



## COMMENTARY

Identity based  
marketing

# Identity based marketing: a new balanced marketing paradigm

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### Abstract

**Purpose** – The purpose of this paper is to propose a fundamentally new extension of the marketing paradigm. This is theoretically and practically necessary since in the authors' view there is an insufficient balance between customer and brand thinking.

**Design/methodology/approach** – While the marketing paradigm is focused on customers, marketing strategy focuses on both the demand and supply side of the market. The authors suggest bringing the paradigm and strategy more in line by adding the brand identity into a new, more balanced, marketing paradigm, called identity based marketing.

**Findings** – The brand identity can be considered the representative of the resource based view since identity will be based on competences and capabilities. Although branding is widely accepted as a marketing issue it has until now not been dealt with within the scope of the marketing paradigm.

**Originality/value** – Adding branding to the highest level in the marketing theory hierarchy (marketing as concept/paradigm, strategy, and tactics), has important implications for marketing practice and leads to a research agenda with more emphasis on the relation between (changes in) brand identity and customer perceptions and needs.

**Keywords** Marketing strategy, Brand identity, Resources, Brand image, Competences

**Paper type** Conceptual paper

### Introduction

In the hierarchy of marketing (marketing as culture/paradigm, marketing as strategy, marketing as tactics), the marketing paradigm focuses on the demand side of the market: customers (Deshpandé, 1999). Of course the paradigm has developed the last decades and recently Vargo and Lusch (2004) argue that the current marketing paradigm should emphasize customer relations and services. However, this may be seen as an elaboration of the customer focus. So, there does not seem to be a debate about whether the customer should be the primary focus of the marketing paradigm.

However, such a debate does seem to exist about the issue of competitive strategy. Several authors have recognized the relatively limited role of marketing in the process of strategy formulation (Webster, 1992; Day, 1994; Srivastava *et al.*, 1998). More specifically, authors contrast the (internal) resource based view (RBV) with the (external) marketing theory. Srivastava *et al.* (1998) integrate these views in frameworks for strategy formulation. Sharma (1999) also recognizes the importance of both an external focus rooted in market orientation and an internal focus on unique



firm resources and capabilities, and he calls for a greater interdisciplinary approach in formulating competitive strategy.

In this paper we propose to augment the marketing paradigm by adding the brand identity into this concept, thus making it more balanced in dealing with both demand and supply. Doing this meets a basic weakness of the marketing concept in that it lacks strategic content: it says nothing about how the firm should compete (Webster, 2005).

First, we present a model describing the conceptual levels in marketing theory. Then, we discuss some relevant issues concerning branding, in order to relate branding to the resource based view. We introduce a new marketing paradigm. Then we discuss the managerial implications of the new paradigm and we propose a research agenda.

### Current hierarchy of marketing theory

Marketing can be interpreted in different ways (Webster, 1994, see Figure 1):

- As an organizational culture (the marketing concept or paradigm): a set of values and beliefs that drives the organization to make a fundamental commitment to serving customers' needs as the path to sustained profitability.
- As a strategy: defining target markets and positioning product offerings (STP: segmenting, targeting and positioning). The most common model for strategy development is the SWOT-analysis: matching internal strengths and weaknesses with external opportunities and threats.
- As tactics and activities: the day-to-day activities of the four marketing instruments: product development, pricing, distribution and communication

These three meanings of marketing have been interpreted as a hierarchy in marketing theory. The top level (the marketing concept or marketing paradigm) defines the core content of marketing. The marketing paradigm should provide the heart of marketing thinking and should logically set out the relevant issues at lower levels. If, at lower levels, issues are introduced that do not logically lay in line of the marketing paradigm,

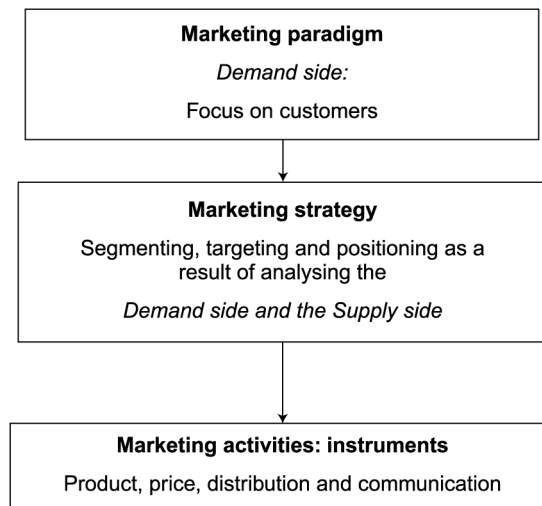


Figure 1.  
Current hierarchy of  
marketing theory

there is a lack in consistency in marketing theory. In strategic terms, marketing as an organizational culture should provide norms for behavior within the organization (Deshpandé and Webster, 1989). We will now analyze this relation.

Marketing (or competitive) strategy deals with segmenting, targeting and (brand) positioning, raising the question of how to compete (Adcock, 2000). Strategy by definition matches the internal and external environment. This match is the core of the SWOT analysis.

Looking at Figure 1, the question is, whether the marketing paradigm also reflects an internal and external orientation. This clearly is not the case. The focus of the marketing paradigm is on the external environment and especially the customer: customer centricity is the unique focus of marketing (Deshpandé, 1999).

The main theory regarding 'the supply side' is the resource based view (RBV) of the firm (Wernerfelt, 1984) which is strongly related to the focus on core competencies (Prahalad and Hamel, 1990). Srivastava *et al.* (2001) noticed that marketing scholars have devoted remarkably little attention to applying RBV as a frame of reference in advancing marketing theory or in analyzing challenges in marketing practice. The authors try to bridge marketing and RBV by developing a framework for analysis of market-based resources.

Looking at Figure 1 gives a clear explanation of the lack in interest of marketing scholars: the marketing paradigm focuses on the demand side (customers) thus leading to a strong attention to the external environment. While Srivastava *et al.* (1998) solve the gap between RBV and marketing by developing a process, another way of solving the gap between the marketing paradigm and marketing strategy is to evaluate the marketing paradigm and to wonder whether it is time to adjust the paradigm without broadening the concept too far.

### **Bridging the gap between marketing paradigm and strategy**

Since the 1990 there is growing attention of marketing scholars to a concept which is in our view strongly related to RBV: brand identity (Aaker, 1991, 1995; Keller, 1993, 2003). Aaker defines brand identity as a unique set of brand associations that the company aspires to create or maintain. These associations are what the brand stands for and imply a promise to customers. The value proposition can involve functional, emotional and self-expressive benefits. Aaker's main guideline for building strong brands is the need of having such a brand identity. According to Keller (1993) the essence of branding is that companies should try to create (brands with) high name awareness and strong, favorable and unique brand associations. Two aspects are in our view important within these definitions: the scope of brand identity and the supply orientation.

#### *Branding is about any favorable association*

Branding often has the image of only dealing with emotion. For example, Rust *et al.* (2000) define Customer equity as the sum of Value equity (the objective utility (performance) of the brand), Brand equity (the subjective and intangible assessment of the brand) and Relationship equity (customers' tendency to stick with the brand: the value of a relation). In this definition Brand equity is limited to intangible, emotional values. Branding, however, is about creating a favorable image with any association,

whether tangible (for example a mild cigar) or symbolic/emotional (a cigar leading to happiness) or both (a mild cigar leading to happiness).

*Brand identity is about a company's own choices*

A common aspect in the definitions is that a company should make its own choice of what it stands for. It is about the companies' aspiration, or in broader terms it is about the companies' vision. The concept of (brand) identity thus in some sense has a supply orientation. Since an identity can only be trustworthy if it is actually realized: an identity should always be based on a companies' core competences. In this way there is a clear link between RBV and branding (see Figure 2): a brand identity flows from the companies' superior skills and resources.

The supply orientation of brand identity can also be illustrated by the growing belief that being too market-oriented can be disastrous (Day, 1999) because customers may demand products or services that do not fit in with the core business of the firm. This also is true for branding: customers may demand benefits that do not match the brand identity. And consumers appear to get used to innovations more quickly: this puts suppliers in a struggle to come up with more innovations.

*Identity based marketing*

It increasingly is recognized that listening to the customer is not "everything", but this realization does not seem to affect current thinking about the marketing paradigm. In terms of the hierarchical meanings of marketing, nothing is said in the marketing concept about resources or identity. Applying the marketing concept may lead to the unbalanced guideline of strongly following customers' needs. In our view this is a fundamental inconsistency in marketing theory.

To solve this inconsistency we propose to incorporate the identity of the company in the marketing paradigm, as a "representative" of the resource based view of the firm. This adjusted marketing concept could be called "identity based marketing": marketing based on customer needs as well as on a firms' identity (see Figure 3).

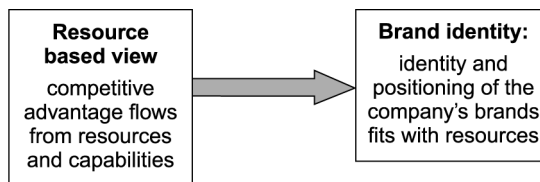
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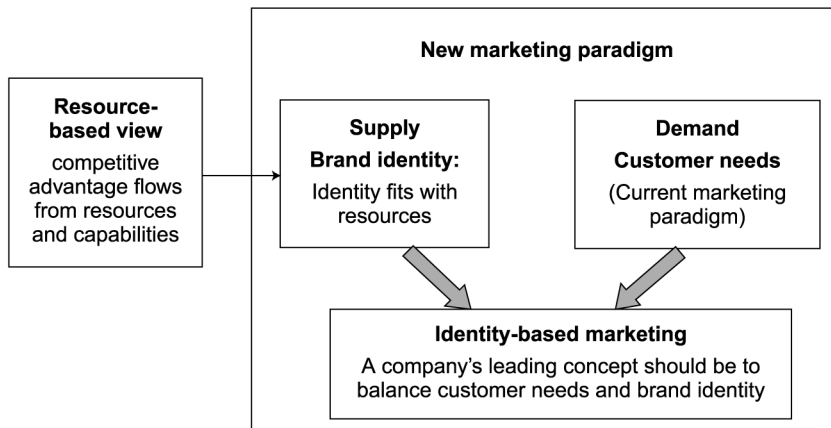
Figure 3 depicts the starting points of identity based marketing. It is important to note that both sides of marketing (identity and needs) strongly interact. In the light of the discussion in this paper it is interesting to analyze these relations since they have relevant conceptual aspects.

*From needs to identity.* The most logical relation exists from needs to supply. Marketing entails that products are offered that are needed by customers. If needs change, the products (in a broad sense, including their identity) should change as well.

*From identity to customer needs.* This relation has two aspects.

**Figure 2.**  
Brand identity flows from superior resources and capabilities





**Figure 3.** Identity based marketing as a more balanced marketing concept

First companies can affect customers' perceptions and needs. An important goal of marketing is to teach customers (Carpenter, 1999). Customers can be made aware of unmet needs. This dynamic relation between demand and supply shows resemblances with the discussion about how to innovate: by a technological "push" (starting from the supply side) or a demand pull (starting from the demand side). It is sometimes argued that it is difficult for customers and thus for market research to come up with ideas for innovations.

A second aspect of the relation between identity and customers is more conceptual: people can only build relationships with companies they "know". This is also reflected in Keller's definition of Customer Based Brand Equity: the effect that customers react more favorably to the marketing instruments of a brand they know than to the marketing instruments of a brand they do not know (Keller, 2003). The identity is a stable point of reference for customers. The identity represents the values the brand aspires to stand for, and is therefore a cornerstone in the process of creating and maintaining a relationship with those customers attracted to these values. This implies that a change of identity is only possible if the underlying – internal- resources and values change, and not if only external customers needs change.

And even if a change in the underlying values enable an identity change, then still a change in identity could raise doubts about the stability and trustworthiness of the brand, leading to decreasing relationships between the target customers and the brand.

At this point there is a link can be made with the commitment-trust theory (Morgan and Hunt, 1994). The authors show that trust is a key factor in relationship commitment. And reputation is positively correlated with trust (Ganesan, 1994). So, it might be that for having trust it is essential that customers "know who you are" (see Figure 4).

### Implications and a research agenda

The adjusted marketing paradigm has important managerial and research implications. The key message is that firms and researchers should better realize what brands do with the human mind. An important managerial issue here is if and how the brand strategy should be changed when the brand manager is faced with changing customer needs. According to the "traditional" marketing paradigm changes

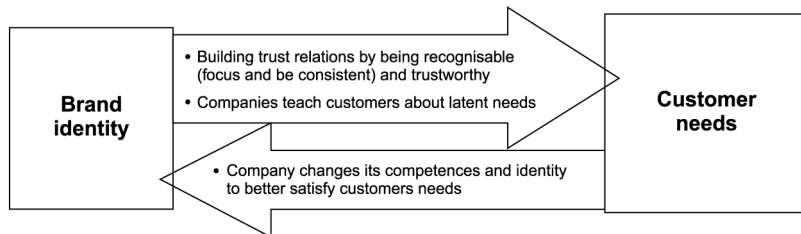
in brand strategy are justified as there are need changes. But the adjusted marketing paradigm questions these strategic decisions if the changes in brand strategy are not consistent with the identity and the underlying resources. A risk of an unlimited listening to customers is that it might lead to a diffuse brand image and thus on the long term to difficulties in building relations. In marketing practice, the new paradigm also means that firms should keep in mind some basic branding guidelines such as offering clear and easy-to-understand products and communication messages. A recent and interesting case is the introduction of Coca Cola Zero, a zero calorie drink for men. The weakness of this product is the double and thus confusing image: low calorie (not relevant for men) but masculine as well. This is difficult to believe and difficult to understand and probably the main reason why it failed in the USA. A balance between brand and customer also means that the internal organization in a firm is such that that there are direct links between brand management, advertising management and for example customer managers.

Balancing customer needs and brand identity does not mean that the chosen strategy will always be in the middle. It depends on the current situation (market trends, competition) whether the chosen strategy will be more oriented towards current customer needs or current company competences.

For research, the adjusted marketing paradigm could lead to more attention to the human mind and to the relation between brand identity and customers (which is the heart of our new paradigm). First, more attention could be devoted to developing branding theory. Aaker (1991, 1995), Kapferer (1992) and Keller (1993, 2003) appear to be the pioneers in this field but there is still a lot of work to be done. In the latest edition of Kotler's *Marketing Management* Keller is co-author but branding is treated as a strategic issue and not as part of the marketing paradigm.

Secondly, more empirical research could be devoted to the relation between brand image (associations) and customers. For example, there is still hardly empirical research about the relation between strengths and uniqueness of associations and performance measures such as brand loyalty. Another interesting aspect is the relation between the brand's image and the customer's self image. It is often assumed that customers seek brands that fit their own image (self congruity). There are some studies in this field (Sirgy, 1982; Sirgy *et al.*, 1997; Helgeson and Supphellen, 2004) but with different results.

Finally, branding research could benefit more from other disciplines. For example, one of the most cited papers in marketing science is the Aaker (1997) paper where Aaker developed and tested a brand personality scale. Later studies revealed that Aaker's scale was, although useable in practice, not strongly based on psychological



**Figure 4.**  
Relation between identity  
and customers needs and  
perceptions

theory (Azoulay and Kapferer, 2003). Branding research and theory could also benefit from literature about corporate reputation management (Dowling, 1994; Balmer, 2001).

In conclusion, a more balanced marketing paradigm appealing to both the demand and supply side has important implications for marketing research and strategy. Incorporating the brand identity in the marketing paradigm also bridges the gap between marketing science and practice in that brand identity and positioning are, in addition to the customer, the core marketing issues in marketing practice.

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