Derivation of Evaluation Items of Inner Branding for Quantitative Method
– Proposal of Quantitative Evaluation Method of Inner Branding Using CS Analysis –

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Abstract: In general, it is well known that the image of a brand will be better or worse with one employee's actions. Therefore, it is the inner branding that the employee also performs to sufficiently understand the brand. In order to succeed in branding, inner branding is becoming indispensable as with branding for customers. Generally, regardless of inner or outer branding, no research on quantitative evaluation of branding is found. Under such circumstances, this paper aims at quantitative evaluation of inner branding and attempts to derive its evaluation items. Then we propose quantitative evaluation method of inner branding using them.

Keywords: Inner branding, Quantitative method, CS Analysis

1. INTRODUCTION

In general, the word “branding” calls to mind the means by which companies make outside parties (customers) aware of their products, but the inner branding discussed in this paper is the concept of changing the attitude of employees themselves. For instance, employees’ working styles can be seen as part of the brand. In other words, employees’ awareness of their company’s brand is an important factor behind brand penetration [1]. Employee hospitality is also part of inner branding. For instance, visitors to first-rate hotels and high-class brand showrooms are often met with first-class hospitality from the staff at these locations. Brand names and logo marks are necessary as well, but employee hospitality is an essential factor behind building a better brand [2].

Individual actions by employees can improve or damage brands. Thus, inner branding is practiced in order to make employees fully aware of the brand. For branding to succeed, inner branding is becoming as essential as customer-targeted branding [3]. In general, whether inner or outer, there are no studies on quantitative evaluation of branding [1–7].

Therefore, in this paper, we will attempt to develop criteria for quantitatively evaluating inner branding and also to propose methods for quantitatively evaluating inner branding using these criteria.

2. INNER BRANDING EVALUATION CHECKPOINTS

Recently, on the internet as well, there has been extensive discussion on inner branding. On a brief general look at these discussions, the website of the Hakuhodo, an advertising and public relations firm, seems to provide the most skillful, satisfying summary [2]. Of course, other companies are not in the wrong, but often appear to focus on strategic know-how rather than establishing management principles.

Setting aside for a moment their differences regarding company principles, all the sites take the penetration of these principles as a starting point, so the key concept they all hold in common is that branding is impossible unless senior managers have sound principles or business philosophies.

The basic sequence of inner branding checkpoints is shown in Table 1.

3. EVALUATING COMPANY (CUSTOMER) DEGREE OF SATISFACTION

First, with regard to the experimental process and the structure of its content, a customer satisfaction (CS) evaluation method is applied to the evaluation of inner branding [8]. Inner branding acquires meaning as a comprehensive form of branding when it is recognized by employees and executives and, as a result, is reflected in some form of behavior, such as outer branding. Thus, it is necessary to clarify the current degree of satisfaction with the company’s inner branding and if improvements are to be made, where and how to make the improvements.

Customer satisfaction is used, for instance, for purchase of goods, with the concept being that customers make purchases when they feel some sort of satisfaction
with the product, and by companies to evaluate the degree of satisfaction at regular intervals to provide information for developing new products. The degree of importance of these question items can be determined by a single correlation coefficient. For instance, suppose that currently, at several places of business (oi), sales (si) and advertising expenses (ai) are known. At this point, if advertising expenses (ai) are plotted on the horizontal axis and sales (si) are plotted on the vertical axis, the single correlation coefficient diagram of the two can be obtained [8].

Table 1. Inner branding checkpoints

<table>
<thead>
<tr>
<th>Employees</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>S5: On this basis, do employees feel that they fully understand the company’s principles?</td>
<td>S1: Do senior managers have a firm grasp of the company’s principles timely and universally?</td>
</tr>
<tr>
<td>S6: On this basis, do employees have the sense that their jobs are shared between the employees, managers, and upper management teams, and the communication system is harmonious?</td>
<td>S2: Have senior managers codified these principles?</td>
</tr>
<tr>
<td>S7: Do employees also feel that the company’s management principles are in harmony with the development of the company’s management principles?</td>
<td>S3: Can senior managers use this to describe the involvement in the company’s current business and the company’s future business development to parties outside the company?</td>
</tr>
<tr>
<td>S8: Based on the above bases, do employees feel that their work is more enjoyable and they are happier?</td>
<td>S4: On this basis, have the managers prepared a business management plan that can maintain internal business and relations with the world outside the company, and do they plan to transform it?</td>
</tr>
<tr>
<td>S9: Do managers and employees have a sense of “yearning” toward their company?</td>
<td></td>
</tr>
</tbody>
</table>

In general, the following formula gives the correlation coefficient:

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \times \sum (y_i - \bar{y})^2}}$$  (1)

The value of the correlation coefficient r falls into the range [-1, 1]. If close to +1, the coefficient is positive and the distribution can be approximated by a straight line rising up to the right; if it is close to -1, the coefficient is negative and can be approximated by a straight line falling down to the right. Also, if it is 0, there is no relationship, or correlation, whatsoever between the two.

4. INNER BRANDING SIMULATION EXPERIMENT EVALUATION

(a) Determination of question items and evaluation methods

First, a questionnaire is administered with regard to the aspects of the company’s inner branding under evaluation. For instance, suppose that answers to the questions shown in Table 2 are scored with a five-point evaluation. In this case, participants are asked to respond to this five-point evaluation based on their rough ideas.

(b) Overall evaluation

Next, to obtain a rough overall evaluation of a company’s inner branding from a general point of view, participants give a general evaluation score using the answers in Figure 1. If the evaluation criteria are the same as those in Table 2, they may be incorporated into the overall evaluation.

Figure 1: Overall evaluation scores

With regard to each evaluation criterion, the responses “Agree completely” and “Agree somewhat” are designated as “good,” “Cannot say either way” is designated as “ordinary,” and “Disagree somewhat” and “Disagree completely” are designated as “bad,” and scores are given as shown in Figure 2.

Figure 2: Example point distribution of evaluation criteria

When points are assigned in this way, a degree of satisfaction graph can be obtained for each criterion, as shown in Figure 3. In this graph, items are ordered from top to bottom with the highest “good” scores appearing first.

(c) Graphing CS

Next, when a single correlation coefficient is calculated for the evaluation criteria and the overall evaluation, Table 4 is obtained. When a graph is drawn with the single correlation coefficient plotted on the horizontal axis and degree of satisfaction (proportion of “good” answers) is plotted on the vertical axis, the customer satisfaction graph (CS graph) shown in Figure 4 is obtained.
Introduction of degree of satisfaction deviation and degree of importance deviation

Next, we determine which criteria need to be improved based on the CS graph obtained in Figure 4. To do so, at this point, we introduce the degree of satisfaction deviation and the degree of importance deviation. In order to do this, we hypothesize that the distribution of evaluation items will form a bell shape (ideally a normal distribution).

In general, deviation is a value indicating the overall positions of the evaluation values derived from the scores of evaluators under the same standard (with the same bell shape) with the two conditions of average score and standard deviation in this sort of bell-shaped score distribution. With the central point set at a constant 50,

this number estimates the extent to which the width or narrowness of the seam of the bell when converted to the same standard using the standard deviation falls above or below the center portion of the overall distribution of evaluations. Needless to say, the closer to the center of the bell shape, the higher the number of evaluators included in that area. With a deviation of 50 in the center, from 75 to 25, approximately 99% of the population is covered. Thus, the equations to derive the degree of satisfaction deviation and degree of importance deviation under discussion here are defined as follows.

\[
\text{Satisfaction deviation} = 10 \times \frac{\text{Satisfaction} - \text{average}}{\text{Standard deviation}} + 50 \quad (2)
\]

\[
\text{Importance deviation} = 10 \times \frac{\text{Importance} - \text{average}}{\text{Standard deviation}} + 50 \quad (3)
\]

The results of calculating the degree of satisfaction deviation and degree of importance deviation using these formulas are shown in Table 5. Figure 5 is a graph depicting the degree of satisfaction deviation and degree of importance deviation of Table 5 (deviation CS graph).

Also, in the deviation CS graph shown in Figure 5, the distance from the point of origin to each of the plot points is found as shown in Figure 6. In general, if the horizontal axis is x and the vertical axis is y, the distance to the coordinates \((x_1, y_1)\), \(R\), is given by the following equation:

\[
R = \sqrt{(x_1 - x)^2 + (y_1 - y)^2} \quad (4)
\]
Table 4: Example calculation of the single correlation coefficient (degree of importance)

<table>
<thead>
<tr>
<th>Evaluation item/overall evaluation</th>
<th>Single correlation coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company principles of managers</td>
<td>0.7313</td>
</tr>
<tr>
<td>Principles codified</td>
<td>0.4915</td>
</tr>
<tr>
<td>Are you happy?</td>
<td>0.4890</td>
</tr>
<tr>
<td>Public explanation to employees</td>
<td>0.4090</td>
</tr>
<tr>
<td>Vision can be described inside and outside the company</td>
<td>0.4044</td>
</tr>
<tr>
<td>Yearning/vision</td>
<td>0.2512</td>
</tr>
<tr>
<td>Energetic attitude</td>
<td>0.2403</td>
</tr>
<tr>
<td>Sense of belonging to the company</td>
<td>0.1745</td>
</tr>
<tr>
<td>Employees understand and resonate with principles</td>
<td>0.1392</td>
</tr>
</tbody>
</table>

Table 5: Example calculation of degree of satisfaction deviation and degree of importance deviation

<table>
<thead>
<tr>
<th>Evaluation criterion</th>
<th>Degree of satisfaction (%)</th>
<th>Degree of importance</th>
<th>Deviation (%)</th>
<th>Degree of importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company principles of managers</td>
<td>25.5</td>
<td>0.7313</td>
<td>43.4</td>
<td>70.3</td>
</tr>
<tr>
<td>Principles codified</td>
<td>35</td>
<td>0.4915</td>
<td>51.3</td>
<td>56.8</td>
</tr>
<tr>
<td>Vision can be described inside and outside the company</td>
<td>50</td>
<td>0.4044</td>
<td>63.1</td>
<td>51.9</td>
</tr>
<tr>
<td>Public explanation to employees</td>
<td>35</td>
<td>0.4090</td>
<td>51.3</td>
<td>52.2</td>
</tr>
<tr>
<td>Employees understand and resonate with principles</td>
<td>30</td>
<td>0.1392</td>
<td>47.4</td>
<td>37</td>
</tr>
<tr>
<td>Energetic attitude</td>
<td>5</td>
<td>0.2403</td>
<td>27.7</td>
<td>42.7</td>
</tr>
<tr>
<td>Sense of belonging to the company</td>
<td>30</td>
<td>0.1745</td>
<td>47.4</td>
<td>39</td>
</tr>
<tr>
<td>Are you happy?</td>
<td>45</td>
<td>0.4890</td>
<td>59.2</td>
<td>56.7</td>
</tr>
<tr>
<td>Yearning/vision</td>
<td>45</td>
<td>0.2512</td>
<td>45</td>
<td>43.3</td>
</tr>
<tr>
<td>Average</td>
<td>33.33</td>
<td>0.3701</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>13.46</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Also, with θ as the angle between the straight line linking the point of origin with the point (80, 20) and the straight line passing through each point, the modification index r is given by the following equation:

\[
r = \frac{90^\circ - \theta}{90^\circ}
\]  

(5)

Thus, ultimately the degree of improvement is given by the following equation:

Degree of improvement = distance × modification index  
(6)

Based on formula (6), degree of improvement is a function of the distance and the modification index (angle θ), so the quantitative evaluation and the direction of its improvement become clear.

Based on the above, when the distance, angle, modification index, and the degree of improvement of each evaluation criterion are calculated, the results are as shown in Table 6. However, this table is ordered by the degree of improvement. Table 6 shows that in this example, the order of criteria from the highest degree of improvement to the lowest proceeds from “company principles” to “energetic attitude,” indicating that improvement should be made to these items first, and items with negative degrees of improvement do not need to be improved.

Finally, in the future, we will use the methods described here for a concrete evaluation of inner branding in the field and in improvement experiments.

5. CONCLUDING REMARKS

In this paper, we have proposed a method of quantitatively evaluating inner branding using the concept of customer satisfaction. Until now, there has been no quantitative method of evaluating inner branding, so in one sense, our methods here have put forth a new methodology for addressing the problem of evaluating inner branding. In future, we plan to approach actual companies (mainly small to mid-sized companies engaged in B2B transactions), collect concrete data, and attempt to establish a quantitative evaluation method for companies’ inner branding. We plan to continue to publish reports on this topic.
ACKNOWLEDGMENTS

In deriving the evaluation items shown in this paper, Rio Takegawa of Thinka Design gave us adequate advice on inner branding in the field and the checkpoints for its evaluation. In addition, Mr. Kotaro Tachiya of Hakuhodo gave us valuable advice from a managerial position. We would like to express our sincere thanks to both of them here.

REFERENCES