Corporate Branding of the ThaiMultinational Companies in the ASEAN region: A Case Study of Service Company in Thailand

Aditap Ketchart

Yubol Benjarongkij

National Institute of Development Administration

Abstract

The purpose of this paper is to explore relevant elements related to corporate branding of Thai multinational companies in the ASEAN region in the form of a case study of a Service Company. Corporate branding helps increase people's positive perception towards a particular brand, which could increase a company's ability to compete, especially when the company expands its business to the international level which, in this case study, is the ASEAN region. The selected study area is Thai multinational companies in the service sector whose business has expanded to Singapore. This paper is an on-going research aiming to study the process of corporate branding and relevant factors in Thailand and Singapore since Singapore has been recognized as a business hub of ASEAN and Thailand has also been expanding its operations to this business hub. Data collection method was based on qualitative research method under a purposive approach which conducts in-depth interviews with managerial level staff in the brand communication department of the selected company. The outcome of this paper is to develop a problem-solving strategy, improve corporate branding, and build a corporate branding model. The result, particularly in the service sector, shows that the most important factor from the 'Receiver' side is the sender's ability to fully understand the receiver's behavior to develop the right message and enhance the corporate brand.

Keywords: Corporate Branding, Multinational Company, Service Company, Thailand, ASEAN

Aditap Ketchart *PhD Condidate, the Graduate School of Communication Arts and Management Innovation. National Institute of Development Administration, Bangkok, Thailand* and Professor Yubol Benjarongkij, Ph.D. the *Graduate School of Communication Arts and Management Innovation, National Institute of Development Administration, Bangkok Thailand*

1. INTRODUCTION

Branding has been recognized as a significant strategy by every enterprise, no matter what size, because of its ability to increase customers' accessibility and recognition, especially for private companies. The business of private companies has been substantially growing, which leads to greater competence in several aspects such as price, quality, and marketing. One of their strategies is to expand the business to the international level to open up more business opportunities for themselves. However, branding for customers' recognition in other countries can be very challenging.

In 2003, Balmer and Gray mentioned that a good corporate brand is a powerful navigation tool for business operations, which is related to all stakeholders including employees, shareholders, and customers. They also revealed that the effectiveness of branding management originated from finding a balance between internal and external factors of each organization. However, the emphasis is on employees. Employees are required to participate in branding management since they are an important part of delivering their company's value to all related stakeholders outside of the organization. Branding has been a particularly interesting issue since 1984. Several scholars from the American Marketing Association defined the term "Brand" as a word, a symbol, a logo, a design, or anything which truly represents the identity of the seller's products or services to differentiate them from competitors. However, Keller (1988) criticized that a brand is not only a logo or a symbol. Hence, Alvin A. A chenbuam concluded that a brand is a combination of 1) customers' perception towards the characteristics of a product and its function, 2) the name

of the brand and its product positioning, and 3) the company's relationship with a particular product. This definition of a brand is recognized more widely than the definition given by the American Marketing Association.

In the era of globalization of the 21st century, political, economic, social, and technological factors have been changing rapidly. Technology, in particular, is connecting the world through improvements in communication. Society and it people have put more focus on the corporate image, therefore, the image is crucial to the company's business operations. In Thailand, most executives focus on branding rather than corporate branding because they believe that branding can increase the sales volume, whereas, they do not have much confidence in corporate branding because they doubt that it is worth the investment and do not fully understand its importance. However, at the global scale, there has been a great deal of competition in the corporate branding sector. For instance, Apple, Amazon, eBay, and Google have been known to establish their reputation by corporate branding. Their corporate branding strategies are very beneficial to their ability to compete in both short term and long term. Therefore, branding nowadays does not focus only on products or services, but also on corporate branding. In 1998, Belmer defined the term "corporate brand" as the commitment between a corporate itself and its stakeholders. The commitment will be communicated to every department in the corporate and will later reflect the unique characteristics of the corporate. Keller (2001) also agreed with Belmer and added that the unique characteristics of the corporate rely on the customers' perception of the corporate, which includes customers' recognition and needs

as well. In Thailand, many corporates have been implementing corporate branding strategies to enhance their ability to compete; however, some of them have not allowed employees, stakeholders, customers and society to participate in the process, even though, all of the mentioned parties are so significant as internal and external parts of the business operations.

The definition of corporate branding, mentioned above, clearly shows thata corporate brand requires stakeholders' involvement in the process. This process of corporate branding is as follows. Firstly, a corporate brand originated from a mission and a vision, which are created by the brainstorming of all internal and external stakeholders. The mission and the vision lead to a commitment to developing the corporate brand. Employees then deliver this value to customers. Moreover, corporate branding strategies do not focus only on the short-term growth, but also the long-term growth, especially regarding a company's ability to compete. For a successful corporate branding, top management level needs to be motivated to commit to it, because they are the key policy makers. A successful corporate branding also enhances a company's business sustainably because when a brand is already recognized and acknowledged by customers and society, it will be in their minds for a long period of time. Corporate branding must be created by firstly understanding the customers' needs, providing them with products or services at a reasonable price, as well as building a relationship with those customers. More importantly, the business' sustainability must rely on the gradual sales growth, effective planning and corporate branding strategy. The size of the business does not directly affect the business

growth. It requires only a great understanding, knowledge, tolerance to controllable and un-controllable changes. The gradual growth satisfaction is one of the key successes in corporate sustainability. Another key factor in achieving corporate sustainability is the readiness to expand its business. The business expansion requires the corporate readiness as well as many challenging risks. However, the corporate branding is also another important factor for business expansion. Many global brands have vastly expanded their businesses to many regions. They have to confront many obstacles and challenges. In Thailand, there are several questions that need to be answered. For instance, which Thai corporate has already been expanding to the international level? Are they really ready to expand? Where to start? Are they going to survive at the global scale?

Those mentioned questions are really inter-esting issues for Thai businesses. There are several reasons why ASEAN (Association of South East Asian Nations) is one of the great regions for business investment. The objectives of ASEAN are to strengthen the region and create stability, opportunities and readiness for political and economic changes. People in the region will have better living standards because of an increase in economic activities. For this reason, there are so many potential corporates in Thailand that are interested in expanding their business to the ASEAN region. This expansion will be advantageous to the domestic economy and the employees with potential will be able to perform at the international level. Moreover, there will be more jobs provided for people in that particular country. In 2017, The Office of the National Economic and Social Development

Board of Thailand reported that the Gross Domestic Product (GDP) of Thailand can be categorized into three main sectors, namely the service sector which accounts to 50%, industrial sector 40%, and agricultural sector 10%. The Thai government has also strongly supported economic growth through Thai industrial development strategy version 4.0 over the next 20 years starting from 2017 to 2036. This support will enhance Thai industrial competitiveness at the international level and also increase the country's income, labor force, the ability to develop the nation's stability, prosperity, and sustainability (Ministry of Industry of Thailand, 2016). These mentioned sectors were used as case studies in corporate branding. According to the brand valuation assessment by the Faculty of Commerce and Accountancy, Chulalongkorn University from 2015 to 2016, the result showed that there are brand values in several sectors, namely service, industrial, and agricultural sector. This paper will mainly present one of

the Thai aviation companies in the service sector and its objectives are to study the process of corporate branding of multinational companies in the ASEAN region and to design corporate branding model for Thai multinational companies that are expending to ASEAN region.

2. THEORETICAL AND LITERATURE REVIEW

2.1 Branding

Branding for long term sustainability (Ruenrom, K, 2015) focuses on customers in all aspects, such as customer care and customer focused strategy. The management needs to pay close attention and fully implement strategies into actions to obtain corporate branding sustainability. When a corporate earns the loyalty from the customers, its corporate brand will be in the customers' mind. There is a tool for corporate branding sustainability initiated by Kotler called Triad Model as shown in Figure 2.1 below;
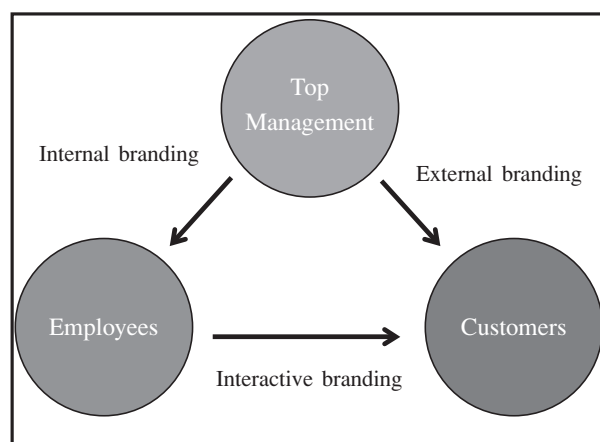

Figure 2.1 Triad model

Source: Kotler (2015)

The success of branding strategy begins with the owner of the company or top management who must clearly understand how to build a corporate brand effectively. Corporate branding requires a triad relationship, namely 1) the management, 2) the employees, and 3) the customers. Figure 2.1 shows the relationship among the three parties. Corporate branding from the management to the employees is presented as internal branding, from the employees to the customers is presented as interactive branding, and from the management to the customers is presented as external branding.

2.2 Integrated Marketing Communication (IMC)

In 2013, Techateging mentioned integrated marketing communication such as advertising, sales promotion, trade show events, sales in personal, direct sales, and public relations. These are the combination of marketing promotion which has similar marketing objectives. In general, the propose of marketing communication is to communicate the advantages and benefits that customer will receive from the company's products and services. The type of marketing communication used depends on the type of business. For example, international business might select one specific type or a mix of marketing promotions. Nowadays, most businesses use the integrated marketing communication to yield the best results. These businesses need to deeply study the environment of the international market which is very diverse and different. It is very challenging to implement marketing communication effectively.

2.3 International Business Management

Since 1980s, the business has expanded its production process to another country, according to Kuntonbutr (2003). The production process is the process of transferring technology and ideas to that particular country and matching its output to the needs of that country as well. The most important characteristic of transnational industries is the mixture between centralization and decentralization of management. Some processes need to be centralized at the headquarters, whereas, some need to be decentralized in order for the product to be unique. The main policies should be set by the headquarters, while the product's research and development should be decentralized to the overseas subsidiaries in order to meet the local needs. Overseas subsidiaries cooperation promotes the exchange of ideas to further improve the product and increase the company's performance at the global level. Regarding languages, Siripattarasopon (2012) reported that a language is a symbol which bridges the understanding of people in the society. Languages create a better relationship and improve interpersonal skills. The cation started from the conflicts between the white and the black people in the USA such as racism and discrimination. The way to solve this problem is to establish a role behavior and a role expectation between these two parties, which requires more opportunities in terms of educational accessibility and morals. Moreover, cultural issues are sensitive between two different groups of people. They might have different points of view and understanding of a particular circumstance. In general, they live separately. However, if they have to communicate to each other, intercultural communication will occur, especially in the multinational company that appoints foreigners to be at the managerial level. There are several factors that will lead to the intercultural

communication problems such as messages delivery and the nature of receivers. One way to solve this problem is to understand each other's culture.

2.4 Internal and External Factors towards Corporate Branding

2.4.1 External factors by using a PEST analysis including Political, Economic, Society, and Technological.

P = Political means the current situation of political issues which would impact on the corporate branding

E = Economic means the current economic situation which would impact on the corporate branding

S = Social means the current social situation which would impact on the corporate branding

T = Technology means the development of technology which would impact on the corporate branding

2.4.2 Internal factors using 4M concept which represents Man, Money, Material, and Management.

M = Man means employees which are different in demographics

M = Money means the budget used for corporate branding

M = Material means relevant data related to corporate branding

M = Management means the operations of corporate branding

2.5 Literature Reviews

Nowadays, doing business is very challenging and competitive. Entrepreneurs need mechanisms to increase their sales as well as to be recognized by their consumers. If the question is how people recognize who we are and what we sell, brand creation is the answer. However, the process of brand creation requires time and effort to be completed. The brand owner needs to know what key messages of its brand are and most importantly which group of customers the owner is targeting. When the brand creation is completed, the next step is to communicate the brand effectively. The objective of this paper is to review literatures regarding the brand communication process from the previous research studies, including brand, principle of brand communication, brand activities, brand identity processes, brand communication in specific size of business and specific region, and brand value creation. To fulfil the objectives of operating the business, effective brand communication is one of tools to be achieved (Karl, Jens, and Felix, 2010).

The word brand currently is widely used in activities that this study dealing with. Some might understand that a brand is only a specific name of each particular matter which refers to its product or service. In fact, the brand is more complicated than a name provides. The brand is a result of the strategy of market segmentation and product differentiation. In addition, the brand is one mechanism to differentiate its characteristics from others. Companies convince consumers to buy their products by building an effective brand communication. A company's brand requires the company to advocate transparency, diversity, visible communication and point of contact with the company. From the website to the office and the tangible products brand were required to be consistent and viable (Juha, 2009).

In addition, there are ways to build each brand effectively. In What Great Brands Do, Yohn summarized the seven key principles that the world's famous brands constantly use. Those

principles were: great brand start inside, avoid selling products, ignore trends, don't chase customers, sweat the small stuff, commit and stay committed, and never have to "give back". Yohn also provided the real implementation of successful and unsuccessful companies' brand-building in case studies (Yohn, 2014). In addition, Dinnie et al. (2010) examined the country's branding activities which the key organizations engaged in. Those activities were, for example, promoting the organizations, investment agencies, national tourism organizations. These were the principle of coordination of the integrated marketing communication approach (IMC). Dinnie et al. also found seven key dimensions of inter-organizational coordination including, sector, organization domicile, mode, strategy formulation, nature, frequency, and target audience.

Wilkinson and Balmer (1996) focused on corporate identity of the ASEAN corporations in the different levels, namely regional, national, and industrial level before integrating the corporate identity to its strategy. There are external factors needed to be considered regarding brand creation and communication. For instance, Kotler, Kartajaya, and Huan (2015) found that there are three major concerns for leaders, if they are doing business in ASEAN: a) a political and government system diversification in different countries based on democratization; b) a united economic zone according to the concept of decentralization; and c) a single socio-cultural with the region's differentiation. Brand value creation according to the traditional marketing strategy relies on three main factors. Such factors are firms' advertising expenditure, pricing techniques, and product solutions. It can be

measured by data collection based on customers' ability to associate a brand and their perception towards the brand's quality (Kamakura & Russell, 1992).

In conclusion, there are processes and dimensions to be considered prior to establishing brand communication such as brand identity process, brand equity dimension, brand trust, and brand creation. Regarding the text about brand value creation mentioned above, it has been changed from being created only by the supplier to the brand value co-created by customers to achieve the best brand creation as well as the products. Therefore, the most important factor, for the business owners, is to know and understand the target customer in every aspect such as taste, class, lifestyle, and expected expenditure before creating and communicating their brand. In addition, what the company should pay attention to is customer relation or after sale service in order to provide the customers with the best experience. If the brand itself is well-communicated to the right target customer, it will totally differentiate that particular brand from other competitors, which means the business will be able generate more profits, and eventually create loyal customers.

3. RESEARCH METHODOLOGY
3.1 Research Framework
This study plans to develop corporate branding of Thai multinational companies in the ASEAN region focusing on a service industry in Thailand, particularly a Thai aviation company. This Thai aviation company is selected based on two criteria; it must be a listed company in the Stock Exchange of Thailand and its corporate brand valuation must be high. This research frame-

work is composed of two main parts, corporate branding and marketing approaches. Corporate branding was composed of its elements and its intercultural concern. Marketing approaches in relation to corporate branding was included to promote an effective corporate branding development. Eventually, corporate branding of the Thai multinational companies in the ASEAN region was analyzed and presented based on its development of corporate branding. The research framework is illustrated in the following chart.

3.2 Research Design

This study has used a qualitative research approach by conducting key informant interviews which represents sender's and receiver's points of view on corporate branding at the management level. This study used the purposive sampling method to select people from the corporate branding department and focus on the managerial level, namely brand director, brand manager, and general manager. These three informants are the key policy makers that encourage corporate branding.

3.3 Data Collection

Data was collected based on primary and secondary data as follows;

Primary data

Primary data that was collected includes the information related to respondents' ideas and experiences, both domestic and international, in general corporate branding, its key success factors and its concerns about the Thai aviation company. The data was collected through in-depth interviews with the management of its brand communication department.

Secondary data

Secondary data that was collected includes relevant written documents concerning corporate branding such as the company's annual report.

4. RESULTS AND DISCUSSIONS

The result of the study was based on the Thai aviation company which represents the Thai multinational company in the service sector. The result and discussion were illustrated based on two principles; S-M-C-R model which is a part of strategic branding and the internal and external factors that are relevant.

4.1 Result and Discussion based on Internal & External Communication (S-M-C-R model)

The result showed that the most important characteristics of Sender are 1) knowledge about brand building such as brand strategy, marketing, and consumer behavior, 2) language and the understanding of multiculturality of receiver, and 3) employees' experience in branding. In this
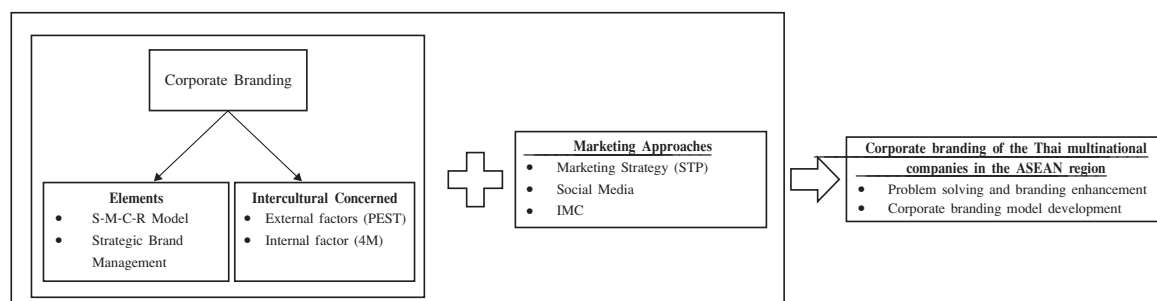

Figure 3.1 Research framework

case study, the most effective characteristic would be employees' experiences in branding, because of their expertise on problem solving, and confronting many complex issues in branding. Also, the sender must understand customer behavior and build a customer's positive feeling towards the brand.

In the aspect of Message and Channel, the respondents revealed that these two factors could be analyzedby studying, in-depth, the receiver's behaviors and their feedback. When the sender knows their behaviors, the sender could design more appropriate messages and channels by using Integration Marketing and Communication (IMC) concept and create a more direct impact on the receiver. This result aligns with what Boonlert (2003) and Ruenrom (2015) mentioned in relation to knowing the receivers' behavior first and then integrating the IMC concept after.

Regarding the Receiver, the respondent mentioned that the sender needs to categorize receivers into two types; stakeholder related, such as employees, partners, customers, and shareholders and non-stakeholder related, such as communities, investors, press and education institutions. Consequently, the sender is able to create the proper messages and channels to reach particular groups of receivers. This study illustrates that the service sector, especially, put great importance on the receiver rather than the sender, because the receiver' s behaviors have been rapidly changing. Therefore, the company itself must adjust its strategies as well as directions to match the receivers' behaviors.

4.2 Result and Discussion based on relevant factors (Internal & External factors)

Relevant factors in corporate branding are classified into internal and external factors. Internal factors include management direction, investment, manpower planning, communication strategy, and infrastructure. Management direction is required through the top-down approach; however, the most important internal factors of corporate branding are manpower planning and executing. This manpower enables the company to design the communication strategy, analyze the financial investment, and utilize the proper infrastructure to implement its strategies effectively. Swatdikiat (2007) also explained this 4M concept (Man, Money, Material and Management) as the tools that enhance corporate branding.

For external factors, the respondent mentioned locals' culture, characteristics, languages, law, social and economic circumstances, public administrative, and preparedness for infrastructure. However, the most important external factors were local people characteristics and languages that they use to communicate, due to the fact that their behaviors will affect the operations as well as the expansion plan in that particular area. The proper language use allows the company to close gaps in cultures and unite them into one.

From the results and discussions above, this study strongly emphasizes the importance of the receiver. Since the receiver, especially employees and people in the society, can help the sender select the proper message and channel to communicate. The receiver is also able to shape the company's business direction regarding corporate branding as shown in the following figure:
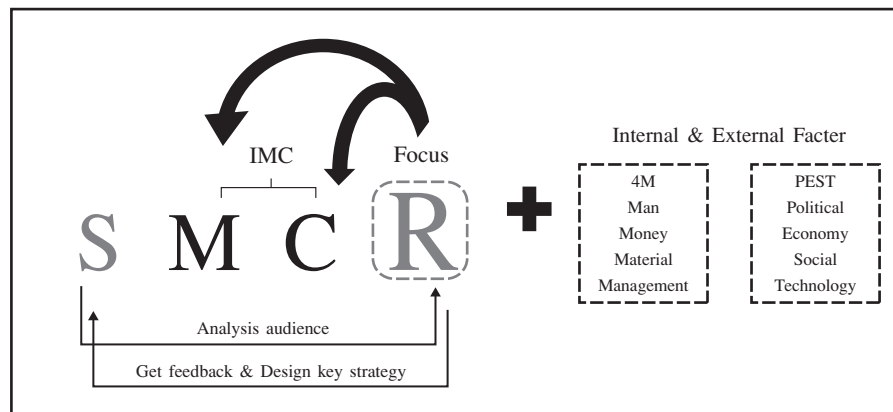
5. RECOMMENDATIONS

In respect of the Corporate Branding of the Thai Multinational Companies in the ASEAN region: A Case Study of Service Company in Thailand. It is recommended that

1) The quantitative research approach be applied to the Receiver to ensure that the message from the sender was aligned with the receiver's expectation.

2) The selected companies should be expanded to another industry in order to explore any new relevant factors towards corporate branding enhancement.

6. ACKNOWLEDGEMENT

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