RECOVERING THE CORPORATE BRAND THROUGH
STAKEHOLDER CO-CREATION

Abstract

Corporate brands may encounter failure or suffer crises due to their own actions or from the actions of others. Such crises weaken the brand not only in the eyes of its customers but also with its stakeholders. Actions therefore need to be taken to recover the corporate brand. Existing research on brand recovery concentrates on the brand/customer interaction but recent branding literature acknowledges the significance of customers and stakeholders in brand co-creation. Responding to several calls for further research, this study aims to investigate corporate brand recovery from the perspective of stakeholder co-creation. Using multiple data sources, the conclusions from this study include the following. First, empirical evidence is provided for the importance of stakeholders in the corporate brand recovery process. Second, although corporate brand recovery shares some characteristics with re-branding, there is a strong emphasis on repairing trust. Third, recovery efforts extend beyond those identified previously to include core functions and tangible evidence. These finding provide a theoretical account of recovery processes brought about by stakeholder co-creation and offer an initial recovery framework for corporate brand managers.

Key words: corporate brand recovery; brand crisis; trust; co-creation; stakeholder network, financial services.
Introduction

Brands can encounter failure or crises at any time with examples including Samsung, VW and recently United Airlines, all corporate brands. These examples also highlight how the misdeeds of one brand can damage others within the sector. The impact of VW emissions, for example, was felt by competitors and stakeholders within the sector (BBC, 2015). Crises may be caused by product failure, poor corporate performance (Greyser, 2009) or corporate misdeeds. In these situations, firms need to undertake actions to defend and to recover their brand. Existing research into brand recovery has a number of guises including the effects of brand crises (Dawar and Lei, 2009), the potential responses to brand crises (Dutta and Pullig, 2011) and brand crisis management (Greyser, 2009). The research into the crises that brands may encounter and the potential remedies is broadly characterised by the firm/customer dyad with the recovery actions resting on the firm communicating with the customer (Andrews and Kim, 2007; Johar, Birk and Einwiller 2010). Furthermore, it has been suggested that brand recovery may be subsumed under rebranding (Merrilees and Miller, 2008; Miller and Merrilees, 2013), potentially side-lining issues pertinent to brand recovery. Finally, brand crises are increasingly occurring at a corporate brand level as the earlier examples illustrate. Corporate brand recovery is therefore now an important issue for business managers and there is a pressing need to identify how corporate brands can be recovered.

Advances in branding research have increasingly acknowledged the role of the consumer as a cultural producer (see Holt, 2002) or as a co-creator in branding (Vargo, Maglio and Akaka, 2008). The brand is however not only co-created by the consumer or customer but also between the firm and stakeholder (Brodie, Whittome and Brush, 2009; Payne, Storbacka, Frow and Knox, 2009). The corporate branding literature emphasises the need for consistent messages about a brand’s identity and uniform delivery across all stakeholder groups to
create a favourable brand reputation (Balmer and Grey, 2003; Hatch and Schultz, 2003).
Brand crises may also spill over to negatively affect attitudes and beliefs about the product category and about competing brands (Roehm and Tybout, 2006). Brand failures and crises are also likely to undermine trust not only amongst consumers but also stakeholders. Trust is core to both branding (Chaudhuri and Holbrook, 2001) and stakeholder theory (Freeman, Wicks and Parmar, 2004). Therefore, we contend that any investigation into corporate brand recovery will necessarily include the rebuilding of trust.

Existing work into brand recovery has yet to absorb advances in branding research or the significance of the corporate brand, the role of stakeholders and the importance of rebuilding trust as part of the recovery efforts. The purpose of this study is therefore to investigate how corporate brands can recover from the perspective of stakeholder co-creation; this aligns with corporate branding theory and branding research as well as contemporary events in the business world. The paper is structured as follows: review of the literature, the research method, the findings of the research and discussion and a conclusion with the implications and contribution of the research.

**Brand recovery**

When a brand crisis occurs, managers will try to defend their brands from negative associations (Greyser, 2009; Fetscherin and Usunier, 2012). The relatively small body of research into how brands may be recovered or rebuilt has been conducted from a range of standpoints. In a study into brands that had behaved badly, Aaker et al. (2004) found marked differences between consumer responses to transgressions of sincere and exciting brands, with sincere brands suffering more than exciting ones. If a brand crossed ethical boundaries, then it upset the strongly connected consumer more than product failures (Trump 2014).
Therefore, the nature of the brand (sincere/exciting) and the nature of the transgression (product/ethical) have an impact on consumer responses when a brand transgresses. The salience of highly prominent brands means that when such a brand transgresses it can affect an entire brand category, including competing brands (Dahlien and Lange, 2006).

The role of marketing communications in brand recovery has also been noted. In an experimental study into brands that have made an initial poor impression (Muthukrishnan and Chattopadhyay, 2007), the results suggested that to recover the brand, the firm should develop an advertising approach which avoids comparisons with competing brand. Andrews and Kim (2007) develops a model of brand revitalisation using customer data for auto and electronic products in an international context. Strong warranty programmes and advertising communications were found to be significant variables in brand revitalisation, generating insight into how an international brand can address product failures. There is also an emphasis on communications in investigations of campaigns that repaired the image or diffused negative impact (Falkheimer and Heide, 2015; Johar et al. 2010).

Brand studies may appear to overlap with brand re-positioning (Beverland and Ewing, 2005); updating (Yakimova and Beverland, 2005) or rejuvenating (Huber et al, 2015) but none of these strategies appear to be deployed for brands in the throes of a crisis. There are potential areas of overlap between brand recovery and rebranding as well as brand crisis management. Firstly, it has been asserted that brand recovery is a subset of rebranding. Rebranding takes the form of a disjunction or change between an initially formulated brand and a new formulation. To effect this change, the firm or brand will most probably undergo a change management process (Merrilees and Miller, 2008; Miller and Merrilees, 2013). Whether rebranding follows from corporate strategy or constitutes the corporate strategy itself, the aim
is to enhance, regain, transfer and/or recreate the corporate brand equity (Muzellec and Lambkin, 2008). This explicit reference to the stakeholders (Muzellec and Lambkin, 2006; Miller et al. 2013) marks a significant step in rebranding theory. However, rebranding unlike branding theory has yet to consider co-creation where customers and indeed stakeholders engage in mutual value creation (Black and Veloutsou, 2016; Brodie et al. 2009). In brand crisis management, past and present corporate behaviour is the most significant element in a crisis situation. Authenticity plays a key role in building, sustaining, and defending reputation (Greyser 2009). Whatever the nature of the crisis, that is whether it is performance related or values related (Dutta and Pullig, 2011; Huber et al. 2009), the firm needs to respond to the crisis. These responses can be mediated by perceptions about the seriousness of the crisis and the familiarity of its consumers (Dawar and Lei, 2009). Research suggests that there may be three types of response to a brand crisis: denial, offensiveness reduction and corrective actions (Dutta and Pullig, 2011). This body of research registers the crisis of the corporate brand which is not dealt with specifically in the brand recovery literature.

A final reflection is that the brand recovery literature makes scant reference to corporate brand recovery and this is important as corporate brands are fundamentally different from product brands in terms of disciplinary scope and management (Balmer and Grey, 2003). Legally owned by its entity, a corporate brand is emotionally owned by those who have a close association with the brand (Balmer, 2005). These associations are supported by internal consistency and congruency in in the external communications of corporate identity (Abratt, 1989). Effective corporate branding requires consistent messages about a brand’s identity and uniform delivery across all stakeholder groups to create a favourable brand reputation (Harris and de Chernatony, 2001). If a brand or corporate brand is trusted then favourable thoughts, feelings, images, beliefs, perceptions, opinions are generated (Hoeffler and Keller, 2002),
involving emotions and perhaps even intimacy (Elliott and Yannapoulou, 2007). Trust is accrued to successful corporate brands as a stand-alone identity type, which is distinct from corporate identity (Balmer, 2012). A brand that is trusted is more likely to be forgiven by customers when they perceive a breach of promise, with the ability to recover from mishaps an essential part of managing the brand (Aaker et al. 2004).

**Brand co-creation**

Consumers or customers are not the only arbiter of a brand and it is increasingly recognised that branding theory is influenced by a more nuanced understanding of brand value (Preece and Kerrigan, 2015). Brands evolve not only by intent on the part of the firm but also through the participating stakeholder network or community (for example, Muñiz and O’Guinn, 2001). Merz et al (2009) suggest that brand value is co-created within stakeholder-based ecosystems, where stakeholders form network, rather than dyadic relationships with brands and that brand value is dynamically constructed through social interactions among different stakeholder.

By identifying and considering a range of stakeholders, firms may gain competitive advantage by engaging with customers and other partners and encouraging inter-group engagement (Brodie et al. 2006; Lusch, Vargo and O’Brien 2007; Vargo and Lusch, 2004). A stakeholder’s sense of identification with the brand can be strong and stakeholders may intrinsically and emotionally feel they have proprietary ownership of the brand (Balmer, 2012). According to the co-creation literature, a firm adds resources to those of the customer so that value can be co-created (Payne, Storbacka and Frow, 2008). By learning about how the customer co-creates value, the firm develops an increasingly sophisticated set of processes that make up the co-creation experience (Madhavaram and Hunt 2008). Firms
therefore acquire a constellation of strategic capabilities, which enables them to be aligned to their strategic partners (Karpen, Bove and Lukas, 2012). It therefore follows that as corporate brands are co-created, the recovery process needs to accommodate the role played by various stakeholders.

It is the contention of this study that corporate brand crises are not uncommon in the business world, where there is the potential for the crisis to be shared across the world instantly via social media. A holistic in-depth study of a particular corporate crisis is therefore overdue. Furthermore, this study responds to specific calls for continuing investigation into rebranding from a participatory or collaborative stance (Miller et al. 2014) and for research that examines the process of brand value co-creation (Merz, Yi and Vargo 2009). Furthermore, the research acknowledges the significance of corporate brand research and so seeks to generate in-depth knowledge about how a focal brand and its stakeholders co-create the recovery of a corporate brand.

Method
To generate depth, insight and context-enriched analysis (Creswell, 2007; Flyvbjerg, 2006; Miles and Huberman, 1994), the study concentrates on a single exemplary case, the focal brand, and its stakeholder network. Multiple data sources were used. The focal brand selected is a general insurance corporate brand, specifically the brand’s UK operations. Although this brand had not committed any mis-deeds, it is part of the financial services sector which has been negatively affected by a range of crises including mis-selling and the banking crises. Direct references to the brand are omitted to ensure the anonymity of the focal firm.
Data collection

Data were collected using three research techniques: (1) consumer focus groups; (2) semi-structured one-to-one interviews; and (3) written and electronic documentation. The interviews were the pivot in the analysis but the findings are supported by focus groups and secondary sources enriching the analysis and strengthening confidence.

Semi-structured interviews: The research team collected data during interviews with informants within the focal firm and actors within the stakeholder environment. The team followed a purposeful sampling approach to recruit 15 interview informants, with the intention of elaborating theory from a rich set of qualitative data (Patton, 2002). The initial interview with the focal firm resulted in direction towards additional informants who were able to generate insight (Patton, 2002) and sampling then circled outwards to include further informants. Interviewing began with the marketing director of the focal firm and then progressed to include representatives of the following stakeholders identified by this informant: employees of the focal firm, insurance broker, competitor insurer, reinsurer, professional body and, finally, a local government representative responsible for financial services. The interviews took place in informants’ offices or over the telephone, lasting between 40 and 90 minutes, were recorded with the informants’ consent and notes were taken during and after the interviews for deeper insight (Charmaz, 2006).

Written and electronic documentation: In addition to the interviews from industry and focal brand informants, the authors accessed electronic and hard-copy published documents from a range of sources as follows – consumer surveys, professional bodies such as the Chartered Institute of Insurance, the Association of British Insurers, national, local and industry media as well as material from the website of the focal brand and other insurance brands. The
search range extended back to the last credit crunch in 2007 and covered the subsequent 10 years. Analysis focused on 82 documents concerned with the focal brand, corporate brands and corporate brand recovery (9 industry/consumer surveys; 11 professional body publications; 4 industry body reports, 7 newspaper items; 12 focal brand publications; and 39 industry news items including items on other insurance brands).

**Focus groups:** Two focus groups were conducted with consumers. Each comprised 7 participants representing policyholders holding general insurance (motor, home and pet policies). This data collection phase provided the study with the voice of the customer: their opinions, views and perceptions of the insurance industry and the nature and extent of the various crises have had on the brand. Each group lasted 45 minutes. Interviews were taped and transcribed.

**Data analysis**

To increase the rigour of the process, the team created a database for the research which consisted of all data sets, including memos, notes and records of inter-researcher discussions, documents and interview data (Yin, 2015).

In accordance with recommendations by Miles and Huberman (1994), the authors began the analysis with writing up the memos and transcripts into summaries, which informed interview and document coding. Starting with the interviews, the research team coded each interview according to the informant’s status or role, length of tenure and relationship to the focal firm. The team coded the interview content following informants’ own language and terms (in vivo) and then extended this practice to all the text. The team made constant and repeated comparison of data across informants and found major emerging concepts of the
phenomenon (Patton, 2002). When the team found that an in vivo code was not directly available or would violate confidentiality agreements, they used short phrases expressed in first-order terms. As the team read and reread the transcripts, they created new codes and adjusted existing ones, continuously reiterating between data sets, emerging theory and the literature to develop new categories or processes.

The team resolved discrepancies and irregularities in the coding scheme through discussion with close reference to the data, research notes and the literature. This process resulted in an extended and refined coding scheme. First order practices unlocked meaning in the data and led to preliminary isolation of co-creation processes. The team submitted the co-creation processes to a key informant for checking, who affirmed that the analysis had resonance. A range of suggestions (for example Beverland and Lindgreen, 2010; Eisenhardt and Graebner, 2007) for case study rigour and quality guided the process of establishing the credibility of the findings, such as between-method triangulation of data and enfolding the literature with the emerging processes. In the following section, the findings of the analysis are presented using extracts from the multiple data sources.

**Findings and discussion**

As illustrated in Figure 1 three phases to the co-created brand recovery process were identified: industry damage; the recovery process; and corporate brand recovery.

(insert figure 1 about here)
For the purposes of this paper (and to comply with conference word limit guidelines) the analysis will be restricted here to the co-created processes between the focal firm and its stakeholder network.

As a result of the industry crisis, the stakeholder network is augmented whilst the industry seeks to recover its reputation,

> It’s easy to knock the banks and say that they are the bad boys, but they are in the same sector, they sell insurance so we need to support each other publicly (broker, interview).

The enormity of the challenge of bringing together a diverse range of stakeholders is recognised by the network,

> We have a wide range of intermediary partners: brokers, affinity groups, corporates, it’s quite complex (focal firm marketing director).

Acknowledging that ‘there is a crisis of consumer trust’ (Professional body journal) and that there is a commitment to regaining that trust (Insurance sector press), rebuilding trust was seen as key in the recovery of the corporate brand and, indeed, the industry.

> I think everybody in the market has a role. I think that’s something that as a whole industry we all have to get our act together, and we all have to basically prove that we are worthy of trust (reinsurer, interview.)

Transparency is particularly important in financial services (Auh, Bell, McLeod and Shih 2007) owing to the complexity of many of the products. Transparency is being further underpinned by statements about ethical standards and behaviour, as this extract illustrates:

> Ethical conduct and integrity are central to how a good professional should conduct him or herself. It must be in the DNA of each reputable individual and firm operating in the market place (Ethical Culture, CII publication).

The industry body is a key stakeholder in driving ethical conduct in the insurance industry. The ethical engagement by stakeholders is considered a pre-requisite for a business to function properly (Noland and Phillips, 2010) and should form part of strategic business practice amongst network partners (Karpen, Bove and Lukas, 2012). The forging of a
coherent approach that is aligned not only within the stakeholder group but also the industry forms a core process in the corporate brand recovery, the rebuilding of trust as well as the reputation of the industry.

Investing in staff emerged from the analysis as a core co-creation process as the focal brand manager affirmed,

\[\text{the organisation is committed to professional development and moving the careers of employees forward (focal brand manager, interview).}\]

Although the focal brand marketing director stated that working together however does not preclude the focal brand from seeking to gain a competitive advantage through this very investment.

The focal brand has concentrated on technical expertise, investing heavily in technical training as evidenced by their training academy and in-house, industry accredited, qualifications. The staff issue was broader than creating a professional service with a recognition that the industry needed to promote insurance as a career to schools and to satisfy the need for high calibre staff that would support the industry as a whole.

\[\text{.. there is growing recognition that we must travel the same path, sing from the same hymn sheet. It is only by uniting that we can begin to promote insurance as the major economic powerhouse it is and feed the stream of new talent. (CII President, insurance press).}\]

The analysis suggests that the provision of tangible evidence in the recovery of the corporate brand and the industry is important. The incorporation of chartered, for examples, provides transference (Backman et al, 2015) and aids brand repair and restoration of trust for the focal firm and insurance industry.

\[\text{Chartered is something, an individual or firm has, you can trust it(broker, interview).}\]
Being chartered is also a mark of the technical excellence that is associated with the focal brand. The focal brand is working towards high levels of service across its network of intermediaries underpinned by an industry wide set of standards, which is the Aldermanbury Declaration (http://www.cii.co.uk/about/aldermanbury-declaration/). A set of standards may also lessen the likelihood of inter-stakeholder transgressions that might negatively affect the focal brand or the industry as a whole.

We want our industry to be clean. We name and shame. If you even cheat on your CPD or exams you are publicly named in the Journal. Your name, the company you work for (broker, interview).

The focal brand’s customers do not perhaps appreciate their role in resource integration, although it is conceded that that the industry should take responsibility for the tension between price and the suitability of the product and clarify the explanations that are given.

Lots of UK customers are focused on trying to get the best deal and get away with the cover they can afford. I would lay that blame with the industry and not explaining what they are offering (employee, focal firm).

As an example, this informant refers to a triadic relationship between the customer, the broker and the insurer. For the customer, whether business-to-consumer or business-to-business, the brand of the broker or the nature of the interaction is a critical aspect of the purchase or decision to purchase. As part of recovering the corporate brand and more broadly the reputation of the industry, it was seen important to eliminate the changes of ‘nasty surprises’.

Conclusion

The purpose of the study was to investigate corporate brand recovery from a stakeholder co-creation perspective. Analysis of multiple data sources on a single focal indicates that the stakeholder network engages in co-creation not only to recover the corporate brand but also to restore the reputation of the industry.
Theoretical Contributions

This study has responded to several calls for further research and makes a number of theoretical contributions to corporate brand recovery. Firstly, it widens research into brand recovery from its previous narrow focus on the brand/customer dyad by demonstrating and providing empirical evidence to support the notion that stakeholders co-create corporate brand recovery. ‘Stakeholders’ includes customers and extends to encompass a wide and varied network of actors from competitors to broker intermediaries and industry bodies. Secondly, the study finds that although corporate brand recovery shares some characteristics with re-branding (Miller et al. 2013); it suggests that in corporate brand recovery there is a strong emphasis on repairing trust. Thirdly, this investigation points to recovery efforts extending well beyond communication and warranties (Andrews and Kim, 2007) to core functions and tangible evidence. Fourthly, the study finds that the rebuilding of trust is an important process of corporate brand recovery just as it is in mainstream branding literature (see for example Balmer 2012; Chaudhuri and Holbrook, 2001). Finally, brand crises are increasingly occurring at corporate brand level as the VW example illustrates, therefore by focusing on corporate brand recovery this study is more closely aligned to ‘real world’ business problems.

Managerial implications

The findings of this study provide a preliminary framework of corporate brand recovery for brand and marketing managers. It unearths how stakeholders integrate resources to co-create a range of processes that contribute to the rebuilding of trust and corporate brand recovery. Optimising the role of staff, providing tangibles and ensuring corporate dependability and consistency are shown here to critical processes in the co-creating
corporate brand recovery and illustrate the contribution that professional bodies make to corporate brand recovery.

Further research and limitations

This work invigorates research into brand recovery by extending it into corporate brand recovery. Although the study supports existing research into the importance of trust in branding, it does not offer sufficient distinction between recovering the brand and the rebuilding of trust. The permeability of the co-creation efforts in rebuilding trust and recovering the brand need to be unravelled in detail. The research also suggests that further work is merited into brand spill over (Roehm and Tybout, 2006) as this study highlights the effects of brand transgression on the financial services industry as a whole. This study also shows how the industry is working to recover its reputation and again it is not evident where the efforts of the stakeholder network to recover the focal brand leave off and where the efforts to rebuild the industry reputation take over. It is quite possible that these efforts are intertwined and this may also be the case in other sectors such as diesel cars again meriting further investigation.

Single case study research although generating context rich data is limited to theory enrichment rather than understanding across different contexts, so further research across industries would add to the theory that is emerging here.
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Figure 1  Co-created corporate brand recovery

Co-creation brand recovery process

Focal firm actions
- Promoting brand
- Strengthening partner relationships
- Engaging employees
- Instilling technical quality
- Transference

Stakeholder network actions
- Forging coherence/alignment
- Optimising staff quality
- Signalling core functions
- Providing tangible evidence

Trust

Corporate brand recovery

Mis-selling, money laundering, executive pay, Sector mistrust