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Unpacking brand management superiority: Examining the interplay of brand management capability, brand orientation and formalisation

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Abstract

Purpose: A strong brand is one that consumers know and perceive as differentiated from competing brands. Building brands with high levels of awareness and uniqueness is critical to ensuring brand strength and sustained competitiveness. To this end, the roles of brand management capability and brand orientation are highlighted. However, given the significance of consistency in branding, firms' brand management capability and brand orientation alone may not be sufficient, and a mechanism that facilitates branding consistency is required. In the integrating marketing control theory with the resource-based view (RBV) and dynamic capabilities (DC) theory, this study aims to examine how a firm's brand orientation, when supported by formalisation, contributes to building brands with high levels of awareness and uniqueness through the intervening role of brand management capability.

Design/methodology/approach: In testing the hypotheses proposed in this study, survey data were drawn from a sample of firms operating in the consumer goods sector and examined through hierarchical regression analysis.

Findings: This study finds that firms are more likely to build brands with high levels of awareness and uniqueness in the market when their brand orientation is supported by formalisation, because this combination (brand orientation and formalisation) facilitates branding consistency and brand management capability development.

Originality/value: In weaving together the theoretical perspectives of marketing control, RBV and DC, this study extends current knowledge by showing that brand management capability and brand orientation alone are insufficient for building brands with high levels of awareness and uniqueness. Instead, maximising their performance effects requires the support of formalisation.

Disciplines

Business

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1. Introduction

Brand management is a fundamental yet challenging task. The literature is replete with examples of the failures of some firms in driving the market success of their brands (e.g., Apple Newton, Harley Davidson Perfume and Colgate Kitchen Entrees) (Grewal *et al.*, 2015). To address the challenges associated with branding and ensure market success, some scholars argue building brands with high levels of awareness and uniqueness is critical. Brands perform better in the marketplace when consumers know and perceive them as differentiated from competing brands[1] (Keller, 1993; Aaker, 1996b). Fundamental to a brand's market success are the roles of a firm's brand management capability (Vorhies *et al.*, 2011) and its brand orientation (Huang and Tsai, 2013).

Brand management capability is said to facilitate brand performance because through specific actions directed at the brand, firms are able to drive customer knowledge and expectations along important dimensions such as positioning and image (Orr *et al.*, 2011). Brand-oriented firms are thought to be better able to build strong brands because of their cultural mindset of attributing greater importance to branding and the brands they manage (Santos-Vijande *et al.*, 2013). Brand management capability and brand orientation in this sense are two sides of the same coin. They are both fundamental to brand management, but perform different roles. Brand orientation reflects the cultural mindset of a firm towards its brand, while brand management capability captures the actions the firm engages in to build the brand's success (Hirvonen and Laukkanen, 2014).

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[1] Brands characterised by high levels of awareness and uniqueness are hereafter referred to as strong brands.

Despite the overarching priority given to brand orientation and brand management capability, some scholars argue building strong brands requires firms to adopt a consistent approach towards branding. Consistency is seen as the key to creating and maintaining a brand that consumers can clearly perceive and understand (Park *et al*., 1986; Reid *et al*., 2005). This suggests that in addition to brand orientation and brand management capability, effective brand management also requires the incorporation of specific mechanisms that facilitate a firm's ability to manage its brand consistently. However, at present it is still unclear what these mechanisms are, and how their interplay with brand orientation and brand management capability should be managed to build strong brands.

Drawing on marketing control theory, we suggest formalisation facilitates brand management consistency. Given its emphasis on specifying rules and procedures to guide how work tasks are completed (Jaworski and Kohli, 1993), we argue formalisation will help develop the level of consistency fundamental to effective brand management and support enacting a firm's brand-focused cultural mindset. Accordingly, we examine the extent formalisation moderates the influence of brand orientation on brand awareness and brand uniqueness. In doing so, we shed light on how brand orientation's contribution to building brands with high levels of awareness and uniqueness is actually facilitated by formalisation, an organisational element which has been criticised for its rigid and creativity-stifling nature (Olson *et al*., 2005).

Further, brand management capability is argued to be a mechanism that facilitates the achievement of a brand's relevance in the market. It provides firms with the capacity to create and position a brand in ways that create perceived customer value (Vorhies *et al*., 2011). Given this, brand orientation as a firm's brand-focused cultural mindset may manifest via brand management capability to influence the levels of brand awareness and uniqueness achieved in the market. However, current research on brand orientation focuses mainly on examining its performance benefits (e.g., Huang and Tsai, 2013). It is unclear how brand orientation helps transform a brand into one that performs more strongly in its market, and what precise role brand management capability plays in this process. Underpinned by the resource-based view and dynamic capabilities theory, we examine whether brand management capability mediates the influence of brand orientation on brand awareness and brand uniqueness. We extend existing knowledge by offering a detailed account of how brand orientation is manifested via brand management capability to influence the levels of awareness and uniqueness a brand achieves in the market.

In integrating the marketing control theory with the resource-based view and dynamic capabilities theory, our overall framework assesses the extent brand management capability plays a mediating role in linking the interaction of brand orientation and formalisation to higher levels of brand awareness and brand uniqueness achieved in the market. In doing so, we contribute to extant literature by articulating precisely how a firm's brand orientation, when supported by formalisation, contributes to building brands with high levels of awareness and uniqueness through the firm's brand management capability.

2. Literature review and hypotheses development

A range of brand-related outcomes, such as brand awareness (Homburg *et al*., 2010), brand associations (Keller, 1993), brand loyalty (Yoo *et al*., 2000) and brand uniqueness (Aaker, 1996a), have been identified in the literature as representing brand success. Among these, two that have gained the attention of scholars and managers are brand awareness and brand uniqueness (Davis *et al*., 2008; Golicic *et al*., 2012). Some scholars argue brands that consumers know and are aware of are more likely to be included in the consumers' consideration set (Wong and Merrilees, 2007). Well-known brands are said to have a much better chance of being selected and valued by current and potential customers, and perform better in the marketplace compared to lesser known brands (Huang and Sarigollu, 2012). Brand awareness is defined as the degree to which consumers recognise or recall a brand (Homburg *et al.*, 2010).

It is also said that brands with a unique image occupy favourable perceptual positions within the minds of consumers (Keller, 2008). A brand high in uniqueness is comprised of attributes and benefits associated with the brand that make it distinctive and different from competitors (Webster and Keller, 2004). Some scholars argue brands with unique images are difficult to imitate and costly to compete against, providing firms that own them a competitive advantage (Davis *et al.*, 2008). Brand uniqueness is defined as the degree to which consumers perceive a brand as being different from competing brands and how distinct it is relative to other brands (Netemeyer *et al.*, 2004).

Prior studies have given attention to the role of brand orientation in driving brand success (Baumgarth and Schmidt, 2010; Huang and Tsai, 2013). Brand orientation refers to a cultural mindset that recognises the importance of branding and ensures the brand has a central role in firm strategy (Wong and Merrilees, 2007; Santos Vijande *et al.*, 2013). Some scholars argue brand-oriented firms focus on satisfying consumer needs and wants *within* the limits of the brand or in a *conditional* manner as a means for safeguarding the integrity of the brand (Urde *et al.*, 2013). Brand-oriented firms are said to consider the brand as the foundation of the business model and the core around which strategies and operations revolve to create competitive advantage (Urde, 1999; Baumgarth and Schmidt, 2010).

However, some scholars argue to facilitate brand performance, firms must integrate their brand focus and be consistent in their approach towards branding (Reid *et al.*, 2005). Doing so is said to facilitate brand building and management because it establishes a clear brand image in the minds of consumers (Erdem and Swait, 1998). Consumers are said to more likely ascribe additional value to a brand and perceive it in a more positive light when the brand is clear in the consumers' minds (Keller, 1993). Further, it is said that to realise the performance benefits of brand orientation, firms are required to be relevant in the market and appropriately linked with customers through the brand (Baumgarth, 2010; Hirvonen and Laukkanen, 2014). This implies brand orientation may not be solely responsible for building strong brands given it only reflects the extent firms recognise the importance of branding and lend strategic significance to brands (Baumgarth, 2010; Urde *et al*., 2013). In addition to brand orientation, firms may also require specific mechanisms that support their brand orientation and govern their brand focus, and allow them to use the brand as the basis to interact with and create value for customers. To this end, we suggest formalisation and brand management capability may be such mechanisms.

Formalisation refers to the specification of rules, standards and procedures that guide employee behaviour (Jaworski and Kohli, 1993). As a structural element, formalisation is said to stifle creativity owing to its rigid and regulatory nature (Olson *et al*., 2005; Auh and Menguc, 2007). However, some scholars argue formalisation is conducive to reducing variance through standardised activities and codified practices (Jansen *et al*., 2006).

Brand management capability, on the other hand, reflects the organisational routines and processes that firms have in place to create, sustain and grow reputational brand assets (Vorhies *et al*., 2011). Brand management capability is said to facilitate the process through which firms drive customer knowledge and expectations of a brand along dimensions that are important to the customer, such as desired brand associations, positive brand image and favourable brand positioning (Orr *et al*., 2011; Vorhies *et al*., 2011). Brand management capability as such captures the underlying practices and processes that firms engage in to facilitate the creation of higher levels of brand awareness and a brand identity that is perceived as unique in the market.

In the following sections, we adopt the theoretical lenses of marketing control and the resource-based view to examine the instrumental roles of formalisation and brand management capability as the key mechanisms that facilitate the brand orientation–awareness and brand orientation–uniqueness relationships.

2.1. Marketing control theory: The moderating role of formalisation

Marketing control refers to "attempts by managers or other stakeholders within the organisation to influence the behaviour and activities of marketing personnel to achieve desired outcomes" (Jaworski *et al*., 1993, p. 58). The salience of control is highlighted by the likelihood that employee behaviour and firm actions may deviate from the interests of the firm as a whole (Jaworski, 1988; Jaworski and MacInnis, 1989). The purpose of control is to facilitate the achievement of organisational objectives via the implementation of internal control systems that regulate employee behaviour and ensure firm actions do not deviate from the goals of the business (Auh and Menguc, 2007).

Within the marketing control literature, formalisation as an element of organisational structure is identified as a key control mechanism (Jaworski, 1988; Auh and Menguc, 2007). Some scholars argue formalisation is detrimental to achieving superior organisational performance because it leads to decreased innovativeness, excessive bureaucracy and reduced flexibility (Matsuno *et al*., 2002; Poskela and Martinsuo, 2009). It imposes restrictions on employees, making them highly dependent on established processes, and discouraging experimentation and exploration (Jansen *et al*., 2006; Auh and Menguc, 2007).

Notwithstanding identified drawbacks, the literature also notes that formalisation is conducive to ensuring employees operate in a manner that is consistent with the organisation's expectations (Anderson and Oliver, 1987). The transparent rules and scripts associated with formalisation provide guidance and reduce ambiguity (Michaels *et al*., 1988).

They help minimise redundancy and confusion on how to complete work tasks (Auh and Menguc, 2007), leading to greater uniformity and reduced variance (Jansen *et al.*, 2006). In this sense, formalisation has much to offer brand management.

When focusing on branding, consistency in brand management has often been heralded as the key to developing a strong and successful brand (Aaker, 1996b). Some scholars argue given everything sends a message, a firm's branding must be managed and controlled for consistency to ensure the brand is protected and beneficial results are achieved (Duncan and Moriarty, 1998; Keller and Lehmann, 2006). It is suggested that firms with strong brands develop a consistent approach towards branding because doing so helps construct the brand and give it a meaning that resonates clearly with target customers (Ewing and Napoli, 2005; Huang and Tsai, 2013).

Given the potential benefits and the significant value of consistency in branding, it appears that firms may enhance their capacity to build strong brands when supported and governed by a formalised structure. With a formalised structure, brand-oriented firms are able to prescribe specific rules and procedures to guide how brand-directed tasks are completed. This reduces behavioural variance and enforces uniformity, creating the consistency fundamental to effective brand management (Aaker and Joachimsthaler, 2000). Accordingly, brand-oriented firms are able to ensure their brand-focused cultural mindset is manifested to target customers in a more coherent and unified manner, allowing the customers to not only clearly relate it to a specific product category or usage situation, but also identify its unique attributes and benefits. Conversely, in the absence of formalisation, variance in brand-directed tasks may increase, depriving brand-oriented firms the level of consistency needed for effective branding. As a result, their brand-focused cultural mindset may not manifest to target customers an integrated and cohesive brand image, deterring the customers from having a clear perception of what the brand really stands for, and the uniqueness of its features. Therefore,

H1: The positive influence of brand orientation on (a) brand awareness and (b) brand uniqueness is stronger when formalisation is high than when it is low.

2.2. Resource-based view: The mediating role of brand management capability

The resource-based view (RBV) focuses on resource heterogeneity as the potential source of differences in firm performance (Barney, 1991). Resources encompass the physical assets, intangible assets and organisational capabilities that are tied to firms (Barney, 1991; Hult *et al*., 2005). Yet, some scholars argue resources have only potential value and it is the firm's capacity to deploy or leverage resources that better explains performance differences between firms (Priem and Butler, 2001; Ketchen *et al*., 2007). This view has seen scholarly focus shift from resource endowment to deployment, and given rise to dynamic capabilities (DC) theory.

DC theory suggests possession of resources is a necessary but insufficient condition for achieving superior firm performance (Newbert, 2007). DC theory maintains that it is the capabilities by which a firm's resources are deployed in response to dynamic business environments, rather than resource ownership and access per se, that help create competitive advantage and enhance firm performance (Teece *et al*., 1997; Eisenhardt and Martin, 2000; Morgan *et al*., 2009b). From this perspective, DC theory views resources as stocks of tangible (e.g., plant and equipment) and intangible (e.g., culture, knowledge and reputation) assets available to firms, and capabilities as the processes by which resources are combined and transformed into value offerings (Murray *et al*., 2011; Morgan, 2012).

In line with the central tenets of RBV and DC theory, we believe brand orientation may not contribute directly to building brands that achieve high levels of awareness and uniqueness given as a resource, it is a cultural mindset that reflects firms' appreciation of branding and emphasis on the brands they manage (Baumgarth and Schmidt, 2010; Santos-Vijande *et al.*, 2013). Consumers do not become aware of a brand and perceive it as differentiated from rival brands simply because the firm managing it is brand-oriented. Rather, their level of awareness and perceived uniqueness of the brand is affected by the extent the firm is able to link with customers and serve their needs through the brand. When this occurs, it facilitates the transformation of internal brand philosophy into high levels of brand awareness and brand uniqueness in the market (Baumgarth, 2010).

Brand orientation thus provides the foundational building block, the core philosophy that directs strategic emphasis towards the brand and subsequent brand building and management actions (Urde *et al.*, 2013; Hirvonen and Laukkanen, 2014). To realise the performance benefits of brand orientation and build brands with high levels of awareness and uniqueness, firms must manifest their brand orientation via brand management capability. Brand management capability enables the firms to create and position in the minds of target customers the important aspects of the brand, such as desired brand associations, positive brand image and favourable brand positioning (Orr *et al.*, 2011). By driving the customers' knowledge of the brand and creating expectations about its performance along the dimensions relevant to them, brand management capability plays an important role in creating perceived customer value, facilitating relationship building and subsequent brand attachment (Morgan *et al.*, 2009a; Vorhies *et al.*, 2011).

Brand management capability as such enables firms to establish and maintain awareness of the brand among current and potential consumers, and differentiate it from rival brands (Morgan *et al.*, 2009a). Through brand management capability, firms are able to manifest their brand-focused cultural mindset and enact their brand orientation by conveying important messages about the brand's positioning, personality, image and the like to target customers. In turn, the customers are able to not only recognise the brand and know what it stands for, but also perceive its unique position, features and benefits. Therefore,

> *H2: Brand management capability mediates the effect of brand orientation on (a) brand awareness and (b) brand uniqueness.*

While we expect brand orientation to contribute to building strong brands indirectly through brand management capability, we also expect that this process is further supported by formalisation. Given formalisation imposes specific rules and procedures that guide how brand-directed tasks are completed, incorporating a formalised structure is conducive to generating the sense of consistency fundamental to effective branding that facilitates brand management capability development.

We advance the view that brand orientation identifies the brand as the raison d'être for the firm's existence and provides the cultural mindset underpinning its management (Santos-Vijande *et al*., 2013). However, to ensure the cultural mindset is maximally driven into actions, a high level of formalisation is needed to ensure the actions are undertaken in a more uniform manner. The structural system ensures actions are enacted in a fashion that is more cohesive and in line with the underpinning brand-focused cultural mindset. This is particularly crucial in the context of branding given it is highlighted in the literature that synchronisation of actions undertaken by firms is critical to establishing a brand that consumers can decipher clearly and perceive favourably (e.g., Park *et al*., 1986; Erdem and Swait, 1998).

Thus, integrating our moderation and mediation arguments leads us to assert that firms are more likely to build brands with higher levels of awareness and uniqueness in the market when their brand orientation is supported by a highly formalised structure because this combination (brand orientation and formalisation) facilitates branding consistency and brand management capability development. When a brand-oriented firm simultaneously adopts a higher level of formalisation, it allows the firm to channel its brand-focused cultural mindset into developing brand management capability in a more integrated and consistent manner. The deployment of such consistently developed brand management capability in turn allows target customers to have a clearer perception of the brand, enabling them to not only understand clearly what the brand stands for and which specific product category or usage situation it relates to, but also discern clearly what its unique features and distinctive benefits are. Thus, in the case of high formalisation, a brand-oriented firm can more easily ensure that all brand marketing activities share the same fundamental objective, allowing target customers to associate each brand marketing activity (e.g., messages, channels, pricing, etc.) to the brand. Conversely, in the absence of formalisation, a brand-oriented firm may engage in brand marketing activities that convey mixed messages to customers on different occasions, making it difficult for customers to see that they in fact relate to one single brand. Therefore,

> *H3: Brand management capability mediates the interactive effect of brand orientation and formalisation on (a) brand awareness and (b) brand uniqueness.*

3. Research design

3.1. Sampling and data collection

Data for hypotheses testing were sourced in July 2013 from a survey of businesses operating within the consumer goods industry in Taiwan. We specifically targeted strategic business units (SBUs) responsible for managing consumer fashion, automobile and electronics brands. We focused on these specific sectors because prior research suggests the brands associated with these specific product categories are often consumed for symbolic or status-enhancing reasons (e.g., Batra *et al*., 2000; Zhou *et al*., 2010). Further, branding appears to play a significant role in these specific sectors given it is said that consumers' purchase behaviour within these specific settings is often driven by the extent to which the image of the brand is congruent with that of the consumer (Eastman *et al*., 1999; Parker, 2009).

A multiple informant design was adopted because data collected from two organisational levels (e.g., senior- and middle-level management) is more superior than data collected from a single source and helps minimise common method bias (Atuahene-Gima, 2005). Considering the significant amount of knowledge they have about the brand, its operations and level of performance (e.g., Huang and Tsai, 2013; Hirvonen and Laukkanen, 2014), senior- and middle-level managers responsible for overseeing the day-to-day management of the brands considered in this study were targeted as key informants. They were administered survey instruments through a drop and collect approach.

In order to minimise variability in responses and ensure both respondents focused on the same brand, the senior- and middle-level managers were instructed to focus specifically on the brand they managed. To this end, a brand database was first generated, listing the contact details of the key managerial personnel who were associated the identified brand. This approach permitted a direct contact to be made with and the recruitment from each brand unit (a) the most senior manager responsible for overseeing the day-to-day management of the identified brand; and (b) the manager immediately below or reporting directly to the senior manager.

In total, 366 usable surveys were retained, constituting 183 complete cases (i.e., two respondents per firm – one senior manager and one middle-level manager, both related to the same brand). Table 1 shows the composition of our sample. Following prior research (e.g., Vorhies *et al*., 2011; Ho and Ganesan, 2013), non-response bias was assessed by performing a *t*-test to determine if there were significant differences between early and late respondents on key constructs. Results of the *t*-test revealed no significant differences between the two groups of respondents.

--- Table 1 here ---

3.2. Measures

In adopting a multiple informant approach to reduce the threat of common method bias, measures for the main predictor and criterion variables were separated (Atuahene-Gima, 2005). The first informant (senior-level manager completing Survey A) provided information on formalisation, brand management capability and brand awareness. Formalisation was measured by four items taken from Vorhies and Morgan (2003) and Auh and Menguc (2007). Brand management capability was measured by six items based on the works of Ewing and Napoli (2005), Morgan *et al*. (2009a) and Vorhies *et al*. (2011). Brand awareness was measured by four items taken from Homburg *et al*. (2010).

The second informant (middle-level manager completing Survey B) provided information on brand orientation and brand uniqueness. Brand orientation was measured by five items taken from Wong and Merrilees (2007, 2008) and Baumgarth and Schmidt (2010). Brand uniqueness was measured by four items based on the work of Netemeyer *et al*. (2004). All items across both surveys were operationalised on a 7-point scale with poles of 1=strongly disagree and 7=strongly agree. All measurement items shown in Table 2 were sourced from existing literature. Some measures required adaptation to suit the context of current study. For example, Homburg *et al*.'s (2010) brand awareness scale was established in the business-to-business setting and focused on the buying behaviour of organisational decision-makers. In applying this scale to the context of our study, we replaced organisational decision-makers with general consumers.

Following previous research (e.g., Homburg *et al*., 2010) and considering the unit of analysis of this study (i.e., brand unit), brand unit size and age were included as control variables. Both were measured by logged transforming number of full-time employees and number of years in operation respectively. Also, following Vorhies *et al*. (2011), the brand's base-year performance 12 months prior to the period covered by the survey was measured by a newly developed item ("prior to the last 12 months, the overall performance of this brand was…) on a 7-point scale with poles of 1=declining and 7=improving. Similarly, since this study included brands whose brand management practices might be overseen or controlled by upper-level offices (e.g., headquarters, regional offices), a newly developed two-item scale was included to control the degree to which the brand units were able to autonomously develop and implement their own branding strategies. These items ("we are free to develop [implement] our own branding strategies for this brand") were measured on a 7-point scale with poles of 1=strongly disagree and 7=strongly agree.

Finally, two questions that tapped informants' knowledge and confidence in responding to questions asked throughout the survey were included (Morgan *et al*., 2009b). These questions were operationalised on a 7-point scale with anchors of 1=not at all and 7=very much so. Informants scoring below five on any of these two questions were removed.

Prior to launching the survey, pre-testing was undertaken, during which a panel of judges comprised of marketing academics and practitioners were asked to assess the face validity of the measures by completing the draft questionnaire and assess items in terms of their comprehension, logic and relevance (Ngo and O'Cass, 2012). Aside from a few wording issues which called for minor revisions, no major concerns were reported.

3.3. Reliability and validity

We subjected all measures to an assessment of their psychometric properties. A confirmatory factor analysis was run to test the measurement model, using AMOS 22. The results suggest the model fits the data well (χ^2/df = 1.20; GFI = .90; CFI = .97; RMSEA = .03; SRMR = .05). With respect to convergent validity, factor loadings were assessed along with each of the constructs' average variance extracted (AVE) and composite reliability (CR) estimates. As shown in Table 2, all individual indicator loadings (ranging from .64 to .86) are significant (p < .01) and greater than the required benchmark of .50 (Hulland, 1999). Similarly, the AVE (ranging from .54 to .71) and CR (ranging from .83 to .91) estimates for each construct are greater than the acceptable limits of .50 and .70 respectively (Bagozzi and Yi, 1988). Taken together, these results provide evidence of satisfactory convergent validity.

--- Table 2 here ---

With respect to discriminant validity, Fornell and Larcker (1981) argue that if the correlation between two constructs is less than the square root of their respective AVE estimates, then there is strong support for discriminant validity. As shown in Table 3, the square roots of all AVE values (ranging from .73 to .84) are greater than the off-diagonal correlation estimates (ranging from .14 to .59) between the corresponding constructs. This finding indicates sufficient discriminant validity. To further validate this result, the approach recommended by Ngo and O'Cass (2012) was adopted. Discriminant validity is observed when the correlation between two constructs is not greater than their respective reliability estimates. As shown in Table 3, the reliability estimates of any two constructs (ranging from .83 to .91) are greater than their corresponding correlation value. Taken together, these results provide evidence of adequate discriminant validity.

--- Table 3 here ---

3.4. Common method variance

To assess the potential threat of common method bias, we employed the Harman single-factor and marker variable tests following the procedure recommended by Verhoef and Leeflang (2009) and Murray *et al*. (2011). First, a factor analysis of all included items shows no single factor was apparent in the factor structure, with the first factor accounting 23.73% of the 61.56% total variance. This result show the first (largest) factor did not account for the majority of the total variance explained. Second, an item that had no theoretical relation to any of the key constructs captured in this study was included. The item was “it is good to drive over the speed limit,” measured on a 7-point scale with poles of 1=strongly disagree and 7=strongly agree. The calculated correlations between this item and the key constructs in this study, ranging from -.06 to .08, were not statistically significant.

Further, following Homburg *et al*. (2010), we examined a single-factor model where all manifest variables were explained through one common factor. The single-factor model was compared to the multi-factor measurement model used in this study via a chi-square difference test. Results showed the fit of the single-factor model was significantly worse than the measurement model ($\Delta\chi^2$ (10 *df*) = 666.78, $p < .01$). We also estimated a second model which included a common latent factor with paths to each measurement item, and which was uncorrelated with the other latent variables (Podsakoff *et al*., 2003). Adding the common latent factor did not alter our prior findings as the model yielded satisfactory fit indices (χ^2/df = 1.206; GFI = .896; CFI = .971; RMSEA = .034; SRMR = .054) and factor loadings remained substantive and significant. Taken together, these results indicate no evidence of common method bias.

4. Results

Following previous research (e.g., Chen *et al*., 2014; Tsai and Hsu, 2014), a hierarchical regression analysis was adopted to test the hypotheses proposed in this study. Following Aiken and West (1991), all independent and moderating variables were mean centered prior to the creation of interaction terms to mitigate the risk of multicollinearity. An examination of the variance inflation factor (VIF) values across the regression models showed that none of the VIF values (ranging from 1.00 to 1.37) were greater than the threshold of 10 (Hair *et al*., 2010), thus providing no evidence of multicollinearity.

4.1. Moderation results

In H1, it was hypothesised that the influence of brand orientation on (a) brand awareness and (b) uniqueness is greater under the condition of high formalisation. Our results are presented in Table 4. As seen in Step 3 of Model 2, the interaction between brand orientation and formalisation is positively related to brand awareness (β = .19, t = 2.38, p < .05), providing support for H1a. Following the procedures outlined by Aiken and West (1991), we performed simple slope tests and plotted the interaction effect at one standard deviation below and above the mean of the moderator, formalisation. As illustrated in Figure 1, the results suggested that the relationship between brand orientation and brand awareness is significant when formalisation is high (β = .25, t = 3.92, p < .001) but not when it is low (β = -.03, t = -.30, ns).

--- Table 4 here ---

--- Figure 1 here ---

Similarly, as seen in Step 3 of Model 3, the interaction between brand orientation and formalisation is positively related to brand uniqueness (β = .15, t = 2.12, p < .05), providing support for H1b. The results of simple slope tests illustrated in Figure 2 further indicated that the relationship between brand orientation and brand uniqueness is significant when formalisation is high (β = .20, t = 5.89, p < .001) but not when it is low (β = .07, t = 1.48, ns).

--- Figure 2 here ---

4.2. Mediation results

In H2, it was expected that the influence of brand orientation on (a) brand awareness and (b) uniqueness is indirect through brand management capability. To test this hypothesis, we adopted the multistep approach proposed by Baron and Kenny (1986). This requires that (1) the independent variable affect the dependent variable; (2) the independent variable affects the mediator; and (3) when both independent and mediating variables are included in the model simultaneously, the previously significant contribution of the independent variable drop substantially or become insignificant. Our results are presented in Table 5.

--- Table 5 here ---

As seen in Step 2 of Models 2 and 3, brand orientation is significantly related to brand awareness ($\beta = .25$, $t = 3.41$, $p < .01$) and brand uniqueness ($\beta = .43$, $t = 6.39$, $p < .001$). The results also showed that brand orientation is significantly related to brand management capability ($\beta = .43$, $t = 6.23$, $p < .001$), which in turn significantly influences brand awareness ($\beta = .34$, $t = 4.43$, $p < .001$) and brand uniqueness ($\beta = .34$, $t = 4.93$, $p < .001$). However, when included simultaneously in the model with brand management capability, the effect of brand orientation on brand awareness becomes insignificant ($\beta = .11$, $t = 1.37$, ns) while its effect on brand uniqueness is reduced substantially ($\beta = .29$, $t = 4.06$, $p < .001$), suggesting a mediation effect. To corroborate this result, we followed the approach of Cole *et al*. (2008) and applied the bootstrapping method using the SPSS macro application developed by Preacher and Hayes (2004). The bootstrapping method is said to overcome statistical power problems introduced by asymmetries and non-normal sampling distribution of indirect effects (Preacher and Hayes, 2004; Zhao *et al*., 2010). The results show that the mean indirect effect of brand orientation on brand awareness through brand management capability is positive and significant ($a \times b = .18$), with a bias-corrected 95% confidence interval excluding zero (.074 to .314). Similarly, the bootstrap analysis shows that the mean indirect effect of brand orientation on brand awareness through brand management capability is positive and significant ($a \times b = .10$), with a bias-corrected 95% confidence interval not including zero (.046 to .184). Taken together, these results provide support for H2a and H2b.

4.3. Mediated moderation results

In H3, it was hypothesised that brand management capability mediates the moderating effect of formalisation on the relationship between brand orientation and (a) brand awareness and (b) uniqueness. To test this hypothesis, we adopted the approach proposed by Muller *et al.* (2005). Our findings are reported in Table 4. Specifically, the assessment of mediated moderation requires the fulfilment of four conditions. First, the interaction between the independent variable and the moderator must be significantly related to the dependent variable. This condition is essentially H1, for which our prior analyses found support (Step 3 of Models 2 and 3).

Second, the interaction between the independent variable and the moderator must be significantly related to the mediator. As shown in Step 3 of Model 1, the results show that the interaction between brand orientation and formalisation is significantly related to brand management capability ($\beta = .21$, $t = 2.86$, $p < .01$). The results of simple slope tests illustrated in Figure 3 further suggested that the relationship between brand orientation and brand management capability is significant when formalisation is high ($\beta = .32$, $t = 6.27$, $p < .001$) but not when it is low ($\beta = .05$, $t = .76$, ns). Taken together, these findings provide support for the fulfilment of the second condition of mediated moderation.

--- Figure 3 here ---

Third, the mediator is required to be significantly related to the dependent variable while controlling for the interaction between the independent variable and the moderator. As shown in Step 4 of Models 2 and 3, brand management capability is significantly related to brand awareness (β = .31, *t* = 3.89, *p* < .001) and brand uniqueness (β = .32, *t* = 4.41, *p* < .001) respectively, fulfilling the third condition of mediated moderation.

Finally, the fourth condition of mediated moderation requires that the interactive effect of the independent variable and the moderator on the dependent variable be reduced in size or significance after controlling the inclusion of the mediator. As shown in Step 4 of Model 2, the interactive effect of brand orientation and formalisation on brand awareness is reduced in both size and significance after controlling for the mediating effect of brand management capability (β = .19, *t* = 2.38, *p* < .05 versus β = .12, *t* = 1.59, ns). Similarly, as shown in Step 4 of Model 3, the interactive effect of brand orientation and formalisation on brand uniqueness is reduced in both size and significance after the inclusion of brand management capability (β = .15, *t* = 2.12, *p* < .05 versus β = .09, *t* = 1.24, ns). These findings provide support for the fulfilment of the fourth condition of mediated moderation. Therefore, following Muller *et al*. (2005), these findings suggest that the interactive effect of brand orientation and formalisation on both brand awareness and brand uniqueness is mediated by brand management capability, providing support for H3a and H3b.

To further examine the findings reported above, we assessed the mediated moderation model using the bootstrapping method (Sun *et al*., 2013). Consistent with the findings of our prior analyses, the results indicated that the mean indirect effect of the interaction between brand orientation and formalisation on brand awareness through brand management capability is positive and significant ($a \times b = .08$), with a bias-corrected 95% confidence interval excluding zero (.029 to .151). Similarly, the bootstrap analysis found that the mean indirect effect of the interaction between brand orientation and formalisation on brand uniqueness through brand management capability is positive and significant ($a \times b = .06$), with a bias-corrected 95% confidence interval excluding zero (.024 to .110).

Given these findings, we followed the works of Muller *et al*. (2005) and Tsai and Hsu (2014), and assessed the indirect paths at one standard deviation below and above the mean of the moderator, formalisation. The results showed that when formalisation is high, the mean indirect effect of brand orientation on brand awareness through brand management capability is positive and significant ($a \times b$ = .10), with a bias-corrected 95% confidence interval excluding zero (.038 to .195). However, the bootstrap analysis found that when formalisation is low, the mean indirect effect of brand orientation on brand awareness through brand management capability is positive but not significant ($a \times b$ = .02), with a bias-corrected 95% confidence interval including zero (-.041 to .112). The results also indicated that when formalisation is high, the mean indirect effect of brand orientation on brand uniqueness through brand management capability is positive and significant ($a \times b$ = .06), with a bias-corrected 95% confidence interval not including zero (.025 to .114). However, the bootstrap analysis found that when formalisation is low, the mean indirect effect of brand orientation on brand uniqueness through brand management capability is positive but not significant ($a \times b$ = .01), with a bias-corrected 95% confidence interval including zero (-.025 to .065). Taken together, these findings provide additional support for H3a and H3b.

5. Discussion

5.1. Theoretical implications

Building a strong brand is important for enhancing and sustaining a firm’s competitiveness. To this end, the critical roles of brand orientation (Baumgarth *et al*., 2013) and brand management capability (Vorhies *et al*., 2011) have been highlighted, as has the importance of adopting a consistent approach towards brand management (Reid *et al*., 2005). Yet, little is known about what mechanism facilitates branding consistency and how its interplay with brand orientation and brand management capability contributes to building brands with high levels of awareness and uniqueness. Our study addresses this issue by analysing how formalisation moderates the relationship between brand orientation and brand awareness and brand uniqueness, and whether brand management capability mediates these moderated relationships. Consequently, we present findings that advance brand management theory.

The central contribution of our study comes through the synthesis of the resource-based view, dynamic capabilities theory and marketing control theory. We unlock the interplay of brand orientation, brand management capability and formalisation in building brands with high levels of awareness and uniqueness. Prior research underlines the critical, yet separate roles of brand orientation (Huang and Tsai, 2013) and brand management capability (Morgan *et al*., 2009a) in building strong brands. Our study suggests neither brand orientation nor brand management capability is solely responsible for building strong brands. Instead, maximising their performance effects requires the support of formalisation. Formalisation has often been criticised in the literature for its rigid, regulatory and creativity-stifling nature (Jansen *et al*., 2006; Auh and Menguc, 2007). However, our study sheds light on its benefits, especially in the context of facilitating effective brand management. Our study suggests formalisation not only supports a firm’s brand orientation governing its brand focus (see Figures 1 and 2), it also facilitates the process through which the firm’s brand-focused cultural mindset is enacted and manifests via brand management capability (see Figure 3) to enhance the levels of awareness and uniqueness the brand achieves in the market.

While prior research tends to focus on RBV, DC theory and marketing control theory separately to inform marketing theory and practice, we integrate these theoretical perspectives to provide a more comprehensive understanding of how strong brands are built. Our study suggests focusing singularly on one of these theoretical perspectives to the neglect of the others may limit our understanding of effective brand management. For example, marketing control theory only allows us to better understand how formalisation facilitates the generation of the sense of consistency fundamental to effective branding. The resource-based view and dynamic capabilities theory, on the other hand, permits only a better appreciation of the resource deployment process and how firms realise the performance benefits of brand orientation through brand management capability.

By combining the theoretical platforms of marketing control, resource-based view and dynamic capabilities, we unpack the specific process of how a firm's brand orientation, when supported by formalisation, contributes to building brands with high levels of awareness and uniqueness through the intervening mechanism of brand management capability. Our study thus corroborates the view of Hirvonen and Laukkanen (2014), who highlight the importance of developing a branding mechanism that allows customers to relate to the brand. However, we extend their work by clarifying how such mechanism can be developed in a consistent fashion that underpins effective brand management.

5.2. Managerial implications

Our study offers implications for brand managers. Given the importance of building brands with high levels of awareness and uniqueness, managers are advised to place effort into fostering brand orientation within their firms. In doing so, managers should ensure there is an organisation-wide appreciation of the importance of branding and the brand is positioned in a way that ensures business operations and strategies revolve around it. This can be done through, for example, organising internal workshops or providing training to employees to ensure core brand values are communicated and assimilated. However, managers should be mindful that brand orientation also acts as an impetus to the development and deployment of brand management capability. In this sense, managers should not only focus their efforts on fostering brand orientation, but also ensure they devote attention to the underlying managerial processes of brand management capability development in order to realise the potential value and performance benefits of brand orientation.

In doing so, managers need to ensure activities directed toward the creation, sustenance and growth of the brand are implemented. For example, managers may devote attention to ensuring that when managing the brand, they develop positioning strategies, establish associations and portray personalities that reflect and reinforce the brand's image. This is critical because not only does it represent an important means by which the brand is used as the basis of interaction with customers, it also enables the customers to know what the brand really stands for and represents, and discern clearly its unique features and benefits.

Further, to ensure customer-linking branding actions are enacted in a uniform manner, managers should put in place a formalised structure to help specify rules and procedures that guide how brand management practices are undertaken. This can be done through, for example, providing formal policies and guidelines for employees to follow when performing tasks associated with brand management. This will allow managers to manifest their brand orientation to target customers in a more uniform and consistent manner. Specifically, incorporating a formalised structure not only allows managers to ensure their brand orientation is properly governed, it also ensures the required actions to link with customers and serve their needs through the brand are enacted in a consistent manner. Having this control mechanism in place allows managers to cultivate uniformity and reduce variance, which generates the sense of consistency that is fundamental to effective branding and critical to projecting a brand that target customers can clearly perceive and identify. For managers, having this control mechanism in place ensures the firm is acting in unison and communicating to target customers in one voice.

5.3. Limitations and recommendations for future research

Findings of this study should be considered in the light of several limitations. First, brand performance indicators tapping awareness and uniqueness were captured with data provided subjectively by managers instead of objectively by customers of the brand. While the data drawn from this approach may not be fully representative of the views and attitudes of customers, it is however consistent with the procedure adopted by prior research (e.g., Wong and Merrilees, 2008; Huang and Tsai, 2013; Hirvonen and Laukkanen, 2014). Future research may focus on employing a multi-informant approach, such as that employed by Stock and Bednarek (2014), by incorporating the insights of customers, in addition to managers and/or employees, to capture the performance indicators of brands.

Second, our study focuses on awareness and uniqueness as capturing a brand's performance in the marketplace given their importance in underpinning brand success (Davis *et al*., 2008; Huang and Sarigollu, 2012). Prior research suggests a brand cannot be considered as having a good image or being unique unless awareness has first been established (Keller, 1993). Future research may therefore examine whether awareness has an effect on other brand performance metrics, such as brand loyalty.

Third, the majority of our sample is comprised of firms operating in the fashion industry. Future research may expand on the focus adopted in this study to include brands from the manufacturing context in more diverse product categories or extend into the services context where brand management is said to be critical to sustaining firms' credibility and long-term competitiveness (Santos-Vijande *et al*., 2013).

Fourth, the role of environmental conditions has yet to be considered and this appears to be an issue on which further insights could be provided, particularly in relation to the roles of controlling mechanisms in turbulent and competitive environments. Specifically, previous research suggests that organisational factors such as formalisation and centralisation may be more effective in a stable and predictable environment as opposed to one that is turbulent and rapidly changing (e.g., Vorhies and Morgan, 2003; Olson *et al*., 2005). In this light, the role of controlling mechanisms in governing firms' branding efforts may be less salient in highly turbulent and competitive markets, and vice versa. Therefore, additional insight into nexus between branding consistency and environmental dynamism may be required for the advancement of current knowledge within the areas of branding and strategic management, particularly in relation to the notion of dynamic capability.

Fifth, the roles of other strategic orientations have yet to be examined in this study. Previous research highlights the possibility of firms engaging in the management of brands through the incorporation of different strategic orientations (e.g., Baumgarth, 2010; Baumgarth *et al*., 2013). For example, while their underlying philosophies may be at odds with each other, anecdotal evidence of the synergy between brand orientation and market orientation has been documented in the extant literature, such that through market orientation, brand-oriented firms add a strong dose of market focus to their very strong branding-centric approach, while through brand orientation, market-oriented firms add a strong dose of branding to their very strong customer-centric approach (Urde *et al*., 2013). Thus, future research may offer greater insight into the process through which the incorporation of these different strategic orientations of the firm contributes to the development of strong brands.

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