CORPORATE REAL ESTATE MANAGEMENT INTERNALBRANDING: 
CLOSING THE GAP WITH ITS CUSTOMERS

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Abstract
Two main elements for a service being accepted are performance and its relationship with the targeted audience. Corporate real estate management (CREM) can be shown to have a significant technical performance for organisations in terms of physical, financial, human, functionality, business and capital markets. Despite of these contributions, there still a gap between CREM executives and its customers. Meanwhile, branding theory is successful in conveying services’ performance and establishing relationships with a targeted audience.

This paper explores how internal branding helps to close the gap between CREM executives and CREM’s customers. It is part of research undertaken for a PhD study at the Faculty of Architecture Building and Planning, University of Melbourne.

The theoretical framework provides a useful ground for understanding CREM internal branding. The main elements of branding that are suitable to CREM’s situation are positioning the brand, communicating the brand message, delivering the brand performance and leveraging the brand equity.

Keywords: CREM, internal branding, relationships, service performance

INTRODUCTION
Corporate real estate is an important but under-recognised organisational resource and function (Joroff 1993). It is the second highest cost (20 to 30 percent of corporate totals) after staff costs (Weatherhead 1997). Real estate is between 25 and 40 percent of total corporate assets (Rodriguez and Sirmans 1996; Liow 1999), though this percentage varies in different countries (Liow 1999; Laposa and Charlton 2001).

Despite being a significant corporate cost and value CREM still lacks credibility in the organisation. As the body of knowledge linking CRE initiatives to organisational improvements is lacking the ‘CRE brand’ inside organisations is weak making it difficult to build clear, strong models for relationships between CREM and the organisation (Timm 2006).

Customer satisfaction with the CRE brand is determined not only by technical performance, but also a complex set of exchange processes, such as effective communication and management of customer expectations (Finch 2004). Reanalysing this situation suggests that it may be a problem of both performance (delivering CRE value to the organisation) and relationship, because that is what a trusted advisor has with the recipient of that advice - a relationship.
Defining performance and relationship

Performance and relationship are two different things but they work very closely together. Assessing performance and relationship is essential to demonstrate CREM contributions to overall organisation performance. Therefore, defining these two concepts may uncover the underlying issues of CREM’s problems.

Performance

Performance is defined by Oxford (1982) as:

“the capability of a machine, human or device that can be measured and expressed in a specification.”

In this case, performance is about delivering CRE value to organisation or targeted audiences that receive CREM services. Performance is relate to organisational or activities that can be measured using financial or non-financial measurement (O'Sullivan and Abela 2007). For example, there is evidence of the positive, direct relationship between customer satisfaction and organisational performance (Zeithaml 2000) and better stock return linked with improved quality perceptions (Aaker and Jacobson 1994).

Relationship

Oxford (1982) defines relationship as a constituent of a propositional function that connects two terms or more; a state of connectedness between people, especially an emotional connection and involves mutual dealing between parties. In a customer exchange relationship, the seller gives a set of promises concerning what is sold. On the other hand, the buyer gives another set of promises concerning his commitment in the relationship. Relationships also include factors beyond the core product itself that include personnel, technology, knowledge and time which affect a customer’s perception of the exchange (Gronroos 1990). Establishing a customer relationship has two parts: to attract the customer and to build the relationship with that customer so that the economic goals of that relationship are achieved.

In service situations, like CREM, personal characteristics of service providers have important effects on the provider’s attractiveness to potential customers with numerous examples of how the relationship is shaped by social and personal forces, hostility and antipathy (Czepiel 1990). Therefore, performance is about delivering technical values and benefits, while the relationship links that performance to the targeted audience involving both functional and personal issues. Commitment, trust and customer satisfaction is the main build up of a successful relationship.

CREM’S PERFORMANCE

CREM provides valuable contributions to the business units by addressing their objectives. CREM adds value by increasing efficiency, increasing customer satisfaction and improving productivity by incorporating real estate strategy into broader corporate planning (Lambert and Poteete 1997; Scheffer et al. 2006). There are several ways for how CREM demonstrates its value. CREM performance can be classified as physical, financial, human, functionality, business and capital market as in Table 1 (Lopes 1997; Gibson 2001; Liow and Ingrid 2008).
Table 1: CREM’s technical performance

<table>
<thead>
<tr>
<th>CREM’s Functions</th>
<th>Contributions</th>
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| Physical         | • Provide and manage workspace (Venezia and Allee 2007; Morgan and Anthony 2008)  
|                  | • Data storage and tools to manage physical objects (Roberts and Daker 2004)  
|                  | • Corporate site selection (Rabianski et al. 2001; Gibler 2006)               |
| Financial        | • Financial flexibility in rapid changing environment (Lasfer 2007; Liow and Ingrid 2008) 
|                  | • Cost reduction (Roberts and Daker 2004; Haynes 2007)                        |
| Human            | • Boost employee satisfaction (Heywood and Smith 2006; Martin and Black 2006) 
|                  | • Shifting ‘cost reduction paradigm’ to ‘value added paradigm’ (Weatherhead 1997; Haynes 2007) |
| Functionality    | • Provide conducive workplace design (Gibson 2003; Schriefer 2005)            
|                  | • Owning or leasing (Brounen and Eichholtz 2005; Tipping and Bullard 2007)   |
| Business         | • Shifting from real estate centred to business centred (Liow 1999; Englert 2001) 
|                  | • Transfer of risk (Huffman 2004; Liow and Ingrid 2008)                      |
| Capital Market   | • Increase shareholder wealth (Lindholm et al. 2006; Liow and Ingrid 2008)    
|                  | • Liquidise capital for uncertainty (Scott 2004; Tipping and Bullard 2007)   |

WHY THIS DEMONSTRATION OF VALUES IS INADEQUATE

Despite all these demonstrations of technical value, corporations still do not have sufficient insight into the impact of CRE decisions on corporate performance (Scheffer et al. 2006; Warren et al. 2007). There are two reasons that contribute to this situation. The first comes from CREM customers’ (senior management or business units) side that lack understanding about CREM, lack an interest in CREM and which fail to see CREM opportunities beyond cost savings. The second reason comes from CREM people who fail to position themselves and have poor communication strategies to uplift themselves to a better position. This means the problems come from both sides and relate to both performance and relationship issues (Table 2).

Table 2: Reasons for CREM’s credibility problems

<table>
<thead>
<tr>
<th>Source of problems</th>
<th>Problems</th>
<th>Performance</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREM customers’ side</td>
<td>Lack of interest and understanding from senior management (Osgood 2004; Scheffer et al. 2006)</td>
<td>✓</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Under-management of real estate (Veale 1989; Gibson and Luck 2006)</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>CREM’s side</td>
<td>Poor positioning (Bon 2003; Valenziano and Kious 2005)</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Line of reporting (O’Mara 2002)</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Poor communication strategies (Osgood 2004)</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Both side</td>
<td>Failure to link CREM strategies with overall strategy (Gibler et al. 2002; Ali et al. 2008)</td>
<td>✓</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Failure to see real estate opportunity beyond short-term cost saving (Kadefors and Brochner 2004; Martin 2004; Stoy and Kytzia 2004)</td>
<td>✓</td>
<td>✔</td>
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</tbody>
</table>

Wrapping up this section, even though corporate real estate contributions cannot be denied, a lack of understanding from senior management and poor positioning strategies by CREM executives makes things difficult for CREM to establish their position in a corporation. Table 2 summarised every dimension of the problem from both side grouped by performance and relationship dimensions. Clearly, performance and relationship play important role in conveying CREM benefits to its targeted customers.
A POSSIBLE SOLUTION – INTERNAL BRANDING
To date, neither CRE practitioners, nor CREM researchers have looked in detail at the impact of a branding perspective on CREM performance and relationships. Nourse and Roulac (1993) and Lindholm et. al. (2006) are amongst those that mentioned CRE’s added value to promote corporate sales and marketing activities. But, Roulac (2007) is the only one that mentioned brand, but he referred to physical property in terms of rental or sales. In fact, branding successfully brings together performance and relationship elements in putting products and services to the targeted audience (Aaker 1996). Although bodies of branding theory exist outside of real estate management studies, it may possibly be applicable to this performance and relationship condition.

Branding theory is successful in conveying understanding of products and services to a targeted audience (Aaker 2007). In addition, brand can be as an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives as uniquely added value to them (de Chernatony and McDonald 1998). Clearly shown here that branding also deals with these two elements of delivering performance and establishing a relationship with the targeted audience.

According to Ghodeswar (2008), the branding elements involve four main elements that practically apply to bridge relationship between two parties. They are Brand positioning, Communicating brand message, Delivering brand performance and Leveraging brand equity

<table>
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<tr>
<th>Dimensions to the problems</th>
<th>The CREM problems</th>
<th>The branding solution</th>
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</thead>
<tbody>
<tr>
<td>• Demonstrating performance</td>
<td>• Delivering brand performance</td>
<td></td>
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<tr>
<td>• Relationships</td>
<td>• Leveraging brand equity</td>
<td></td>
</tr>
<tr>
<td>• Brand positioning</td>
<td>• Communicating the brand message</td>
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Therefore, CREM’s problems of being unrecognised by senior management and its customers, and trying to be accepted as a source of competitive advantage, fell under performance and relationship issues in the dimension to the problem. Meanwhile, the solution dimensions provide by branding fit in with dealing with problems of performance and relationship issues as shown in Table 3.

Brand Definition
Branding encompasses much more than the product or services. The brand is consider to be the sum of all elements of marketing mix (Ambler and Styles 1996). Branding comes with element of product design, alongside with pricing strategy, promotion and distribution, and leveraging strategies. Furthermore, branding concept works well with products and services. Nike, Coca Cola, and many more are getting success through product branding. Also, Pricewaterhouse Cooper, Jones Lang La Salle, financial institutions, hotels, car rental and others are part of service branding strategies.

Branding successfully serves external customer for long time and with that track record, this paper is to demonstrate branding impact to internal service such as CREM (Aaker and Joachimsthaler 2000). Even though branding usually serves external customers, there are opportunities to use branding internally because branding has the capability to establish a mental picture for any customers (Berry 2000). The more...
internal providers internalise the concept and values of the service, the more consistent and effective they are likely to perform.

Ambler and Styles (1996) defined brand as “the promise of the bundles of attributes that someone buys that provides satisfaction. The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible”.

Additionally, de Chernatony and McDonald (1998) indicate that branding’s purpose is to accomplish:

i. Making a company’s (or CREM’s) name known, distinct, and credible in the mind of existing and potential customers, consumers and stakeholders;

ii. Facilitating the building of relationships with existing and potential customers, consumers, and stakeholders;

iii. Portraying, if possible, the benefits and value offered to buyers and stakeholders that embody the value system of the corporation.

Hence, brand definitions do suit the performance and relationship elements that are related to the CREM credibility problem. Brand definition that related to performance is a bundle of attributes, augmented, identifiable, and matching users’ need. Meanwhile, brand definitions that fell into the relationship dimension are promise, providing satisfaction, and perception as unique.

**Elements of Branding – PCDL Model**

There are four main elements that make up a strong brand model developed by Ghodeswar (2008) named the PCDL Model. This model is created based on extensive literature review and empirical research of very prominent brands. The PCDL model can be outlined as: **Positioning** the brand, **Communicating** the brand message, **Delivering** the brand performance and **Leveraging** the brand equity.

**Positioning the Brand**

Brand positioning is about perception. It is related to creating the perception of a brand in the targeted customer’s mind in achieving differentiation that stands it apart from a competitor’s brand (Ghodeswar 2008). Positioning is part of the identity that brand must communicate. Services or products are created in an organisation, but a brand’s positioning are created in the mind, like a friend you love or a neighbour whom you dislike (Meyers and Lubliner 1998).

The key elements in positioning the brand are trust, value proposition and brand identity (Aaker 1996; Duncan and Moriarty 1997). Trust has assumed a central role in the development of marketing theory. High levels of a trust characteristic enable parties to focus on the long-term benefits of the relationship, ultimately enhancing competitiveness and reducing transaction costs. Temporal (2000) highlighted the brand focus should be on adding psychological value to products, services, and companies in the form of intangible benefits such as trust, values, and the emotional associations that people relate to the brand.

A brand value proposition is a statement of the functional benefits and emotional benefits delivered by the brand that provide value to the customers (Aaker 1996). It is a way of showing benefits that lead to a brand-customer relationship. Functional benefits are the most common basis for a value proposition based on a product’s attributes that provides functional utility to the customer. While, emotional benefits are the positive feelings the customer has about the brand and are related to the experience of owning and using the brand.
Aaker (1996) added that brand positioning is also about providing clear brand identity or guidance to those implementing a communication program. Brand identity helps to consider patterns that can clarify, enrich, and differentiate a more detailed identity. A more differentiate a brand identity will offer a sustainable competitive advantage to the firm (Ghodeswar 2008). This makes it important to identify the shape of a service before it can be communicated to the customer’s mind. Therefore, the elements of trust, brand identity and value proposition are crucial for brand positioning in establishing a brand’s long-term success.

**Communicating the brand message**

A company may have a unique vision, a superior product, strong management and efficient distribution system and yet if it is not able to convey the core benefits of the brand to its target audience it will ultimately fail (Ghodeswar 2008). This happens because communication is central to human behaviour in connecting individuals and creating relationships, while psychological and emotional themes contribute when communicating with the audience (Lynch and Chernatony 2004).

The communication flows from the sender to the receiver using a medium of interaction. Presently, the age of broadcasting and mass marketing to mass audience is giving way to era of narrowcasting and micro-marketing to specialised smaller segments (Nandan 2005). Personalised or customised communication message increase a sense of appreciation in the targeted audience. Communication challenges faced in building a brand are to be noticed, to be remembered, to change perceptions, to reinforce attitudes, and to create deep customer relationships (Aaker and Joachimsthaler 2000).

In communicating the brand message, a few main elements that should be considered by the marketer to satisfy the audience are accessibility, consistency and responsiveness (Aaker 1996; Duncan and Moriarty 1997). Accessibility in product branding is to make a product available in more stores for convenience, speedy service and time saving. But for service branding, the dimension of accessibility also means for economic and managerial condition that does not necessarily only for physical condition (Hassan and Craft 2005).

Consistency in communicating allows the audience to create expectations of what will happen. Audiences give merit to any integrated approach that minimise surprise in receiving the message. It is better to communicate to the organisation’s internal audience first before giving out the message to external audiences to make sure the message is consistent. The internal audience will facilitate the communication process if they know what is going on and the follow-through of a story being communicated (Dolphin 2005). A service brand, like CREM, can differentiate themselves through the relationship they offer and their responsiveness to changing needs (de Chernatony and Segal-Horn 2001). These factors are related to management attention to the environment to initiate change (de Chernatony and Drury 2006). Justifications for responsive environment are to create trust, expertise and physical presence rather than offering consumers unique and welcomed differences only.

**Delivering brand performance**

Once, brand is being communicated to the audience, the company needs to continuously track the brand performance, especially in the face of aggressive competition (Ghodeswar 2008). Quantitative and qualitative type of exploration can be applied to get tangible and intangible feedback on brand performance (Punjaisri and Wilson 2007). This approach will enable brand marketers to assess the effect of
marketing campaign in influencing targeted customers, which in turn leads to measure the brand strength.

Rajagopal (2008) comes out with more systematic brand measurement techniques with combination of brand metrics and brand scorecard (Figure 1). Brand metrics is an effective tool for measuring the qualitative parameters of brand performance and to measure the effectiveness of brand-building activity. It contains five components which include the elements of awareness, acquaintance, association, allegiance, and appraisal. The brand scorecard is derived from the concept of balanced scorecard by Kaplan and Norton (1996) that enables organisations to clarify their vision and strategy and translate them into action. A brand scorecard provides feedback around both the internal business processes and external outcomes base on perceptual, performance and financial metrics.

![Figure 1: The combination of Brand Metrics and Brand Scorecard.](source)

**Leveraging the brand equity**

Lastly, the leveraging process is linking the brand to some other entity that creates a new set of associations namely through line extensions, brand extensions, brand alliance, co-branding and many more (Keller 2003). Brand leveraging may bring positive and negative impacts to a parent brand. If a brand extension fails, it can harm brand equity of the parent brand by producing negative effects (Swaminathan et al. 2001). That is why it is preferable to look for extensions that showing similarity with the parent brand to minimise the risk of image dilution (Pina et al. 2006). If a brand is moved up or down, care needs to be taken over the integrity of the resulting new brand identities. Therefore, maintaining a strong brand means to have a right balance between continuity and change from the status quo.

Brand assets are difficult and expensive to develop, maintain, and adapt. Dynamic market contexts with the emergence new sub-categories make it necessary to adapt and stretch brands, putting additional strain on their ability to deliver the needed support (Aaker 2004). Brand leveraging is concern with the attraction of kinship a brand has in association with other people that relate to the brand (Duncan and Moriarty 1997). Questions that drive brand leveraging include: Do they relate to other people who use it? How brand extension fit with corporate image? How the brand extension influences the new brand image? Whether stakeholders like to be associated with the company or the brand itself is related to liking element? Do they like the
things brand does and stands for? What are the continuity strategies in investing in brand is essential even when the financial goals are not met?

The identity can be linking to some other person, place, thing, or brand effects (Keller 2003). The eight components that need to transfer are:

1. Awareness – category identification and needs satisfied by the brand;
2. Attributes – descriptive features that characterise the brand name product either intrinsically (related to product performance) or extrinsically (related to brand personality or heritage);
3. Benefits – personal value and meaning that consumers attach to the brand’s product or service attributes that relate to functional, symbolic, or experiential consequences from the brand’s consumption;
4. Images – visual information, either concrete or abstract in nature;
5. Thoughts – a personal cognitive response to any brand related information;
6. Feelings – personal affective responses to any brand-related information;
7. Attitudes – summary judgements and overall evaluations to any brand-related information; and
8. Experiences – purchase and consumption behaviours and any other brand-related episodes.

Decision to do brand leveraging is a risky task because it needs the original brand to have a whole value before can be transformed into other entity without affecting the original brand. Once again, Keller and Aaker (1992) find that positive common effects exist only when an average-quality parent brand introduces a successful extension.

HOW THE PCDL MODEL APPLIES TO CREM INTERNAL BRANDING
In relation to this paper, branding theory applied internally to the organisation is useful for CREM in strengthening its brand and providing a body of knowledge applicable to its credibility problem. The four elements from the PCDL Model (Table 4) supported with branding literature will be used in empirical case studies into CREM’s internal organisational positioning and relationships. These case studies help to understand CREM’s complex operating world by providing a way of seeing things from the internal branding perspective. It is interesting to see how the successful PCDL Model in product branding could apply to exploring CREM’s internal service branding.

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<tr>
<th>Positioning the brand</th>
<th>Communicating the brand message</th>
<th>Leveraging the brand equity</th>
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</thead>
<tbody>
<tr>
<td>• Trust</td>
<td>• Consistency</td>
<td>• Affinity</td>
</tr>
<tr>
<td>• Brand identity</td>
<td>• Accessibility</td>
<td>• Liking</td>
</tr>
<tr>
<td>• Value proposition</td>
<td>• Responsiveness</td>
<td>• Investing in brand</td>
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<th>Delivering the brand performance</th>
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<tbody>
<tr>
<td>• Brand Scorecard</td>
<td>• Brand Metrics</td>
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CONCLUSION
CREM has a problem with its credibility inside organisations and consequently there is a gap in its knowledge about how it relates and positions itself in organisations. Performance and relationship aspects contribute to this situation. Internal branding theory with its performance and relationship dimensions is a useful way for CREM to
position itself. This theory offers a theoretical advance for CREM and is not yet being tested empirically within the field. This paper is from an ongoing research project and this branding framework will be tested to understand CREM’s positioning situation.

REFERENCES


