

## **BRANDING IN FINANCIAL SERVICES**

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### **Abstract**

In this chapter, we propose a new conceptual model of branding in financial services. We argue that the financial crash in 2008, which has been followed by revelations of corporate misdeeds in the sector offer the opportunity to take a new approach to branding. We draw on contemporary marketing theories such as service and service dominant logic, social media and corporate social responsibility to propose a fresh approach to branding which addresses the strategies overly reliant on marketing communications.

### **Introduction**

The financial services sector worldwide continues to resonate from the global financial crisis of 2008 after which major brands suffered severe damage to their reputations. If the reckless lending practices of well-known brands were not enough, further revelations about money laundering, rate fixing and mis-selling continue to emerge. The news of these misdeeds has led to high levels of distrust amongst stakeholders of financial institutions (FIs). Many FIs are heavy investors in branding but, as a result of their own corporate misdeeds or those of their competitors, many brands have tarnished reputations. Although it may be tempting to blame this situation purely on malpractice, we argue that this is a good opportunity to assess branding in financial services as a whole. Were FI brands in a healthy position before the crises and on-going revelations? Did customers find the messages in the communication of brands consistent with their experience? Complaint columns, media analysis and financial blogs suggest that the customer experience was not always consistent with brand communications.

We would contend therefore that many FI branding attempts were not well conceived, and even before the crises revealed gaps between brand promise and experience. As FIs formulate new strategies so that they can begin to regain the trust of their stakeholders, they also have the opportunity to revisit their brand strategies to realign them with changes in the marketplace and developments in marketing. To this end, this chapter proposes a model of financial services branding that addresses the issues faced by UK based FIs and incorporates contemporary marketing thinking.

We open with an overview of the background to financial services and conventional approaches to branding. The next section reviews key branding constructs and recent contributions to branding and marketing. This review leads into a discussion and elaboration of a model for financial services branding that addresses the embedded and more recent challenges. We conclude with theoretical and managerial implications and sets out areas for future research.

## **Background**

Firms do not always behave as they should and can therefore find themselves in the position of having to take drastic action to rescue or to recover from damage inflicted on the brand. The media firm News International, for example, sacrificed one of its leading products – The News of the World- in an attempt to recover from the scandal of phone tapping in 2011. Siemens, the multi-national engineering firm, instituted a major overhaul of its structure, leadership, processes and culture to respond to accusations of systemic bribery in 2006. Although the financial world has encountered crises before, for example the Wall Street Crash in 1929 and the Savings and Loan crisis of the 1990s, the events of 2008 onwards connected unacceptable behaviours to specific brands.

## **Corporate misbehaviour**

During the financial crisis, a number of financial brands were lost or sustained significant damage. Lehman Brothers collapsed completely and US government assistance was needed to support the insurer AIG and mortgage lenders Freddie Mac and Fannie Mae. Similar government bail-outs were needed in the UK for financial services brands Northern Rock, Royal Bank of Scotland (RBS) and Lloyds TSB. As many as 13 countries were thought to have had a systemic banking crisis during that period (Laeven and Valencia 2010). As if not catastrophic enough, the crisis of 2008 has since been followed by a series of revelations that banks and other FIs have engaged in a series of behaviors that have attracted considerable censure and huge financial penalties. Brands not directly involved in the 2008 crisis have since been found to have mis-sold products (see Chapter 37 for an in-depth review), manipulated rates (e.g. Barclays Bank and the Libor scandal), laundered the proceeds of criminal activity (HSBC) and paid excessive bonuses (most large brands), all of which have significantly undermined their brands and their reputations.

The degradation of brands in the financial services sector did not however apply to all FIs. Global brands such as Amex and Citibank largely maintained their positions in global rankings, the Islamic banks stood apart from the traditional banks as ethical alternatives (see Chapter X), retailers such as Marks & Spencer expanded their financial service portfolios, and non-bank financial service brands such as UK's Nationwide carefully distinguished themselves from high street banks. New entrants and non-bank alternatives also lined up to take on those customers who were sufficiently disenchanted with their FI to seek other providers, for example Metrobank and Virgin. As a means of encouraging customers to switch and thus stimulate competition in the marketplace, an initiative to encourage customers to switch their bank was launched in the UK in 2013. At the time of writing the outcome of

this initiative is not known. As the larger FIs are offering incentives to switch, it is likely that customers will switch from one high street provider to another in spite of the availability of better deals from alternative providers.

### **Branding financial services**

In addition to the effect of the on-going crises on branding, there are further deep-seated issues related to branding in financial services. First, there is the nature of the service offering. Financial services are intangible and therefore difficult to evaluate prior to purchase or even consumption. The products are often complex and infrequently purchased (for example, investments) or commoditized and difficult to differentiate (for example, motor insurance). The products are essentially a promise, where ownership is not transferred and reinstatement or payment is at a later date, which can be within a year or decades. In the absence of meaningful brands, customers will use such cues as price or brand to assist them in evaluating the purchase and its consumption. Banks sometimes attempt to use branding as a means of compartmentalizing the marketplace; for example Churchill specializes in motor insurance. Can a single brand position be communicated across a diverse product range or should different brands be adopted for different product groupings?

Second, customers do not always adopt a comprehensive and considered approach when purchasing financial services. They lack interest in and have a limited understanding of financial services despite the central role that these services play in their everyday lives. Moreover, traditional consumer behavior models assume a rational and logical approach to decision making – depicting the consumer as an information processor and problem solver (see for example Farquhar and Meidan, 2010), in practice the consumer of financial services can be ill informed and surprisingly impulsive. Behavioral economists highlight the role of psychological and emotional factors in financial decision making (for example Tversky and

Kahneman, 1974), which bizarrely can lead consumers to act contrary to their best interests (Gehring, 2013), for example by remaining with a bank in spite of indifferent service or unexpected charges. Any attempts to encourage customers to switch their financial service provider usually involve an incentive or lower prices. These inducements are linked to the brand and accompanied by assurances of good customer service, but according to industry experts, have encouraged customers to focus primarily on price and not brand.

Third, the financial services sector is a crowded and noisy marketplace. Following deregulation in the UK from the 1980s, the simple categories of banks, building societies and insurance companies faded to create financial services organizations offering a wide and overlapping range of products and services. Other countries (e.g. the U.S.) have undergone similar transformations as illustrated in Chapter 1). Mergers and acquisitions followed, often resulting in rebranding; but a brand is a core asset and one that takes significant investment to build successfully. The act of rebranding can jettison this investment overnight and since brand and trust are entwined, it is a high-risk strategy. Following the financial crises, a number of FIs have rebranded to distance parts of their organization from the scandal. A notable example is AIG who formed Chartis in 2009, but then changed its name back to AIG in 2012 following repayment of its debt to the US Government to symbolize the firm's recovery and a return to the values of its original brand.

We would argue that FI's branding strategies largely remain very much focused on links between the brand and marketing communications and as such undervalue the experience of customers and stakeholders. With current skepticism and mistrust, branding presents an even greater challenge post crisis. What then do FIs want their brands to achieve? Is a brand a means of selling more products, a means of differentiating the offering or offering customers a particular experience? How does the customer engage with the brand, what is the nature of

the relationship the customer wants with that brand and how may it be enacted? Finally, is the brand a means of shaping and creating marketing communications, is it a means of building relationships with customers/stakeholders and does it relate to a set of organizational values that drives the business?

FI branding is a fairly recent development (de Chernatony and Harris, 2000). At their beginning FIs employed brands as a symbol or sign to identify their premises or, in the case of the insurance fire marks, the premises they protected. As a result of subsequent investment in advertising, FIs have long been able to demonstrate high name awareness, but they have had little impact in terms of brand differentiation (Jones, 1999). For example, in the 1920s Lloyds Bank were pioneers in film advertising (Winton, 1982); in the 1970s and 1980s bank advertising featured more prominently on TV. Campaigns such as the Trustee Savings Bank's 'The bank that likes to say yes' and the Midland Bank's 'Come and talk to the listening bank' created a brand image but often failed to represent the values and behaviors of the FIs themselves. The real turning point for FIs in terms of branding came when they were no longer in competition with other FIs, but when new and very different entrants, such as Marks and Spencer and Virgin, entered the market and a strong and meaningful brand proposition became important (see Chapter 2).

## **Branding**

Classical descriptions of branding have often emphasized name, symbol and design as a means of communicating the values that a particular brand offers the marketplace (for example Aaker 1991). The meaning of a particular brand has been defined as a mental picture or image in the customer's mind associated with the market offering (Berry 2000). From an organizational perspective, the brand is the visual, verbal and behavioral expression of the organization's unique business model (Knox and Bickerton 2003). For this image or

expression to be realized, the brand should be salient, it should be able to create differentiation, it should be intense and, finally and arguably the most important in this context, it should inspire trust. Owing to the nature of financial products as discussed above, the role of trust in the purchase and consumption of financial services is pivotal.

Branding is an entity underpinned by multiple theoretical perspectives, which generates a range of concepts for practical and theoretical enquiry (Brodie et al. 2006). As well as familiar consumer-based concepts such as identity, logo, image, symbol, expression and personality, organizational concepts of positioning, cluster of values, vision, risk reduction and relational concepts that include promises, trust, commitment and experience (Brodie et al. 2006) all inform investigation in branding. Branding provides the means for building and sustaining relationships (Rust et al. 2004) so the antecedents and consequences of branding are analogous to those of relationship marketing (de Chernatony and McDonald, 1998), namely trust and commitment. A strong brand becomes a safe haven for customers, where they can visualize the offer more clearly and understand its value and benefits as well as appreciating any uncertainties and perceived risk associated in the consumption of the offer (Elliott and Yannopoulou, 2007). Feeling that they are in a safe haven encourages customers to be loyal so that they are more likely to purchase more and engage in positive word of mouth about the brand (Chaudhuri and Holbrook, 2001).

The strength of a brand of the focal firm in any network extends beyond the immediate customer groupings and can moderate relationships with partner firms and potentially impact on their performance (Morgan et al. 2007). The notion of a brand environment has been developed around the stakeholder theory (Farquhar, 2011). Brands can evolve not only by intent on the part of the firm but also through the participating stakeholder network or

community (for example, Muniz and O'Guinn, 2001). It is the duty of brand managers to manage the evolution of their brands and relationships with stakeholders through the maintenance of brand values.

### **Brand values**

The values that brands should aim to represent and share with customers need to be consistent with fostering the trust (Dall'Olmo Riley and de Chernatony, 2000) that is so necessary in financial services consumption. Trust in financial services is a pivotal construct in terms of both the meaning and measurement of trust and trust building. In terms of branding, a consumer will trust a firm if they can infer that the firm is acting benevolently, in the best interests of the consumer and that there is an assumption of shared interests and values (Doney and Cannon, 1997). Consumers will come to trust a firm if they have repeated positive experiences with the brand ultimately leading to confidence in the brand. If those experiences are not consistent or if the brand is undermined by corporate actions, then consumer confidence is eroded or lost.

The values that brands represent are often categorized as functional and emotional or symbolic (de Chernatony and Dall'Olmo Riley, 1998). Functional values relate to the performance of the brand and an example might be house insurance cover paying for burst pipes and associated losses. The emotional values of the brand are associated with the consumer feeling positive about the brand and the brand experience. Emotional values will be dependent on the delivery of the brand's functional values. Both categories support the communication of the brand's value system through the customer experience (de Chernatony and Cottam, 2006). Whilst this categorization of values has proved valuable in the past, some branding perspectives over-represent the functionalist aspect of the brand. Functional values

are easily replicated and do not necessarily provide a firm platform for relationships and loyalty.

A more powerful interpretation of brands is that they act as vehicles of meaning (Kärreman and Rylander, 2008) so that brands evoke associations and emotions which the customer/employee/partner derives through experience with the brand. The employee may even be the primary client for the brand rather than the customer (Kärreman and Rylander, 2008). The brand provides templates for action and conduct in interactions internally such as the building and maintenance of trust within the firm. Employees are therefore in a position to bring the brand values alive through interactions with other stakeholders. For this to happen, the onus is on management to enact the values of the brand at the highest level in the organization (de Chernatony and Cottam, 2005).

The recognition that branding has a wider domain than that of customers has gained much ground and arguments have been developed for a brand having multiple stakeholders (see Farquhar, 2011). According to Freeman (1984, p. 25), a stakeholder is “any group or individual who can affect or is affected by the achievement of the organization’s objective”. This definition extends the horizon of the firm and, we contend the brand, well beyond customer/employee/firm nexus. For an FI, the stakeholder network consists of governments, regulators, competitors, local communities, media and investors. The benefit of identifying and working within a stakeholder framework is that it enhances corporate strategy by recognizing and addressing the complexity of understanding the roles and interactions of firms and stakeholders (Freeman, 1984). Each stakeholder brings knowledge to the relationship with the organization so shifting to a shared notion of interest and collaboration

(Antonacopoulou and Meric, 2005). Importantly for this debate, stakeholder theory has been linked to corporate social responsibility (for example, Neville et al. 2005).

### **Corporate reputation and corporate social responsibility (CSR)**

The immediate relevance of CSR to the challenges facing FIs is that CSR increases trust in firms (Brammer and Pavelin, 2006) and influences its corporate reputation (Lai et al. 2010). CSR has been portrayed as a multidimensional construct, which is composed of concern for shareholder/owners, stakeholders and the welfare of the community and/or state (Waldman et al. 2006). The normative framework which governs a firm's CSR is informed by the expectations of its stakeholder group (Maignan and Ferrell, 2004). Many firms now have articulate and powerful NGOs and on-line communities as members of their stakeholder groups, which has put further pressure on them to manage their reputations through transparent social responsibility (Bonini et al. 2009). Such are the positive effects of socially responsible behaviours and the negative effects of CSR violation that most firms not only pay careful attention to CSR issues, but also actively participate in CSR activities (Lai et al. 2010).

Corporate reputation, according to Neville et al. (2005), comprises a perception or assessment of a firm's behavior. This assessment comes about through a cognitive assimilation by the firm's stakeholders of a range of experiences with the firm. Having made this assessment, the firm's stakeholders then endow the focal firm with a potentially valuable resource – that of reputation. If a firm has a good reputation, it is generally better placed to withstand the effects of negative experiences and magnify the effects of positive experiences (Hillenbrand et al. 2013). A poor reputation offers none of these securities and potentially contributes to a further degrading of what is likely to be a weak brand in the first place. The direct effect

between CSR and corporate reputation offers firms with poor reputations an opportunity for rehabilitation or transformation through socially responsible behaviours.

Corporate initiatives in the area of reputation and responsibility enable the firm to promote such intangible assets to its stakeholders. These assets can be further increased when the stakeholders themselves develop multidimensional relationships with the firm (Sen et al. 2006). Stakeholders may well make important decisions about resource allocation based on these relationships (Neville et al. 2005). Employees, for example, could decide to show greater initiative in their work, customers may decide to spend more on the focal firm's products and partner firms may decide to strengthen their relationship. The focal firm can boost the goodwill that is associated with being a good corporate citizen by incorporating their behaviours with their marketing initiatives (Sen et al. 2006). They can re-evaluate and possibly abandon some of the more conventional marketing practices, for example a reliance on advertising, and turn to alternative ways of interacting with their stakeholders.

### **Social media**

Facebook has more than 901 million active users worldwide, which is an indication of the massive impact that social media has had on the way that we live. From a marketing perspective, social media create the potential for stimulating and memorable brand experiences provided that the interactions are meaningful (Hanna et al. 2011). Social media interactions should offer customers and arguably other stakeholders improved value, excellent service and an immediate relevance to their lives and their lifestyles. In this way, social media can provide firms with opportunities for creating value with their customers (Kietzmann et al. 2011). FIs have embraced social media as a means of strengthening relationships, in particular communicating with new and younger customers.

Postmodernist perspectives underlie social media, most significantly in undermining the control of managers. Brands instead are co-created through on-going interactions with their users (Neville et al. 2005). This shift away from being able to manage the brand is of major significance not only in financial services but in all other areas of business activity. Not only has ownership of the brand extended to users but each user infers distinctive and personal meanings from the same brand (Berthon et al. 2009). Through the construction of these highly individual meanings, each user has a unique and potentially intense experience with the brand. The user can then create content about that experience which can then be further built on (Asmussen et al. 2013; Hoffman et al. 2013) by twitter followers or Facebook friends. Consistent with word-of-mouth research, poor brand experiences tend to be those that are communicated most readily. The implications of social media, therefore, for branding and brand managers are profound. FIs have to acknowledge that user interactions or experiences endow their brands with meanings that they may not have planned or even desired. Whilst they are unlikely to be able to control the entire range of media, such as appearances of their brand on social networking sites or YouTube, the role of brand managers is to monitor and respond quickly to any challenges to their offer (Tynan and McKechnie, 2009). FIs need to ensure that they have appropriate structures which support working within a socially mediated environment.

The importance of social media on the brand environment makes an understanding of stakeholders in the extended environment of social media even more critical. In Figure 1 we depict the brand environment for a financial institution brand.

Figure 1 Brand environment for a financial institution



In this figure, there are six stakeholders within the brand environment for a financial institution. All these stakeholders have an experience with the focal brand, they are all connected through social and/or traditional media and they all have perceptions of the reputation of the focal firm. In addition to the customers and employees already mentioned as stakeholders, there are regulators and government, competitors, money markets and communities. Partners may act as distributors for financial services, for example insurance and mortgages, by drawing them into the brand environment, they engage more fully with the brand experience rather than for example commission or other financial rewards. Money markets and suppliers provide the resources that support the FI in creating the brand experience but may engage more fully being part of that experience.

## **Service logic and brand experience**

The themes of service logic (for example Grönroos, 2006, 2008) and service-dominant (SD) logic (Vargo and Lusch, 2004, 2008) have made an important contribution to marketing thinking in focusing attention on value. Service and SD logic assert that service is articulated as a perspective on value creation rather than a category of marketing offering (Edvardsson et al. 2011), as exemplified in the traditional goods/service paradigm. The following extract, slightly adapted, summarizes service logic as follows:

*When using resources provided by the firm together with other resources and applying skills held by them, customers create value for themselves in their everyday practices. When creating interactive contacts with customers during their use of goods and services, the firm develops opportunities to co-create value with them and for them. Grönroos (2008: 299).*

A key principle in service and SD logic is value-in-use, which refers to the way in which customers through processes of self-service create value for themselves. This value is the outcome of synthesizing firm and customer resources. An important resource for the firm is the brand but the value of the brand is derived from the interactions which stakeholders have with the firm. The firm needs to understand how customers create value from those interactions and to provide the necessary resources so that value can be created. Both brands and value-in-use are dynamic entities so customers and firms have to be receptive to learning about how best to synthesize resources (Lusch and Webster, 2011). The firm learns about the customer experience so that it can design a co-creation experience around that (Payne et al. 2008) and to appreciate the resources the customer will bring to the value proposition in order to gain value-in-use. The customer also learns how to apply specialized skills and knowledge

as a fundamental unit of exchange (Vargo and Lusch, 2004) or interaction (Grönroos, 2008) so that they gain value-in-use.

A critical element or foundational premise of SD logic is that value can only be phenomenologically or experientially determined by the beneficiary or customer (Vargo and Lusch, 2008). Consistent with service and SD logic, brand value is similarly co-created with all stakeholders and their collective perceived value (Vargo and Lusch, 2004, 2008). The value of the brand is cumulatively built through processes that support the brand experience (Payne et al. 2008) and the onus is on the firm to create and maintain these processes so that value is repeatedly created with customers. As depicted in Figure 1, value is not created merely through the interaction between the customer and the firm but also through interaction between customers and other stakeholders (Arnould et al. 2006). Service and SD logic contribute two key dimensions to contemporary branding thought. Firstly, value-in-use and brand experience are co-created through an integration of stakeholder resources. Secondly, service and SD logic assert that value is determined uniquely by the stakeholder, through on-going interactions with the brand.

The contributions from service and SD logic, corporate reputation and CSR and social media research lead to the proposition that brands are entities shared and created by stakeholders of the firm. Whilst the firm may provide much of the financial resource for brands, it no longer has the degree of mastery of those brands that it had previously. In this new fluctuating brand environment, it is timely for the firm to appraise its branding strategies so that it can reap dividends rather than incur losses. Appraisals of this magnitude should take place at corporate level where the firm's brand champion shapes and drives strategy and resourcing, for example the structure that underpins branding.

## **Branding architecture**

Brand architecture refers to the structure within a firm that manages brands. This structure specifies the roles of the brand or brands and the nature of relationships between brands (Aaker and Joachimsthaler, 2000). Brand architecture can be envisaged as a continuum, where the corporate brand lies at one end of the continuum and the individual product brand at the other (de Chernatony, 2001). In a 'house of brands' architecture, each product has its own brand (Muzellec and Lambkin, 2009). One reason why a firm might choose to follow this particular structure is to avoid situations of cross contamination, for example, a product brand might fail but damage would be contained within that brand and not affect the firm's other brands or the corporate brand. Brand managers also justify the house of brands architecture on the basis that it allows them to maintain strong relationships with the product's particular groups of customers and to signal distinct specialist competencies to particular markets. Some FIs have experimented with this brand architecture but it is not a common strategy.

A little further along the brand architecture continuum lies the multi-corporate approach. With the multi-corporate style, a family of main brands rather than individual product brands is incorporated into an organization's brand architecture. Again, similar reasons are put forward by practitioners for a multi-corporate architecture such as a strong relationship franchise with different customer groups and/or distinct competencies to the marketplace (Muzellec and Lambkin, 2009). There may be some evidence in support for multi-corporate brand architecture, as for example, the Churchill brand may not have suffered as badly as the RBS corporate brand.

For firms that select the architecture of corporate branding, which lies at the other end of the continuum, this structure allows for clearer definition enabling access not only to associations with the product but also to the organization itself (Aaker, 2004). With this architectural approach, corporate identity and reputation are more clearly related to the corporate brand, thus establishing the external position of the firm in its marketplace and its brand environment. Internal meanings are more clearly articulated and embraced within the organizational culture thereby strengthening the corporate brand through an alignment of vision, culture and image (Hatch and Schultz, 1997). With the corporate brand architecture, the role of employees— including senior management — is seen as crucially important in transmitting the brand values both internally and externally (Balmer and Gray, 2003).

With the clarity of brand experience being recognized at corporate level, senior management engage fully with the brand, its strategy and its integration with other corporate concerns, such as reputation. By adhering closely to values that are in tune with social responsibility, a firm is in a better position to deal with attacks on its brand (Kay, 2006). By building a stronger brand, the brand environment becomes a community where stakeholders come together to co-create the brand. This strategy is supported by empirical research, which indicates that alternative conceptualizations of brand architecture such as the multi-corporate approach are not validated by consumer responses (see for example Devlin and McKechnie, 2008). The evidence that consumers contribute to the development of a corporate brand and determine the levels of their own participation is extensive (McDonald et al. 2001), that is those brands that are ranked most highly in the various indices such as Interbrand all adopt the corporate brand approach, for example, Amex and HSBC.

In this section, we have evaluated elements that we argue would strengthen efforts by FIs to rebuild and maintain trust in their brand, which are summarized in Table 1. We now move onto a discussion of how these elements come together in the development of a model for contemporary branding in financial services.

Table 1 Summary table of branding literature

<b>Brand element</b>	<b>Contribution to branding</b>	<b>Authors</b>
brand values	Foster trust, have emotional resonance, align experiences of stakeholders	Dall’Olmo Riley and de Chernatony, 2000; Kärreman and Rylander, 2008
corporate reputation & corporate social responsibility	Contributes to trust, recognises the role of stakeholder, can enhance corporate reputation, consensus on norms	Hillenbrand et al. 2013; Neville et al. 2005
social media	Lessens firms’ control of brand, facilitates relationships between stakeholders	Neville et al. 2005; Hanna et al. 2011; Tynan and McKechnie, 2009
service logic	Emphasises experiential assessment of value, organizational learning and integration of resources,	Grönroos, 2006, 2008; Vargo and Lusch, 2004, 2008; Vargo and Lusch, 2004, 2008
architecture	Corporate branding is architecture most likely to resonate with customers (and stakeholders).	Aaker and Joachimsthaler, 2000; Muzellec and Lambkin, 2009; Devlin and McKechnie, 2008.

### **The brand experience in financial services**

The preceding review suggests that research advances into branding and marketing make important contributions to addressing branding challenges in the financial services sector. In this section, we develop a conceptual framework, which draws on these advances for a brave new world in financial services branding.

If a core purpose of a brand is to build and maintain trust, what does this signify for financial services brands? Financial services is a sector where trust in the provider of complex offerings, for example retirement funding or health insurance, is of particular significance. FIs and other firms evince trustworthy behaviors through stakeholder encounters with the brand and the brand experience. The power of a brand is to act as a central organizing principle for an FI through an enactment of values and principles that guide strategies and behaviors internally so that they are aligned with the norms and expectations of stakeholders. When the reputation of a firm has been damaged through corporate misbehavior, stakeholders need to be involved in efforts that will eventually bring about the restoration of, or a significant improvement in, the reputation of the firm. We have argued that owing to the direct effects that CSR has on corporate reputation and the brand that FIs would benefit from engagement in ‘actions that appear to further some social good, beyond the interests of the firm and that which is required by law’ (McWilliams et al. 2006, p 1). There are indications that FIs have responded to these calls. Barclays has developed a Citizenship plan, HSBC emphasize its culturally diverse management team, First Direct continues to emphasize service reputation and personalization, Wells Fargo stresses responsible lending and Citibank promises conduct that is transparent, prudent and dependable.

For FIs, value creation whilst offering long-term benefits to stakeholders, requires learning how to co-create value and its processes with customers and other stakeholders. As Payne et al. (2008) propose, the brand experience consists of a series of encounters, which the firm through learning manages in support of value creation. Encounters may be directly with the firm, through social media or with other members of the brand environment (see Figure 1) and again the onus is on the firm to learn about the dynamics of these multiple encounters. FIs

offer a multiplicity of products, for example, an extensive range of home loan products with various product features, which many consumers may not fully understand until a problem occurs. Penalties for being overdrawn, late payments and other hidden charges destroy value (Farquhar, 2013) and leave the customer feeling powerless. Moving to value co-creation is consistent with the changing business environment as envisaged for example by Cova and Dalli (2009) but some FIs will encounter a steep learning curve.

Culturally and structurally, FIs are not always well equipped to engage with stakeholders in such a way for value to be co-created as envisaged by its service and SD logic advocates. FI brand architecture may be unnecessarily complex with indications from empirical work pointing to corporate branding as a form of branding which consumers appreciate and understand (Devlin and McKechnie, 2008). On the other hand, it is possible that the multi-corporate brand architectures have insulated brands in the ‘house of brands’ from the damage sustained by other brands in the ‘house’. Large conglomerates, such as RBS, demonstrate this type of branding architecture with such specialist brands as Ulster Bank for regional custom, Adam & Company for wealth management and plans to revive the brand of Williams and Glyn as a challenger bank. For FIs to concentrate on the stakeholder brand experience, they should re-appraise existing brand architectures.

Whilst the literature suggests many avenues for FIs to address the challenges to their brands either deep-seated or as the outcome of the ongoing financial crises, they all require organizational learning, that is a change in the organization’s knowledge that occurs as a function of experience (Argote, 2013). The willingness to engage with a process of learning is likely to define which FIs enter the brave new world of a stakeholder brand experience. We

have reviewed branding for financial services drawing contributions from marketing and management to develop a framework of brand experience in this sector (see Figure 2).

Figure 2 Brand experience in financial services



In this figure, the outermost circle consists of stakeholder norms, which FIs should absorb into the reconstruction of their corporate reputation. The theme of organizational learning has emerged in the review and discussion as being pivotal in co-creating the brand experience and there is corroboration for this assertion from Payne et al. (2009). With a corporate reputation that is closely aligned with stakeholder norms, the FI is in a stronger position to work on the brand experience. To understand the dynamics that the co-creation of the brand experience involves, a sound appreciation of how social media and service and SD logic can support this

experience will be necessary. By concentrating on the co-creation of value, FIs can rethink the way that they interact with their customers. The brand architecture of the firm influences the brand experience and is represented as a constant but parallel theme. The closer that the brand experience is to the corporate brand, then the stronger the effect of the corporate reputation will be.

## **Conclusions**

The purpose of this chapter has been to investigate financial services branding from two perspectives, firstly the premise that branding strategies were overly focused on marketing communications and, secondly, the need to rebuild and/or strengthen trust in the aftermath of the financial crises. As part of this review of branding, we have also drawn in contributions from strategic management and marketing such as service and SD logic and social media. We have developed a conceptual framework of branding in financial services, which presents branding as part of a brave new world for financial services. In this section, we discuss the theoretical and practical implications of our study and suggest further areas for research.

## **Theoretical implications**

This study makes several contributions to branding theory in the marketing of financial services. Firstly, it explicates the relevance of corporate reputation to the brand experience. Whilst there have been studies on corporate reputation, CSR and branding (for example Lai et al. 2010), this framework extends theory here into the brand experience itself. Secondly, it recognizes organizational learning as being pivotal in aligning the brand experience in financial services with the re-appraisal of marketing evidenced in service and SD logic theory. Thirdly, the study portrays social media as being a critical vehicle in the brand experience, in particular in the enabling of a unique brand experience, the loss of control of the brand as well as providing the means for communicating that brand experience. The only way of generating positive content is through ensuring a favorable brand experience. Fourthly,

service and SD logic offer the marketing of financial services an opportunity to re-appraise their marketing strategies, allowing them to move on from strategies that are no longer in line with stakeholder expectations. Finally, we make explicit connections between the brand architecture and the brand experience, where the corporate brand is more consistent with positive brand experiences within a stakeholder environment.

### **Managerial implications**

The framework proposed in this chapter makes an explicit and direct link between corporate reputation and the brand experience. FIs therefore have to be aware that all activities carried out by the firm reflect and impact on the brand and the brand experience for its stakeholders. The brand is not managed exclusively through marketing communications but through stakeholder engagement with the brand over extended periods of time, in order to articulate the values of the brand. As part of revisiting or redefining their brand values, FIs should consider strengthening or in some cases recovering their corporate reputation through CSR and closer engagement with their stakeholder environment. Through the co-creation of value, the stakeholder and firm are drawn together so that the stakeholder gains influence over the way that value is created.

Service logic provides a firm base for evaluating not merely branding strategies but for sustainable marketing as a whole. With a focus on the creation of value, opportunities for clearer positions in the marketplace begin to open up, for example, FIs could embed themselves in local communities; they could strengthen associations with ethical trading or focus on premium accounts that offer real benefits.

Social media further underlines a democratization of the marketplace, where brand managers form part of a brand community rather than managing the brand. Their new role has to be

understood and re-evaluated so that social media content reflects the positive aspects of the brand experience.

As part of the re-appraisal of branding, FIs should review their brand architecture. There seems little reason in a global environment for distancing corporate brands from individual brand experiences and the closer the relationship between the firm and its brand may support a dynamic experience where value-in-use is facilitated. Multiple branding seems to confer minimal benefits.

Organizational learning underpins many of these changes and FIs will have to adapt and flex. Interestingly, not all FI brands have suffered during this period. New entrants such as Metrobank, stalwarts such as building societies and brands with reputations built in other sectors have the opportunity to erode the market share of some of those that are bigger and more tarnished. Through building on their corporate reputation across sectors, for example Marks & Spencer or Virgin, these brands are in a position to make further inroads into the financial services marketplace. It is quite possible that brands in the retail sector understand the brand experience more fully than some of the traditional FIs.

### **Further research**

Emerging from this study, there are several areas for further research. Most importantly the conceptual link proposed between corporate reputation and brand experience requires some empirical support. Whilst there are tentative links between service and SD logic and social media, this relationship offers considerable potential for further investigation. The discussion of brand architecture has emphasized its importance in managing brands but as yet there is little work into the association between brand architecture and the brand experience. Finally

the whole area of value co-creation and financial services is overdue for study and therein presents potential work for scholars.

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