by the Starbucks founder, Howard Schultz, who claims:

‘The most important component of our brand is the employee. The people have created the magic. The people have created the experience.’ 18

Many similar examples can be found in the case studies reported in ‘Corporate Religion’, 19 ‘Living the Brand’ 20 and ‘Uncommon practice’. 21

CUSTOMER BRAND DIFFERENTIATION IN PROFESSIONAL SERVICES

While the majority of these examples are derived from consumer-oriented service brands, the central role of people in delivering a positive customer experience is equally true of those businesses where interpersonal complexity comes as standard. In professional services (accountancy, law, fund management, medicine, IT services and management consultancy) the value of the business largely depends on the knowledge and expertise of its people, and the ability of its people to interrelate successfully with customers (and each other). 22,23 Until relatively recently most professional service firms competed on the basis of the quality of specialist knowledge and technical expertise provided by their employees. The top law firms paid more to secure the employment of top lawyers, which in turn enabled them to compete for the most high quality work and charge the richest fees. It is a deceptively simple operating model. However, from the customer perspective it has been prone to suffer the same flaws as an operationally fixed model that dominates much of the consumer service sector, in that it focuses on the more functional, rational and controllable dimensions of the service at the expense of the more intangible and emotional interpersonal dimensions. Does this matter in professional services? It has long been the conventional wisdom that business-to-business interactions tend to be more functional and rational than consumer service encounters, but recent studies suggest that the most important attributes in driving preference are not technical expertise but the interpersonal qualities of trust and commitment. 24 In ‘Marketing the Professional Services Firm’, Laurie Young recently concluded that the day-to-day client-facing activities of employees ‘are probably the most influential aspects of building a professional services brand’. 25

TOWARDS AN ON-BRAND, CUSTOMER SERVICE CULTURE

In many consumer-oriented services, where the typical service interaction is relatively simple and easy to predict, it is often managed as though it were a straightforward extension of the operating manual. This is most evident in the behaviour of telephone service centres where there is an obvious script. How often have you heard the phrase: ‘Is there anything else I can help you with?’ when the ‘operator’ hasn’t even dealt with the original reason for your call. 10 This is altogether the wrong kind of consistency when it comes to the service experience, since authenticity is very important to brands and attempts to over-control the service encounter with ‘fake’/scripted behaviour often backfires both functionally (through lack of responsiveness) and emotionally (through lack of genuine personality).

In many cases companies try and impose ‘tight’ controls over what their employees say and do during the service encounter, 26,27 but have a relatively ‘loose’ understanding of the brand promise. In contrast, many of
the most celebrated service companies take the opposite approach. They ensure that people have a clear understanding of the brand promise, and then encourage employees to act naturally.

Pret a Manager CEO Andrew Rolfe claims the only guidelines they give people on customer service are: ‘to greet the customers when they arrive; look them in the eye when you put the money in their hand; make sure you say something when they leave; but more than anything else, be yourself’. 18

In this type of customer service organisation, there is less emphasis on controlling the specifics of the service interaction and more emphasis on the cultural context within interpersonal interactions. If culture can be described as a ‘collective programming of the mind’ that reinforces ‘patterned ways of thinking, feeling and reacting’ 28 and then marketing has continued to evolve techniques for programming the way people within the organisation think, feel and react towards customers and the brand.

INTERNAL MARKETING

The task of ensuring employees understand the brand promise and their part in delivering an on-brand customer experience has generally been described as internal marketing (IM). IM lacks a widely accepted definition; however, the most consistent theme has been motivating customer focus. A recent IM literature review presented three definitions (between 1989 and 2000) variously describing the primary objective of IM 30 as instilling ‘service-mindedness and customer-oriented behaviours’, 30 focusing ‘staff attention on the internal activities that need to be changed in order to enhance marketplace performance’ 31 and ‘creating motivated and customer-oriented employees’. 32 This orientation continues to be echoed in Kotler’s most recent ‘Principles of Marketing’ with the objective of IM defined as: ‘to train and effectively motivate customer-contact employees…to provide customer satisfaction’. 4

This ‘outside-in’ approach to IM focuses on communicating the customer brand promise, and the attitudes and behaviours expected from employees to deliver on that promise. While it is clearly important for employees to understand their role in delivering the customer brand promise, 33 the result can often be shortlived if employees feel they are no more than a ‘channel to market’. If the brand values on which the service experience is founded are not experienced by the employees in their interactions with the organisation the desired behaviours will ultimately feel superficial, ‘a show put on for customers’ rather than the natural extension of a deeply rooted brand ethos. As First Direct’s Commercial Director stresses: ‘We ensure our internal brand values are the same as our external ones. You can’t pretend to be one style of brand to your consumers, if you’re a different style of brand to your people.’ 34

INTERNAL BRANDING

Over the last ten years there has been a shift in emphasis from IM to internal branding, which takes more of an ‘inside-out’, value-based approach. Internal branding seeks to develop and reinforce a common value-based ethos, typically attached to some form of corporate mission or vision. The roots of this approach can partly be traced to the resource-based view of strategy. 35 However, the more evident driver in terms of widespread readership was the highly influential ‘Built to Last’ study published in the mid-1990s which sought to demonstrate
that companies with consistent, distinctive and deeply held values tended to outperform those companies with a less clear and articulated ethos. In contrast to Porter’s outside-in approach to differentiation, the resource-based view of strategy suggests that the distinctive cultural characteristics and capabilities of the organisation are the only sustainable route to competitive advantage in that everything else is open to inspection and copying.

In practice the execution of internal branding has run along very similar lines to the communication-led engagement programmes typical of IM, the main difference being a less narrowly defined focus on the customer brand experience in favour of a broader range of brand-led corporate goals and objectives.

LIMITS OF ASSERTION
While ‘living the brand’ is often the stated desire of these internal branding programmes their focus on communication-led, marketing methods (however involving or experiential) has been prone to the same failings of conventional IM. As many commentators have pointed out, it is very difficult to change an organisation’s culture. As Amazon’s founder, Jeff Bezos asserts: ‘One of things you find in companies is that once a culture is formed it takes nuclear weaponry to change it’. You cannot assert your way to a new culture, no more can you assert your way to a strong brand, it needs to be consistently and continuously shaped and managed.

ROLE OF LEADERSHIP AND HR
One of the most powerful factors in shaping an organisation’s culture is the consistent alignment of leadership behaviours with their stated brand beliefs, and recent studies have highlighted the need to move beyond the tendency of many organisations to focus on the star qualities of their CEO towards a more pervasive brand of leadership. While this represents an interesting step forwards in conceptualising the relationship between leadership style and the brand, it does not take into account the wide range of other factors that need to be addressed in shaping the employee experience, which often lie in the domain of Human Resources (HR).

In the internal marketing and branding literature it has long been recognised that HR plays a potentially important role in embedding the desired brand ethos and culture; however, their role has often been restricted to communication support, rather than playing a more strategic role in shaping people management practices to reflect the desired brand experience. As Martin and Beaumont state in their review of the relationship between branding and people management:

‘[Marketing] literature is rooted in the belief that communications are the main source and solution for all organisational problems. It tends to restrict the role of HR to communicating brand values, rather than being the source of such values and the driver of key aspects of strategy.’

In turn this may have contributed to a general HR reluctance to participate more fully in brand-led initiatives, because it has perceived them to be more concerned with spin than substance.

THE EMPLOYER BRAND
There is significant evidence to suggest that the attitude of HR to branding and brand management is beginning to change. There is now a groundswell of support within the HR community for the relatively new discipline of employer brand management. The ‘employer brand’
concept was first defined by Barrow and Ambler as ‘the package of functional, economic and psychological benefits provided by employment and identified with the employing company,’ with the primary role of the employer brand being ‘to provide a coherent framework for management to simplify and focus priorities, increase productivity and improve recruitment, retention and commitment’.

The original focus of employer brand thinking was to ensure that the same clarity and coherence was applied to defining and managing the organisation’s proposition to employees as it typically applied to defining and managing the customer brand proposition. Interest in this approach has been driven by growing competition within the labour market for the talent required by companies to realise their corporate ambitions. If, as Jim Collins put it, you need to get the right people on the bus to deliver your strategic intent, you first need to ensure that you make your bus attractive to the right people.

The primary focus until recently has been on the use of ‘employer branding’ to develop a distinctive external reputation, with only limited application of the term to describe internal efforts to drive positive employee engagement or culture change. However, the primary focus for many organisations has more recently begun to evolve towards a more integrated approach, aligning external recruitment promises with the internal employee experience, and employer brand development with the corporate and customer brand. This approach sees the HR-led role of employer brand management as a reinforcing counterpart to the marketing-led role of customer brand management, with the role of leadership to maintain the overall integrity of the corporate brand through appropriate communication and behaviours (Figure 1).

**DIAGRAM 1**

This has helped to move the agenda on a step from the generic focus on becoming an ‘employer of choice’ that dominated HR efforts for a number of years, before it became apparent that aspiring towards an ideal blueprint of employment was unlikely to deliver on the more distinctive, fit for purpose requirements of the brand and business strategy. This progression towards a more integrated view of the brand has also promoted a recognition that employer brands need to play a dual purpose. The employer brand proposition

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**Figure 1** Integrated Service Brand Model
needs to clarify what prospective and current employees can expect from the organisation in terms of rational and emotional benefits. However, it also needs to clarify what will be expected of employees in return. Microsoft promises employees that it will help them realise their potential. In return (in accordance with Microsoft’s core values) it expects employees to ‘take on big challenges and see them through’.44 Inherent in most ‘integrated’ employer brand propositions is a ‘give’ and a ‘get’ that aligns the employer brand promise with the customer brand and corporate performance agenda.50

EMPLOYER BRAND MANAGEMENT

As stated, the inherent weakness of IM, internal branding and, more recently, employer branding has been the over-emphasis placed on communicating brand promises at the expense of longer term management of the employee experience. This is now being addressed through an adoption of the same thinking that has driven recent developments in management of the customer brand experience, namely if you want to deliver a consistent on-brand service experience, it is not just a question of managing your communication channels, you need to manage every significant operational and interpersonal ‘touch-point’ with the customer.

While the employee experience is far more complex than any service experience, there is a recognition that organisations would benefit from adopting a similar approach. People management involves a wide range of ritualised processes and HR ‘products’ that can be described as employee touch-points. The term ‘customer corridor’10 used to describe a relatively predictable sequence of ‘touch-points’ can equally be applied to the recruitment process, orientation, employee communication, shared services (including HR and facilities management), reward, measurement (eg employee engagement surveys), performance management and employee development. Likewise, core values and competencies can be seen as a framework for governing the everyday experience of employees through the communication and behaviour of their immediate line managers and corporate leaders (Figure 2).

![Figure 2 Employer brand experience framework](image-url)
As for the customer experience, being consistent is good, but being both consistent and distinctive is even better. If you want to deliver a distinctive customer brand experience, and that experience depends heavily on interpersonal interactions, then you need to ensure your employer brand attracts the right kind of people\(^5\) and your employer brand management reinforces the right kind of culture (from the customer-facing frontline to the deepest recesses of every support function).

To ensure your culture is aligned with the desired customer brand experience, it clearly helps to have a distinctive ‘brand of leadership’, but it is equally important to ensure that your people processes are also distinctively in tune with your brand ethos. These ‘signature’ employer brand experiences\(^2\) will help to engender a distinctive brand attitude, generate distinctive brand behaviours and ultimately reinforce the kind of distinctive customer service style that will add value to the customer experience and differentiate an organisation from its competitors. Given the evident benefits of this joined-up approach, I’m sure William Lever and Gordon Selfridge would be wondering why it took brand management so long to complete this journey.

CONCLUSION

Making a link between brand, culture and customer experience is not new, but the practice of managing the link between these related domains has evolved significantly over recent years. In many respects, the notion of employer brand management simply completes a journey that began with a disciplined approach to managing the total product brand experience, progressed through an application of the same principles to service brands (more complex, more people oriented) and arrives at the most complex and involving brand relationship most people ever experience, their employer brand. While IM and internal branding have tended to focus on interventions designed to shape employees’ perceptions of the brand, employer brand management seeks to go the extra mile by embedding the brand ethos in the total employee experience. The rationale for this ‘extra mile’ is that distinctive brand customer experiences tend to rely heavily on interpersonal interactions. The extent to which these interactions can be scripted and trained is strictly limited and counterproductively prone to perceptions of inauthenticity. More natural (and authentic) service brand interactions depend on the strength of the organisation’s brand ethos and culture. IM and branding programmes can play a role in raising awareness of the desired brand ethos, and may even promote temporarily high levels of brand engagement, but sustainable brand-led culture change will only be effective when the brand ethos is deeply embedded in the everyday leadership and people management processes of the organisation. Employer brand management provides just such a mechanism for translating the brand ethos into the everyday working experience of employees, and by doing so reinforces the organisation’s ability to deliver consistent and distinctive customer brand experiences.

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