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Perceptual Alignment of Retail Brand Image in Corporate Branding: A study of employee perceived stakeholder alignment and effects on brand equity

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Perceptual Alignment of Retail Brand Image in Corporate branding

A study of employee perceived stakeholder alignment and effects on brand equity

KAJ-DAC TAM | INSTITUTE OF ECONOMIC RESEARCH

Perceptual Alignment

The term perceptual alignment is used in various research fields to describe the extent to which individuals share the same perceptions about an object or idea. Perceptual alignment is important since strong corporate brands express associations and ideals that are attractive and appealing to stakeholders. This expression, when aligned, creates a sense of belonging to the organisation and the brand, which affects the attitudes, decisions and behaviours of the stakeholders.

This thesis examines perceptual alignment based on retail brand image from the employee's perspective, and whether employees share the same retail brand perceptions as their perceived stakeholders involving the perceived customers, top management, colleagues, and closest manager. A strong alignment suggests a coherent brand, and the corporate branding literature assumes that strong alignment is a pre-requisite for successful corporate brand performance. However, this conceptual assumption has not been extensively examined and tested. This study is one of the first to examine the relationship between perceptual alignment of retail brand image from the employee perspective in relation to other perceived stakeholders and the effects on internal, external and economic performance outcomes related to brand equity. This thesis labels this form of perceptual alignment as employee perceived stakeholder alignment.

The thesis highlights two central themes from corporate branding and retailing: (1) the importance of alignment between stakeholders' brand perceptions, and (2) the role of employees in the corporate brand-building process. Based on three main quantitative studies in the retail sector, the results show that employee perceived stakeholder alignment plays an important role in strengthening the brand. The findings also demonstrate the importance of distinguishing between two types of perceptual alignment. One type is based on current perceptions and another based on ideal perceptions. The findings show that the two types of perceptual alignment, as well as employee perceived alignment with different involved stakeholders, have varying effects on internal, external and economic performance outcomes.

On a conceptual level, this thesis shows how perceptual alignment can tie corporate branding and brand equity together into a single integrated conceptual framework of corporate brand equity. Finally, this thesis provides managers with several managerial implications that can be used to build stronger brand equity through employee perceived stakeholder alignment.

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Abstract:

The term perceptual alignment is used in various research fields to describe the extent to which individuals share the same perceptions about an object or idea. Perceptual alignment is important from a corporate branding perspective because strong corporate brands express associations and sources of ideals that are attractive and appealing to the stakeholders related to the organisation. This expression, when aligned with the stakeholders, is assumed to create a sense of belonging to the organisation and the brand, which affects the attitudes, decisions and behaviours of the stakeholders.

This thesis examines perceptual alignment based on retail brand image from the employee's perspective, and whether employees share the same retail brand perceptions as their perceived stakeholders involving the perceived customers, top management, colleagues, and closest manager. A strong alignment suggests a coherent brand, and the corporate branding literature assumes that strong alignment is a pre-requisite for successful corporate brand performance. However, this conceptual assumption has not been extensively examined and tested. The few existing quantitative studies that have investigated the relationship between perceptual alignment and performance outcomes have provided mixed results. This has created the need for more empirical research regarding the effects of perceptual alignment, especially related to brand performance. This study is one of the first to examine the relationship between perceptual alignment of retail brand image from the employee perspective in relation to other perceived stakeholders and the effects on internal, external and economic performance outcomes related to brand equity. This thesis labels this form of perceptual alignment as employee perceived stakeholder alignment.

The thesis highlights the development of corporate branding in the retail sector and draws primarily from two central themes: (1) the importance of alignment between stakeholders' brand perceptions, and (2) the role of employees in the corporate brand-building process.

Based on three main quantitative studies in the retail sector, the results show that employee perceived stakeholder alignment plays an important role in strengthening the brand. The results also contribute to the general corporate branding literature, as the findings demonstrate the importance of distinguishing between two types of perceptual alignment. One type is based on current perceptions (beliefs about what the retail brand stands for today) and another based on ideal perceptions (meaningful and relevant beliefs about what the retail brand should stand for) between stakeholders. The findings show that the two types of perceptual alignment, as well as employee perceived alignment with different involved stakeholders, have varying effects on internal, external and economic performance outcomes.

On a conceptual level, this thesis shows how perceptual alignment can tie corporate branding and brand equity together into a single integrated conceptual framework of corporate brand equity, where perceptual alignment is illustrated as a multiplier. Finally, this thesis provides corporate and retail managers with several managerial implications that can be used to build stronger brand equity through employee perceived stakeholder alignment.

Key words: Perceptual alignment, corporate branding, retailing, brand equity, brand performance

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If you cannot do great things,
then do small things in a great way

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Content

Chapter 1 | Introduction

This introduction chapter sets the stage and context for my thesis. It starts with a short discussion of several developments within retailing that are of relevance to this thesis. The next part focuses on the general interest of corporate branding and central, related aspects that are also critical to this thesis. The following part introduces the concept of alignment, which is the core research idea in the thesis. Next, I bring forth the theoretical problem discussion, pinpointing the challenges of the alignment concept and why more research is needed. This is followed by the presentation of the purpose, research questions and limitations. The final part will outline the remaining structure of the thesis.

1.1 Background

1.1.1 The increasing relevance of brand management and alignment of stakeholder perceptions in retailing

Several authors (e.g., Burt and Sparks, 2002; Burt, 2010; Burt and Davies, 2010; Kotler and Keller, 2012) have pointed out that retailing in Europe has changed in many ways. The conceptualisation of retail brands has increasingly changed and broadened, shifting from being product-oriented to being brand-oriented (see Urde, Baumgarth and Merrilees, 2013) by incorporating the entire retail store and organisation as a retail brand and corporate concept (Burt and Davies, 2010). In that sense, the retailer as a brand is increasingly important, and retailers are attempting to provide an experience rather than focusing on product assortment alone. Furthermore, as Burt and Sparks (2002) argued, retailers are reliant on employees at the store level to portray and deliver the retail brand concept. This in itself is a challenge, since employees must deliver these messages in a retail brand chain that often consists of hundreds of stores, in various retail situations, with different formats and sizes. These developments

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are fuelled due to retailers growing larger, with the big actors dominating the market instead of the smaller actors and family-owned businesses (Kotler and Keller, 2012). McGoldrick (2002) explained that the growth of retailers comes from the growth of the multiple stores. With multiple stores, large retailers are able to establish several scales of economies advantages with regard to supply chain, marketing, logistics and purchasing power. Over time, these advantages enable large retailers to develop products, store formats, advertising, communications and a retail brand image (the overall impression of the retail brand) that can be utilized across a large number of stores in various locations.

As retailers grow, they require structured concepts and clear guidelines of conduct for employees (HUI Research, 2014). This is important because as Burt (2010) illustrated, when we talk about retailers as brands – using IKEA as an example – we do not talk about the retailer; that is, we do not refer to IKEA as a product; rather, we refer to IKEA as a store and IKEA as an organisation and corporate concept. Therefore, retailers need their employees to develop consistent and appropriate service behaviours and messages that portray what the retail brand stands for. Large retailers and the retail brand, on an organisational level, involve extensive interactions and relationships with several stakeholders, compared to brands on a product level (that is, store brands) that mainly involves the customers. In particular, the employees play a central role because retailers are dependent on their employees to deliver and embody the coherent retail brand that lives up to the retail brand's intended image. This is by no means an easy task, and there are certain operational and distinct features of retail organisations. For example, retailers are not simply selling branded products, but are often providing a range of activities and services that are intended to add value to customers (Burt and Carralero-Encinas, 2000). Additionally, one of the most distinct and unique features of retailers is that they operate stores. As McGoldrick (2002) discussed, the retail store format can be defined differently based on size, product groups, store features, location, specialization, price levels, etc. Regardless of the store format, the retail store represents, as Burt (2010) explained, the visible, tangible, intangible and experiential expression of the retailer as a brand. The store, physical or virtual, plays a crucial role in influencing the retail brand perceptions, as it provides the setting wherein the customers interact with the products, employees and the retail organisation.

Retailers are dependent on employees to deliver consistent experiences and to positively influence stakeholders' perceptions of the retail brand. The employees

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play a significant role because, as research has shown, customers are only partly influenced by media and communication. Instead customers' perceptions and experience of the retail brand are influenced by their interactions with the employees and in-store experiences (e.g. Bäckström and Johansson, 2006).

1.1.2 The general interest of corporate branding

Corporate branding, as will be discussed next, is a broader research field and has a more general management interest without being bound to a particular industry. Many of the issues and challenges faced in retailing, as a consequence of growing organisations are similar to the developments in corporate branding. Since the 1990s, corporate branding has increasingly developed an understanding of how to understand and manage the alignment between several stakeholders' perceptions of the corporate brand and the role of employees in the corporate brand-building process.

Even though the research field of alignment is conceptually rich, with several conceptual frameworks supporting the idea of alignment, few studies have investigated the implications and outcomes of alignment in an empirical and statistical research. There are some statistical studies in corporate branding, with retail as an empirical setting (see Davies and Chun, 2002); however, the few studies that have tested alignment statistically have provided mixed and sometimes questionable results. As a consequence, there is still no consensus regarding the relationship between alignment and overall performance outcomes.

Looking back in time to examine the developments of corporate branding, and subsequently, the importance of alignment shows that for most of the 1980s the dominant model of practical brand management was based on the system developed by Proctor & Gamble and Johnson & Johnson in the 1930s (Low and Fullerton, 1994). In their system, brand managers were responsible for product brands and all of the related marketing activities (Low and Fullerton, 1994). This traditional product perspective associated branding with specific products rather than approaching brands as an organisation. It involved managing brand image and customer experience through marketing and advertising of the product using brand elements such as logos and packaging

(Kotler et al., 2004), with little concern for internal perceptions, activities, the role of employees or the organisation itself.

In the late 1980s the focus of brand management changed from being product-specific to being more corporate-level specific. Marketing managers' responsibilities became more important to the corporate strategic focus. As organisations – as in the case of retailing – grow, expand and significantly increase their geographical reach and become publicly listed, the branding process starts to involve an increasing number of stakeholders. With growing visibility and recognition, organisations often find it difficult to focus solely on their product brands, as the general public becomes more aware and often wishes to know more about the corporations, the organisations behind the products and, for example, their ethical policies and social responsibility (Hatch and Schultz, 2003; Balmer, 2010). Another implication of the increased exposure of the organisation, as mentioned by Hatch and Schultz (2002), is that employees are likely to hear more opinions and judgments about their organsation from stakeholders, which is likely to influence their perceptions and behaviour towards their organisation.

In addition, as usually pointed out by scholars (e.g. Hatch and Schultz, 2003; de Chernatony, Harris and Dall'Olmo Riley, 2001), increasing technological advancement reduces the potential for sustained competitive advantage on a product level, coupled with intense competition and slow-growth markets (Sirohi et al., 1998; Bloemer and Oderkerken-Schroder, 2002), not to mention that companies struggle to maintain product differentiation due to increasing imitation and homogenisation of products and services, as well as the increasing sophistication of customers. Hatch and Schultz (2003; 2008) argued that the difficulties that organisations faced when competing on the market solely based on their products led to a shift of focus that moved inwards, towards the corporation and organisation itself. This argument is supported by several other authors (e.g., Cheney and Christiansen, 1999; Abratt and Mofokeng, 2001) who have argued that corporate branding shifts the focus from consumers and places the organisation at the center of a strategic role in the branding process. Hatch and Schultz (2002) argued that the values, vision and emotions symbolised by the organisation (as opposed to the values and emotions evoked by the products) become a key strategic role of differentiation. Several authors (Hatch and Schultz, 2001; 2003; 2008; Balmer, 1995; 2001; de Chernatony,

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1999; 2001) indicated and suggested that when an organisation takes on the central role, managing the vision, culture and the image of the organisation outwards to different stakeholders becomes an important task in brand management at a strategic corporate level. I would argue that these developments and issues are similar to the changes in retailing, as presented previously in section 1.1.1.

Moreover, according to Hatch and Schultz (2003), the values of the organisation and what it represents need to be meaningful, recognisable and attractive to different stakeholders in order to differentiate the organisation in the market and to create a sense of relevance to the stakeholders. When the entire organisation is central, every brand *touch point* (that is, every interaction with the brand interfaces that forms an impression of the brand, such as communication, customer experience and mass media) between the organisation and its stakeholders increase in number and breadth (that is, they are no longer primarily between the packaged product and the customers). As a consequence, the scope and structure of the brand management teams changes. As Harris and de Chernatony (2001) argued, this leads to the need for greater co-ordination of activities in order to ensure cohesion and consistency in the delivery of the brand values.

In my view, corporate branding serves as the strategic platform of competitive advantage of what the brand is and what it should stand for. In that sense, I agree with Balmer's (1995; 2001) assertion that corporate branding creates a distinct, coherent and appealing identity in order to build strong relationships with its multiple stakeholders. Moreover, one definition of corporate branding – proposed by Einwiller and Will (2002, p. 100) – suggests that corporate branding is the management process of creating and maintaining a coherent corporate brand image in the minds of each individual stakeholder, which then becomes the basis for a favourable overall corporate reputation.

Note that Balmer (1995, 2001, 2012) discussed corporate branding as managing a distinct and coherent *identity*, whilst Einwiller and Will (2002) discussed corporate branding as managing a coherent *image.* Identity and image have a dynamic relationship, but regardless of the terminology, I would argue that corporate branding is about managing *perceptions* and maintaining coherent

overall impressions of the corporate brand among its stakeholders. In that sense, when I discuss corporate branding in this thesis, I do not refer to how brands are *structured* or the brand architecture, such as branded house versus house of brands (see Kapferer, 2012, or Muzellec and Lambkin, 2009). Instead, I refer to how brands are *managed*. In my view, corporate branding focuses on the management of several stakeholders' perceptions of the corporate brand, which has been argued and in my opinion is highly relevant for retail branding where the retailer is the brand.

Corporate branding research has increasingly focused on internal brand-building perspectives, and focuses on the organisation and the employees as the primary direction for brand management (e.g., Sirianni et al., 2013). Notions such as 'living the brand' (Ind, 2001; Gotsi and Wilson, 2001) are closely related to how management and employees make a brand successful by aligning employee perceptions, actions and commitment (Burmann and Zeplin, 2005) to the values of the organisation, and subsequently, the expression of these values to the customers. Employee branding is a similar concept and is defined by Miles and Mangold (2004, p. 64) as "the process by which employees internalise the desired brand image and are motivated to project the image to customers and other organisational constituents." Both of these concepts show the important role employees play in order to manage corporate brands successfully.

To summarise, I argue that managers and academics began to reflect on the strategic role of brands due to three main factors. These are: (1) difficulty sustaining competitive advantage solely based on products, (2) a shift of focus to the entire organisation as part of a differentiation strategy and (3) the increasing number of involved stakeholders and touch points with the organisation as the brand. These events brought new ways of managing brands and laid the foundations for what would become corporate branding, a development that I find important to understand and examine in the retail sector.

1.2 Alignment discussion

1.2.1 Alignment in a corporate branding context

The research interest of this thesis surrounds the idea of *alignment*. Looking at the field of corporate branding, several scholars (Einwiller and Will, 2002; Balmer, 2012; Hatch and Schultz, 2001; 2003; 2008) have stressed the importance of a strong alignment between multiple stakeholders' perceptions. The term *alignment* has been used in many different ways with interchangeable terms such as congruence, level of fit, similarity or coherence. Regardless of the terms, many studies assume that strong alignment is an antecedent to greater corporate brand performance (Hatch and Schultz, 2001; 2003; Schultz and de Chernatony, 2002; Brown et al., 2006; Gosselin and Bauwen, 2006).

To illustrate, Nandan (2005, p. 264) argued that "a firm can enhance brand loyalty by ensuring that there is congruence between brand identity and image". Further, de Chernatony (1999, p. 157) stated that "By auditing the gaps between brand identity and reputation, managers can identify strategies to minimise incongruency and develop more powerful brands". Hatch and Schultz (2001; 2003) stressed the importance of alignment and argued that management vision, employee culture and external stakeholders' image of the corporate brand must be aligned in order to "get the most out of a corporate brand strategy" (2001, p. 131). My interpretation of their view is that alignment between management, employees and external stakeholders (such as customers and the general public) is necessary in order to create a strong and successful corporate brand.

Other authors, such as Stephen and Coote (2007), have described alignment as a desired state that generates positive outcomes for all concerned entities, whereas Fombrun, Gardberg and Sever (2000) argued that striving for consistent stakeholder perception through coherent positioning is one of the key factors to an organisation's success. In that sense, much of the corporate branding literature suggests that alignment of perceptions is central, but the notion and indication of alignment is sometimes subtle and described in different terms.

When there is a lack of alignment, such as a gap between the corporate brand perceived by the customers and the corporate brand communicated by the management, then Yaniv and Farkas (2005) argues that employees can feel a lack of identification and perceive the difference and gap as a 'lie', and can thus become less willing to support the brand. The misbelief of the employee, caused from the gap, is likely to also affect the customer; as customers are unlikely to believe in the brand if the employees do not. In other words the consequence of such a gap, even though it is perceived internally, can have an external negative effect since customers that do not trust the brand, weakens the brand in turn.

In this regard, alignment seems intuitive and important conceptually. However, the assumption that strong alignment leads to more powerful brands has limited empirical support. Few have actually tested this relationship, especially with regard to corporate brands in retailing.

In addition, what specifically needs to be aligned, what performance outcomes are affected by alignment, or how alignment can be measured are less obvious issues about which the few existing empirical studies in corporate branding have provided mixed results and have not yet reached consensus. To deal with these concerns and to contribute to the understanding of alignment, I need to limit my scope and research interest, as a plethora of suggested components exist that need to be aligned throughout various fields of literature. My approach is to focus on the alignment of perceptions – that is in short *perceptual alignment*. More specifically, I am interested in the alignment of stakeholders perceptions of the corporate brand, or rather, the retail brand; that is, the overall impression of what the retail brand stands for and what the retail brand should stand for as an organisation and corporate concept and the effects on performance outcomes.

My research interest is the concept of perceptual alignment in the realms of corporate branding in retailing. From the realms of corporate branding and retailing I primarily build on 1) the importance of aligning several stakeholders' perceptions and 2) the role of the employee in the corporate branding process. Both will be discussed in depth later on. In my view, perceptual alignment occurs when the perceptions of the retail brand image are aligned amongst several stakeholders. Perceptual alignment is also known as perceptual congruence and has been described by Heald et al. (1998) as the extent to which individuals share the same perceptions about an object or idea. Perceptual alignment is important because strong corporate retail brands express associations and sources of ideals that are attractive and appealing to the

stakeholders related to the organisation. This expression, when aligned with the stakeholder, is assumed to create a sense of belonging to the organisation and the brand, which affects the decisions and behaviours of the stakeholder (Hatch and Schultz, 2003). In this thesis I am testing the assumption of strong perceptual alignment amongst stakeholders and powerful brands, by investigating if there is a relationship between perceptual alignment and positive corporate brand performance outcomes.

Alignment of the overall impression of the retail brand

The previous section discussed several conceptual studies in corporate branding that focus on alignment. One common feature of these studies is that they highlight the importance of perceptions. Consistent with prior research in psychology and management research (e.g., Meglino and Ravlin, 1998; Edwards and Cable, 2009), individuals draw from their perceptions and beliefs to guide their decisions, actions and behaviours. In other words, perceptions and perceived facts have been found to affect behaviour (e.g., Boulding, 1956; Dowling, 1993). In that sense, focusing on stakeholders' perceptions is important, as individuals' perceptions are not based only on their own individual cognitions; instead, as pointed out by Allport (1955), individuals develop their understanding according to how they perceive others and how others perceive them.

One issue regarding perceptions is the question of *what* exactly is being perceived. In essence, anything can be perceived; thus, when discussing alignment, it is important to determine *what* needs to be perceived.

In this section, I will clarify my focus when referring to perceptual alignment. My approach to alignment is to examine alignment of perceptions regarding *the overall impression of the retail brand* amongst different corporate stakeholders such as employees, management and customers. This overall impression is based on the associations, values, personalities and images of the retail brand. Specifically, as this thesis is positioned in corporate branding within retailing, the role of the retail store is of particular relevance to the overall impression of the retail brand (as an organisation, that is, the retailer as the brand). As a result, the overall impression of the retail brand is likely to be influenced by both tangible and intangible store image attributes.

Hatch and Schultz (2001, 2003) defined *image* as the overall impression of the brand or the company viewed by external audiences. While I, on one hand, agree that image represents the overall impression of the brand, I, on the other hand, disagree with this type of definition in organisation studies and branding, where image is typically referred to as the view held by *external* audiences outside the organisation. In this literature, *construed image* (see Brown et al., 2006), then, is the view that the organisation's members believe others outside of the organisation hold. When it comes to the concept of *image*, most of us will agree that it is not an unequivocal concept. In other words, there is a lack of consensus of what constitutes an image and some argue that image is based on external views (that is, views held outside the organisation). In my opinion, *image* is not exclusive to the views of external audiences and can also be related to internal audiences of an organisation. I simply discuss image as an individual's perceptions (mental image) of a concept or an object. More specifically, in this thesis when I discuss image, it is often related to the overall impression of the retail brand held by a stakeholder – that is retail image or retail brand image.

From an employee's perspective, employees have their own individual perceptions and images of their organisation. Since the employee's perceptions influence their actions (Meglino and Ravlin, 1998) the employee's perceptions should match the perceptions the organisation wants to stand for. If there is a strong alignment, then employees are likely to be more motivated, have a sense of membership and act in a way that supports the corporate brand with which they identify.

1.2.2. Challenges of alignment

Alignment of stakeholders

There are several challenges to the concept of alignment, and Ind (1997) argued that complexity is one of the main characteristics of corporate branding, especially since it involves multiple stakeholders. In some conceptual frameworks, corporate branding involves two broader dimensions of stakeholders: internal and external (e.g., Urde, 2009). Others distinguish between different internal and external stakeholders, and can include multi-dimensions related to different stakeholders with different interests (e.g., Balmer,

2012). It is not always clear which stakeholders should be prioritised or who should lead the process, and this depends on the approach to management; that is, whether it is an inside-out approach (such as brand orientation) or an outside-in approach (for example, market orientation. See Urde, Baumgarth and Merrilees, 2011). There is a need to elaborate more on the relevance of each stakeholder and whether the alignment is of equal importance between different stakeholders. That said, employees, management and customers are consistently used as key stakeholders, and employees are recognised within the corporate branding literature as the heart of the corporate branding process (King, 1991; Balmer, 1995; 2001; 2010).

Alignment of Current and Ideal perceptions

One issue related to some ideas of alignment is the rather simplistic view (e.g., Hatch and Schultz, 2001) that discusses alignment between multiple stakeholders without distinguishing the different types of perceptions. A review of the corporate branding literature shows a general agreement that several types of perceptions need to be aligned (Balmer and Greyser, 2002; Balmer, 2008; 2012; Anisimova, 2010). However, one challenge is to determine which types of perceptions need to be aligned.

Several conceptual studies by Balmer and colleagues (Balmer and Soenen, 1999; Balmer and Greyser, 2002; Balmer, 2001; 2008; 2012) have shown that certain corporate brand identities need to be aligned (specifically, these are actual, desired and ideal corporate brand identities). My view and interpretation of these identities is that they can be seen as different types of perceptions. For example, the ideal corporate brand identity relates to what the corporate brand needs to be and the ideal strategic position, while the desired corporate brand identity relates to what management wishes the corporate brand to be. Both the ideal and the desired corporate brand identity can be seen as a types of perceptions related to *what the corporate brand should stand for*. Actual identity, then, is – according to Balmer (2012) – what the corporate brand is undoubtedly found to be and can be seen as a type of perception related to *what the corporate brand stands for*. In other words, one type of perception relates to current beliefs and overall impressions of what the corporate brand stands for. In the remainder of the thesis, I refer to this type of perception as *current perceptions*. Another type of perception relates to meaningful, important and relevant ideal beliefs of what the corporate brand should stand for, to which I will refer as *ideal perceptions* for the remainder of the thesis.

The core idea about aligning ideal perceptions of what the corporate brand should stand for and current perceptions of what the corporate brand stands for is prevalent amongst several researchers (e.g. Kiriakidou and Millward, 2000; Hatch and Schultz, 2001; 2003). However, few scholars within the corporate branding literature separate *ideals* from *desires* or make a clear distinction between current perceptions and ideal perceptions. One simple way to sort out the essence of a complex context is to systematically divide alignment into two fundamental and distinct types: 1) current perceptions (what the brand stands for) and 2) ideal perceptions (what the brand should stand for). This simplified distinction complies with several frameworks and concepts related to alignment and congruence used in the field of social psychology, consumer research and organisational behaviour (see more in chapter 2).

Another reason to include the aspect of ideal perceptions is to increase the relevance of alignment and to ensure that meaningful and important perceptions are taken into consideration. Furthermore, one important concern is to determine which *term* to use, as ideals, desires and expectations are relevant and similar ideas that have been widely used in a branding context. Comparing the different terms shows that *desire,* for example, can be seen as a sense of longing and more of an emotional state related to desirable attributes. Expectations relate to a strong belief that something will happen or 'be the case'; in other words, a set of beliefs about the performance of something (Teas, 1993; Szajna and Scamell, 1993). Ideals, on the other hand are, relate to values that one actively pursues as a goal. In turn, *ideal self* (which will be discussed more in 2.2.3) refers to what motivates individuals to change, improve and achieve (Higgins et al., 1994). Desire and ideal are both related to this thesis, but in my view, *ideal* is a more appropriate term to capture perceptions that are relevant and meaningful to stakeholders and to comply with existing frameworks and concepts related to alignment.

1.3 Problem discussion

Critique of alignment

Within the corporate branding literature, the concept of alignment is often used simply, as an assumption with few critiques. However, some criticism exists to the idea of alignment. The first criticism challenges the entire idea of alignment and suggests that gaps can be preferable in certain situations, and may even have positive consequences (Colville and Pye, 2010; Corsaro and Snehota, 2011). Scholars adhering to this criticism focus on a more nuanced interpretation of alignment and criticise the underlying assumption that *stronger alignment results in better performance*. One of the primary reasons behind this argument is that gaps are likely to exist, meaning that a perfect match or total alignment between two entities will rarely occur (Davies and Chun, 2002; Corsaro and Snehota, 2011).

Disadvantages of complete alignment

A second critique argues that a state of complete alignment among involved actors can be a negative state, since it could reduce incentives to change (Colville and Pye, 2010). For example, even if everyone is aligned, an organisation's shared values may be inappropriate for its long-term success (Deal and Kennedy, 1992) in the sense that shared values does not necessarily mean being aligned to correct or meaningful values. Put differently, everyone could be sharing and be aligned to the wrong or outdated values. In fact, Kotter and Heskett (1992) investigated the relationship between organisational culture and corporate performance, and found a weak positive association. However, they claimed that a strong culture does not necessarily result in greater corporate performance. As in the previously mentioned argument about shared values, this line of thinking indicates that if everyone in the organisation is aligned to the same *but* inappropriate values, they are simply all on the same path to failure. Kotter and Heskett (1992) proposed that values that help organisations adapt to changes in the environment and the changing needs of employees, customers and stakeholders are more likely to be associated with sustained performance. This supports Helm and Jones' (2010) reasoning that in order to remain competitive, organisations need to be dynamic, interactive and responsive. These critiques show that alignment is a complex issue, and that assuming that strong alignment results in better performance might be too strong of a generalisation. However,

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this further urges the need for an empirical examination and testing in order to advance our understanding of alignment, and in particular, of its outcomes.

What needs to be aligned

Most of the influential and conceptual research on corporate branding tends to assume that alignment is important and that it is essential for reducing gaps. As a concept, alignment appears to be a contributing factor for success. Many of the models are normative, conceptual and on a strategic level (e.g., Urde, 2003; Hatch and Schultz, 1997; 2001; Balmer and Soehnen, 1999; Balmer and Greyser, 2002; Balmer, 2012; de Chernatony, 1999; Nandan, 2005). However, few are specific regarding what needs to be aligned and the particular outcomes of alignment, and most even lack an explicit and operational definition of alignment.

Nevertheless, the existing studies illustrate the need for alignment and the importance of minimising gaps with terms such as 'harmonise', 'matching' and 'congruency'; however, they also fall short of elaborating on the consequences, specific outcomes and what alignment leads to. A strong alignment is indicated and implied as some kind of pre-requisite for a strong corporate brand (Hatch and Schultz, 2003). Balmer (2012) stated that as a general (but not absolute) guiding rule, meaningful, strategic alignment should exist between several dimensions of corporate brand identity. These dimensions are both internal and external, involving several stakeholders and including both current and ideal perceptions.

However, meaningful alignment can be problematic, because what is meaningful varies depending on the stakeholder. In other words, some aspects are only meaningful internally, whilst some are purely customer-oriented, and others are meaningful to both internal and external stakeholders. Thus, one challenge of alignment is to find a meaningful and relevant balance between multiple stakeholders.

Measuring and testing alignment

Few examples exist within corporate branding literature regarding how to measure alignment empirically. Even fewer have systematically investigated and tested statistically whether alignment has an actual effect on the performance of the brand. Some of these few existing corporate branding studies that have operationalised alignment (e.g., Davies and Chun, 2002; Anisimova, 2010; Anisimova and Mavondo, 2014) have done so in a retail context using department stores (Davies and Chun, 2002).

These studies have shown mixed results, and the methods and operationalisations adopted have been criticised. Anisimova (2010) and Anisimova and Mavondo (2014) showed that alignment is good, but Davies and Chun (2002) argued that gaps could benefit the brand as long as the employees' current perceptions of the brand were more favourable than those of the customers. The results of the latter do, to some extent, conflict with the assumption in the literature that gaps are potentially harmful for the brand. Consequently, there is a need to further empirically examine and build on the role of alignment and its effect on brand-related performance outcomes.

Outcomes of alignment

The few existing empirical and statistical corporate branding studies primarily look at the impact of alignment on satisfaction or commitment, and have not been able to establish any relationship between alignment and economic- or financial-related performance outcomes. Considering the conceptual importance of alignment as a pre-requisite to success in corporate branding, the corporate branding literature includes surprisingly few empirical studies and analyses to support such an assumption.

To summarise, I believe that after reviewing the concept of alignment in the corporate branding literature, there is a lack of (1) knowledge with regard to the definition of alignment, (2) operationalisation and how to measure alignment and (3) an elaboration on the specific performance outcomes and actual validation of the outcomes as a result of alignment. Finally, and most importantly, given that criticism exists against the concept of alignment, there is limited empirical support for the claim of alignment among stakeholders being as relevant as the corporate branding literature often suggests.

1.3.1 Brand equity as an assumed performance outcome of alignment

Several conceptual and normative frameworks in the corporate branding literature stress the importance of alignment in order to have a strong and successful brand. However, most of these conceptual studies do not clearly define what 'strong brands' mean, nor do they specify the potential outcomes and consequences of alignment on an analytical level. A few other researchers have tried to empirically isolate the effects of alignment on outcomes like employee satisfaction, loyalty and commitment (Davies and Chun, 2002; Anisimova, 2010). While looking at satisfaction, loyalty and commitment is a good starting point, there is still a lack of a systematic investigation of the impact of alignment on a wider range of internal, external and economic performance outcomes, both in retailing and corporate branding.

In order to involve various performance outcomes, the brand equity concept provides a useful starting point. Brand equity focuses particularly on the sources and outcomes of successful branding and the valuation of brands. The definitions of brand equity vary considerably in the literature. One of the most commonly used conceptual frameworks is the brand value chain framework proposed by Keller and Lehmann (2003). The framework shows a model of brand antecedents and consequences. One advantage of this model is that it clearly distinguishes between mindset (awareness, associations and attitudes) and economic performance outcomes. The early stage of the brand value chain involves *Marketing Program Investment* and shows that the activities companies perform influence the *Customer Mindset,* which is what customers think and feel about the brand; in turn, this will affect what customers do about the brand and will influence the *Market Performance* (for example, in terms of market share, price premium and profitability) and consequently lead to increased *Shareholder Value* (for example, stock price).

One downside of the brand value chain and other popular brand equity models is that they tend to look primarily at external performance outcomes, and lack or neglect the internal performance outcomes. As discussed earlier, corporate branding has a strong internal focus. Therefore, it would be relevant to assess the extent to which alignment affects internal-related brand performance (for

example, employee satisfaction, commitment and turnover rate) as well as external brand performance. Due to the internal interest of corporate branding, I believe that it is necessary to have a conceptual framework that deals with both internal and external perceptions and their alignment, as well as paying attention to internal, external and economic outcomes.

Drawing on the current state of knowledge, and with regard to the effects of alignment between stakeholders and different types of perceptions (that is, current perceptions and ideal perceptions), there is a need to further develop the brand equity frameworks in order to understand the relationship of perceptual alignment between different stakeholders. Thus, one challenge is to determine where perceptual alignment fits within a brand equity framework and if it has a significant impact on internal, external and economic performance outcomes.

1.4 Purpose and contribution

The purpose of this thesis is *to develop the understanding of how the alignment of different stakeholders' retail brand perceptions (that is, retail brand image) affects brand equity, by operationalizing and testing the relationship between perceptual alignment and brand equity.*

Increasing this understanding enables the management of corporate retail brands to identify specific situations where alignment between different stakeholders can be addressed as a way of improving brand equity through the role of employees. Few studies in corporate branding systematically show the specific internal, external and economic outcomes of a strong or weak alignment. Moreover, we do not know much about the specifics regarding which stakeholders or what types of perceptions (current or ideal) should be aligned in order to increase brand equity. Answering the purpose of this thesis would allow managers to know when, if and what types of alignment to prioritise. For academics, it would increase our understanding of the alignment concept and the role of managing multiple stakeholder perceptions in corporate branding in the retail sector.

This thesis aims to primarily contribute to three research fields: corporate branding, brand equity and retailing. The contribution to the field of corporate branding is made by adding empirical work to the dominating conceptual understanding of alignment. Investigating the relationship of perceptual alignment and brand equity contributes to the brand equity literature by 1) improving the understanding of how alignment affects brand equity and 2) adding an internal perspective and link to employee-related outcomes in order to make a brand equity framework more suitable for corporate brands. Few scholars have investigated this aspect of the brand value chain process, and no consensus has been reached on the topic. Thus, I attempt to combine the two rather isolated research areas of corporate branding and brand equity. Lastly, studying perceptual alignment in the retail industry will provide a specific, industry-related understanding of corporate branding and alignment in retailing and contribute to the retail image discussion from the employee's perspective. This thesis adds to the discussion by investigating how perceptual alignment of the retail brand image amongst stakeholders affects the various performance outcomes.

1.5 Research questions

This section presents three different research questions related to the current state of knowledge about the concept of perceptual alignment, based on the earlier discussion.

RQ1. Perceptual alignment and performance outcomes related to brand equity

Although alignment of stakeholder perceptions has been argued to be a prerequisite to developing a strong corporate brand, there is limited understanding of the performance outcomes of perceptual alignment in retailing and in corporate branding in general. Few studies have empirically tested alignment between different stakeholders' perceptions and the effects on internal, external and economical performance outcomes. From a brand equity perspective, it is important to investigate whether perceptual alignment has an impact on brand equity. Existing brand equity frameworks are primarily external and customer-oriented (e.g., Keller, 1993; Aaker, 1996) and do not necessarily suit corporate

brands that emphasise on the organisation as whole, internal factors and the role of the employee. Understanding the relationship and outcomes of perceptual alignment is important, but it is currently limited in the literature of corporate branding and retailing. The first research question is:

- *What are the consequences of alignment between stakeholders' perceptions? That is, to what extent does perceptual stakeholder alignment correlate to positive (a) internal performance, (b) external performance and (c) economic performance?*

RQ2. Stakeholder alignment relationships

The context of alignment is complex and diverse, with a plethora of different understandings and perspectives. That said, several conceptual directions and suggestions have been proposed. The primary direction is to ensure consistency, congruency and alignment across multiple internal and external stakeholders.

This thesis is based on the employee perspective and involved stakeholders as perceived by the employee. These perceived stakeholders include immediate colleagues, closest managers, top management and customers. From a brand equity perspective, it is important to identify which stakeholders are relevant and whether there is a significant relationship to performance outcomes in order to determine if alignment to all stakeholders is equally important when building brand equity. In this regard, the second research question focuses on the role of alignment between specific stakeholder relationships:

- *Does different stakeholder alignment relationships vary in importance in terms of effects on brand equity?*

RQ3. Alignment of current perceptions and ideal perceptions

Several conceptual models (e.g., Hatch and Schultz, 2001; 2003; de Chernatony, 1999; Balmer, 2012) that focus on alignment are not specific about whether they account for stakeholders' current perceptions or ideal perceptions. It is insufficient to focus solely on the alignment between what the brand is; that

is, based on current perceptions. It is also important to take into account the ideal perceptions, which are the important, meaningful and relevant perceptions the brand should stand for. In corporate branding, these ideals relate to *vision.* In other fields that have examined alignment, congruence or level of fit, ideal perceptions play an important role and will be discussed more extensively in Chapter 2.

It is important to consider the alignment of ideal perceptions of various stakeholders, as they to some extent reflect perceptions that are relevant to stakeholders. Despite the numerous conceptual frameworks, few empirical studies have taken a broader and systematic approach to compare the alignment of current perceptions (what the brand stands for) and ideal perceptions (what the brand should stand for) from a multiple stakeholder perspective. The few existing studies in corporate branding (such as Davies and Chun, 2002) only looked at current perceptions between employees and customers, while Anisimova (2010) looked at and mixed customers' current perceptions and management's ideal perceptions. Alignment is probably more complex than it seems at first glance, and more empirical research is needed to test if alignment of current and ideal perceptions between several stakeholders is related to performance outcomes. As a result, the third research question focuses on investigating and distinguishing the alignment of current perceptions and ideal perceptions:

- *What type of perceptions ought to be aligned – current perceptions, ideal perceptions, or both?*

A note about the interrelation of the research questions

It should be noted that all three research questions in this thesis are highly interrelated, and thus difficult to isolate in a discussion. For example, RQ1 deals with the performance outcomes of alignment between several stakeholders (RQ2) and their current or ideal perceptions (RQ3). Therefore, I cannot discuss RQ3 – current and ideal perceptions – without mentioning the stakeholders (RQ2), since I am interested in the alignment of stakeholders' retail brand perceptions based on both current and ideal perceptions. RQ1 is intertwined in all of the research questions, as it relates to the consequences of alignment between stakeholders' current and ideal perceptions and looks at the performance outcomes. Due to such interrelationship it is difficult to isolate and

discuss the main components (that is performance outcomes, stakeholders, current and ideal perceptions) exclusive of each other.

1.6 Delimitations and scope of the thesis

The fragmentation and significant ambiguity of the alignment concept makes it theoretically challenging to assess, evaluate and measure. Thus, two limitations are needed to focus on relevant aspects of alignment.

Alignment of perceptions

There are numerous forms and types of alignment, and some – such as alignment of communication activities and brand elements involving the logotype and use of colours – have been mentioned in this chapter. However, I wish to stress again that this thesis examines the role of alignment related to perceptions, or rather, to the overall impression of the retail brand amongst different stakeholders. I refer to this as perceptual alignment. It does not look at, for example, what the brand communicates in terms of marketing activities, nor does it look at the behaviour of employees in their enactment and delivery of these communicated messages. Thus, it focuses solely on the alignment of stakeholders' perception of the retail brand and its effects on internal, external and economic performance outcomes. However, the suggestions of how the results could be used in retail practice may relate to communication activities and are offered in the section on managerial implications in the concluding Chapter 7.

1.7 Thesis outline

Chapter 1 introduced the thesis by outlining the research interest on perceptual alignment, the retail and corporate branding context, problem discussion, why alignment is of relevance, the purpose, research questions and limitations. Chapter 2 reviews the literature on corporate branding, alignment in retailing and store image and alignment in other contexts in order to establish the current

state of knowledge regarding the concept. Drawing from the ideas of alignment in other research fields acts as a bridge between the corporate branding and brand equity fields. The last part of chapter 2 presents the conceptual framework. Chapter 3 presents the methodological concerns and research approach that guides the empirical investigation. Chapters 4–6 present the three distinct studies that are the major empirical part of this thesis. The three studies are complimentary in the sense that the subsequent study is built on and extends from the previous study. The studies investigate perceptual alignment and each study involves different stakeholders, retail brands, performance outcomes and methodological approaches. Chapter 7 concludes the thesis and highlights the theoretical contributions and managerial implications, and ends with the limitations and suggestions for future research.

Chapter 2 | Theoretical framework

Chapter 2 is divided into five main parts. The first part focuses on retail branding and image. The second part focuses on corporate branding literature and the key components that are relevant to alignment of retail image and to this thesis. The third part discusses the concept of alignment in other research fields in order to identify points of similarity and how alignment in other research fields can benefit this thesis. The fourth part looks at the concept of brand equity, which has a fundamental role in this thesis, in order to link the alignment to performance outcomes. The fifth and last part presents my conceptual framework, which shows how I conceptualise the relationship between the alignment of several stakeholders' corporate brand perceptions and impacts on brand equity.

2. Alignment in retailing and store image

Looking at the retail literature shows that alignment is related to – but not necessarily bound to – a specific product or brand, and could also include the image of the retail store (e.g., Samli and Lincoln, 1989; Osman, 1993). The research on store image has tended to concentrate on customer perceptions, exploring image as the customer perception of the overall store image, relative to specific purchase behaviour contexts or specific store and service attributes (Burt and Carralero-Encinas, 2000). In fact, Martineau argued in 1958 that retail organisations could project a store image, or personality, that is close to the target customer's self-image in order to increase loyalty to the retail store. Store image was defined as "the way in which a store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes" (Martineau, 1958, p. 47). This means that there are different aspects of store image and one of the seminal works on store image is that of Lindquist (1974), who included both tangible and intangible attributes such as perceived quality, price, location, atmosphere and reputation. As mentioned in Chapter 1, several authors (e.g., Ailawadi and Keller, 2004; Burt and Sparks, 2002;

McGoldrick, 2002) have indicated that the store image is closely associated with the retailer as a brand and the overall retail brand image. This line research often emphasise on how to manage the store image, or store personality in order to increase retail patronage, customer satisfaction and store loyalty (e.g. Bloemer and de Ruyter, 1998; Martenson, 2007).

In consumer research, self-congruity is very related and plays an essential part in purchase behaviour and brand loyalty (Malhotra, 1988; Kressman et al., 2006). The idea of self-congruity is that an individual's behaviour is influenced by their perceived similarity (alignment) or dissimilarity (gap) of environmental conditions (such as store image) related to their own self-image. Stores, organisations, products and brands have symbolic meanings and images that are perceived by the individual, and are therefore part of the environment perceived by the individual (Dolich, 1969). To illustrate this, Sirgy (1982) showed that a customer's perceptions of a product are influenced by the matching (alignment) of the product user image with the customer's own self-concept. The stronger the alignment, the more likely is the customer's preference to be favourable. In addition, self-concept is multidimensional in nature, as it involves both actual (current perceptions) and ideal self (Sirgy et al., 2000).

In retailing, several studies have shown that customers do not necessarily perceive a store's image in the same manner as the organisation's intended, self-perceived or desired store image. Likewise, managers often perceive their own retail store image differently from that of their customers (Oppewal and Timmermans, 1997; Birtwistle, et al., 1999; Cheng, Hines and Grime, 2008). This indicates a potential gap between retailers' perceptions of their own store image and customers' perceptions. In fact, previous work has shown that there is often no congruence (that is, there are always gaps) between the retailers' own image of themselves and customers' image of the retail stores (Kotler, 1973; Rosenbloom, 1981).

Nevertheless, the alignment and congruence between retailer and consumer perceptions of image have been conceptually emphasised as important (e.g., Samli et al., 1998; Osman, 1993). To provide an example in an empirical context, Jamal and Adelowore (2008) claimed to be the first to investigate the effects of congruence between a customer's self-concept and employee image on

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outcomes such as customer satisfaction and loyalty in a service context. They concluded their study by arguing that self–employee congruence has a strong impact on customer satisfaction and loyalty. In addition, Dennis et al. (2002) argued that techniques of measuring brand image and building brand value can increase customer satisfaction and the success of shopping centers. Another example, although not empirically supported, considers the retailer's perspective: Osman (1993) proposed a conceptual model which suggested that if retailers meet or exceed customer expectations, they will have a positive experience that can potentially lead to repeat purchase and increased loyalty. Similarly, a low degree of alignment between the perceived image of the customer and the retailer of a store could potentially lead to declining loyalty to that store. Osman's (1993) propositions were designed to support future empirical testing. Based on this idea, Burt and Carralero-Encinas (2000) argued that a number of studies have focused on issues related to managing store image and the gap that may exist between management and consumer perceptions of store image. For instance, Birtwistle et al. (1999) studied store image as perceived by frontline employees and customers; they concluded that in the fashion sector, frontline employees must have a high regard for the store, its product and the environment in which they work in order to transmit the appropriate marketing communications to their customers. In a study by Birtwistle et al. (1999), the fashion companies stated in their annual reports that the employees were an asset to the company. However, the customer feedback from their survey suggested that the retail sales and frontline employees were not regarded as particularly friendly or knowledgeable, and that their service delivery did not live up to expectations. One managerial implication of their study was the need for retail management to ensure that employee perceptions of their store image were more positive than those of customers.

In a similar vein, Cheng, Hines and Grimes (2008) looked at the gap between desired (internal) and perceived (external) identity in a fashion retail context. Instead of considering store image, they looked at the corporate identity of the retail store. They claimed that their work was unique and the first to explore the relationship from a fashion retail perspective. The outcome of their study showed that the alignment of the desired and perceived identity is of critical importance. Cheng et al. (2008) also found that advertising is insufficient and there is a need for a wider recognition of modes of customer communication and interaction in order to close the gap. Every employee within the

organisation – from top management to the frontline employees at store level – should be involved. The retail employees play a significant part in communicating the identity of the retailer brand. The authors ended their paper by stating that their initial research would form a starting point for a quantitative study to test their propositions, and that future research should also investigate the relative importance of each corporate identity construct from both desired and perceived perspectives.

It is important to point out that in retailing, the retail brand is generally discussed from three perspectives, namely the *product* level, *store* level and or the *organisation* level (Burt, 2010). All are closely interlinked since the retail brand is closely linked to the physical store. As a result, several authors (e.g., Ailawadi and Keller, 2004; Burt and Sparks, 2002) have indicated that the *retail brand image* is strongly associated with the store image. In addition, Burt, Johansson and Thelander (2010) made a distinction of retailer image on three levels: corporate, store and product image. Hence, in this thesis, when discussing the overall impression of the retail brand all three levels are involved.

Research on retail brand image is interesting for two main reasons. First, the retail industry is a suitable context for this study as it shares many development changes as in corporate branding (as discussed in chapter 1). These changes involve retailers growing larger, and the retailer as an organisation is increasingly important. The need to have coherent stakeholder perceptions of the retail brand is emphasised, and the role of the employee is crucial in the brand-building process. Second, the retail field has long been interested in the alignment between customers' image and the company's image of the retail store. I wish to pursue and extend this interest from an internal perspective, using arguments of alignment from the corporate branding literature in order to examine perceptual alignment of stakeholders regarding the overall impression of the retail brand and how it affects various brand performance outcomes. Next section will further explore alignment and the corporate branding literature.

2.1 Corporate branding

2.1.1 Definition of corporate branding

Chapter 1 showed that the development in retailing and corporate branding bears great resemblance on primarily two aspects: the importance of aligning several stakeholders' perceptions of the brand and the role of the employees in the brand-building process. Although alignment per se is not explicitly discussed much in the retailing literature in the sense of aligning stakeholders' perceptions of the retail brand, it is often implied by scholars who urge for a coherent retail brand identity, image and experience, and where the retailer as the brand involving the entire organisation is important. This section will focus more on the corporate branding literature than on the retailing literature, and in particular on works that explicitly emphasise alignment as a pre-requirement and condition to more successful corporate brand performance.

The increasing interest in corporate brands has generated a multitude of definitions, descriptions and models. There is no clear consensus, and corporate branding has been used, for instance, as a metaphor, a conceptual framework, a management process, a strategic tool-kit and a communication facilitator (de Chernatony, 2002). Many authors, such as Balmer and Gray (2003), have described the nature, management and underlying characteristics of corporate brands, rather than providing a precise definition of the concept. That said, a psychological, perception-based interpretation has been used by Fiedler and Kirchgeorg (2007, p. 177), where a *corporate brand* was defined as "a distinctive image (or imaginary picture) of a corporation, tightly anchored in the psyche of the stakeholder, that influences the behavior of the stakeholders". Corporate *branding*, then, is the management of the corporate brand. A more detailed definition presented by Van Riel (2001) and revised by Einwiller and Will (2002, p. 101) suggested that *corporate branding* is "… a systematically planned and implemented process of *creating and maintaining favorable images* and consequently a favorable reputation of the company as a whole by sending signals to *all stakeholders* by managing behavior, communication and symbolism". These definitions of *corporate brands* and *corporate branding* illustrate the importance of managing stakeholders' perceptions of the corporate

brand. Following and supporting these definitions, my approach to alignment focuses on the alignment of perceptions held by stakeholders.

Corporate branding extends the traditions of product branding in the sense that it shares the same objectives of creating differentiation and preference (Knox and Bickerton, 2003), but it involves the entire organisation instead of just the management of an individual product or service offering. One of the key differences is that unlike product brands, corporate brands go beyond customers as the primary stakeholder to include several stakeholders (King, 1991), as the definitions above suggest. Corporate branding requires a greater emphasis to be placed within the organisation, since the management of brands is not limited to the tasks of a single brand manager; instead, the tasks include more individuals as stakeholders, and the branding activities involve the entire organisation (Harris and de Chernatony, 2001). This, in turn, increases the variety of touch points and interactions between the corporate brand and its various stakeholders (Ind, 1997).

In that sense, corporate branding is more complex (opposed to product branding) as it requires interaction between – and the management of – several stakeholders. Harris and de Chernatony (2001) pointed out that the marketing of a corporate brand needs to address the matching of external opportunities with core competencies and resources, as well as integrating internal activities to secure consistency in delivery. Consequently, as suggested by Hatch and Schultz (2003), achieving consistency and brand coherence is one of the primary drivers in the multidisciplinary approach to corporate branding. I believe these are underlying reasons for the importance of alignment, and they will be explored more thoroughly in the next section.

Alignment in corporate branding

There is a growing interest in the literature that deals with how corporate brands are managed. One prominent theme in this stream of research emphasises the importance of aligning multiple identities and images across different stakeholder groups, and to have aligned brand perceptions amongst several stakeholders (e.g., Knox and Bickerton, 2003; Hatch and Schultz, 2001, 2003; Balmer, 2012; de Chernatony, 1999; Harris and de Chernatony, 2001). Aligned perceptions are seen as crucial to the success of corporate branding, and individuals' brand perceptions depend on their expectations, past knowledge,

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experiences and information presented by the brand (Eysenck and Keane, 1990). As a result, research on how to manage corporate brands has often looked to ideas of alignment. Reviewing the corporate branding literature, the general agreement and central view is that the internal and external perspectives need to be aligned (Balmer and Greyser, 2002; Balmer, 2008, 2012; Anisimova, 2010), and in most cases the assumption is that the stronger the alignment, the better (Hatch and Schultz, 2001, 2003). In other words, management, employees and customers should perceive the brand in the same way in order to provide a coherent brand, and the stronger this alignment is, the better. Based on the assumption that strong alignment of brand perceptions across several stakeholders is a necessity for strong and successful brands, several normative and conceptual models have been put forward. These conceptual models deal with the management of corporate brands and the role of alignment (e.g., Hatch and Schultz, 2001; Balmer, 2008, 2012). The models in the field of corporate branding and brand management aim to help managers identify and minimise gaps and misalignment. One normative and conceptual model posited by Hatch and Schultz (2001, 2003) links strategic vision, corporate culture and brand image, and regards ensuring alignment between these components as a key management task.

Another normative conceptual model, covered and revised in several articles by Balmer and his co-authors (Balmer and Soenen, 1999; Balmer and Greyser, 2002; Balmer, 2001, 2008, 2012) proposed that corporate branding practices should be multidisciplinary, aligning several internal and external aspects (referred to as corporate brand identities). This framework illustrates several dimensions of a corporate brand identity that should be meaningfully aligned such as: actual, communicated, conceived, covenanted, cultural, ideal and desired corporate brand identities. Of particular interest to this thesis, some of these corporate brand identities as Balmer calls them are related to stakeholders current perceptions and ideal perceptions. For example, *Actual identity* is an internal dimension and refers to what the organisation is; that is, the current values held by employees and management. *Conceived identity* (external current perceptions) is how other external stakeholders perceive the corporate brand, and *ideal identity* is what the corporate brand should be (that is, the optimal strategic position in the market) – both of these are related to customers and external perceptions. *Desired corporate brand identity* is what the management wants the corporate brand to be. Balmer stated that as a general guiding, though

not absolute, rule, there should be a meaningful strategic alignment between the seven dimensions of corporate brand identity (Balmer, 2012, p. 1064), such as a balance between what corporate identity is, how it is communicated, how it is perceived externally, how it should be perceived externally and how management wants it to be perceived.

A third model suggested by de Chernatony (1999) conceptualises the brand-building process as the identification and narrowing of gaps between a brand's identity (that is, internal perceptions of what the brand stands for including management and employees) and its reputation (how it is perceived externally by for example the customer). Furthermore, de Chernatony (1999) suggested that one of the most important tasks of brand management is to minimise the gap between the brand's identity and its reputation. Thus, if practitioners wish to improve brand performance, then understanding the concept of alignment is essential. In this thesis I will use the terms *alignment*, *congruence*, *match* and *level of fit* synonymously. Each of the terms has been used similarly in different research fields, and will be discussed later (see Section 2.2).

Conceptually, these models present a guiding framework that argues for the importance of alignment between internal and external components. Although the components vary and tend to be based at the organisational level, one underlying characteristic is that they all, to a certain degree, relate to stakeholder perceptions. As shown earlier, managing perceptions is essential, as some authors (Einwiller and Will, 2002; Fiedler and Kirchgeorg, 2007) even define the corporate branding process itself as the management of several stakeholders' perceptions. However, in the conceptual models it is not always clear whether the components relate to *current* perceptions or *ideal* perceptions, or both (for example, in the culture component).

2.1.2 Multiple stakeholders and the role of employees

Another important aspect concerning the conceptual models in corporate brand management involves multiple stakeholders. As a reminder, several stakeholders are the focus of the second research question of this thesis, which is examines the importance of alignment between different stakeholder perceptions.

Even though several conceptual models (e.g., de Chernatony, 1999, 2002; Balmer, 2001; Hatch and Schultz, 2003; Harris and de Chernatony, 2001) use vague and broad terms, such as identity, reputation, image, vision and culture, they implicitly emphasise on three key stakeholder groups: management, employees and customers. To illustrate, management is mentioned by Hatch and Schultz (2001) as the vision of the corporate brand; that is, the top management's aspirations. Balmer (2012) discussed management in terms of the desired identity and as related to the corporate brand vision; that is, what senior management wishes the brand to be. To achieve the vision, employee perceptions, values and behaviours must be aligned; this is what Hatch and Schultz (2001) referred to as the culture and what Balmer (2012) called actual identity. The customers are covered in the image aspect of Hatch and Schultz's (2001) model and Balmer (2012) referred it as conceived identity. Both image and conceived identity represent the external impression and perceptions of the brand.

Corporate branding involves a wide range of stakeholders, such as employees across different departments in the organisation, top management, shareholders, suppliers, competitors, distributors, government agencies, business partners and special-interest groups, customers, prospective employees and journalists (Hankinson, 2007; Fiedler and Kirchgeorg, 2007). A stakeholder has been defined as "any group or individual who can affect or is affected by the achievement of an organization's purpose" (Freeman, 1984, p. 25). One theory relevant to corporate brand management is stakeholder theory. This theory, proposed by Freeman (1984), belongs to strategic management and organisational studies. In essence, it identifies various stakeholders of a company and investigates their role, importance and how to manage them. Internal stakeholders typically include employees, manager and owners. Customers often represent external stakeholders. Likewise, in order for corporate branding to be efficient, management does not only need to identify the role of various stakeholders, but the corporate brand's identity needs to be formulated and consistent across all stakeholder groups to create a favourable corporate brand reputation (Harris and de Chernatony, 2001). In fact, Abratt (1989) argues that having internal consistency and alignment is essential for the success of external communication of corporate identity. I wish to examine this statement further, by looking at how perceptual alignment of the retail brand amongst stakeholders affects the success, or rather, the performance of the retail brand.

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In line with Harris and de Chernatony's (2001) arguments, top management needs to identify their own perceptions and their desired and ideal corporate brand identity and then work with employees to align their perceptions in order for this identity to be meaningful. This is supported and reinforced by Balmer (2008, 2012), who claimed that it is important to not only look at how employees perceive the corporate brand (actual identity), or how the corporate brand is perceived by external stakeholders such as the customer (conceived identity); that is, current perceptions. It is also important to consider the ideal corporate brand values as perceived and desired externally by the market (ideal identity). This illustrates not only the involvement of several stakeholders, but also the multidimensionality of managing a corporate brand.

The role of employees

One key point in corporate branding is the role of the employee. Out of all the multiple stakeholders, employees are recognised as the embodiment of the corporate brand, as employees often represent the interface between the internal and external environment of the brand and affects consumers' perception and experience of the brand values (Nguyen and Leblanc, 2002; Balmer and Wilkinson, 1991). More specifically, as has been pointed out by several authors (Schneider and Bowen, 1985; Balmer and Wilkinson, 2001; de Chernatony, 2002), the employee influences the emotional and functional values customers receive and deliver a direct impact on customers' brand perceptions. The brand's meaning and values are communicated through the employees to the consumer, as well as in external brand communications and the tangible and intangible elements of the brand offering (de Chernatony, Cottam and Segal-Horn, 2006).

Several authors (e.g. (Michell, King and Reast, 2001; Yakimova and Beverland, 2005) have pointed out that having a consistent delivery and image of the brand's meaning over a longer period is a condition for the brand's success. In that sense, as the employees represents the corporate brand, employees are at the heart of the corporate branding process (King, 1991; Balmer, 1995, 2001, 2010). Pringle and Thompson (2001) elaborated on this, and argued that sustainable competitive advantage for corporate brands can be gained through a unique organisational culture that reflects the aligned values of employees. Harris and Mossholder (1996) suggested that if employees have values similar to those of the organisation, they are likely to act more favourably towards it. This is particularly important in service and retail brands, and de Chernatony et al.

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(2006, pp. 819–820) argued that "in services brand building attention should be paid to both the values likely to be welcomed by customers and the values held and exhibited by individual employees in their execution of their roles". In addition, having aligned brand perceptions is particularly important for corporate brands and service brands, which are increasingly values-driven (de Chernatony and Segal-Horn, 2003).

Nevertheless, as Kotter and Heskett (1992) pointed out, in order to address the needs of all stakeholders, the culture needs to be appropriate and adaptive. One primary management task revolves around how to make employees committed to delivering the values of the brand (Barrett, 1998). The idea is that the brand must inspire interest among employees to make them recognise and appreciate their own preference of the brand. If employees are connected with the brand values they will deliver them in a natural behaviour with increased commitment and passion, which in turn enhances the brand experience and is likely to improve performance (Ambler and Barrow, 1996; de Chernatony, 2002). In contrast, if the employees do not believe in the brand values, inconsistent behaviour will result (Ind, 2001).

In other words, employees are essential to the brand-building process because their behaviour can either strengthen the communicated values of the brand, or, if inconsistent with the brand values, undermine the credibility of the values. As a result, Harris and de Chernatony (2001) stressed the need to understand how to align employees' behaviour and values with the ideal or desired values of the brand. De Chernatony (1999) proposed a conceptual model of the brand-building process and emphasised on the identification and narrowing of gaps between a brand's identity (internal aspects of what the brand stands for and desired values) and its reputation (how the brand is perceived externally and the distillation of multiple images over time). He argued that one of the most important tasks of brand management is to minimise the gap between the brand's identity and its reputation, and that managers should primarily work with employees to reduce the gaps and eliminate incongruity.

To this end, management should initiate the corporate branding process, but the employees should contribute to the discussion. It is important to recognise the role of employees and include them when defining a brand's values. Managers should also, as Harris and de Chernatony (2001) mentioned, examine the brand

reputation among the different stakeholders to ensure that the brand's identity is well communicated and that the valued outcomes are delivered consistently.

2.1.3 Alignment between stakeholders

Alignment between top management and employees

Having discussed the three central ideas from corporate branding relevant to this thesis that is, (1) brand perceptions, (2) alignment and (3) several stakeholders, the following section will specifically look at the relationship between the three. The importance of the alignment between top management and employees is evident in other concepts related to corporate branding, such as the idea of living the brand (Ind, 2001; Gotsi and Wilson, 2001), which pertains to how management and employees make a brand successful by aligning their perceptions, actions and commitment (Burmann and Zeplin, 2005) with the brand. Employee branding is another similar concept and has been defined by Miles and Mangold (2004, p. 68) as "the process by which employees internalise the desired brand image and are motivated to project the image to customers and other organisational constituents". In addition, concepts such as internal branding (e.g., Punjaisri and Wilson, 2007; Foster, Punjaisri and Cheng, 2010) and internal marketing (e.g., Rafiq and Ahmed, 2000) are closely related as well.

In the review literature, the management of corporate brands is often driven through internal branding and marketing, with a focus on the management of what the brand is, what it stands for and the delivery of those values and perceptions. Three related concepts are often mentioned; internal branding, internal marketing and employee branding. These concepts are similar but distinctions have been made. For instance, internal marketing has traditionally been concerned with internal communications of the brand, which treat the employees as the internal customers and where the main concern is to attain customer satisfaction (Punjaisri and Wilson, 2007; Miles and Mangold, 2004). Rafiq and Ahmed (2000) defined internal marketing as an approach to align, motivate and co-ordinate employees in order to deliver satisfaction through a process of creating customer-oriented employees. Employee branding is very similar, and entails not only employees that are in direct contact with customers, but all other employees as well, including those that have indirect contact with customers and other stakeholders (Miles and Mangold, 2004). Whereas internal

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branding is seen as a more integrative approach across corporate marketing, corporate management and corporate human resource management to make employees accept and internalise the brand values to align their attitudes and behaviour (Tosti and Stotz, 2001; Vallaster and de Chernatony, 2003; Burmann and Zeplin, 2005; Punjaisri and Wilson, 2007). Internal branding is often seen as a way to strengthen corporate brands. The idea is to align the organisation's internal efforts and corporate culture with the brand (Vallaster, 2004; de Chernatony and Segal-Horn, 2001; Urde, Baumgarth and Merrilees, 2011). Internal branding ensures that the employees change brand messages into brand reality for customers and other stakeholders (Punjaisri and Wilson, 2007), and some authors have argued that successful internal branding leads to increased employee commitment (Meyer et al., 2002), identification (Meyer et al., 2002) and loyalty (Papasolomou and Vrontis, 2006) to the brand. These concepts all relate, to a certain extent, to the alignment between the employees and management perceptions.

Alignment between employees and customers

It has commonly been argued in the literature that the alignment of internal and external perceptions of a corporate brand is a predictor to greater corporate brand performance (Hatch and Schultz, 2001; Schultz and de Chernatony, 2002; Brown et al., 2006; Anisimova, 2010; Gosselin and Bauwen, 2006). The relationship between employee perception and customer perception has been argued to be one of the most important links between identity and image (Hatch and Schultz, 1997; Davies and Miles, 1998). Davies and Chun (2002) emphasised the relationship between employee perceptions and customer perceptions. Their study is one of the few empirical articles conducted in a corporate branding context, and will be discussed in greater detail in a later section. One of the most commonly occurring gaps may be when organisations pay too much attention to their external positioning and fail to deliver and commit to the internal capabilities (Leinwold and Mainardi, 2010). This is what Hatch and Schultz (2001, 2003) referred to as the image–culture gap, which is when a brand does not practise what it preaches. These gaps often result in customer confusion about what the brand stands for.

In addition, taking an internal perspective, an employee's behaviour is not only affected by their perception of the brand, but also by what they believe others outside the organisation perceive about the brand (Dutton, Dukerich and

Harquail, 1994). If they perceive the external views to be negative, this is likely to reduce their motivation and commitment. In such a case, the employees are likely to put distance between themselves and their colleagues, and not give support to the brand (de Chernatony, 2002). Gaps, as Harris and de Chernatony (2001) pointed out, could result in inconsistent employee behaviour and have a negative impact on stakeholders' brand perceptions. This type of gap is related to what Hatch and Schultz (2001; 2003) refer to as an image–culture gap, as mentioned above. From a broader perspective, Urde (2003) argued that another cause of inconsistency is incoherent communications, unclear core values and unclear management within an organisation, which undermines the integrity of the brand and leads to organisational disengagement with the brand.

The purpose of having consistent internal perceptions and behaviour (strong internal alignment) is to align customer perceptions towards what the organisation intends the brand to be perceived as. In fact, Jevons, Gabbott and de Chernatony (2005) argued that the task of management is to reduce gaps and maximise the congruency between customer brand knowledge and the brand image desired by the brand owner.

Alignment between top management and customers

One problem that several organisations encounter in the market is a gap between corporate brand values as perceived by the customers, and corporate brand values communicated by the management. Such a gap can be perceived by employees as a lie, and make them less willing to support the brand. This in turn may make customers less likely to trust the brand, which then weakens the brand (Yaniv and Farkas, 2005). Taking an external and classic brand-building perspective, typical management tasks are heavily market- and customer oriented. This perspective focuses on customer needs and wants and their perception of the brand and its product and services. A central idea within traditional product branding, as well as general marketing management, pertains to matching and aligning customers' desired perceptions (needs, wants and demands) with what the organisation or brand can offer, or rather perceives to offer in the mind of customers (Leone et al. 2006). The fundamental idea behind this perspective is that the source of value comes from successfully serving market needs. An external perspective typically dominates the traditional marketing literature in relation to the marketing mix management approach

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using the 4Ps model, and concepts such as segmentation, targeting and brand positioning (Kotler et al., 2004), and the same goes for customer-based brand equity (Keller, 1993, 2001, 2008). From this perspective, branding generally sees brands as products, rather than as organisations. The typical marketing management concern is to manage the brand image and reputation (both terms refer to perceptions of customers and other external stakeholders) through, for instance, external branding, marketing, and advertising of the product, with very little concern for internal perceptions (Kotler, et al., 2004).

One central goal within marketing and branding is to establish a favourable position in the hearts and minds of the customers (e.g., Leone et al. 2006). This relates to peoples' perceptions of the brand and all the information people have on it (Feldwick, 1996; Martenson, 2007). One, perhaps extreme, reason for the emphasis on customers and shareholders is that these are the primary stakeholders that provide financial capital to the firm, and management should therefore prioritise satisfying the needs and wants of these stakeholders (Anderson, 1982; Torres and Tribo, 2011). Furthermore, the success of an organisation's marketing efforts partly depends on, and is often assessed based on, how customers respond to it, which in turn is influenced by their perception of the brand. Thus, it is important to understand who the customers are, what products and services are being offered, and how these products and services are being marketed and branded (Gylling and Lindberg-Repo, 2006). Helm and Jones (2010) argues that products are without value if there is no demand for them. In addition, Keller (2008) argues that having a favourable, strong and unique brand image (that is, positive external perceptions of the brand) acts as a sustainable competitive advantage.

To conclude, the conceptual research on corporate branding strongly advocates alignment. Creating aligned perceptions of a corporate brand in the minds of several stakeholders is, as Einwiller and Will (2002) stated, a fundamental challenge faced by many companies. These stakeholders are primarily employees, top management and customers.

2.1.4 Previous quantitative studies on perceptual alignment in corporate branding

The review of the corporate branding literature showed that the concept of alignment has been applied in various ways, involving many different components. However, one essential component has been narrowed down in this thesis to perceptual alignment; that is, the alignment of retail brand perceptions between several stakeholders, where the main stakeholder groups are employees, top management and customers.

Whilst several conceptual studies discuss alignment, very few researchers have quantified and examined the effects of perceptual alignment between internal and external perceptions in corporate branding. This section will review some of the few existing studies that have attempted to examine perceptual alignment empirically with a quantitative approach within the corporate branding literature. These studies are very relevant to the thesis, and serve as stepping-stones and guidance in the approach to operationalise and examine perceptual alignment. Many other relevant conceptual studies also exist; however, the articles presented below are of particular interest because they attempt to quantitatively assess perceptual alignment.

Alignment between employee and customer perceptions (Davies and Chun, 2002)

Davies and Chun (2002) looked at the relationship between employees' and customers' perceptions of the corporate brand personality and its effects on employee and customer satisfaction. Davies and Chun (2002) claimed to be the first to operationalise and quantify the difference between identity and image, and used a corporate personality scale to assess the gap between internal and external perceptions based on two department stores. According to the authors, this was the only published scale that had been validated for the measurement of both image and identity of a corporate brand. In their study, based in a retail context, the authors simplified *identity* to be represented by employee perceptions and *image* was represented by customer perceptions. The authors used Bernstein's (1984) definition of image as what customers believe or feel about the organisation based on their experiences and observations, rather than what the company believes itself to be. Identity was defined as an answer to the question "who are we?" or "how do we see ourselves?" and was defined as what members perceive, feel and think about their organisation by referring to Hatch

and Schultz (1997). The assumption underlying their research was that the key to managing reputation is to manage identity by aligning employee and customer perceptions of an organisation. Another assumption was that it was considered dangerous for a company to have different images, since the literature suggested that gaps between identities and between different images would result in lower performance.

Davies and Chun (2002) concluded their study by arguing that aligning perceptions between employees and customers does not necessarily correlate with corporate success; that is, organisations with employees that have similar perceptions as customers regarding the corporate personality are not necessarily more successful than other corporate brands whose personality is perceived differently by its employees and customers. Instead, the implication was that managers should try to improve the external image by enhancing the internal identity, and that if there is a gap, it is better to have a superior identity than to have a superior image. This was illustrated using two department stores as examples, one with high financial performance and one with poor financial performance as perceived by senior management. No economic data figures were presented in the analysis. Both department stores had approximately equally high external perceptions. Davies and Chun's (2002) analysis was based on that the department store with high financial performance had employees with higher perceptions of the corporate personality, whereas the department store with poor financial performance had employees with low corporate personality perceptions.

Based on these findings, their study showed that perceptual alignment is relevant within retailing and that an interesting problematisation exists related to stakeholders' perceptions of a department store. However, the authors gave mixed results, showing no empirical support for perceptual alignment. Rather, the results suggested that a perceptual gap could have positive effects given its specific direction, meaning that it was shown to be more beneficial if the internal perceptions of the corporate personality exceeded the external perceptions. That said, one limitation of their study is that the results could be contextual, as they are based on the two specific department stores. If the results were based on more department stores, would they be consistent? In addition, the relationship between perceptual alignment and performance outcomes was only tested with non-statistical analysis.

Vercic and Vercic (2007) replicated the study of Davies and Chun (2002) using the Corporate Personality Scale and obtained conflicting results. Their study differed from that of Davies and Chun (2002) in several ways. First, they looked at four stakeholder groups (employees, journalists, prospective employees and the public professional community – that is, members of two major professional societies in the field), whereas Davies and Chun (2002) only included employees and customers. Second, Vercic and Vercic (2007) looked at the service industry in Slovenia, while Davies and Chun (2002) conducted their study in the UK retail sector. Finally, Vercic and Vercic (2007) selected two top companies with similar economic performance, whereas Davies and Chun (2002) investigated two department stores that were performing differently.

The results from Vercic and Vercic (2007) showed that one company had no significant gaps between the internal and external perceptions, whilst the other had significant perception gaps among the different stakeholder groups. Vercic and Vercic (2007) looked at the gap and alignment between employee and external stakeholders' perceptions of the corporate brand personality, and showed that even though the internal and external perception of the company may be statistically different, the company could still perform well financially and be successful (in terms of growth, profitability and turnover). However, it is important to point out that Vercic and Vercic (2007) did not collect any of these economic performance measures (growth, profitability and turnover) in their study or analysis. Instead, they chose to investigate two top service companies that were already performing well on the market in terms of growth, profitability and turnover. In other words, they did not include any statistical analysis or testing of the effects of alignment or gaps on economic performance. Not only did the authors not use any performance related outcome in their analysis (such as satisfaction, which is a commonly used outcome), they also did not include any perceptions from customers – one of the most important stakeholder groups.

Vercic and Vercic (2007) concluded their study by saying that it is important to recognise that the relationship between internal and external perceptions of an organisation can be aligned and synchronised, but do not necessarily have to be. They explained this by saying that organisations can be perceived differently in

social situations, in the same way that people can be seen as professionals, parents, neighbors, etc. (p. 288). In sum: their study showed, mixed results of perceptual alignment. The authors based their study on two equally "successful service companies," and concluded that both companies differed in terms of perceptual alignment. As a result, in their study, the two companies could be equally successful in performance despite having significantly different stakeholder perceptions regarding the character and coherence of their corporate personalities. However, as in the case with Davies and Chun (2002), this study did not conduct any statistical analysis of the relationship between perceptual alignment and performance outcomes.

Alignment between customer perceptions and management ideals (Anisimova, 2010)

A third quantitative study, by Anisimova (2010), indicated that when a significant gap exists between management and customer perceptions of a corporate brand (car manufacturer), customer satisfaction and loyalty decrease. This alignment relationship is similar to what Hatch and Schultz (2001; 2003; 2008) described as vision-image alignment. In Anisimova's (2010) study, a relationship between perceptual alignment and external outcomes such as customer satisfaction and commitment was supported. Unlike the two studies discussed above (Davies and Chun, 2002; and Vercic and Vercic, 2007) this study used statistical correlations analysis to examine the relationship between perceptual alignment and performance outcomes (customer satisfaction and loyalty). Anisimova (2010) examined the alignment between the ideal and desired corporate brand as specified by senior management (that is, ideal perceptions) and customers' current perceptions. The author used senior management as the only internal stakeholder, and did not include other employees. Neither Davies and Chun (2002) nor Vercic and Vercic (2007) involved ideal perceptions in their respective studies, as they only looked at the alignment of current perceptions.

Anisimova (2010) claimed that her article was the first empirical study to show empirical proof of misalignment and negative performance effects on behavioural outcomes such as satisfaction and loyalty. Whilst the results obtained are important and interesting, her findings are based on a corporate branding context, and not on retailing. Additionally, she does not examine any internal performance or economic performance outcomes.

A fourth quantitative study examined the perceptual alignment between manufacturer and dealer and effects on dealer satisfaction and commitment. More specifically, the study by Anisimova and Mavondo (2014) examined top management ideals (in the automobile industry) and current perceptions of car dealers in their distribution chain with regard to corporate image, corporate personality and dealer experience value.

The study showed that misalignment had a negative performance impact on car dealer satisfaction and commitment. The results are interesting and support the idea of alignment, but once again, the study was not in retailing per se and did not investigate employee performance or economic performance outcomes. The authors suggested for future research to look at the effects of perceptual alignment on relevant performance measures such as profitability.

Some reflections on alignment in the corporate branding literature in relation to a retail context

So far, I have pointed out the conceptual importance of alignment of brand perceptions (perceptual alignment) between stakeholders based on the corporate branding and marketing literature, where there is surprisingly little empirical support for – as well as a lack of quantitative studies examining – whether alignment of brand perceptions actually leads to favorable outcomes related to brand equity. The few existing quantitative studies in corporate branding that have investigated perceptual alignment have shown mixed results (e.g., Davies and Chun, 2002; Vercic and Vercic, 2007; Anisimova, 2010; Anisimova and Mavondo, 2014), and it is still not clear whether or not perceptual alignment has a positive effect on various performance outcomes, especially in terms of financial and economic performance. For example, both Davies and Chun (2002) and Vercic and Vercic (2007) failed to provide any support for the importance of perceptual alignment in relation to performance outcomes, while Anisimova (2010) and Anisimova and Mavondo (2014) showed that misalignment had negative effects on performance outcomes, implying that perceptual alignment is important. One important thing to point out is that Davies and Chun (2002) and Vercic and Vercic (2007) examined the relationship between perceptual alignment and performance outcomes with a non-statistical analysis; that is, their examination of the relationship was not statistically significant. More importantly, all existing empirical and quantitative studies mentioned stress the need for further research on alignment between stakeholder perceptions and its relationship with various performance outcomes.

Due to the sparse existence of quantitative studies in corporate branding and a retailing context, there is limited guidance on how to investigate and operationalise perceptual alignment. The conceptual studies in corporate branding have argued that gaps between differing stakeholder perspectives are a threat to performance, and that alignment is a pre-requisite to strong and successful corporate brands (e.g., Hatch and Schultz, 2001; 2003; 2008; Schultz, 2005; Balmer, 2001; 2012; Harris and de Chernatony, 2001; Roper and Davies, 2010). However, the lack of detailed information on specific performance outcomes makes it difficult to operationalise and systematically examine perceptual alignment.

Table 1 provides a brief overview of alignment in corporate branding based on frequently cited conceptual frameworks and empirical studies related to alignment that are of relevance to understand perceptual alignment in a retail brand image context. The table illustrates six interesting reflections.

First of all, three key stakeholders are consistently recognised: top management, employees and customers. Second, corporate branding, in contrast to general brand management or brand equity, has an overall tendency to focus internally when managing the brand and stakeholders; for instance, two out of the three key stakeholders are internal (that is, top management and employees). Yet, looking at perceptual alignment from the employee perspective is missing in the literature, and ought to be interesting to investigate, since the role of the employee is consistently mentioned as crucial in both corporate branding (King, 1991; Balmer, 2001; 2010) and retailing (Bäckström and Johansson, 2006; Anselmsson and Johansson, 2013). Third, perceptions are often related to alignment, and perceptions of the corporate brand personality tend to dominate the empirical studies, with few having examined the role of perceptual alignment of the overall retail brand image. Fourth, there is no clear consensus to whether alignment involves stakeholders' current or ideal perceptions, or both. There is a lack of systematic investigation of alignment based on current and ideal perceptions. Fifth, satisfaction and commitment are some of the most commonly used performance outcomes. None of the empirical studies have looked at the relationship between perceptual alignment and the effects on economic performance outcomes. Lastly, even though perceptual alignment and several stakeholders are emphasised in corporate branding, surprisingly few have looked at alignment between several stakeholder perceptions.

Table 1. Overview of alignment related to corporate brands

Authors	Stakeholders' perceptions (current/ideal)	Aspects considered in relation to alignment	Performance outcomes	Research approach	Context
Hatch and Schultz (2001, 2003)	Top management (ideal) Employees (current/ideal) Customers (current)	Vision, image and culture	N/A	Conceptual	Corporate brands
de Chernatony (1999)	Top management (current/ideal) Employees (current/ideal) Customers (current)	Employee values and behaviours with the brand's desired values and reputation	N/A	Conceptual	Corporate brands
Harris and de Chernatony (2001)	Top management (current/ideal) Employees (current/ideal) Customers (current)	Brand identity and reputation	N/A	Conceptual	Corporate brands
Balmer (2012)	Top management (current/ideal) Employees (current/ideal) Customers (current/ideal)	Corporate brand identities	N/A	Conceptual	Corporate brands
Urde (2003)	Top management (current) Customers (current)	Values	N/A	Conceptual	Corporate brands
Davies and Chun (2002)	Employees (current) Customers (current)	Corporate personality perceptions	Employee and customer satisfaction	Empirical	Retail
Vercic and Vercic (2007)	Employees (current) Students (current) Journalists	Corporate personality perceptions	N/A	Empirical	Services

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	(current)				
	Professional colleagues (current)				
Anisimova (2010)	Customers (current) Managers (ideal)	Corporate brand personality, corporate associations and consumer benefits	Customer satisfaction and loyalty	Empirical	Automobile industry
Anisimova and Mavondo (2014)	Car dealers (current) Top management (ideal)	Corporate image, corporate personality and dealer-experienced value	Satisfaction and commitment	Empirical	Automobile industry
Nancy et al. (2013)	Frontline employees (current)	Employee-brand alignment (behaviour and personality)	Customer brand evaluations	Empirical	Brand management
Gammoh et al. (2014)	Salespeople (current)	Personality perceptions	Brand identification	Empirical	Brand management

2.2 Alignment in other research fields

There is no overall consensus amongst researchers in the field of corporate branding regarding the precise definitions or descriptive guidelines of what alignment means, or what it leads to, from a detailed and analytical perspective. Hence, discussing how alignment has been treated within other areas could help better define and operationalise perceptual alignment and identify relevant performance outcomes in retail as well as in a corporate branding context. The concept of alignment has been prominent in other literatures as well, and Table 2 provides a brief overview of concepts related to alignment in other research fields. The following parts will consider six research fields (strategy, service management, social psychology, organisation studies and consumer research) and discuss how alignment has been used, some of the main assumptions, how it has been measured and the related performance outcomes.

Table 2. Overview of alignment concepts in other literature fields

Field	Concepts
Strategic management	Concept of fit, strategic fit
Service management	Gap analysis, service quality
Social psychology	Social identity theory, self-concept, cognitive dissonance
Organisation studies	Person–organisation fit, self–organisation congruence, self-work environment congruence, organisational identification, value congruence, identity congruence
Consumer research	Self–brand personality congruence, self-image, self–brand congruence, disconfirmation theory

As a note, after reviewing several literature fields, one observation is that *alignment* as a term is predominantly used within corporate branding literature. Other literature fields also use alignment, but the term *congruence* tends to be more popular in consumer research, social psychology and organisation studies. Another observation is that alignment is discussed both on an organisational level (for instance, in strategic management) and on an individual level (for example, in organisation studies and consumer research). Each of the concepts illustrated in table 2 will be discussed in greater detail in the subsequent sections for each respective research field.

2.2.1 Alignment in the strategy field

Since the field of corporate branding is multidisciplinary, several perspectives of alignment are likely to be inspired from strategic management research and both fields (corporate branding and strategic management) primarily discuss alignment on an organisational level. For example, Anisimova (2010) and Anisimova and Mavondo (2014) are some of the few researchers that have examined perceptual alignment more quantitatively in a corporate branding context, and they referred to several ideas from strategy scholars such as Venkatraman and Prescott (1990).

In the field of strategy, alignment is often referred to as the concept of strategic fit. This concept is generally viewed from three perspectives: (1) internal, (2)

external or (3) internal and external. Ensign (2001) portrayed the different perspectives of the concept "as an internal consistency among key strategic decisions or the alignment between strategic choices and critical contingencies in either environmental (external) or organisational (internal) contexts or both (external and internal)" (p. 287). This description is not specific enough from an analytical level, but illustrates different perspectives of alignments. Chorn (1991) described the concept as follows: "The principle of strategic fit considers the degree of alignment that exists between competitive situation, business strategy, organisational culture and leadership style. In this sense, alignment refers to the 'appropriateness' of the various elements to one another" (p. 20). He further argued that achieving strategic fit is the primary task of management, and that the role of management is to manage the interdependencies that exist between situation, strategy, culture and leadership style. He suggested that a strategic fit and alignment between these four elements optimises organisational performance and that the creation of misalignment, whether by design or accident, is generally associated with reduced performance of the organisation.

Compared with corporate brand management, there are similarities regarding the components that need to be aligned in strategic management with components such as strategy, culture, leadership style and situation. Both fields stress that alignment between broader concepts on an organisational level is good and that gaps should be reduced. Secondly, regarding the components, similarities can be seen in the corporate branding literature in for instance the vision, culture and image framework proposed by Hatch and Schultz (2001, 2003). To illustrate, the situation in strategy research can be related to the image aspect and the image of the environment in corporate branding. The culture element is similar for both fields. The management perspective can arguably be encapsulated in the vision in the corporate branding framework, whilst strategic management research divides management perspective into strategy and leadership style.

Just as in corporate branding, alignment in strategic management is often used as a normative concept. The concept emphasises the importance of aligning complex organisational components for efficient implementation of a strategy (Stonich, 1982). Several researchers have drawn attention to different ways of understanding and studying alignment (Venkatraman and Camillus, 1984; Venkatraman, 1990; Powell, 1992). Some internal components that require

alignment include structure, size, technology (Venkatraman, 1989), management systems (King, 1978), organisational culture (Schwarts and Davis, 1981), values and aspirations (Venkatraman and Camillus, 1984), and reward systems (Kerr and Snow, 1982, in Venkatraman and Camillus, 1984). Regarding the external environment, Bourgeois (1985) proposed three definitions: (1) objects or entities, (2) attributes and (3) perceptions. The first, objects or entities, includes customers, suppliers, competitors, regulatory groups, etc. The second, attributes of the environment, refers to complexity, heterogeneity, volatility dynamics, and degree of change. The third, perceptions, is a subjective measurement of the external environment (Ensign, 2001).

There is no clear consensus regarding the components of the alignment concept. For instance, as Ensign (2001) expressed, when referring to alignment or fit, the word is sometimes used as a noun, as a condition or state of being. At other times the word is used as a verb, as a process or means of reaching a certain condition. As a result, the concept of alignment in strategy research can focus on (1) the formulation; that is, what should be done and the content of strategy, (2) the implementation, the process of developing strategy (Venkatraman and Camillus, 1984) or (3) both as a noun and a verb – a state of being and a set of actions (Labovitz and Rosansky, 1997).

Consequently, one reason for the various components (internal and/or external) that need to be aligned is due to the specific author's perspective and focus regarding alignment (that is, whether it regards the formulation and/or implementation).

As for the measurement of alignment, Venkatraman and Camillus (1984) analysed different approaches and classified the different perspectives generally used in research. The authors' conceptual summary shows alignment as a content or process on one axis and according to the orientation (external, internal or both) on the other axis. The various perspectives do not contain the same components; some focus on strategy and the external environment, whereas others emphasise internal dimensions, and others look at both (internal and external). The summary of Venkatraman and Camillus (1984) showed that alignment had different conceptualisations, numbers of components, and analytical views regarding the testing and measurement. In a later study, Venkatraman (1989) criticised the lack of theoretical and empirical correspondence in research related to the specific type of alignment concept. He argued that each perspective and concept of alignment had distinct theoretical

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meanings and required the application of specific analytical tools. This means that depending on the approach to alignment – that is, whether alignment is needed between actions, business processes, or, as in this thesis, perceptions – specific analytical tools are required and more suitable than others.

Regardless of the alignment approach, there are numerous claims of alignment being necessary for a strategy to be successful (e.g., Fry and Smith, 1987; Chorn, 1991). For example, Collins and Porras (1994) stated that companies that are able to sustain success over the long term are those that "aligned their business processes and capabilities to the dynamically changing marketplace" (p. 1259). Scherpereel (2006) argued for the need to align strategy, execution, culture and organisation for the sustainability of aligned organisations. The various approaches to alignment in the strategy field generally view it from an organisational level perspective – meaning that there are many broad components, both internal and external, that need to be aligned. For example, as in illustrated above, regarding strategic fit; some of the components that needs to be aligned are business strategy, organisational culture, leadership style and competitive situations (Chorn, 1991).

To summarise, it is argued that alignment is good and potential gaps needs to be managed. Despite all the various components, in my view and interpretation, fundamentally aspects of perceptions related to the business and company appear to be embedded at some level in the various components. To illustrate, I would argue that components such as strategy and leadership style are related to vision and management perceptions, whereas culture is related to employee perceptions and lastly market situation is based on and related to customer perceptions and needs. These perceptions are a mix of both current and ideal perceptions.

2.2.2 Alignment in service management literature

The service literature is highly relevant to this thesis, partly because retailing is part of the service sector, and partly because there are similar ideas of alignment (in particular between top management, employees and customers) that were developed before the field of corporate branding became established. In an elaboration, some of the most cited and dominating scholars, such as Grönroos

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(1984) and Parasuraman, Zeithaml and Berry (1985, 1988) have discussed gaps in relation to service quality, relationship marketing and internal marketing.

Grönroos (1978, 1984, 2007) argued that it is not only marketing and sales employees that represent the firm, but rather all people involved (such as those facilitating deliveries, customer training, claims handling, repair and maintenance, etc.) that have an impact on the total quality perception, value creation and satisfaction of customers. Due to the interactive nature between employees and customers, the service management literature (in which retailing is one among several sectors) was the pioneering field (Grönroos, 1978, 1984) for the internal and external balance for marketing. This is what Grönroos (1996) called interactive marketing. His conceptual Service Marketing Triangle model, which is very similar to Hatch and Schultz's (2001, 2003) conceptual model, illustrates the interactive nature of service production between the organisation, employees and customers (Grönroos, 2007) – the three most frequently mentioned key stakeholders. The model shows that the organisation gives a promise to customers (external marketing), which must be kept by the employees (interactive marketing and customer care) through continuous development (internal marketing) by the organisation (Grönroos, 1996, 2007). In other words, the brand values that are being communicated externally have to be aligned with the internal values of the organisation and its employees (Grönroos, 2007). If gaps exist, or when the promise is broken in the interaction between employees and customers, then different brand images are likely to arise that deviate from the desired and ideal brand identity defined by the organisation.

Heskett et al.'s (1994; 2008) Service-Profit Chain model is another example from the service management literature that emphasises internal alignment as a prerequisite to external performance. The Service-Profit Chain model proposes a relationship between profitability and customer loyalty, through employee satisfaction and loyalty. The general idea, as has been shown in applied psychology (e.g., Setton, Bennett and Laiden, 1996) and organisational behaviour (e.g., Aryee, Budhwar and Chen, 2002), is that if an organisation has a strong internal alignment and treats its employees well, then the employees will believe in the internal values of the organisation and be willing to extend such treatment to customers by working with a positive attitude and the desired

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behaviours, which may lead to higher customer satisfaction and loyalty, and subsequently improve the company's financial performance and growth.

Norman (2002) depicted a third example of internal and external alignment, including components related to vision, culture and image, in his "normative philosophy". This philosophy illustrates the balance and alignment between the (1) service concept (internal vision), (2) market segment (external), (3) image (external) and (4) delivery system held together (internal) by (5) the internal culture (internal shared values).

Perhaps one of the most frequently cited marketing articles to date is that on the conceptual gap model, by Parasuraman, Zeithaml and Berry (1985). Rather than looking at alignment per se, Parasuraman et al.'s (1985) study was one of the first to propose a gap model. The model focuses on customer expectations (ideal perceptions) and their perceived service (current perceptions). The authors looked at several gaps in the relationship between the organisation and customer, including customers' expected service level and management perceptions of customer expectations. Again, management, customers and frontline employees were considered stakeholders. The model used 10 dimensions (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and tangibles) of perceptions that need to be aligned. The basic premise was that the evaluation of the perceived difference between customers' prior expectations (ideal perceptions) and the current performance (current perceptions) of the service affected the service quality. Although these dimensions can be perceived as hygiene dimensions or values, rather than values that could be the basis for differentiation (unlike branding and retail image literature), they represent a concrete input to the understanding of values that can be aligned.

To conclude, several conceptual models from the service management literature provide a basis for this thesis. First of all, there is a need to balance internal and external components, although the components that need to be aligned are broad and not very specific. However, several of the models indicate that internal alignment leads to external outcomes. In addition, the fundamental element of all of the abovementioned conceptual models is that all of them involve, at some level, the alignment of perceptions – both current perceptions

and ideal and desired perceptions. Second, once again, management, employees and customers are recognised as key stakeholders.

2.2.3 Alignment in social psychology

Unlike the strategy and service management field, where alignment is often discussed on a broader organisational level, alignment based on an individual level is influenced by social psychology. In cognitive studies and the field of social psychology, the idea of alignment is primarily based on the notion of self-concept related to social identity theory. Self-concept can be described as the "totality of the individual's thoughts and feelings having reference to himself as an object" (Rosenberg, 1979, p. 7), or, simply put, an individual's collection of perceptions and beliefs about themselves. Often, self-concept is conceptualised and derived from a multidimensional perspective (Rosenberg, 1979) and includes several dimensions, such as *actual self* and *ideal self*. The former refers to the individual's current perceptions themselves (Bellenger, Steinberg and Stanton, 1976; Birdwell, 1968; Grubb and Stern, 1971). The *actual self-concept* has also been referred to as actual self, self-image, real self, basic self, extant self or simply self (Sirgy, 1985). The latter, *ideal self*, relates to how the individual would like to perceive themselves (Sirgy, 1982, 1985; Belch, 1978), and has been referred to as the idealised image and desired self. Besides these two dimensions, others have looked at social self-concept and ideal social self-concept. The social self-concept can be described as the image that one believes others hold, whereas the ideal social self-concept is the image that one would like others to hold (Sirgy, 1982). On a related note, Festinger's (1957) theory of cognitive dissonance has been highly influential in fields of social psychology, personality, motivation theories and consumer behaviour, to mention a few. Cognitive dissonance occurs when an individual holds two cognitions that are inconsistent with one another. When that individual experiences a dissonance (gap), they will experience pressure to remove and minimise this gap; for example, by altering one of the two "dissonant" cognitions.

There is a similar general agreement that the self-concept is guided by motives such as the need for self-consistency and self-esteem (Epstein, 1980; Malhotra, 1988; Sirgy, 1982). The self-esteem motive involves an individual's tendency to

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seek experiences that enhance their self-concept, while the self-consistency motive reflects an individual's tendency to behave consistently with their view of themselves (Sirgy, 1982). In other words, individuals are motivated to behave in ways that are consistent with how they perceive (actual self) or wish to perceive (ideal self) themselves in terms of their own identities, personalities, values, lifestyles, preferences and habits. Once their self-concept is established, they are motivated and likely to protect these aspects. In turn, behaviours that would allow individuals to minimise the gap between their current and ideal self would boost their self-esteem (Rosenberg, 1979). Most often these two motives are harmonious, but under some circumstances there is conflict (Jones (1973), and in the consumer research the relevance of self-concept involves how it affects consumer choice decisions and behaviours (Dolich, 1969).

Alignment within social psychology is often discussed between whether there is a good fit or relationship between an individual's needs, preferences and the actual situation (Spokane, Meir and Catalano, 2000). In cognitive studies and social psychology, self-congruence refers to the measurement and analysis of self-concepts, rather than the alignment between stakeholder perceptions. As mentioned earlier, self-concepts as such typically involve the alignment of two perceptions; the actual self and the ideal self (Dolich, 1969; Spokane; 1985; Spokane et al., 2000).

2.2.4 Alignment in organisation studies

As has been illustrated, the ideas and concepts of alignment have been approached from many different perspectives in the various fields. As a result, there is a myriad of different related terminology; for example, as Tinsley (2000) pointed out, the term 'congruence' is often used interchangeably with 'alignment' or 'fit'. In organisation studies, 'alignment' – or rather, 'congruence' – has been the focus of much research. This research field is particularly interesting because (1) alignment between stakeholders is recognised (most often in terms of employees and managers in HR studies), and (2) in contrast to corporate branding, the ideal perceptions are emphasised along with current perceptions.

Self-congruence

Self-concept in organisation studies focuses on the alignment between employees and components such as workplace environment, job role, work tasks, social work groups, HR, management and the organisation. Thus, self-congruence is diverse, and has been applied to understand the relationship that an individual develops with an object, condition or brand by examining the degree of alignment between an individual's current perceptions and their perceptions of an object (He and Mukherjee, 2007). Another related concept is that of identification, which is also grounded in social identity theory (Tajfel, 1978). Identification has been defined as "the perception of oneness with or belongings to the organisation" (Ashforth and Mael, 1989, p. 21). In this thesis, higher congruence and alignment are seen to indicate stronger identification.

Person–environment congruence

The self-concept has received much attention in the fields of organisational behavior and management psychology, and is often referred to as person–environment congruence or person–organisation fit (Kristof, 1996). Person–organisation fit is the relationship between individuals, their environments and organisation (Kristof, 1996; Tinsley, 2000). Simply put, the idea is that if individuals are successfully matched to their most appropriate environment (such as occupation or organisation), then according to Muchinsky and Monahan (1987) they are likely happier and more productive. Mount and Muchinsky (1978) suggested that the environment involves characteristics such as the situation or the atmosphere created by the people in the given environment. Holland (1997) elaborated, with regard to person–environment congruence, that individuals find environments reinforcing and satisfying when environmental patterns match their own personality patterns. Such a match leads to stability of behaviour, because individuals receive positive stimulation and encouragement for their behaviour. Similarly, if there is a discrepancy or gap between the individual personality patterns and the environment, the individual is likely to be more dissatisfied, uncomfortable and to adopt destructive behaviour. Furthermore, individuals deal with gaps and incongruence by (1) seeking new and more congruent environments, (2) changing the present environment or (3) changing their behaviour and perceptions. An environment resolves gaps by excluding the incongruent individuals, obtaining new, more congruent individuals or changing the demands on the individuals. Empirical studies have shown support for person–

environment congruence. Pervin (1968) suggested that good alignment between people and environments results in high performance, high satisfaction and decreased stress. Mount and Muchinsky (1987) showed support for the congruence–satisfaction relationship. The aim of having a strong degree of alignment between people and environments appears to be both intuitively logical and credible.

Holland (1997) simplified the person–environment model for ease of use by practitioners. However, Tinsley (2000) argued that this simplification led to the application of conceptually different components of the model, lessening the theoretical richness and the predictive power of the person–environment fit model. In other words, the lack of defining characteristics and the loose definition of person–environment alignment led to the concept being applied in a wide range of forms. For example, research based on Holland's (1997) theory has used different measurements of the individual's desires. These measures range from psychological needs (values) to individual characteristics, personality types, leisure interests, personal desires, preferences and competencies (Tokar, Fischer and Subich, 1998; Lofquist, 1984; Tinsley, 2000). Alignment has been approached from different work aspects, such as occupational congruence, when the individual's work interest is in line with the actual job (Meir and Green-Eppel, 1999). Environmental congruence focuses on the individual having the same personality as the majority of the environment (Gati, 1998), while skill utilisation congruence involves an individual's beliefs regarding their own skills and the required skills and activities of the job (Gati, Fassa and Mayer, 1998). As a consequence, in order to encompass these various forms of alignment, Tinsley (2000) used a broader perspective and defined congruence as the relationship between desires and supplies.

Value congruence

One form of alignment that has received a considerable amount of research is the alignment between the values of employees and organisations, which is known as value congruence. Several authors (Chatman, 1989; Kristof, 1996) have suggested that value congruence takes place when the employees' values are aligned with those of their organisation. When value congruence occurs, employees are satisfied with their jobs and identify with their organisation. This leads to minimised employee turnover and promotes employees engaging in extra-role behaviors because of positive employee attitudes and employee

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performance (Kristof, 1996; Kristof-Brown et al., 2005; Meglino and Ravlin, 1998). Organisational members with shared values have similar motives, set similar goals and respond to events in similar ways because they use their own motives and goals to anticipate the actions of the organisation and its members (O'Reilly, Chatman and Caldwell, 1991; Meglino, Ravlin and Adkins, 1991). Value congruence has two levels of fit: subjective and objective. Subjective fit involves alignment between an employee's own values and their perceptions of the organisation's values (Kristof-Brown et al., 2005), while objective fit compares an employee's values with organisational values as seen by other individuals, such as managers or colleagues (Kristof-Brown et al., 2005). Cable and Edwards (2004) argued that value congruence has a strong impact on employee attitudes and behaviours because people are more attracted to – and trusting towards – individuals with strong similarities to themselves. In line with the idea of self-concept, value congruence is based on the similarity–attraction theory in social psychology, which indicates that individuals are drawn to creating and maintaining relationships with those who are similar to them (Byrne, 1997; Gaunt, 2006).

Moreover, studies on organisational identification have suggested that person–organisation fit and value congruence between individuals and an organisation have a central role in the identification process (Dutton et al., 1994; Ashforth and Mael, 1989). Dutton et al. (1994) explained this by arguing that individuals have a strong organisational identification when their self-concept is aligned with the same characteristics they believe define the organisation as a social group.

Human Resource Management
In literature related to Human Resource Management (HRM), alignment has often been discussed in association with how HR practices can influence person–organisation or person–environment fit (Bretz and Judge, 1994) and person–job fit, during, for instance, the selection process (Cable and Judge, 1997, Kristof-Brown, 2000). Person–job fit involves the alignment between a person's knowledge, skills and abilities and the job requirements (Carless, 2005), whilst person–organisation fit generally refers to the alignment between the person and the values or goals of the organisation as a whole (Boon et al., 2011). In these HRM, person–organisation and person–job fit studies, the more commonly examined employee outcomes are organisation commitment,

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organisational citisenship behaviour, intention to leave and job satisfaction (Kristof, 1996; Kristof-Brown et al., 2005; Boselie, Dietz and Boon, 2005). More specifically, Kristof-Brown et al., (2005) showed that person–organisation fit was strongly connected with organisational commitment and turnover, whilst high person–job fit was more related to strong job satisfaction.

Having examined alignment in organisation studies, I conclude that in contrast to corporate branding, alignment is often considered on an individual level, usually based on the employee. As in consumer research, the self-concept plays a significant role and forms an important distinction between *current* and *ideal perceptions*. Most empirical studies have focused on the employee perspective in relation to the organisation (Kristof, 1996), brand (Hurrell and Scholarios, 2014), work environment (Edwards, 1991; Tinsley, 2000; Kristof-Brown et al., 2005) or job tasks (Meir and Green-Eppel, 1999), rather than comparing stakeholder perceptions as done by Davies and Chun (2002) and Anisimova and Mavondo (2014). In terms of outcomes related to alignment, internal performance measures such as employee satisfaction, commitment and employee turnover are commonly used. In this field, there is also a lack of a more comprehensive framework that includes several stakeholders and the effects of alignment on internal, external and economic performances.

2.2.5 Alignment in consumer research

Alignment in consumer research has not necessarily focused on several stakeholders, but has rather emphasised alignment between an individual's ideal and current perceptions. For example, the alignment between these two aspects is the basis on which customers evaluate and choose a brand. This section illustrates the importance of external ideal perceptions – an aspect that has often been overlooked in empirical studies of alignment in corporate branding outside the management perspective (e.g., Davies and Chun, 2002; Vercic and Vercic, 2007; Anisimova, 2010; Anisimova and Mavondo, 2014). Since customers are recognised as one of the three key stakeholder groups, it is important to discuss their perspective in terms of alignment.

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The self-concept in consumer research has been formulated to describe, explain and predict the role of consumers' self-concepts and their consumer behaviours. This line of research has typically considered brand personality (e.g., Aaker, 1997) to explain the fact that consumers often evaluate and purchase products and brands with a 'personality' or symbolic attributes and values that reflect, attract and express the consumers' own self-concept (both their ideal self and current self) (e.g., Sirgy, 1985; Aaker, 1996). Individuals will act and behave consistently to protect or enhance their self-concept. Based on this premise, self-congruence in consumer research suggests that consumers psychologically compare brand meanings with their own self-concepts, resulting in a perception of congruence (Malhotra, 1988; Sirgy, 1982) for their own affirmation. There are several interchangeable terminologies in the consumer research literature, such as self-image congruence, self-congruence, self-congruity and image congruence (Wheeler et al., 2006). In terms of satisfaction, disconfirmation theory (Oliver and Desarbo, 1988; Tse and Wilton, 1988) is well researched in consumer studies, and is a cognitive theory that compares the difference between expectations and perceived performance, similar to ideas of ideal and actual in self-concepts.

As previously mentioned, the self-concept as such is broad and has been applied and addressed from several points of view in various research fields. Consumers choose their brands and products based not only on functional aspects, but also on perceived symbolic meanings (e.g., Sirgy, 1982) that are congruent with or enhance their self-concepts. The perceived symbolic meanings are often portrayed as the personality, values or image of a product, brand or organisation. More specifically, self-congruence has been shown to influence an individual's attitude towards the product brand (Barone, Shimp and Sprott, 1999; Hong and Zinkhan, 1995), purchase intentions (Kuenzel and Halliday, 2008; Hong and Zinkhan, 1995), brand loyalty (Sirgy et al., 2008; Kressman et al., 2006), prestige (Kuenzel and Halliday, 2008), satisfaction (He and Mukherjee, 2007), word-of-mouth promotion (Kuenzel and Halliday, 2008) and perceptions of product experience (Hosany and Martin, 2012).

Self-image congruence studies in consumer research are interested in the alignment between consumers' self-concept (the individual's actual self and ideal self) and the perceived image of a product, brand, store or organisation (Sirgy, 1982; 1985; Sirgy et al., 2008; Kressman et al., 2006). The works of Sirgy

(1982; 1985) and others have often used a variety of statistical measures (such as Euclidean distance, absolute difference and difference squared indices) to operationalise and measure this form of alignment.

The consumer research literature has primarily looked at alignment on an individual level, based primarily on consumers, and contributes to my thesis in several ways. First of all, alignment in this field emphasises and makes a distinction between an individual's (mainly the customer) current perceptions and ideal perceptions of themselves in relation to the product, brand and/or the organisation. Second, researchers in consumer research have consistently used differences scores as an approach to operationalise alignment. Third, since most of the research has focused on the customer, the empirical studies have primarily looked at the external outcomes of alignment. Whilst I am not interested in the alignment relationship between the customer and the brand per se, my research focuses on the relationship between several stakeholders' perceptions of the retail brand image and the extent to which perceptual alignment has an effect on external performance outcomes, as well as on internal and economic performance outcomes.

2.2.6 Reflections on the concepts of alignment in other research fields

Tracing the alignment concepts through the various research fields reveals a myriad of related words and synonyms. Alignment, congruence, fit, co-alignment, match, symmetry, coherence, harmony and consistency are just some of the terms used interchangeably. Since the word alignment implies that there can be a lack of alignment, several studies also use numerous antonyms such as misalignment, gap, mismatch, asymmetry, deviation, inconsistency, dissonance and lack of congruence. There are noteworthy similarities as well as unique aspects of each research field, which have contributed to the research interest in this thesis.

It is important to point out that the literature acknowledges different forms of alignment – on an organisational level and on an individual level –, and each form requires distinct analytical tools. Corporate branding and strategic management tend to view alignment on an organisational level with a focus on

the managerial view. Service management is broader and can be either organisational or individual. Meanwhile, organisation studies, social psychology and consumer research tend to view alignment on an individual level based on individual stakeholders, where the employee or the customer perspective is often the focus of discussion and analysis. These fields also make a distinction in the alignment between current perceptions and ideal perceptions. However, these fields tend to emphasise the alignment between an individual's current and ideal perceptions (such as self-concept) in relation to a product, brand, organisation, job or environment (for instance, self-image congruence, person–environment congruence, person–job fit studies). Very little research has looked at the alignment between the individual and several stakeholders' current and ideal perceptions of the brand and how this perceptual alignment affects performance outcomes.

As within corporate branding, much of the literature on alignment is conceptual; however, there is empirical support in consumer research, retail literature and organisational management psychology studies, although few studies have looked at alignment and effects on internal, external and economic performance outcomes. In addition, some authors have focused on only internal alignment (such as organisation studies) or external alignment (consumer research), whereas others have considered both internal and external alignment (strategic management, service management). The general idea and assumption throughout the different literature fields is still that strong alignment leads to efficiency, while gaps have a negative impact on performance. The components of what needs to be aligned vary amongst the authors and the field of literature, but regardless of the field, perceptions (of the brand, product, organisation) are a recurring and underlying theme of what needs to be aligned – which is often mentioned in the form of shared values, culture, aspirations, goals, personality, associations, image, and so forth.

The underlying theme of perceptions ties in with the primary research interest of this thesis, which is to understand the relationship between several stakeholders' retail brand perceptions and how it affects the performance outcomes. The review of alignment in other research fields shows that three key stakeholders groups are emphasised: top management, employees (often frontline) and customers. Organisation studies – especially HR-related research – also list stakeholders such as co-workers and team leaders in addition to management and employees. Organisation studies and consumer research highlight the

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potential benefits of aligning ideal and current perceptions and the role of matching stakeholder perceptions with the organisation or brand. In order to obtain a balanced view of alignment between customers and employees, the alignment of ideal perceptions should also be recognised and systematically examined; however, this has not received much attention within the empirical corporate branding studies to date.

As I have illustrated, alignment is approached in numerous ways – both at an organisational and at an individual level. However, the importance of aligning perceptions of the brand (as an organisation) is more or less implied, regardless of the context. In order to limit the involved components of different possible forms of alignment, I will focus on the alignment of current perceptions and ideal perceptions of key stakeholders such as top management, employees and customers. Furthermore, since corporate branding has an organizational level perspective and I want to connect the performance outcomes to brand equity (which is based on the individual level), I draw on the empirical approaches from organisation studies and consumer research that focus on alignment on an individual level and that deals with stakeholder perceptions.

2.3 Brand equity as a performance outcome of perceptual alignment

The conceptual research in corporate branding indicates that gaps between differing stakeholder perspectives are a threat to performance, and that alignment is a pre-requisite to strong and successful corporate brands (e.g., Hatch and Schultz, 2001; 2003; 2008; Schultz, 2005; Balmer, 2001; 2012; Harris and de Chernatony, 2001; Roper and Davies, 2010). In order to assess 'successful' brands, I propose to use the concept of brand equity to understand and assess brand-related performance outcomes for several reasons. Firstly, the brand equity concept is often used to define how the value of a brand is created, and incorporates how to understand and assess the value of the brand (e.g.,

Ambler, 2003; Davis, 2000). Secondly, brand equity is often conceptualised and measured on an individual level, which contrasts with the conceptual frameworks of alignment in corporate branding, since these models are based on an organisational level. That said, alignment in organisation studies and consumer research could work as a bridge to understand perceptual alignment based on individuals and the effects on individual stakeholders.

The few existing empirical alignment studies in corporate branding mainly look at outcomes such as satisfaction and commitment or loyalty (e.g., Davies and Chun, 2002; Anisimova, 2010; Anisimova and Mavondo, 2014), which are outcomes in the early stages of the brand-equity-building process (later stages involve market and financial performance). To find an appropriate understanding of what constitutes strong and successful brands, this section will look at the brand equity concept that is generally used to understand and evaluate the strength of a brand. The brand equity concept aims to understand how various marketing and branding activities add up to some kind of value of the brand (Kotler and Keller, 2012). Much of the brand equity research focuses on how to manage brands and maximise their value to the organisation. I intend to apply the concept of brand equity to see whether perceptual alignment between several stakeholders can predict brand performance.

Brands are recognised and valued as one of the most important assets for organisations (Keller and Lehmann, 2003; Jones, 2005). Monitoring brand metrics that assess the market performance of the brand is crucial. As Keller and Lehmann (2003, p. 27) argued, "profitable brand management requires successfully designing and implementing a brand equity measurement system … Crucial to developing such a system is an understanding of how brand value gets created." However, there are many brand equity models, and equally as many definitions in the literature. Some have stated that brand equity is the value added to a product by its brand name (e.g., Farquhar, Han and Ijiri, 1991; Park and Srinivasan, 1994). Kotler and Keller (2012, p. 265) defined brand equity as "the added value endowed on products and services. It may be reflected in the way consumers think, feel, and act with respect to the brand as well as in the prices, market share and profitability the brand commands." Since consumers play a central role in brand success, one of the most common approaches to brand equity is to use it as a measure of how the brand impacts consumers. Many of these measures are designed to capture consumers' overall perceptions and behaviour towards various aspects of the brand. Keller (1993) defined

customer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. In other words, it is the value of the brand from the customers' perspective and how it is related to the organisation's financial outcomes in the long run. In that sense, brand equity is typically closely related to the customer, and there is considerable variation in the operationalisation of brand equity amongst researchers. To illustrate, previous studies have recognised positive brand-related outcomes on consumers' product preferences and purchase intentions (e.g., Cobb-Walgren, Ruble and Donthu, 1995), perceived product quality (Dodds, Monroe and Grewal, 1991), price sensitivity (Erdem, Swait and Louviere, 2002), market share (Agarwal and Rao, 1996) and shareholder value (Kerin and Sethuraman, 1998). Researchers that advocate consumer-based brand-performance measures (e.g., Aaker, 1992, 1996; Keller, 1993, 2001, 2008; Keller and Lehmann, 2003) tend to use categories such as awareness, associations (image and beliefs), attitudes, attachment (loyalty) and activity (such as word-of-mouth promotion, purchase behaviour and consumption). Other popular and commercial brand-tracking models, such as Young and Rubicam's Brand Asset Valuator (BAV) and Millward Brown's BrandZ use measures such as relevance, differentiation, esteem, knowledge, performance, advantage and bonding. Both approaches place great emphasis on the individuals' perceptions.

Some researchers have tried to put all of these outcomes together in a conceptual framework. Aaker (1992) proposed that, first, brand equity creates value for both the customer and the organisation. Second, value for the customer improves value for the organisation. Keller and Lehmann's (2003) brand value chain illustrates the basic dimensions of brand equity; it shows how an organisation or brand-owning firm can take various actions to influence the brand-value development. This model is frequently cited within brand equity, and is presented in Kotler and Keller's (2009; 2012) textbook "Marketing management".

The logic of the brand value chain model (figure 1) illustrates how actions and activities conducted by the organisation have sequential effects on customers' associations, attitudes and behaviour (customer mindset), which will lead to increased profitability or price premium (market performance) and which will lastly affect potential stock price (shareholder value).

Figure 1. Keller and Lehmann's (2003) Brand value chain

Value Stages

| Marketing Program Investment | → | Customer Mindset | → | Market Performance | → | Shareholder Value |

Multipliers

Program Quality   Marketplace Conditions   Investor Sentiment
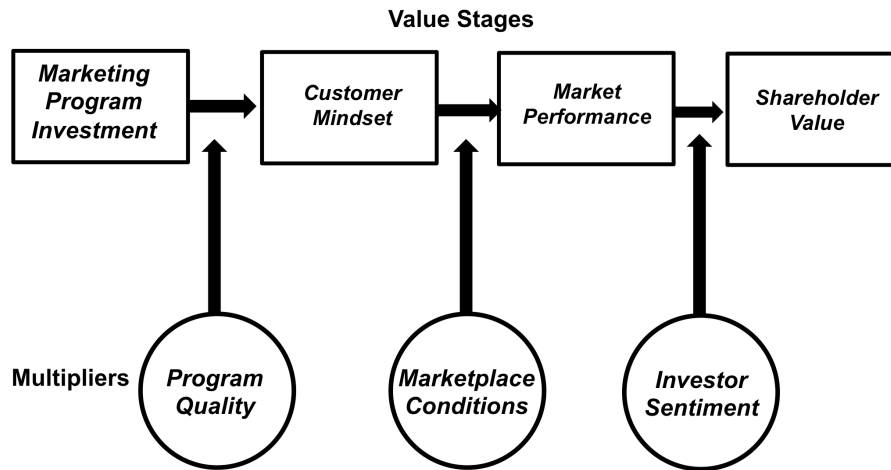
As figure 1 illustrates, the first stage (Marketing Program Investment) in the brand value chain influences the brand with actions such as pricing, product design and development, place decision, marketing communications (for example, advertising, promotion, sponsorship, direct and interactive marketing) and employee selection, training and support. This basically means any action, intentional or unintentional, that affects brand value. The success and impact of these actions can be multiplied depending on the quality (Program Quality) of these actions; that is, depending on the clarity, relevance, distinctiveness and consistency of the actions.

These actions affect the customer mindset, which is everything that exists in the minds of customers related to the brand (such as perceptions, beliefs and attitudes). Keller and Lehmann (2003) pointed out five key dimensions (awareness, associations, attitudes, attachment and behaviour) as important measures of the customer mindset. However, several other mindset concepts that are relevant to this stage have also been presented in other studies (e.g., Anselmsson and Bondesson, 2013, 2015; Brodie et al., 2002; Kapferer, 2004; Aaker, 1992, 1997; Persson, 2010).

It is possible to separate customer mindset into two levels: the *image* level and the *overall global brand strength* level. The latter consists of concepts and assessments that are relevant to all types of brands regardless of their market position; these mindsets include brand preference (Yoo and Donthu, 2002;

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Walley et al., 2007 Lehmann et al., 2008), satisfaction (Na et al., 1999; Ambler, 2000; Anselmsson and Bondesson 2013; 2015), commitment (Beatty and Kahle, 1988; Anselmsson and Bondesson 2015), attitude-based loyalty (Yoo and Donthu, 2002; Lehmann et al., 2008) and purchase intentions (Netemeyer et al., 2004). The image level is often of specific interest to a brand given its position in the market, and could include brand personality (Aaker 1996), perceived quality (Aaker 1996; Netemeyer et al., 2004; Lehmann et al., 2008), brand trust (Chaudhuri and Holbrook, 2001), uniqueness (Netemeyer et al., 2004; Lehmann et al., 2008; Anselmsson and Bondesson, 2013), social responsibility (Chomvilailuk and Butcher, 2010) and retail image (Arnett et al., 2003). In other words, customer mindset is a mental component of brand equity and focuses on customers' perceptions of the brand. In brand equity research, there is a principal core belief that a favourable, strong and unique brand image will lead to competitive advantage and result in greater economic returns (Aaker, 1992; Keller, 1998).

The customer mindset, in turn, affects market performance, and the effects can be multiplied or diminished depending on the marketplace conditions that work as multipliers, such as competition, channel support and target market group. In terms of a definition, Keller and Lehmann (2003) have termed the third stage *Brand Performance*; however, to give it a more accurate representation with respect to the external orientation Market Performance would be more appropriate. Market performance shows how customers react or respond to the brand in various ways, and can be measured with market performance data such as sales, sales growth, profitability, market share and price premium. Brand value is created with greater market shares and higher price premiums. Generally speaking, performance is measured and associated with financial aspects such as profitability, shareholder equity, market share and return on investment (Doyle, 1989, 1992). However, whether financial measures are the best measurement of performance has been contested. Jones (2008) argued that the management of brands should not overly focus on the present value of the brand, but rather on the future value of the brand and securing that value; Jones (2008) further elaborated that a strong focus on the current financial value of the brand distracts managers from the issues that actually create that value. The profit orientation is viewed as important, but should not be seen as the central end for managers, as it is often short-term oriented (de Chernatony et al., 1998; de Chernatony and Segal-Horn, 2003; Mizik and Jacobson, 2008).

The last stage, shareholder value, shows the financial implications of the brand value chain and includes important indicators such as stock price, the price/earnings multiple, economic value added and overall market capitalisation. The conceptual brand value chain shows the overall assumption that using actions to establish a strong and favourable customer mindset contributes to market performance and shareholder value.

The causal logic and premise behind customer mindset and market performance is that customers' perceptions of a brand will affect how they evaluate and behave towards that brand, which will subsequently have an impact on the brand's financial and economic value. There are several similar models and frameworks in this regard, such as the brand equity chain (Wood, 2000; Feldwick; 1996; Srivastava and Shocker, 1991; Persson, 2010; Anselmsson and Bondesson, 2013), which acknowledge similar causal logic between brand equity components. The brand value chain is basically a process model, and illustrates how customers' mental associations of the brand affect their general evaluation and how they respond to a brand, which in turn affects its market performance and economic value (Anselmsson and Bondesson, 2013). From an employee perspective, using the same logic shows that employees' mental associations and attitudes of their brand affect their behaviour, which in turn affects the organisational performance and influences profitability. However, the employee and internal aspect is almost completely being neglected in the brand value chain (and in many other brand equity models). The first stage of Keller and Lehmann's (2003) brand value chain does have an internal marketing component and focuses on the employee; nevertheless, an internal perspective is lacking in the later value stages of the model, and internal performance outcomes are not taken into consideration. Still, the brand value chain is a good fit, since the model covers and distinguishes a wide range of aspects including individuals' perceptions, attitudinal and behavioural responses and economic performance.

In order to capture brand equity, I will build on three ideas from Keller and Lehmann's (2003) brand value chain. First is the idea of a *mindset value stage (that is, Customer Mindset)* that focuses on attitudes and behaviours. Second is the idea of a subsequent *performance value stage (that is, Market Performance)* that focuses on profitability and the financial impact. Last is the idea of

multipliers that influence and moderate the level of impact between each value stage.

These three ideas will be used as a basis for my conceptual framework, and there is a need for a broader brand equity framework that captures not only external performance outcomes but also internal performance outcomes such as organisational performance, including outcomes such as employee turnover and intention to stay. Furthermore, the brand equity models do not explicitly capture alignment or give any immediate suggestions for where alignment is particularly relevant in the brand value chain. Hence, I need to take this in consideration when developing a conceptual framework for this thesis. In addition, Davies and Chun (2002) and Anismova (2010) looked at effects on satisfaction as a consequence of alignment, but as the conceptual research in corporate branding has suggested, there should be higher-order effects or effects on market performance as well. Before beginning my empirical investigations, I need to further elaborate on where to incorporate alignment and internal branding aspects in the brand value chain by developing a conceptual framework of this thesis.

2.4 Conceptual framework of this thesis

This section will present the conceptual framework primarily built and based on the brand value chain (Keller and Lehmann, 2003; Anselmsson and Bondesson, 2015) and the brand equity chain (Wood, 2000; Feldwick; 1996; Srivastava and Shocker, 1991; Persson, 2010; Anselmsson and Bondesson, 2013). My research interest is to understand the extent to which perceptual alignment between stakeholders (primarily employees, top management and customers) affects internal, external and economic performance outcomes related to brand equity. The conceptual framework intends to use the concept of perceptual alignment to merge central ideas from corporate branding (namely aligning stakeholders' perceptions) with the existing frameworks from the field of brand equity. This is partly done by including an internal dimension to the brand value chain and brand equity chain in order to understand perceptual alignment and its relationship with internal, external and economic outcomes. The framework will be the focus of the empirical investigations in this thesis. In connection to each of my three main empirical studies (studies 1, 2 and 3), more precise hypotheses will be developed and formulated.

Figure 2. Conceptual framework
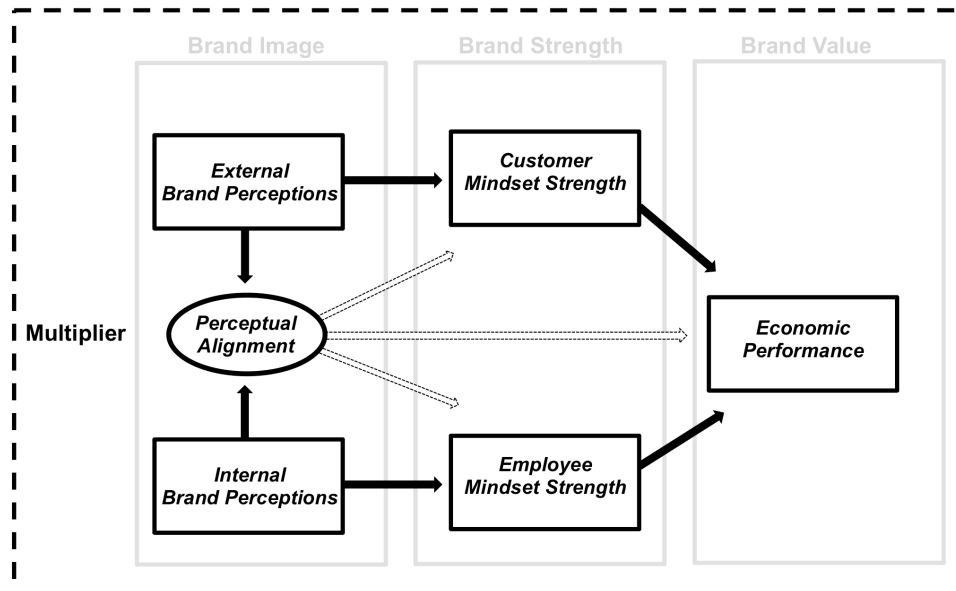
As briefly mentioned, the conceptual framework draws primarily from Keller and Lehmann's (2003) brand value chain in three aspects. First is the *External* and *Internal Brand Perceptions* component, which involves associations and beliefs about the brand. Second is the *Customer* and *Employee Mindset Strength* component, which involves attachment and behaviours. Third, is the *Economic Performance* component, which considers financial- and economic-related outcomes. Perceptual alignment – the component between Customer Brand Perceptions and Employee Brand Perceptions – acts as a *multiplier* aspect that moderates and influences the effects of each Mindset Strength components and Economic Performance.

In contrast to Keller and Lehmann's (2003) brand value chain, the conceptual framework adds an internal dimension, recognising the employee perspective by incorporating *Employee Mindset Strength* in order to acknowledge the internal emphasis, thus increasing the suitability for corporate branding.

The linear logic of the model draws from general disconfirmation theory on the external dimension. This theory suggests that a process can typically start with a customer's expectations of a brand (ideal perceptions) and then, depending on their current experience (current perceptions) of the product or service of the brand, become either satisfied or unsatisfied with it (customer mindset strength). This affects the customers' level of commitment (customer mindset strength), which subsequently affects the profitability of the brand (economic performance), since loyal and committed customers are likely to repeat their purchase. A similar logic is applicable on the internal dimension using the service profit chain reasoning (Heskett et al., 1994; 2008), since an employee's level of satisfaction and commitment (employee mindset strength) is partly influenced by their ideal perceptions of the brand. If employees understand what the brand stands for, they will appreciate their roles in the organisation and have increased commitment to deliver the brand promise (Heskett, 1987), which will increase the possibility of profitability of the brand (economic performance). Furthermore, a similar assumed chain of events can be seen from internal studies of job satisfaction and organisational commitment. Employee perceptions impact their job satisfaction and commitment, which in turn is assumed to affect economic performance. Thus, it is possible to view the internal process as parallel to the external process.

The general assumption of the model is that the more aligned internal stakeholders' and external stakeholders' current and ideal perceptions are, the stronger will the corporate brand be; that is, alignment will lead to more satisfied and committed employees and customers (mindset strength), consequently increasing profitability (economic performance).

As mentioned earlier, this thesis examines perceptual alignment between several stakeholders. This perceptual alignment enters the conceptual framework as a multiplier; that is, as a moderator that I predict influences the mindset strengths and economic performance component of the brand equity model. For example, the more stakeholders that share the same perception of the brand, the more likely is it that there will be a positive impact on the mindsets and on the economic performance component.

The perceptual stakeholder alignment takes place from two perspectives – current and ideal perceptions – inspired from self-concept and self-congruence; these ideas are originally from social psychology, but have been widely used in both consumer research and organisational behaviour studies, as well as in various ways throughout the corporate branding literature. For example, current perceptions of customers can be related to what Hatch and Schultz (2001; 2003) refer to as image, whereas current perceptions of employees are related to culture, and ideal perceptions are more related to the management vision in their model. However, in the normative and conceptual models (e.g., de Chernatony, 1999) it is not always clear whether they discuss stakeholders' current perceptions, their ideal perceptions, or both. Some, such as Balmer (2012), have attempted to be more specific and to use a more nuanced distinction between actual and ideal corporate identities, but the involved stakeholders in each corporate identity type is not as clear.

Nevertheless, I would argue that it is important to recognise ideal perceptions, as management perspectives have shifted from transactional-based to a more long-term relationship-oriented focus. In order for a corporate brand to build long-term relationships with stakeholders, the premises of the relationship have to be meaningful and relevant; in my view, this occurs when stakeholders' ideal perceptions are aligned.

Looking at the few existing empirical studies in a corporate branding context, the types of perceptions (that is the alignment of current or ideal perceptions) have been mixed. Davies and Chun (2002) looked at the relationship between

employees' and customers' current perceptions, but did not consider ideal perceptions in the least. On the other hand, Anisimova (2010) focused on the alignment between managers' ideal perceptions and customers' current perceptions. It is not clear whether one should focus on the alignment of stakeholders' current perceptions of the brand or on the alignment of their ideal perceptions, or both. Hence, this thesis will systematically test the outcomes of perceptual alignments by distinguishing between both current and ideal perceptions, and use outcomes that capture key aspects which are relevant to both employees' and customers' mindset strength, which will primarily be represented by satisfaction and commitment dimensions. These and other relevant performance outcomes will be discussed in the next section, and are seen as important dimensions and pre–requisites to increased financial performance and strong brand equity.

To summarise, in my conceptual framework perceptual alignment primarily works as a multiplier based on Keller and Lehmann's (2003) brand value chain. The level of customer mindset and employee mindset is influenced by the perceptual alignment amongst stakeholders, and perceptual alignment will subsequently moderate the impact on customer mindset strength, employee mindset strength and economic performance.

2.4.1 Customer and employee mindset strengths

The customer and employee mindset strength components both refer to what a person thinks or feels about the brand, as well as to what the person intends to do with the brand. Most of the empirical studies link this to satisfaction and commitment as performance outcomes (e.g., Davies and Chun, 2002; Anisimova, 2010; Anisimova and Mavondo, 2014). Generally speaking, satisfaction is seen as an outcome of the detailed associations (such as brand personality), and loyalty and commitment are outcomes of satisfaction. Starting with the external perspective, one of the most recognised and frequently used constructs both in the marketing literature and in practice is that of customer satisfaction and loyalty or commitment. From an internal perspective, looking at organisation studies, one of the most important measures is satisfaction and commitment.

When looking at the definition of commitment, the term bears a great similarity to loyalty; for example, Oliver (1997, p. 392) defined brand loyalty as "a deeply held commitment to rebuy or repatronise a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior." Loyal and committed customers tend to have more positive responses to a brand than non-loyal or switching customers (Grover and Srinivasan, 1992). In this study, the loyalty and commitment constructs will be similar. The satisfaction and commitment constructs capture both the attitudinal and intended behavioural dimensions; the two constructs are also central and applicable to employees and customers. Furthermore, these constructs were also used in previous quantitative empirical articles (Davies and Chun, 2002; Vercic and Vercic, 2007; Anisimova, 2010). As a result, satisfaction and commitment will serve as dimensions of customer mindset strength and employee mindset strength, and will be further discussed in the next section.

Satisfaction as a dimension of customer and employee mindset strength

One of the most important and widely used measures externally, both in academic research and in many organisations, is that of customer satisfaction (Söderlund, 1998; Henning Thurau and Klee, 1997; Oliver, 1999). Oliver (1997) defined customer satisfaction as "judgement that a product or service feature, or the product or service itself, provided a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment" (p. 13).

Customer satisfaction has changed from an important measurement to a strategic imperative that influences the competitiveness of the organisation (Schneider and Bowen, 1999). Fornell et al. (1996) introduced the American Customer Satisfaction Index (ACSI) as a way to evaluate the financial health of organisations using a customer-based measure to enhance the performance of organisations. The ACSI measures the quality of goods and services as experienced by the customers that consume them. Customer satisfaction is regarded as an important condition for achieving customer loyalty, and when the relationship between customer satisfaction and loyalty is positive, organisations are likely to be able to change dissatisfied customers into loyal ones (Fornell et al., 1996). Research has increasingly linked customer satisfaction to financial performance, and Anderson, Fornell and Mazvancheryl (2004) found a

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positive association between customer satisfaction and shareholder value. From the service management literature, customer satisfaction can be defined as the end sum of a customer's perception of the value received from a service, product, relationship or transaction. The value is (1) the perceived service quality relative to price and customer acquisition costs (Heskett et al., 2008), (2) the perceived service quality relative to the value expected from transactions or relationships with competitors (Hallowell, 1996) and (3) the evaluation of the perceived difference between prior expectations and the actual performance of the product or service as perceived after its consumption (Tse and Wilton, 1988; Parasuraman et al., 1988). From the customer perspective, the disconfirmation model has long been used to compare customers' expectations and their actual perceived performance in order to understand customer satisfaction (Oliver, 1980). Customers generally view services and products in relative terms based on their expectations (desired perceptions) and experiences (current perceptions) (Bearden and Jesse; 1983; Westbrook, 1980; 1981). Customer satisfaction is seen as one of the primary antecedents to loyalty (Bolton, 1998; Cronin and Taylor, 1994), and high customer satisfaction has been shown to improve customer retention, leading to higher profits (Garvin, 1988).

Similarly, from the employee perspective, employee job satisfaction – an antecedent to employee and organisational commitment – is often considered as the function of the match between what the employee wants (desired perceptions) from a job and the current perceptions of what a job is offering or requires (O'Reilly and Roberts, 1975). Locke (1969) suggested that job satisfaction is a result of the discrepancy between one's perceptions of the job and one's own value standards. Job satisfaction has been defined as the characteristics of the job itself and the work environment that employees find rewarding, fulfilling and satisfying, or frustrating and unsatisfying (Churchill et al., 1974; Rutherford et al., 2009), and as the degree of positive emotions an employee has toward a work role and a particular job (Currivan, 1999). Furthermore, job satisfaction has been examined as an antecedent to organisational commitment (Brashear et al., 2003). Both job satisfaction and commitment have been found to have a positive outcome on intention to stay and lower turnover rate (Currivan, 1999). Research has also shown that job satisfaction decreases emotional exhaustion and job stress (Griffin et al., 2010).

Commitment as a dimension of customer and employee mindset strengths

Commitment has been defined as a long-lasting desire to continue the relationship with an organisation combined with a willingness to make efforts and take actions toward that end (Morgan and Hunt, 1994; Aaker, Fournier and Brasel, 2004). This definition applies both to employees and customers; it also incorporates an attitudinal and intended behavioural aspect and bears a similarity to the loyalty construct.

Much like the loyalty construct, there are multiple definitions and dimensions of *commitment*. To illustrate this, Morrow (1983) showed over 25 commitment-related concepts and measures as far back as 1983. This lack of consensus has led to a notable variation in the definitions and measurements of commitment (O'Reilly and Chatman, 1986). In the marketing literature, customer loyalty is generally categorised in two distinct ways (Jacoby and Kyner, 1973): (1) loyalty as an attitude; that is, the various feelings that shape the individual's overall attachment to a product, service or organisation and the cognitive and affective responses underlying their behavior (Odin, Odin and Florence, 2001), and (2) loyalty as behavioural; for example, the act of recommendation or continuous purchase behaviour (Hallowell, 1996; Oliver, 1999). Attitudinal loyalty has been seen as a long-term consumer commitment to an organisation, but for any organisation attitudinal consumer, commitment only becomes meaningful when it is transformed into actual behaviour (that is, purchases) (Anisimova, 2007). Nevertheless, loyalty is a rich construct that has been expressed in various ways. Several authors have pointed out that there is little consensus on the conceptual definition of loyalty (Knox and Walker, 2001; Söderlund, 2006). This means that researchers that want to capture loyalty in an empirical study need to decide which particular loyalty dimensions to include and how to deal with the interrelatedness (Söderlund, 2006). In this study, the loyalty and commitment measures will be similar.

The investigation of commitment has occurred from various perspectives, ranging from the process through which one becomes committed to the impact of individual and organisational influences on the process (O'Reilly and Chatman, 1986), to the consequences of commitment, such as expressions of positive affect and loyalty (O'Reilly and Caldwell, 1980), motivation and involvement (Scholl, 1981), and behaviours such as obedience to organisational policies and performance (Angle and Perry, 1981).

From an external perspective, one way of defining the consumer's commitment to an organisation is to apply the employee commitment model from

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organisation theory (e.g., O'Reilly and Chatman, 1986). Bettencourt (1997), for example, modified the scales of employee commitment to measure the construct of consumer commitment to a grocery store. In the literature, numerous aspects related to employee commitment are proposed, such as personal identification with the organisation, psychological attachment, concern for future welfare of the organisation and loyalty (Garbarino and Johnson, 1999). In a more internal and brand-specific context, Burmann and Zeplin (2005) defined brand commitment as the extent of psychological attachment of employees to the brand, which affects their willingness to take additional actions to add value and reach the brand's goals. In addition, in Keller's (2001) customer-based brand equity pyramid, commitment and loyalty are considered as one of the strongest forms of relationship to the brand. To conclude, just like satisfaction, commitment is a central concept to the mindset strength stage.

2.4.2 Economic performance

In my conceptual framework, economic performance relates to profitability and financial impact. The financial and economic outcome is important, but should not be the main focus in terms of measuring brand performance or brand equity; it could be a misleading indicator, since it is often short-term oriented. Nevertheless, turnover, annual results, profit margin and turnover per employee are measures that are related to market performance (McGoldrick, 2002) and will all be included in this thesis. Other performance measures that will be included and assessed are repurchase rate and sales growth, which were found by Anselmsson and Bondesson (2015) to correlate with satisfaction and commitment. Lastly, in order to reflect the internal dimension, employee-related behaviour that has a direct effect on the economic performance – such as sick-leave rate and employee turnover – will also be included.

The brand value chain aims to understand how each component influences each other and builds up to values for the brand. However, as shown in Anselmsson and Bondesson (2015), few empirical studies have managed to establish the relationship between mindsets and performance-related outcomes. Thus, I will attempt to investigate and determine whether there is any significant relationship between perceptual alignment as a multiplier and the effects on customer mindset strength, employee mindset strength and economic performance, which in my conceptual framework extends the performance-related outcomes of brand equity and makes it suitable for corporate brands.

Chapter 3 | Method

This chapter discusses the general approach of the thesis and illustrates how it will fulfil the research objectives. The chapter begins by outlining the overall approach and the development of the thesis during the project related to the research objectives. This is followed by a detailed presentation and argumentation regarding data collection and analytical considerations. I end the chapter with a discussion of the reliability and validity of the thesis. The thesis is based on three empirical studies and specific details of the data collection are presented for each of the three studies.

3.1 The relationship between theory and empirical data

There is a need for empirical research that investigates perceptual alignment, the main assumptions, different operationalisations of alignment and its relationship with internal, external and economic performance outcomes related to brand equity and in a retail context.

The research approach in this thesis is deductive, in the sense that my research objectives are derived from a general problem discussion and the main assumptions of perceptual alignment and its proposed outcomes. Based on what is known conceptually, I am able to construct several testable hypotheses and then subject them to empirical scrutiny in the retail sector. Deduction involves a process that moves from theory to observations and findings. Induction is the reverse, starting with observations and findings and leading to theory (Bryman and Bell, 2011). At the early stages of my thesis project, I was unaware of the most appropriate research approach, and the deductive approach became clearer as I progressed further and increased both my empirical and conceptual understanding of perceptual alignment.

The initial stages of this thesis involved a rather open empirical approach, which included semi-structured interviews with retail management and covered topics related to the retail brand, financial and economic success, and the alignment of retail brand perceptions. The overall aim was to listen and investigate how retail managers, in their own words, described alignment as important in the brand-building process in retailing. My impression was that, in practice, retail managers – as indicated in the literature – suggested that the ideas of alignment of retail brand perceptions were central and important. Some retail managers provided examples of how alignment could be relevant in retail practice. However, insights from interviews with retail managers did not indicate that my presented conceptual framework needed development. My conclusion was that retail managers had very similar ideas about the concept and the possible outcomes of perceptual alignment. At this initial stage, I was open to the idea that the thesis could be either inductive or deductive. However, after five interviews with various retail managers on different levels, I was gaining few new insights. Given the different theoretical fields that have conceptualised alignment, presented in the previous chapter, there are rich conceptual frameworks upon which to build a solid conceptual understanding of perceptual alignment. However, there is a clear lack of empirical data and quantitative studies of the role of perceptual alignment between stakeholders and its relationship to brand performance outcomes in retailing.

The conceptual understanding is based on retailing and the corporate branding literature, as well as the field of brand equity, from which I have drawn the interest of the effects and outcomes of perceptual alignment. Furthermore, after reviewing the literature, I was able to construct testable hypotheses based on existing research (for more information, see each specific Study). For example, I identified some key insights of the relationships of perceptual that could be deciding factors for the retail brand and its success. Some of these key insights relate to the types of perceptual alignment identified (that is, the distinction of alignment of current perceptions and ideal perceptions) based on previous branding and retail image research. These could be developed into a number of hypotheses. Some insights also showed certain key stakeholder alignment relationships to emphasise and to examine the effects on internal, external and economic performance outcomes.

3.2 Quantitative versus Qualitative approach

The initial research process began with a qualitative and open research approach. However, I felt that the most meaningful contribution would be to use a structured and theory testing approach to add empirical insights. According to Bryman and Bell (2011), researchers tend to categorise research methods as either quantitative or qualitative. These methods are sometimes portrayed as opposites, and sometimes as complementary (for example, data triangulation). Nevertheless, qualitative approaches are generally considered to be inductive, more open and explorative, while quantitative approaches are more often related to the testing of hypotheses and inclined towards a fixed and pre-structured approach.

A theory testing and validation approach benefits from being precise in order to assess perceptual alignment and its effects on brand performance outcomes. Drawing from the literature, it would be insufficient to seek the perceptions of only one or a few individuals to validate a relationship between perceptual alignment and performance outcomes related to brand equity. This is more of a causal or explanatory purpose rather than an explorative one. To test the relationship between stakeholders retail brand perceptions and the performance outcomes related to brand equity, a quantitative approach with statistical methods appears to be the most suitable option.

Considering the research purpose and focus, there are several reasons why a quantitative approach is suitable. Firstly, to be able to measure perceptual alignment and performance outcomes, it is necessary to compare large and small differences. A quantitative approach is suitable for measuring the effects and outcomes and establishing statistically significant relationships. Furthermore, I attempt to generalise my findings.

Here I also need to be precise in order to ensure that the outcomes are significant. As has been illustrated, the few quantitative studies that have looked at perceptual alignment have produced mixed results. For example, in corporate branding, four of the quantitative and statistical studies conducted showed little consensus. On one hand, Davies and Chun (2002) and Vercic and Vercic (2007) argued that a corporate brand could still perform well despite having perceptual gaps and that certain gaps (given its direction) had positive impacts on performance. On the other hand, Anisimova (2010) and Anisimova and Mavondo (2014) showed strong correlations between misalignment and negative performance (for example, customer satisfaction and commitment) and

to some extent supported the idea of alignment. The need for further quantitative studies to investigate the relationship is evident. The second reason is that brand equity studies tend to use a quantitative approach in their assessment of brand performance. Thirdly, Bryman and Bell (2011) identified several distinct advantages of quantitative research, such as using measurements to delineate fine differences and to consistently use precise estimates of the degree of relationships between concepts.

Of course, there are some drawbacks and criticisms of quantitative approaches that are relevant in the present thesis. For instance, Bryman and Bell (2011) pointed out the artificial sense of precision and accuracy, which means that the measures are more assumed than 'real'.

Another criticism is the connection between the research instrument and actual practice; that is, a person's actual behaviour may be at variance with their answer to a particular question. Lastly, the analysis of relationships between variables is a static representation and does not include the complexity and dynamics of people's lives and other related factors, which make it something that one must be aware of in the conclusions. For example, factors other than just retail brand perceptions and perceptual alignment may impact economic performance. However, if the examination is able to trace a significant relationship between perceptual alignment and different relevant brand performance within corporate branding and retailing, that relationship contributes to the understanding of the role of perceptual alignment.

3.3 The overall thesis process and the need for three progressional studies

Throughout the thesis process, my aim was to test fundamental assumptions and relationships of perceptual alignment and performance outcomes in a single extensive empirical study. However, the results of the first study (referred to hereafter as study 1) revealed more questions than concluding and valid answers. The results showed that testing the alignment concept was complex and some of the questions were critiques that concerned the measurement and operationalisation of perceptual alignment (studies 1, 2 and 3 will discuss these questions in more details). These concerns were not only related to the results of

my study, but also applicable to a few existing empirical studies of perceptual alignment within the field of corporate branding (e.g., Anisimova 2010; Anisimova and Mavondo, 2014). As a result of these concerns, I conducted two additional studies (studies 2 and 3) to deal with and overcome the critiques in order to progressively develop the understanding of perceptual alignment.

Study 1 linked performance outcomes of employee and customer satisfaction, commitment and economic performance outcomes such as repeat rate (repeating customers) and sales growth. One limitation of study 1 was the use of difference scores, a method that has been used in consumer research (e.g., Sirgy et al., 1997), service research (e.g., Zhang and Bloemer, 2008) and organisation studies (e.g., Silverthorne, 2004; Silva, Hutcheson, Wahl, 2010) to measure alignment, congruence or fit. However, this method has attracted criticism with regard to reliability, discriminant validity, spurious correlations and variance restriction (e.g., Peter, Churchill, and Brown, 1993; Page and Spreng, 2002). Several of these issues were encountered in the analysis of my results in study 1. As an alternative and possible solution to these problems, study 2 involved a different operationalisation of perceptual alignment. I used a *direct comparison measure* to test perceptual alignment. A direct comparison measure (see more in section 3.10) overcomes several of the critiques related to difference scores.

The corporate branding literature generally takes a managerial and top down perspective and there is a lot of existing research on management. Likewise, research related to perceptual alignment from the customer's perspective has been conducted extensively in consumer research and is not as relevant from an inside-out perspective, which is typically related to the corporate branding process. Instead, corporate branding recognises the employee as the core of the branding process (King, 1991; Balmer, 1995; 2001; 2010) and that employees are the connecting interface between the key stakeholders (that is, top management and customers) and involved in the various brand touch points. Focusing on the *employee's perspective* and *employee-perceived stakeholder alignment* using direct comparison measures seemed relevant and appropriate. The operationalisation of direct comparison has previously been used in other contexts; for example, regarding the concept of fit in applied psychology (e.g., Kristof-Brown, et al., 2005), and in relation to self-concept in consumer research (e.g. Sirgy et al., 1997) and organisation studies (e.g. Yaniv and Farkas, 2005). Furthermore, study 2 expanded the performance outcomes to include

more than satisfaction, commitment and two economic performance indicators. Study 2 had access to sensitive economic performance and financial data provided by the corporate organisation for each specific retail chain included in the study. This information and sensitive internal figures, which are generally not publicly available, provided study 2 with a rare opportunity to examine perceptual alignment and its relationship with economic performance at a store level. In addition, two more perceived internal stakeholders were included: the closest manager and the immediate work colleagues.

Study 2 supported the idea that the direct comparison measure was suitable for assessing perceptual alignment, at least in the given empirical retail context. The concluding study 3 brought together the insights from studies 1 and 2 and tested them on a broader range of units of analysis, including 151 retail chains across several retail industrY contexts, such as grocery stores, home electronic stores, fashion retailers, home and household stores, and sports and leisure stores. Studies 1 and 2 were limited to one specific retail industry and only dealt with between two and four retail chains owned by the same corporation. Due to a non-disclosure agreement, the specific retail industry cannot be revealed.

In hindsight, reflecting on the research process and considering that this thesis is based on three main studies, I could have written a compilation thesis by trying to publish four or five articles or conference papers based on the empirics from the three studies. However, I chose to use the results of the different studies as a basis for discussion and in a complementary manner as I progressively developed my understanding of perceptual alignment rather than to draw obsolete conclusions after each study. As a result, it was only possible to reach more valid conclusions from the thesis after all three studies had been conducted, examined and compared. An overview and comparison of the three studies is presented in section 3.7 below.

3.4 The units of analysis

This study set out to test the main assumption that *stronger alignment leads to better performance* and to increase our understanding of perceptual alignment and the effects on various performance outcomes related to brand equity in a retail context. The empirical support and quantitative examples were mainly absent in the literature and, when formulating the research problem, it was necessary to investigate the context in which alignment occurred. The ability to interpret and link the results to the specific context is essential, as illustrated in the existing empirical research on the topic (e.g., Davies and Chun, 2002). Therefore, my first goal was to limit the study to the context of a single corporation and its various retail chain brands. Hence, studies 1 and 2 are limited to one corporation, being more of a case study. However, as the thesis devolved, I opted for a third study with a broader approach that would capture more retailers across several retail industries. As a result of such an approach, the unit of analysis shifted to the individual (employee) rather than a specific corporation. More specifically, the units of analysis in this thesis are frontline employees. Studies 1 and 2 are based on the analysis of frontline employees (their perceptions and their perceived stakeholder alignment) in four different retail chains owned by the same corporation. The results of the two studies were tied to a specific retail industry. to determine whether the results were unique to the specific corporation and retail industry, I opted for a broader retail context in study 3 (that is, one that extended to other retail industries as well). Nevertheless, choosing the corporation that I did in studies 1 and 2 enabled me to identify central stakeholders and showed the importance of perceptual alignment and the potential brand performance outcomes that further developed this thesis.

3.5 Explorative part of the studies

The initial stage of this thesis involved conducting an explorative study. There were three reasons for doing this. The first was to investigate the relevance of alignment in the retail industry, talk to retail managers and determine whether the conceptual and theoretical ideas and assumptions suggested in the literature were important and relevant in practice. The second was to obtain an understanding of how retail management thinks (for example, their own

terminology and associations) and what they find important in relation to the research problem. The third reason was to investigate the motives and potential effects that retail managers believe are the outcomes of perceptual alignment between different stakeholders.

Study 2 also contained an explorative phase. Another researcher at a different university, who worked for the company as a consultant, was involved in the project with the purpose of investigating whether sales driving factors were missing in the company's current employee satisfaction survey. That researcher conducted 80 hours of interviews with employees (store employees and management) with the corporation's retail chains. Although I did not physically conduct the interviews, I was in contact with the other researcher and was able to include questions about alignment in the interviews. Each interview was recorded and the audio files were shared through an on-line application (Dropbox.com). This enabled me to listen to the entire interviews on the same day that they were conducted. As a result, I was able to comment and influence upcoming daily interviews (the interviews were conducted over three weeks) by adding input and questions of perceptual alignment that the second researcher could emphasise and follow up on during the interviews.

The interviews did not generate any new insights regarding the concept of perceptual alignment; instead, the key insight was that the primary focus of perceptual alignment was not necessarily to match employees, top management and customer perceptions. Instead, from the frontline employee perspective, perceptual alignment with immediate work colleagues and closest manager also played an important role – two internal stakeholders that are normally not emphasised in conceptual frameworks in the corporate branding literature. The qualitative interviews revealed that other relevant internal stakeholders also needed to be considered in terms of perceptual alignment from the employee perspective. That said, this insight alone was not sufficient to motivate a more explorative research.

3.6 Industry context

3.6.1 The Swedish retail industry

This study is limited to the Swedish retail industry. The retail market represents approximately one-third of total consumption in Sweden (Retail in Sweden, 2014) in Sweden. According to HUI Research ("Swedish retail and wholesale trade research institution"), the retail industry provides approximately 280,000 jobs and this number has increased annually since 2000 (Retail in Sweden, 2014). Given the potential economic growth, there is increased competition in the Swedish retailing environment, both from international retailers and from Internet retailing. Swedish retailers are major players in international retailing. The country's domestic giants and largest players dominate the retail market in terms of market share. H&M and IKEA are the best-known examples of international market expansion among Swedish retailers (Hultman and Elg, 2012). From a branding perspective, these are two of the strongest international retail brands in the world. H&M and IKEA were ranked 21st and 27th, respectively, in InterBrand's annual "Best Global Brands Ranking" for 2015. In another annual global brand ranking – BrandZ, published by MillwardBrown – IKEA and H&M were ranked 64th and 75th, respectively, in the top 100 most valuable global brands in 2015. In that sense, the Swedish retail model is competitive in an international context, with IKEA being the largest furniture retailer in the world, and H&M being the third-largest fashion apparel retailer, as of 2012 (Hultman and Elg, 2013).

3.6.2 Companies and brands studied

Access was one of the most important motives behind the selected corporation. The early phases of this thesis project showed that the investigation of internal values and the occurrence of perceptual alignment within an organisation amongst stakeholders are highly sensitive questions for management and such information is very difficult to access in terms of data collection. Investigating perceptual alignment between stakeholders is a sensitive issue in terms of accessibility that most companies are unwilling to share. However, I was able to gain access to conduct a quantitative and statistical study with a few hundred employees through networks within my research group and a non-disclosure agreement.

The empirical material for studies 1 and 2 comes from a Swedish retail corporation with a corporate brand and four retail chains that have their own distinct values, market position and strategies. The brands have several common corporate values but also some distinct values that aim to satisfy different market needs and segments. This basically means that this company has a single corporate brand that is not known or marketed towards consumers. instead, they have four other brands that are communicated to customers and the general public. Looking at what I previously defined as the distinctive characteristics of a corporate brand, regarding distinct stakeholder images, all four of these brands can be considered as corporate brands on their own since they have their own top management, target customers, brand names and employees. The four brands share owners, CSR policies, purchase and distribution departments and HR support. As noted in Chapter 1, even a single retail chain could be viewed in some sense as a corporate brand. Each of the four retail chains are well-known companies that strive for a standardised concept and unity within their retail brand. In other words, each of the four chains has its own unique and local position relative to its local demand and competitors. In my view, each of these retail chains represents a typical retail organisation. Study 3 included employees from these retail chains, but also included other employees from a broader range of retailers with relevant data on their economic performance across different retail industries.

3.7 Overview of the three main quantitative studies

3.7.1 Survey design

In all three studies, survey data was required in order to empirically capture and measure perceptual alignment. The data analysis was primarily based on two types of quantitative data. The first type was captured in my own surveys, which examined the respondentS' attitudes, mindsets and perceptual alignment. The second type of data was based on secondary data, partly from other surveys (examining customer perceptions such as satisfaction and commitment) and economic performance figures. I am assessing the relationship between these data sets in order to examine the implications of perceptual alignment.

The design of my own survey and the methodological challenges varied among the three studies (and will be discussed in greater detail in each specific study). For instance, study 1 focused on the perceptual alignment between employees and perceived top management and customers using a difference score analysis. Studies 2 and 3 used direct comparison measures and looked at the employeeS' perceptual alignment in relation to their perception of top management, customers, closest manager and immediate work colleagues. In addition, each study progressively included more and more performance outcomes that could be linked to the brand equity chain (such as various employee mindset strength, customer mindset strength, and economic performance). In all of the studies, the surveys were based on the individual (that is, the employee) with regard to the assessment of perceptual alignment. The level of perceptual alignment was connected to economic performance in different ways with a different number of brands involved. For instance, study 1 involved four different retail chains operating within one specific retail industry; study 2 involved 28 specific stores from two of these retail chains; and study 3 included 151 retail chains across different retail industries.

Table 1 describes the three studies and compares the type of alignment, measurement method, the involved perceived stakeholders, performance level and each performance outcome related to employee mindset strength, customer mindset strength, and economic performance.

Table 1. Overview of the three studies

	Study 1	Study 2	Study 3
Descriptions			
Number of respondents	607	324	340
Retail chains	4	2	80–151
Time	March 2011	October 2013	June 2014
Alignment type			
Current perceptions	✓		✓
Ideal perceptions	✓	✓	✓
Measurement method			
Difference scores	✓		✓
Direct comparison		✓	✓
Perceived stakeholders			
Top management	✓	✓	✓
Customers	✓	✓	✓
Closest manager		✓	✓
Work colleagues		✓	✓
Performance level			
Retail store image	✓	✓	
Retail brand image (corporate)			✓
Store performance		✓	
Corporate performance	✓		✓
Employee mindset strength			
Employee satisfaction	✓	✓	✓
Employee commitment	✓	✓	✓
Customer mindset strength			
Customer satisfaction	✓	✓	
Customer commitment	✓		
Customer attitudinal loyalty		✓	
Net promoter score		✓	
Repurchase intention		✓	
Customer brand strength			✓
Customer brand awareness			✓

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Economic performance			
Purchase loyalty value	✓		
Purchase repeat rate	✓		
Sales growth	✓		
Contributions margin per sq. metre		✓	
Employee turnover		✓	
Sick leave		✓	
Turnover			✓
Annual result			✓
Profit margin			✓
Turnover per employee			✓

3.7.2 Independent variables of the three studies

The independent variables of the three studies vary, but are generally represented by the perceptual alignment items. These items examine the employees' perception of the retail brand in relation to other perceived stakeholders. The level of these retail brand perceptions varies; in Study 1, for example, these perceptions are based on specific retail image associations that are similar to store image attributes. Study 2 also concerns retail brand perceptions closely related to the retail store, while study 3 examines the alignment of retail brand perceptions based on the overall retail chain (retailer as an organisation).

3.7.3 Dependent variables of the three studies

The dependent variables can be seen in table 1 under employee mindset strength, customer mindset strength, and economic performance. These three groups represent internal dependent variables, external dependent variables and economic dependent variables. The internal dependent variables are what represent employee mindset strength and consist of employee satisfaction and commitment throughout all three studies. These variables are measured in my own surveys and are primary data. However, The external (customer mindset strength) and economic dependent variables vary (as can be seen in table 1) and are based on secondary data. More specific details will be presented and discussed in each of the three studies.

3.8 Research focus of the three studies related to the conceptual framework

In the corporate branding literature, researchers and practitioners have stressed the importance of alignment between the multidimensionality of corporate brands in order to better explain the branding phenomena and better manage corporate brands. The present thesis examines alignment between multiple stakeholders' retail brand perceptions, both in term of what the retail brand stands for (current perceptions) and what the retail brand should stand for (ideal perceptions). The alignment of perceptions is what I refer to as perceptual alignment. Below are three figures that address each of the studies included in this thesis, respectively, in relation to the conceptual framework presented in chapter 2. The figures elaborate on table 1 by depicting a brief overview of the research focus of each study and show the relationship of perceptual alignment and the related performance outcomes. A greater discussion of the independent and dependent variables will be presented in each specific study.

3.8.1 Study 1 in relation to the conceptual framework

Study 1 examines the relationship between the three commonly used central stakeholder groups: top management, customers and employees. Perceptual alignment is examined with difference scores analysis from the employees' perspective and customers and top management perceptions measured as perceived by the employee; In other words, the employees' beliefs about customer and top management beliefs. In addition, perceptual alignment is based on both current perceptions and ideal perceptions. The performance outcomes involved are related to (1) employee mindset strength, (2) customer mindset strength and (3) economic performance.

Figure 1. Research focus of study 1
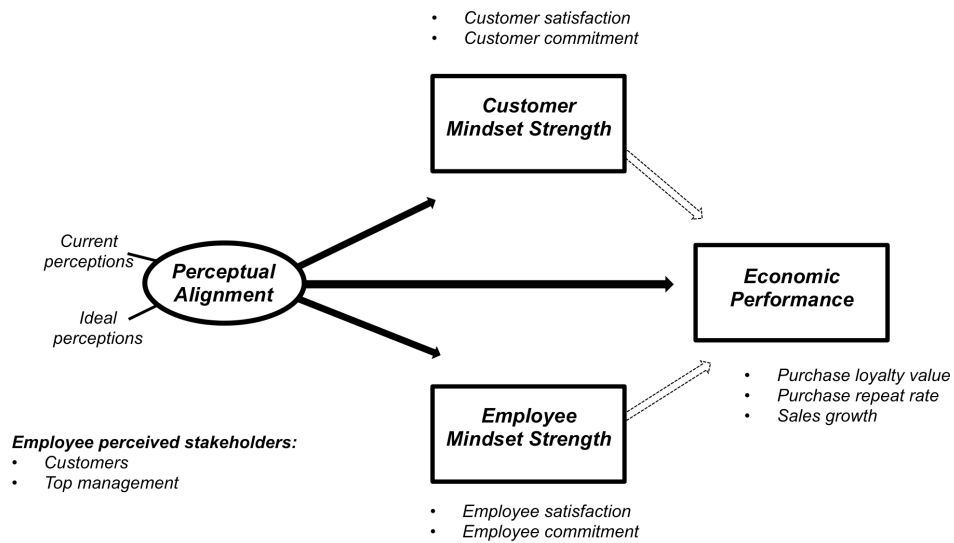
3.8.2 Study 2 in relation to the conceptual framework

Study 2 uses a different approach to operationalise perceptual alignment and focuses entirely on the employees' ideal perceptions in relation to their perceptions of other stakeholders. Study 2 also includes the closest manager and immediate work colleagues as two additional relevant perceived internal stakeholders. In addition to satisfaction and commitment, other customer mindset constructs include the net promoter score and the repurchase rate. To understand the effects of perceptual alignment on economic performance, contributions margin per square metre, employee turnover and sick leave are introduced as economic performance outcomes.

Figure 2. Research focus of Study 2
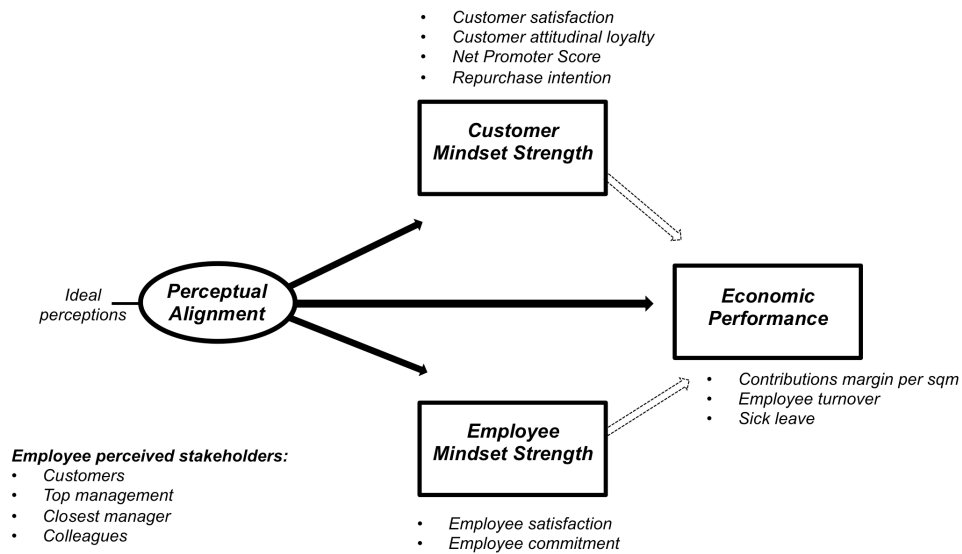
3.8.3 Study 3 in relation to the conceptual framework

Finally, study 3 compares the two previously used approaches to examine perceptual alignment (difference scores and direct comparison measure) from the employee's perspective. In contrast to study 1, the alignment of current perceptions and ideal perceptions are both taken into consideration. The perceived stakeholders are the same as in study 2 and include customers, closest manager, colleagues, and top management. Employee mindset strength is again represented by satisfaction and commitment. However, customer mindset strength is represented by customer brand strength and customer brand awareness. Several more metrics for economic performance are added, including turnover, annual results, profit margin, and turnover per employee.

Figure 3. Research focus of Study 3

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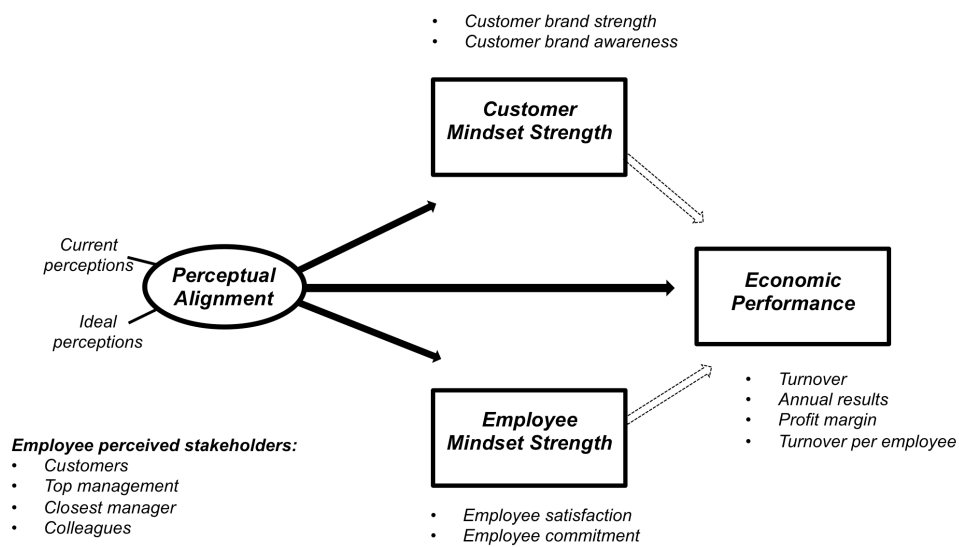
3.9 Analysis of the relationship between perceptual alignment and performance outcomes

One of the main tasks of this thesis was to investigate the relationship between perceptual alignment and various performance outcomes related to brand equity and to test the implied assumption that strong alignment acts as a prerequisite to successful corporate brands. In all three studies, bivariate analysis was used as the main method for analysing this assumption. Bryman and Bell (2011) described this method as the consideration of two variables simultaneously (for example, perceptual alignment and employee satisfaction) in order to determine whether the two variables are related. Using bivariate analysis to explore the relationships between variables involves searching for evidence that the variation in one variable concurs with the variation in another variable. This means that bivariate analysis only reveals the relationship (correlation) between two variables. A bivariate analysis does not show the direction of the relationship or the causality between the variables; that is, whether one variable causes another.

Identifying the causality – that is, determining whether a corporate retail brand has strong perceptual alignment because it has a strong corporate retail brand or whether it is a strong corporate retail brand because it has strong perceptual alignment – would be ideal. With regard to the causal order, the core idea of most conceptual models and frameworks is the assumption that perceptual alignment is important because it leads to success and better economic performance; that is, that the level of economic performance drives the level of perceptual alignment. However, the latter could also be possible to some extent since a strong alignment could occur due to the fact that the corporate brand is performing well and has a strong reputation. However, it is difficult to isolate the effects of perceptual alignment and determine the causality order. A more reasonable purpose and the primary focus of this thesis is to examine whether there are any significant relationships at all between perceptual alignment and performance outcomes related to brand equity, as the corporate branding literature has implicitly assumed (e.g., Hatch and Schultz, 2001; 2003; Balmer, 2012) and suggested, but rarely tested systematically.

Throughout studies 1, 2 and 3, correlation analyses are mainly used to test each hypothesis. The use of the correct method (Pearson's r, Spearman's rho or

Kendall's tau) depends on several factors and on the type of variables used in the analysis. Spearman's rho and Kendall's tau are two accepted measures of non-parametric rank correlations. Non-parametric tests do not depend on the assumption of various underlying distributions and are distribution-free. Spearman's rank correlation coefficient and Kendall's tau are both proper measures for rank correlations and can be used when the data is based on ordinal scales (that is, when there are no identical differences between the scores on a scale), such as Likert scales (Hauke and Kossowski, 2011).

Spearman's rho is used in all three studies because it is the most widely used rank correlation coefficient (Bryman and Bell, 2011), although Kendall's tau has an advantage when samples under 10 are involved (Burns and Burns, 2011). Most of the constructs used in my theoretical framework, and the items provided by the involved company (in studies 1 and 2) are Likert scales; hence, Spearman appears to be the most appropriate method. Pearson's r correlation is widely used in statistics and measures the relationship between linear related variables. However, Pearson's r is not recommended for calculating the correlation between an ordinal and interval/ratio variable because both variables in a Pearson's correlation must be at the interval/ratio level of measurement (Bryman and Bell, 2011). That said, Likert scales are commonly treated as interval data in marketing, psychology and social sciences research since they are reasonable approximations of interval data points. While the Pearson method uses absolute numeric values, the Spearman method is based on ranking the observations (Hair, 2006). This means that Spearman's rho has the advantage of being less sensitive to outliers in the data compared to the Pearson correlation (Rousselet and Pernet, 2012). This has an important implication when examining economic performance data, especially in study 3, since the economic figures vary to a great extent between the observations, creating several outliers. Based on the advantage of Spearman's rho being less sensitive to outliers in the data compared to the Pearson correlation (Rousselet and Pernet, 2012) and in order to comply with conservative and traditional statistical assumptions, the Likert scales will be treated as ordinal data. As a result, the analysis in studies 1, 2 and 3 are primarily based on Spearman's rho. Lastly, according to Burns and Burns (2011) Spearman's rho is a close approximation of Pearson's r, which are two of the most commonly used measures for bivariate analysis.

That being said, Spearman's rho and Pearson's r were both tested in the analysis of the hypotheses for each of the three studies and showed similar patterns and results. The chosen method did not change the outcome of the hypotheses. Based on that, the reasons mentioned above, and for simplicity reasons, the results from the Pearson's r method were not presented in the three studies.

Multivariate analysis is the analysis of three or more variables simultaneously. This is a more complex analysis that compares how the different variables and observations relate to each other. In this thesis, multivariate analysis was used for factor analysis in study 2 to identify and group certain variables. It was also used for multivariable linear regression analysis to predict the relationship between independent and dependent variables, which will be discussed further in each specific relevant study. Multivariate analysis is primarily used to allow various similar constructs to compete independently against each other in order to understand and clarify which models are most suitable, relevant and necessary in terms of perceptual alignment. For example, multivariate analysis can be used to allow the perceptual alignment construct to compete with other satisfaction indicators in order to compare the predictive power. In that sense, multiple regressions are used as a complementary tool for discussing and clarifying the results rather than as a primary method of testing the hypothesis in itself.

3.10 Operationalisation of perceptual alignment

This thesis examines the alignment of perceptions, hence *perceptual* alignment. All three studies focus on the retail employees' perspective and their perceived stakeholder alignment. The perceived stakeholder alignment is a subjective and mental perception of their "beliefs about beliefs" where they make a mental comparison between themselves in relation to other stakeholder perceptions. In other words, perceptual alignment in this thesis is not an objective obsolete picture and does not represent the current perceptions of the actual other stakeholder. For example, actual top managers and their perceptions are not included in this thesis. Instead, top management perspective is represented by *employee-perceived* top management perceptions; that is, what employees think that top management thinks about the retail brand (beliefs about beliefs). This is the mental representation and perceptual alignment in the retail employee's

mind. This type of direct comparison measure is commonly used in the fields of consumer research, psychology and organisational behaviour, where this type of perceptual alignment is strongly related to concepts such as self-alignment, person-environment fit, and congruence studies.

The various literatures have four dominant approaches related to perceptual alignment and performance. The first is a *direct performance model* (e.g., Edwards, 1994; Cronin and Taylor, 1994; Dabholkar, Shepherd and Thorpe, 2000), which uses perceived performance as a direct antecedent of performance. Although this model is not related to alignment per se, it is a traditional approach of performance and used as a benchmark in my studies.

The second approach uses *difference scores* (e.g., Sirgy et al., 1997; Parasuraman et al., 1988) to calculate an arithmetic difference between performance and a comparison standard to represent alignment. This is perhaps the most common approach for measuring self-concept alignment and is relevant to disconfirmation theory. The approach is prevalent in consumer research, service management and organisation studies. In the corporate branding literature, Anisimova (2010) and Anisimova and Mavondo (2014) used difference scores analysis per definition. However, their mathematical calculation of alignment differs from other traditional difference scores. Firstly, difference scores are often based on the respondent's current perceptions and their ideal or desired perceptions as a comparative standard. Anisimova (2010), on the other hand, does not use the respondent's ideal perceptions and instead uses a different stakeholder's mean score of ideal perceptions as a comparative standard. This change of technicality and way of operationalisation has several implications. Firstly, using a mean score locks the comparative standard, reduces the variance and is likely to make the absolute difference score into a performance score. Secondly, using this arithmetic approach and referring to it as alignment between two stakeholders may have a weaker and compromised measurement validity. Difference scores have been criticised because they can create low reliability, spurious correlations and variance restrictions (Peter, Churchill, and Brown, 1993; Page and Spreng, 2002). Difference scores were used initially in study 1 and later in study 3 for comparative reasons.

The third approach uses *direct comparison measures* (e.g., Page and Spreng, 2002), where alignment is a subjective assessment of performance in relation to

a perceived standard. While this approach is straightforward and direct, it is limited to only one stakeholder perspective, as mentioned earlier. The approach does not suffer from low reliability, spurious correlations and variance restrictions. In fact, since it is related to the respondent's own perceptual alignment, the measurement validity is higher when related to the respondent specific outcomes (that is, the employee mindset strength). The connection to customer mindset and market performance may not be as strong but, again, the primary purpose is to establish whether any significant relationship exists between perceptual alignment and performance outcomes.

The fourth and final approach concerns *polynomial regression* (Edwards and Parry, 1993; Zenker, Gollan and Quaquebeke, 2014) to measure perceptual alignment. This approach is an indirect measure and uses performance, standards and associated higher-order terms (for example, the squares and product of the measures) as predictors, where each variable is unique and depicts the alignment relationship in three-dimensional surface plots. To determine the level of alignment, surface plots must be examined. However, the results of these polynomial equations are often difficult to interpret, require an extensive number of observations and may have issues regarding multicollinearity. Another disadvantage of polynomial regression analysis is its sensitivity to meaningless distinctions that contribute little to the understanding of perceptual alignment. Minor discrepancies between the predicted and observed scores are treated as errors (Bedeian and Day, 1994; Tinsley, 2000).

Having briefly compared the various approaches, and based on my research interest of employee-perceived stakeholder alignment, I concluded that the direct comparison measure is one of the most suitable approaches and this method was used in studies 2 and 3. It is a straightforward method in the sense that perceptual alignment is not an arithmetic calculated score, it is simple for respondents to relate to and, in terms of measurement validity, it is a direct measure.

3.11 Validity and reliability of the methods and results

A more detailed discussion of the limitations in relation to the contributions of this thesis will be presented in the concluding Chapter 7. The next part will discuss some of the overall concerns regarding validity and reliability. Validity

refers to the integrity of the conclusions of a study and exists in many forms. Bryman and Bell (2011) argued that validity is the most important criterion of research and is typically separated into three different types: measurement validity, internal validity, and external validity. Reliability deals with whether the results of a study can be repeatable and consistent and the extent to which a measure or study is stable.

3.11.1 Measurement validity

Measurement validity is the extent to which the instrument (survey, questionnaire, tests, etc.) of a concept really measures that concept. In other words, it reflects the accuracy of a measurement (Bryman and Bell, 2011). This is a critical issue to reflect upon as one of my concerns is how to operationalise perceptual alignment. This issue will be part of an important discussion in later chapters. By extension, in a thesis on perceptual alignment such as this, a key concern is whether perceptual alignment is measured in the right way. This is particularly important considering that there are only a few quantitative and empirical studies in the field of corporate branding that could serve as guidelines. Consequently, a methodological aim that emerged in study 3 was to examine and compare two different measurement approaches of perceptual alignment (that is, difference scores versus the direct comparison measure).

3.11.2 External validity

External validity can be seen as the generalisability of the research and the extent to which it can be applicable outside the specific research context. Consequently, the selection of people or organisations to participate in the research study becomes crucial (Bryman and Bell, 2011). The results of this thesis should at least be limited to the retail context and organisations operating in similar circumstances.

I would not necessarily generalise the results to, for example, knowledge-intensive service industries or manufacturing industries since these are not included in my studies. Nor would I generalise the results to other countries, since I have only looked at the Swedish retail industry. In the context of this thesis, I believe that it would be sufficient to ensure the internal validity and establish that there are significant relationships between perceptual alignment and internal, external and economic performance outcomes related to brand

equity. Studies 1 and 2 are limited to one specific retail industry but study 3 attempts to generalise beyond this industry and includes 151 retail chains throughout various retail industries, such as home electronics stores, fashion retailers, home and household stores, grocery stores, and sports and leisure stores. That said, the conceptual framework of this thesis could be relevant to organisations outside the retail context, although the results and the impacts of perceptual alignment may vary.

The results are limited to the specific context of this thesis, and empirical studies should be conducted in the specific context of interest if it is outside of retailing. However, the results based on scales such as satisfaction and commitment could perhaps be used for broader analytical generalisations.

3.11.3 Reliability

As noted, repeatability and consistency are related to reliability and whether the results of a study can be repeatable and considered as consistent, and the extent to which a measure or study is stable or not. Bryman and Bell (2011) provided the example of IQ tests, which were designed as a measure of intelligence. If the results of an IQ test varied significantly from one occasion to another, the method would not be considered very reliable. Reliability is directly related to the validity of the measure, but it is important to note that just because a test is considered reliable does not necessarily mean that it is valid. Using the example of the IQ test, the results may be stable and consistent on each occasion the test was taken, but if the IQ test did not measure intelligence, it would not be valid. In that sense, validity is more important than reliability.

One question regarding the reliability of this thesis is whether someone else conducting a similar research project would reach similar conclusions. To this concern, another related and important issue that needs to be considered is the *time* aspect. Perceptual alignment can be seen as an on-going process and the quantitative empirical findings of this thesis are limited to a specific period of time. An ideal situation would focus on a number of companies and measure their level of perceptual alignment over a longer period and its varying impacts on brand equity in greater detail. It would also investigate, for instance, whether an increase of perceptual alignment also leads to increased brand equity and vice

versa. However, such an approach is beyond the time, resource, access and financial constraints of this thesis.

That said, in order to increase the reliability of this thesis, several steps were taken. First of all, the relationship between perceptual alignment and performance outcomes were examined in three distinct studies. Secondly, the studies involve different respondents, perceived stakeholders, similar and various performance outcomes, and different operationalisation of perceptual alignment. In addition, study 3 includes different retail chain brands across retail different industries in order to extend the results beyond a specific retail industry context. Thirdly, different types of perceptual alignment (that is, the distinction between alignment of current perceptions and ideal perceptions) were distinguished and systematically tested amongst several perceived stakeholders. Lastly, if the results of all the three main studies show findings that support and complement the same overall conclusions, this can be seen as an indication of reliability.

Chapter 4 | Study 1

A traditional difference scores approach to assess employee-perceived alignment of customers' and top managements' retail image perceptions and the effects on performance outcomes

This study is the first of three main studies in this thesis. Study 1 is based on two existing quantitative approaches in the corporate branding literature (Davies and Chun, 2002; Anisimova and Mavondo, 2014) that investigate perceptual alignment. In this study, perceptual alignment is examined based on frontline employees in four different retail brand chains and performance outcomes in terms of employee mindset strength, customer mindset strength, and economic performance (presented earlier in the conceptual framework of this thesis in chapter 2). The next section introduces the specific theoretical problems, followed by four hypotheses. The subsequent sections present the method, results, and conclusions of study 1. The managerial implications are presented in chapter 7 of this thesis.

4.1 Introduction

The aim of study 1 is in line with the overall purpose of the thesis to develop an understanding of how the alignment of different stakeholders' retail brand perceptions affects brand equity, by operationalising and testing the relationship between perceptual alignment and brand equity in a retail context. Study 1 also aims to answer the three research questions in Chapter 1, which involve performance outcomes of alignment, stakeholder alignment relationships, and the role of current and ideal perception alignments.

Some of the theoretical problems presented here were mentioned earlier. However, there are several specific theoretical problems that must be emphasised again in this study before presenting the hypotheses. There are few quantitative studies that have looked at the effects of perceptual alignment in a retail image context. Davies and Chun (2002) used two department stores to look at the alignment of corporate personality, rather than specific retail store image attributes. I would argue that, when examining the overall impression of the retail brand, retail store image attributes are more relevant than a personification

metaphor (the corporate personality scale) that reflects the content of a human personality.

Study 1 has an internal emphasis based on frontline employees' perspective and perceived stakeholder alignment. The perceived stakeholders in this study are top management and customers which, together with employees, are the three most commonly used central stakeholders in conceptual corporate branding models (e.g., Hatch and Schultz, 2001; 2003; 2008). These stakeholders are also important in retailing, so it is logical to include them when examining perceptual alignment related to retail brand image. This multiple stakeholder approach is somewhat unique because previous quantitative studies (Davies and Chun, 2002; Anisimova, 2010; Anisimova and Mavondo, 2014) in corporate branding primarily took a dual-stakeholder perspective (for example, top management and customers).

This study has a conceptual and a technical reason for taking the employee perspective (see more Section 4.2.1). The conceptual reason is that the role of the employee has often been highlighted in retail contexts (e.g., Bäckström and Johansson, 2006; Anselmsson and Johansson, 2013; Cheng, et al., 2008). The frontline employees are also at the heart of the corporate branding process (e.g., King, 1991; Balmer, 1995; 2001; 2010).

More specifically, this thesis studies perceptual alignment by looking at employees' perceptions of other stakeholders. I refer to this as *employee perceived stakeholder alignment*. This alignment uses the same logic as construed image (Brown et al., 2006), beliefs about beliefs, or envisioned identities (Balmer, 2008), which are concepts that relates to how one perceives the perception of others.

Hatch and Schultz's (2001; 2003) conceptual model aligns the vision-culture-image view from an organisational perspective. One drawback of their conceptual model is the lack of clearly established roles of employees. Instead, employees are implicitly embedded in the culture dimension. Based on this interpretation, each of the three alignment links in Hatch and Schultz's model serve as a basis for the three overall hypotheses of this study that there is alignment between employees and top management, employees and customers, and top management and customers.

Management literature about construed associations and construed images (e.g., Brown et al., 2006) argues that employees' perceptions about how others view the organisation play an important role in how they perceive and respond to the

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organisation. In terms of alignment, this response should have positive performance outcomes. In addition, a distinction between the alignment of current and ideal perceptions is important. Davies and Chun (2002) did not distinguish employee ideal perceptions in their study and only looked at current perceptions. In terms of operationalisation, this study views management vision as top management's ideal perceptions, which agrees with Anisimova's (2010), and Anisimova and Mavondo's (2014) approaches. However, they looked at perceptual alignment in terms of corporate personality, rather than perceptions of the retail brand image. I argue that frontline employees' perceived stakeholder alignment should have a positive effect and relationship with internal employee performance outcomes, external customer performance and economic performance outcomes.

4.1.1 Hypothesis 1. Employee perceived alignment with top management

Hatch and Schultz (2001; 2003) discuss the vision-culture gap and argue that top managers must ensure that the vision which inspires them also resonates throughout the company. In other words, the vision must inspire and be shared across employees. Balmer (2012) proposes a similar alignment, but between actual and desired corporate brand identity. However, both Balmer (2012), and Hatch and Schultz (2001; 2003) are rather vague as to what *actual* refers to, and if it relates to current or ideal perceptions. Nevertheless, similar ideas related to the alignment between current and ideal perceptions can be found in concepts such as brand identification, organisational identification, and internal branding. Identification is based on social identity theory and can be described as "a perception of oneness with a group of persons" (Kuenzel and Vaux Halliday, 2010). In simpler terms, it is the extent to which perceptions are aligned between oneself and a certain group.

The logic of these concepts (brand identification and organisational identification) is that employees are likely to act favorably toward the brand if they share and believe in the vision, and find the values of the brand and organisation (often set by top management) meaningful.

When these concepts discuss perceptions related to identification, it is not always clear if these perceptions reflect currently held perceptions (what the brand is) or ideal perceptions (what the brand should be). In an inter-firm context, Anisimova and Mavondo (2014) looked at the alignment between car

dealers' current perceptions and car-manufacturing top managements' ideal perceptions. There was a relationship between alignment, and car dealers' satisfaction and commitment. I suggest that, in a retail context, there is also a significant positive relationship between the alignment of retail employees' current perceptions and their perception of top managements' ideal perceptions, and performance outcomes such as employee satisfaction and commitment. The following hypothesis should be true for this to be supported. In order to systematically test and distinguish current and ideal perceptions, Hypothesis 1 proposes:

H1a. Employee current perceptions and perceived top management ideal perceptions

The higher the employee perceived alignment between current perceptions and top management's ideal perceptions, the greater the employee mindset strength (employee satisfaction and commitment).

As Hatch and Schultz's work (2001; 2003) only relates to culture in terms of current perceptions, and culture and internal branding academic research does not clearly specify if it relates to current or ideal perceptions, the following relationship should also be true to fully support the relevance of vision and ideal perceptions:

H1b. Employee ideal perceptions and perceived top management ideal perceptions

The higher the employee perceived alignment with top management's ideal perceptions, the greater the employee mindset strength (employee satisfaction and commitment).

4.1.2 Hypothesis 2. Employee perceived alignment with customers

One of the main assumptions in the literature is that internal and external perceptions of a corporate brand should be aligned and predicts greater corporate brand performance (de Chernatony, 1999; Hatch and Schultz, 2001; Balmer and Greyser 2002; Schultz and de Chernatony, 2002; Nandan 2005; Hawaby et al., 2009). Hatch and Schultz's model (2001; 2003) argues that a

strong alignment between image (customer perception), and culture (what employees think, feel, and believe about the brand) can help corporate brands succeed. They also argue that an image-culture gap (between customer perceptions and employee perceptions, behaviors and attitudes) confuses customers about what a company stands for. This happens when the brand does not practice what it stands for. Hatch and Schultz argue that the first step to identify this gap is to compare what employees and customers are saying. If the culture (partly represented, in my interpretation, by employees' current perception) does not match customers' current perceptions, the brand is in trouble. Davies and Miles (1998) agree, arguing that the idea of gaps between employee and customer perceptions is even more prevalent for service brands, since employee and customer interactions are essential.

Most of the literature that emphasises alignment between employees' current perception (sometimes simplified as identity) and customers' current perceptions (sometimes simplified as image) is conceptual (e.g., Balmer and Soehnen, 1999; Balmer and Greyser, 2002; Hatch and Schultz, 2001; de Chernatony, 1999; Nandan, 2005). There are few quantitative, empirical studies that have statistically tested this main assumption to determine if perceptual alignment is a pre-requisite for strong brands and affects brand equity.

The second hypothesis focuses on the alignment between employees' perceptions of customers perceptions. In order for H2a to be true, the following statement should be supported:

H2a. Alignment of employee's current perceptions and perceived customer current perceptions

> *The higher the employee perceived alignment with customers, based on current perceptions, the greater the employee mindset strength (employee satisfaction and commitment).*

Hypothesis 1b argues for the relevance of ideal perceptions as an aspect of the culture and vision dimension proposed in several corporate branding frameworks. It tests for the relevance of aligning employee's ideal perceptions with customer's current perceptions. Imagine if what employees think is important and relevant (ideal perceptions) of the retail brand is aligned and reflected with what they perceive that customers currently think (current perceptions) of the retail brand. Such an alignment is likely to positively affect

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employee satisfaction and commitment. As a result, I propose the following hypothesis:

H2b. Alignment of employees' ideal perceptions and perceived customer current perceptions

> *The higher the employee perceived alignment between their ideal perceptions and customers' current perceptions, the greater the employee mindset strength (employee satisfaction and commitment).*

4.1.3 Hypothesis 3. Employee perceived alignment between top management and external stakeholders

The third hypothesis involves the alignment between top management and customers, which is similar to what Hatch and Schultz (2001; 2003) call the vision-image alignment. Aligning top management's perceptions of what the brand should stand for (vision) with the customer's corporate image is a challenge in corporate brand management.

Several identity and image studies in management research (e.g., Dutton and Dukerich, 1991; Gioia, Schultz and Corley, 2000) show that corporate images often affect and influence the vision and enable top managers to reflect on who they are. This indicates that image should not be used as an outcome or measurement of brand performance. Instead, it is a dynamic relationship between identity and image, and between top management ideals and customers' current perceptions. Hatch and Schultz (2003, p. 1051) argued: "Managers who are sensitive to the images that others form of their organisation will be better at developing, successful, sustainable corporate brands because they will benefit from recognising tensions or discrepancies that arise between strategic vision and the corporate images held by key stakeholders". In essence, if the perceptions for which a brand and organisation want to stand for are aligned with their customers, then they are likely to succeed.

One of the most important implications in an explorative study of retail experience (Bäckström and Johansson, 2006) was the identification of gaps between management's prioritisations of what was important to customers and what they thought comprised customers' retail experience. The research showed that customers' retail experience was less about management prioritising advanced store investments, and more about traditional image attributes such as product selection, store layout, and employee roles. This suggests that there can be several gaps in perceptions between top management and customers. Few

studies have tested these gaps to see if alignment has a positive effect on performance. However, there are some studies that have examined this relationship.

Cheng et al. (2008) studied the fashion retail image and examined the alignment between the organisations' ideal perceptions and customers' current perceptions. The organizasion's ideal perception was captured by what was communicated on company websites and brochures. The conclusion was that alignment has important strategic implications, but Cheng et al. (2008) never tested or measured alignment in relation to any performance effects.

Anisimova (2010) looked at the alignment between customers' current perceptions and top management's ideal perceptions in the automobile industry. They found a significant effect on customer satisfaction and commitment, but did not investigate employee mindset strength such as employee satisfaction or commitment.

Employee misalignment between management vision and customer perception indicates that employees facing customers are caught in the middle of two interests. When this occurs, employee satisfaction and commitment are likely to be negatively influenced. Yaniv and Farkas (2005) use a similar reasoning to illustrate the negative effects of a gap between what is communicated and what the employees actually deliver.

Using this line of reasoning, the third hypothesis examines to what extent alignment between top management and customer perceptions affects employees and their mindset. If employees perceive that what the brand should stand for (top management's ideal perceptions) is influenced and well-received by customers' current perceptions, employees are likely to have a stronger mindset strength. There will be no mismatch or incongruity in terms of brand perceptions in their interaction with customers. For this argument to be important in retail branding, the following hypothesis should be true:

H3. Alignment of employee perceived top management's ideal perceptions and customers' current perceptions

> *The higher the employee perceived alignment between top management ideals and customers' current perceptions, the greater the employee mindset strength (employee satisfaction and commitment).*

4.1.4 Hypothesis 4. Employee perceived alignment and effect on customer mindset strength and economic performance

The first two hypotheses concern the effect on employee mindset strength. However, the conceptual framework (see section 2.4 in chapter 2) and research question 1 (see section 1.5 in chapter 1) of this thesis show that perceptual alignment also has a positive effect on customer mindset strength and economic performance. The fourth hypothesis involves customer mindset strength. Anisimova (2010) found statistically significant relationships between alignment of customers (current perceptions) and top management (ideal perceptions) in the automobile industry, and the effects on customer satisfaction and loyalty. Davies and Chun (2002) also looked at customer satisfaction in retailing, but used a non-statistical analysis to assess the relationship between alignment and performance outcomes. Davies and Chun (2002) primarily looked at employee and customer satisfaction.

For perceptual alignment to be more important than just engaging employees by increasing satisfaction and commitment, it must be related to the other components related to brand equity and the brand value chain, such as customer mindset strength (customer satisfaction and commitment):

H4a. Employee perceived stakeholder alignment and customer mindset strength

The higher the employee perceived stakeholder alignment, the greater the customer mindset strength (customer satisfaction and commitment).

Retail image and corporate branding empirical statistical studies concerning perceptual alignment among multiple stakeholders have not tested the relationship by economic performance measures. However, several organisation studies regarding person-organisation fit (Chatman, 1989; Kristof, 1996; Cable and Judge, 2006; Kristoff Brown et al., 2005) and person-environment fit (Tinsley, 2000; Kristof-Brown, 2011) show relationships between level of fit and turnover (Kristof, 1996; Vandenberghe, 1999; Kristof-Brown et al., 2005). In my conceptual framework (see section 2.4), perceptual alignment has a positive effect on economic performance. Hypothesis H4b suggests that the following

statement should be true for perceptual alignment to be relevant in terms of brand equity from an economic perspective:

H4b. Employee perceived stakeholder alignment and economic performance

> *The higher the employee perceived stakeholder alignment, the greater the economic performance (purchase loyalty value, purchase repeat rate, and sales growth).*

4.2 Method

Corporate brand

The Swedish company in Study 1 has a corporate brand and four retail chains, each with its own brand, and distinct market positions and strategies. This thesis is interested in the entire retail chain as the brand. In this study, the retail brand or store is not referring to private labels or store brands as products or merchandise. Instead, retail brand or store refers to the entire retail chain as a brand. The four retail chains have many common corporate image attributes, but also some distinct ones to satisfy different market needs and segments. This study looks at retail brand image attributes that are similar and relevant to all four retail chains.

Survey 1. Employee survey

During the annual, internal employee satisfaction survey that the brand-owning company distributed to the majority of its 6,000 employees across all retail chains, respondents had the opportunity to fill in their names and addresses if they were interested in participating in a survey (study 1) constructed for this thesis. The first distributed survey was printed and posted to 995 employees of the four retail chains (Store chains A, B, C, and D) in March 2011. These four retail chains are distinct retail brand chains, each with its own business concept and several stores. They are not simply four different stores of the same retail

chain. The survey was distributed to more than 300 stores of the four retail chains.

Several efforts were made to increase the response rate. First, experiments have shown that mentioning a university affiliation could increase the response rate (Faria and Dickinson, 1992). In this case, it was clearly stated that the survey was part of a research project at Lund University. Second, respondents could win an iPad, as a, incentive for participating in the survey. Third, respondents were guaranteed anonymity. Two reminders were sent out, resulting in a return of 607 surveys (61 percent response rate). There were 387 respondents for retail chain A, 52 respondents for retail chain B, 152 respondents for retail chain C, and 16 respondents for retail chain D. The numbers of respondents were roughly proportionate to the number of stores for each of the four specific retail chains. Meaning that retail chain A and C have the most stores, whilst retail chain B have less and retail chain D have the least.

The survey was conducted and distributed to the brand-owning company and focused on capturing respondents' current and ideal perceptions of the retail brand in terms of retail store image and their overall judgement and attitudes toward the retail chain. The 607 respondents were filtered to only include employees that face customers on a regular daily basis. In the end, 578 respondents were included in the analysis for study 1.

Survey 2. Customer survey

Norstat Sweden AB, a leading data-collector firm in Sweden (with one of the largest internet panels in Northern Europe) sent out a customer survey after the employee survey was complete. There were 600 respondents that answered for one or more retail brand chains. I constructed the external customer survey, which was web-distributed in May 2012. The web panel of 600 respondents geographically represented Sweden. The customer survey's purpose was to collect customer satisfaction and commitment rates for all retail chains. There were 304 males (50.7 percent), and 296 females (49.3 percent) who responded. The target was the same as that of the four retail chains (main households with families). The target group was respondents older than 25 years. Out of the 600 respondents, 97 (16.2 percent) were between 25 and 34 years old, 105 (17.5 percent) were between 35 and 44 years old, 123 (20.5 percent) were between 45 and 54 years old, and 275 were between 55 and 74 years old (45.8 percent). The

data from the customer survey served as dependent variables for customer mindset strength.

General scales versus unique scales as independent variables

An important issue when constructing the survey involved the consideration of using existing theoretical and general scales versus scales relevant to the corproation studied. On one hand, using theoretical scales increases the chances that the scales will be construct valid and better analytical generalisations to connect the findings to previous research. In addition, they will be connected to theoretical foundations that are likely to show satisfactory reliability scores, since they have been tested and refined in previous research. However, these items may or may not be relevant for the specific company.

As noted, the disadvantages of such an approach are that it has not been tested and may not measure what it intends to measure. The advantages are that the scales are hands-on practical for the company and likely to be relevant and understandable to the employee respondents in terms of retail image associations that they are working with and important in terms of perceptual alignment.

One alternative would have been to follow Davis and Chun's (2002) approach and use existing and previously published scales and questions. However, one of the weaknesses of their approach was that they used an overall corporate personality scale that was applicable to any corporate brand. Using such a generic scale applicable to any brand may compromise the relevance and specific concerns appropriate for a certain brand. In addition, Davies and Chun (2002) did not test the relevance of the corporate personality scale they used statistically; that is, how good the scale was as a direct performance measure and at explaining or predicting customer or employee satisfaction. If the scale is not relevant (that is, does not have relevant associations to the respondent) then it does not matter whether they are aligned or not when looking at the relationship between perceptual alignment and brand equity. So perhaps their findings could be related to the issue that they used a general scale that may not have been as relevant to the corporations they studied.

Before using the corporation's own retail image scale, the relevance of the scales were tested by an ocular comparison to previous scales and statistical validation. The results showed significant explanatory power for both employee and customer satisfaction and commitment. Based on this, using the industry scale was considered appropriate. In addition, another main argument is the relevance of the scale as the industry scale is closely related to their relevant branding efforts, retail image and activities towards their customers and employees. The industry scale involved the primary retail image associations that are important to the company and had an impact on the satisfaction and commitment of both employees and customers. These retail image attributes are also used in the company's external marketing as well as internally, which is highly relevant to my perceptual alignment research focus.

Retail store image

Fifteen retail store image items were used to assess perceptual alignment in the employee survey. The questionnaire asked respondents (employees) to fill in the items on a five-point Likert scale (5 being the highest) based on; Current perceptions (what the retail brand stands for today) and ideal perceptions (what the retail brand should stand for). The respondents were also asked to fill in what they perceive customers think the retail brand is good at, and what they perceive top management to think the retail brand should be good at.

Current perception questions were formulated as: "I think that [retail chain name] is good at providing products with high quality". Ideal perception questions were formulated as: "I think that a retail store should be good at providing products with high quality". Perceived external stakeholder questions were phrased as: "Products with high quality is something customers perceive [retail chain name] to be good at providing". Perceived top management questions were formulated as "Products with high quality is something I perceive top management wants us to be good at providing".

The retail store image attributes that serves as the base for assessing perceptual alignment is measured with 15 items including:
1. "Nice atmosphere"
2. "Employees that enjoy and like their work"
3. "Good customer service"
4. "Good supply and good fresh products"

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5. "Products with high quality"
6. "Easy and efficient shopping"
7. "Safe, reliable and trustworthy"
8. "Positively distinct"
9. "An environment friendly profile"
10. "Good availability of healthy products"
11. "Good value for the money"
12. "Positive and pleasant experience to shop in store"
13. "Good reputation"
14. "Wide and varied availability of products"
15. "Attractive availability of products and brands".

The 15 retail store image items were relevant attributes for all retail chains and included in annual corporate surveys distributed by the brand-owning company. These items were included in the survey to gain access and provided a comprehensive foundation for the measurement of consumer value by incorporating functional, symbolic and emotional attributes. The items closely resembled Lindquist's (1974) seminal work on store image that has influenced numerous related scales. For instance, Burt and Carralero-Encinas (2000) revised their store image scale to include six dimensions: Physical characteristics, pricing policy, product range, customer service, character, and store reputation. Each of the 15 retail store image attributes included in the survey can be categorised into one of Burt and Carralero-Encinas' (2000) six dimensions (see Appendix). Some items are very similar, such as *good value for the money* and *nice atmosphere*. The retail store image attributes used by the company were similar to existing scales and can be seen as a customisation of published scales to fit the specific market or company in focus, as suggested by Park and Srinavasan (1994) and Bearden and Etzel (1982). Researchers often start by referring to Lindquist's comprehensive scale from 1974 and then tailor it to their own specific purposes (e.g., Westbrook, 1981; Anselmsson & Johansson, 2007, Burt & Carralero-Encinas, 2000).

Employee satisfaction

Five existing variables proposed by Griffin et al. (2010) were used for job satisfaction. These items measured employee satisfaction. Respondents were asked to rate all questions on a five-point Likert scale.

Employee commitment

Commitment was measured with four variables (Lincoln and Kalleberg, 1985). These are standard measures for organisational commitment. This study used them to measure employee commitment. The scale included five variables formulated as:

- "I am proud to work for this company"
- "I am willing to work harder than I have to in order to help this company succeed"
- "I feel very loyal to this company"
- "I would turn down the same job with a competitor even if I got more pay in order to stay with this company"
- "I would take any job in order to continue working for this company"

Customer satisfaction

Customer satisfaction was measured in the customer survey with three variables (Mägi, 2003). All had significant inter-item correlation at the 0.01 level. The three variables were formulated as:

- "I am satisfied with this store"

- "This store meets my expectations of this kind of stores"

"If I imagine a perfect store, then this store is close to the ideal".

Customer commitment

Commitment was also measured in the customer survey that measured satisfaction. The customer commitment construct is similar to a loyalty construct and was measured with a six-item scale (Aaker et al., 2004). The six variables included:

- "I would be willing to postpone my purchases if this store was temporarily unavailable"

- "I would stick with this store even if it let me down once or twice"

- "I am so happy with this store that I no longer feel the need to watch out for other alternatives"

- "I am likely to be using this store one year from now"

- "I am willing to make small sacrifices in order to keep using this store"

- "I am very loyal to this store"

Economic performance

Two economic performance measures were provided by Gfk, a leading market research companies that provides the retail industry with consumer data. These measures include *purchase loyalty value*, *purchase repeat rate*, and *sales growth*. Purchase loyalty value measures share of wallet and looks at the percentage of all buying households' total value spent in the category, distributed to their store. The purchase repeat rate measures the proportion of households that visited a store more than once. These two measures were based on market research data from 2011 to 2012. In addition, sales growth from 2011 to 2013 (provided by the brand-owning company) was included as an economic performance measure. In total, three measures were included as economic performance:

- Purchase loyalty value

- Purchase repeat rate

- Sales growth

4.2.1 Analysis of perceptual alignment

The analysis approach is based on a difference score analysis similar to Anisimova (2010) and Anisimova and Mavondo (2014). Difference scores are widely used in consumer research, service management and organisation studies. Anisimova's (2010) approach is inspired by a method from the management field that examines the effect of fit (alignment) on multiple variables and performance. The formula Anisimova uses to measure and operationalise perceptual alignment is similar to the profile-deviation method (Venkatraman, 1990). This measure is called *misalignment* because the statistically significant, negative correlation results point to misalignment and gap, rather than alignment. The following formula provides the misalignment measure:

$$\text{MISALIGNMENT} = \sqrt{\sum_{J}^{N} (x_a - x_b)^2}$$

Xa represents the score for employees in the study, while *Xb* is the score for the specific stakeholder (top management in H1a and H1b, and customers in H2a and H2b). *J* is the number of dimensions but is the index based on the 15 retail store image items in this study.

One important aspect of this paper that differs from Anisimova (2010) and Anisimova and Mavondo (2014) is that they based their difference scores and *Xb* on an aggregated level and combined the means of the management ideals into one fixed mean score. Anisimova and Mavondo (2014) calculated the misalignment based on two different stakeholders in which a fixed, aggregated mean score for top management represented the view of one stakeholder, based on one fixed mean score (which limits the variation and makes the misalignment score very similar to a standard performance score). Instead, I measured misalignment on an individual level with employee perceived top management responses, which could lead to a greater variety, instead of using one fixed score when measuring perceptual alignment.

To minimise the complexity of the analysis, study 1 is based on an aggregated level, in which respondents from the four retail chains are stacked together, so that the four retail chains are analysed as one. The analysis is primarily based on an index consisting of the 15 retail store image items (these items can be values relevant for all four retail chains). One reason for this is to minimise complexity of the analysis, since it involves the perceptions of three stakeholders (employees, top management, and external stakeholders) and perceptual alignment on two levels (current and ideal perceptions). That said, the four retail chains were examined individually but the results did not add any new findings and showed the same pattern for all four retail chains. Based on that, and the simplicity reason, the four retail chains were presented on an aggregated level in the analysis.

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4.2.2 Hypotheses testing

Hypotheses 1 to 3's associations to employee mindset strength were tested in a bivariate correlation analysis. The impact of perceptual alignment was measured using Spearman's rho (see chapter 3). The range of the perceptual alignment is from 0 to 5, in which 0 indicates the strongest level of perceptual alignment.

Hypotheses 4a and 4b concern customer mindset strength and economic performance. Since the empirical data is purely based from the employee perspective, the relationship between perceptual alignment and external customer mindset strength and economic performance will be assessed with a non-statistical comparison analysis using the same ocular analysis approach as Davies and Chun (2002) used for their two department stores in their study. This non-statistical analysis aims to identify patterns between the results.

4.2.3 Descriptive analysis and benchmarks

This section starts with a descriptive analysis of study 1.

Table 1. Descriptive analysis: Benchmarks index based on 15 retail store image items

	Employee current perceptions	Employee ideal perceptions	Customer current perceptions	Top management ideal perceptions
Mean	4.09	4.67	3.94	4.57
Std. Deviation	0.57	0.48	0.61	0.55
Cronbach's alpha	0.90	0.93	0.92	0.93
N	578	578	575	574

Table 1 shows the mean score for employees' current perceptions, employees' ideal perceptions, employee's perceptions of customers' beliefs (current perceptions), and employees' perceptions of top management's ideals. As a reminder, actual customer and top management respondents are not included in this study, only employees' perceived perceptions of customers and top management are presented. In other words, customer current perception is employees' perceptions of what customers think the retail brand stands for. The measurement for top management's ideals is employees' perception of what they think top management thinks the retail brand should stand for.

The results show that employees score what the retail brand should stand for (ideal perceptions, 4.67) higher than what it currently stands for (current perceptions, 4.09). It also shows that the employees have a more favourable current perception (4.09), compared to what they think customers thinks (3.94). Finally, employees' perception of top management ideals (4.57) is higher than their current perception (4.09), but lower than their own ideal perceptions (4.67). Table 1 shows the Cronbach's alpha value. In all four constructs, the Cronbach's alpha is 0.90 or higher, which is well above the threshold value of 0.70. For simplicity's sake, this suggests that a compiled index of the 15 items is suitable for further analysis.

Table 2. Descriptive analysis: Misalignment index based on 15 retail store image items

	Employee current perceptions & top management ideals	Employee ideals & top management ideals	Employee current perceptions & customer current perceptions	Employee ideals & customer current perceptions	Customer current perceptions & top management ideals
	H1a	**H1b**	**H2a**	**H2c**	**H3**
Mean	0.62	0.34	0.38	0.86	0.73
Std. Deviation	0.41	0.46	0.27	0.58	0.49
Cronbach's alpha	0.83	0.91	0.72	0.91	0.89
N	573	573	575	574	573

Table 2 shows similar data but presents the mean score of the perceptual alignment index based on each hypothesis. More accurately, the score is the misalignment, as a higher value indicates a larger gap/misalignment, and a lower value (closer to 0) shows stronger alignment. The 15 retail store image items based on each hypothesis yielded a standardised Cronbach's alpha value between 0.72 (H2a) and 0.91 (H1b). Some are stronger than others, but they all pass the minimum threshold value of 0.70. As a result, making an overall index of the 15 items is possible.

Cronbach's alpha tests were also conducted for the dependent variables. The employee satisfaction scale showed a significant inter-item correlation at the

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0.01 level and had a Cronbach's alpha value of 0.89. Employee commitment had a Cronbach's alpha value of 0.80, customer satisfaction was 0.87, and customer commitment was 0.88. All constructs exceeded the minimum threshold Cronbach's alpha value of 0.70, are highly acceptable for reliability, and well suited for further analysis.

Table 3. Benchmarks of standard scores, Spearman's rho Correlations

	Employee satisfaction	Employee commitment
Index current perceptions Q15	0.35**	0.52**
Index ideal perceptions Q15	0.16**	0.19**

N=578

Table 3 examines if current and ideal perceptions are significantly correlated with employee satisfaction and commitment. The analysis is made as a benchmark to compare the relationship of perceptual alignment, against the relationship to standard scores of employees' current perceptions, against the dependent variables. This is in accordance to predictions from other studies showing that retail store image attributes are correlated with satisfaction (e.g., Westbrook, 1981; Anselmsson and Johansson, 2013). Cronin and Taylor (1994) had a similar approach, in which they tested the added value of using various models against pure perceptions of service quality. Table 3 shows that both levels of perceptions have significant relationships. As expected, current perceptions had a significant effect on satisfaction and commitment. This shows that the higher employees perceive the retail image to be, the higher satisfaction and commitment they have. There is also a significant but weaker relationship between employees' ideal perceptions of the retail brand image, commitment and satisfaction. This means that the higher the ideals, the more satisfied and committed personnel are. The following sections investigate if employee perceived stakeholder alignment also have a significant relationship. Comparisons against the benchmark correlations will be performed in the analysis part.

4.3 Results and analysis of study 1

4.3.1 Results and analysis of the Hypothesis 1a

Hypothesis 1a concerns employee perceived alignment with top management. Table 4 shows the results of the correlation analysis. The results in the figures are termed *misalignment* in all the hypotheses. Misalignment is actually my operationalised measure for perceptual alignment. Due to the way perceptual alignment is constructed, the results of a large difference or discrepancy will yield a negative value and effect. Hence it is more logical to term it as misalignment. This means that the results of the misalignment should have significant negative correlation to support the hypothesis. A positive value, significant or not, would indicate that misalignment has a positive effect on employee satisfaction and commitment, that means that such a result would reject the perceptual alignment hypothesis.

Additionally, the misalignment measure only examines the level of fit (alignment) and does not acknowledge the direction of the discrepancy or if one stakeholder's perception exceeds the other. It only acknowledges that there is a misalignment, not if employees' perceptions exceed the perceived stakeholder or vice versa.

Table 4. Hypothesis 1a Correlations analysis

	Employee satisfaction	Employee commitment
Misalignment between employees' current perceptions and perceived top management's ideal perceptions (scale 0 to 4).	-0.23**	-0.34**

N = 578

Table 4 illustrates the results of the correlation analysis and shows that Hypothesis 1a is supported, as the misalignment measure has a significant negative relationship with employee satisfaction and commitment. This indicates that aligning employees' current perceptions with top management ideals is important. The results support the general idea of matching culture and vision, and shows that aligning employees' current perceptions with top management's ideal perceptions has a significant relationship with employee mindset strength. The results also extend the findings of Anisimova and

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Mavondo (2014) and show that perceptual alignment is supported in a retail context.

Comparing the correlation coefficients with the benchmark (table 3), shows that the benchmark of current perceptions of retail brand image without alignment has 0.10–0.20 correlation units' higher correlation to satisfaction and commitment.

4.3.2 Results and analysis of Hypothesis 1b

Table 5. Hypothesis 1b Correlation analysis

	Employee satisfaction	Employee commitment
Misalignment between employees' ideal perceptions and top management's ideal perceptions (scale 0 to 4).	-0.17**	-0.30**

N = 578

Table 5 shows that Hypothesis 1b is supported. As predicted, perceptual alignment has a significant effect on employee satisfaction and commitment or more specifically a misalignment and discrepancy between employees' ideal perceptions and their perceived top management ideals has a negative effect on employee satisfaction and commitment. This result supports the general logic of concepts such as brand identification, organisational identification, internal branding, and Hatch and Schultz's (2001; 2003) conceptual ideas of vision-culture alignment. In comparison to the benchmark of ideal perceptions (see table 3), the beta coefficient is on a similar level as employee satisfaction, but the alignment has 0.10 higher correlation units on commitment.

4.3.3 Results and analysis of Hypothesis 2a

Table 6. Hypothesis 2a Correlations analysis

	Employee satisfaction	Employee commitment
Misalignment between employees' current perceptions and perceived customers' current perceptions (scale 0 to 4).	-0.17**	-0.25**

N=578

Hypothesis 2a moves away from employee perceived alignment with top management to focus on employee perceived alignment with customers. Table 6 presents the results. As predicted, the misalignment measure shows that a discrepancy between employees and perceived customers' current perceptions has a negative effect on employee satisfaction and commitment. The results support the findings of Davies and Chun (2002) and Anisimova (2010), and strengthen the importance of Hatch and Schultz's (2001; 2003) culture-image gap. Compared to the benchmark of current perceptions, the beta coefficients are lower in the misalignment measure, but are still significant.

4.3.4 Results and analysis of Hypothesis 2b

Table 7. Hypothesis 2b Correlation analysis

	Employee satisfaction	Employee commitment
Misalignment between employee's ideal perceptions and perceived customers' current perceptions (scale 0 to 4).	-0.21**	-0.36**

N=578

Table 7 displays the results of H2b. The misalignment measure shows significant negative correlations to employee satisfaction and commitment. This indicates that a strong alignment between employee ideals and customers' current perceptions is important. This result extends Davies and Chun's (2002) findings by also demonstrating the relevance of employee ideal perceptions. The beta coefficient has significant, but lower correlation units on employee satisfaction and commitment compared to the benchmark of current perceptions (table 3).

4.3.5 Results and analysis of Hypothesis 3

Table 8. Hypothesis 3 Correlations analysis

	Employee satisfaction	Employee commitment
Misalignment between perceived customers' current perceptions and perceived top management's ideal perceptions (scale 0 to 4).	-0.19**	-0.30**

N=578

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Table 8 supports H3, as it shows that there is a significant negative correlation on both employee satisfaction and commitment based on employee perceived misalignment of top management's ideal perceptions and customers' current perceptions. These results support and extend Cheng et al. (2008) by showing that not only does the alignment between desired identity (top management ideal perceptions) and perceived identity (customers' current perceptions) have important strategic implications, but a misalignment also has a significant negative effect on employee mindset strength.

In other words, an employee perceived discrepancy between customers (current perceptions) and top management (ideal perceptions) has a negative impact on employee satisfaction and commitment. The results highlight the negative effect of a problem that several organisations encounter when a gap exists between the brand, as perceived by the customers, and the brand communicated by management. Employees may see such a gap in the communication as a lie (Yaniv and Farkas, 2005), which may make them less willing to support the brand in terms of employee satisfaction and commitment.

The third hypothesis differs slightly from the previous two, as it has no sub-hypothesis. It looks at employee perceived alignment of customers' current perceptions and top management's ideal perceptions. Once again, these results are not based on the actual responses of customers or top management. Instead they are based on employees' perceptions about stakeholders' beliefs. This means it is employees' beliefs about top management's and customers' beliefs.

4.3.4 Results and analysis of Hypothesis 4

Table 9. Mean values of perceptual alignment, customer mindset strength and economic performance

	Store chain A	Store chain C	Store chain D
Misalignment			
Employee's current perceptions & top management's ideals (**H1a**)	0.62	0.61	0.69
Employee's ideal perceptions & top management's ideals (**H1b**)	*0.42 C*	*0.30*	*0.37*
Employee's current perceptions & customers' current perceptions (**H2a**)	0.39	0.38	0.40
Employees' ideal perceptions & customers' current perceptions (**H2b**)	0.91	0.84	0.96

Perceived top management's ideal perceptions & customers' current perceptions **(H3)**	0.68	0.74	0.78
Index	0.61	0.57	0.64
Customer mindset strength			
Customer satisfaction	3.45	3.59	3.36
t-test	-	D	-
Customer commitment	2.28	2.52	2.45
t-test	-	A	-
Economic performance			
Purchase loyalty value	9.80	17.10	8.50
approximative test		AD	
5% difference			
Purchase repeat rate	*75.70*	*79.30*	*60.60*
approximative test	*D*	*D*	
5% difference			
Sales growth (%)	*+9.5%*	*-8.7%*	*+5.9%*
2011-2013			

Table 9 shows that the results of H4, involving employee perceived stakeholder alignment and effects on customer mindset and economic performance, are mixed. The hypothesis has some support and cannot be rejected, but that support is not very clear.

The results from table 9 show that, excluding sales growth, Store chain C was the most successful retail chain, as it significantly outperformed the other two retail chains on customer mindset strength measures. However, there are no clear relationships since more often than not, there was no significant variation between the three store chains in terms of employee perceived stakeholder alignment, except for H1b. In that case, Store chain A was significantly higher than Store chain C (which means that Store chain C was more aligned, since it was closer to 0). Nevertheless, whilst the employee perceived stakeholder alignment was the same across the retail chains there were significant differences in terms of customer mindset strength and economic performance. For those reasons, the results for H4 are inconclusive and cannot be fully supported. On the other hand, since there is at least some non-statistical support for the hypothesis, it cannot be fully rejected as well. As a consequence, there is a need to further investigate the relationship between employee perceived stakeholder

alignment, customer mindset strength, and economic performance using better statistical analysis.

Four retail store chains were originally included, but Store Chain B only had 15 employee respondents, so was removed due to the minimum-threshold requirement of at least 30 observations. This approach, using t-tests and non-statistical analysis to examine the relationship between perceptual alignment and performance outcomes is the same analytical approach used by Davies and Chun (2002) and shows its limitation to verify and test specific relationships in this study.

Hypotheses *H1a, H1b, H2a, H2b*, and *H3* are supported, while H4 cannot be rejected. Employee perceived stakeholder alignment appears to have a significant effect on employee satisfaction and commitment; or rather, misalignments have a negative effect on internal employee mindset strength. However, the relationship between employee perceived stakeholder alignment, customer mindset strength, and economic performance is inconclusive.

4.3 Conclusions of study 1 and key findings

4.3.1 Theoretical implications

Study 1 looks at perceptual alignment from the employee perspective and their beliefs about top management and customers. I refer to this as *employee perceived stakeholder alignment*, which is similar to what Balmer (2008) calls *beliefs about beliefs*. The study investigates alignment between three of the most common stakeholder groups as well as three dimensions of alignment discussed in corporate branding: namely vision, culture, and image. This study simplifies these dimensions as *employees' perceptions (culture)*, *top management's ideals (vision)*, and *customers' current perceptions (image)*. Furthermore, the difference score analysis used is one of the most common approaches to assess alignment related concepts in consumer research (self-image concepts) and organisation studies (person-organisation fit).

All the hypotheses related to employee mindset strength (satisfaction and commitment) are supported as employee perceived stakeholder alignment, or more specifically, misalignments have significant negative relationships with employee satisfaction and commitment. This suggests that employee perceived

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stakeholder alignment with top management and customers is relevant in a retail brand image context. It supports the main assumptions in the vision-culture-image triangle highlighted in conceptual articles (Hatch and Schultz, 2001; 2003.). In addition, this supports the findings of Anisimova (2010) that deal with end customer current perceptions and top management visions in the automobile industry, and Anisimova and Mavondo's (2014) findings that deal with top management vision of a car brand and current perceptions of car dealers. This study is the first that deals with all three types of stakeholder alignment relationships at once.

Another findings show that alignment of employee ideal perceptions appears to be just as important as the alignment of current perceptions. The results show that alignment of current and ideal perceptions of retail brand image have a significant effect on employee mindset strength, as previous empirical studies (e.g., Davies and Chun, 2002; Anisimova and Mavondo, 2014) emphasised for using corporate personality.

Each hypothesis was compared to the standard performance score benchmark in which the benchmark showed a higher correlation than alignment. Therefore, it could be interesting to test the predictive power of employee perceived stakeholder alignment on top of the benchmark in a regression analysis. A simple regression analysis based on the standard performance score benchmark index and the employee perceived stakeholder alignment index of each hypothesis was conducted, although not presented in the results. The benchmark consisted of employees' current perception responses, and was grouped and aggregated to an employee current perceptions index. This benchmark index was then used in a simple, single-item linear regression to determine the predictive power on employee satisfaction and commitment, respectively. The results showed that the benchmark index had a predictive power of 23 percent on satisfaction and 30 percent on commitment. On the other hand, the employee perceived alignment indices based on each hypothesis only had a predictive power of 2 percent to 9 percent on employee satisfaction and 2 percent to 13 percent on commitment. A multiple regression analysis with the benchmark index and employee perceived stakeholder alignment indices showed that although significant, alignment only increased the predictive power by 1 percent. This indicates that perceptual alignment is not as strong a driver as employees' current perceptions on employee mindset strength. Cronin and Taylor (1994) called this a performance score.

The fourth hypothesis, concerning the relationship between perceptual alignment, customer mindset strength and economic performance, could not be fully supported. However, it could not be falsified and rejected as well, since the results were inconclusive. The non-statistical analysis was based on three observations (Davies and Chun, 2002 only used two observations). At least 10 or 30 retail store chain observations are required to truly test the relationship using this analysis.

My findings are most unique relative to previous empirical studies in corporate branding. Little attention has been put on measuring the alignment of multiple stakeholders ideal perceptions, even though it has been recognised as conceptually important (e.g., Balmer 2012) and is often embedded in the vision aspect (e.g., Hatch and Schultz, 2001; 2003).

4.3.2 Limitations

There are several limitations that affect the validity of the results and implications. The operationalisation and assessment of perceptual alignment using difference scores analysis in study 1 is similar to the one used by Anisimova (2010) and Anisimova and Mavondo (2014), which has been criticised. Several authors (e.g., Peter et al., 1993; Edwards, 1994; Edwards and Parry, 1993) noted the methodological limitations of using difference scores analysis. Peter et al. (1993) pointed out that the difference between two variables does not provide additional information for explaining a criterion beyond that which is held in the components themselves (performance measure).

Existing studies (e.g., Anisimova, 2010; Anisimova and Mavondo, 2014) are likely to have this validity issue, as perceptual alignment is calculated from one individual score subtracted by a fixed index score (the mean value) representing the other stakeholder. As I argued in the ,method section (4.2.1) of this study, I tried to circumvent this issue by calculating perceptual alignment based on the individual employee's perspective, in which each score is unique to the individual. However, the critique of difference scores is still relevant and could explain the regression analysis results in which the perceptual alignment index barely increased the predictive power of the benchmark index. This could be due to the fact that the benchmark index is part of the construction of the perceptual alignment indices, so the alignment index does not provide additional information. The high correlations between difference scores and their components are also problematic, as the multicollinearity among these variables

may result in unstable parameter estimates and misleading results (Peter et al., 1993). Despite the wide use of difference scores in other fields, this criticism suggests that difference scores may not be the ideal way of measuring employee perceived stakeholder alignment. Therefore, the next study should find a different method of operationalising employee perceived stakeholder alignment to overcome these methodological shortcomings.

There is also a limitation regarding the choice of retail store image for perceptual alignment. Corporate brand personality scales have been used in various studies, but I find this measure rather vague and difficult to relate to for certain stakeholders. Instead, study 1 presented a more tangible, functional measure in choosing retail store image. One limitation of the functional emphasis is that the functional image attributes reflected in the retail store image may not necessarily capture the essence of the vision of the corporate brand. To illustrate, measuring retail store image with attributes such as the quality of the products and services may not be the ideal way of measuring the overall impression of the retail brand among multiple stakeholders. In an extension, the retail store image is more customer-oriented and subject to customer perceptions. The next study requires a new measurement that quantifies a broader, neutral, encompassing retail brand dimension that is more relevant and applicable to multiple stakeholders.

Study 1 only involves employees and how they perceive top management and customer perceptions. Perhaps there are other relevant stakeholders that influence employees more. The next study should consider the role and inclusion of other potential relevant stakeholders.

More quantitative empirical investigation is needed to test perceptual alignment between stakeholders, especially in terms of external and economic performance outcomes. The next study should include more units of analysis and other brand equity-related performance measures to further test and extend the relevance of perceptual alignment and its relationship with customer mindset strength and economic performance.

Finally, the empirical data in study 1 is extensive and includes much more analysis than what is presented in this chapter. However, several limitations have been made to simplify and focus on the most essential findings. Studies 2 and 3 will present new empirical data and use other statistical analysis methods. Furthermore, managerial implications based on the findings will be presented in concluding chapter 7 after all three main studies have been presented.

Chapter 5 | Study 2

A direct comparison approach to assess employee perceived stakeholder alignment based on ideal perceptions of retail store image and effects on performance outcomes

This chapter extends the results from study 1. It basically involves the same three overall research questions presented in chapter 1, and the main contribution is to use an alternative approach to assess and test employee perceived stakeholder alignment. The next section introduces and problematises the direct comparison measure as an alternative approach to the difference score method. The subsequent section then presents the analytical framework that now also includes the closest manager and immediate work colleagues as two additional stakeholders, in addition to top management and customers. The final part discusses the results of study 2 in relation to study 1 and previous research. As in study 1, managerial implications are outlined in chapter 7.

5.1 Introduction

5.1.1 From difference score to direct comparison

The results of study 1 found support for a significant relationship between retail employee perceived alignment with customers, top management perceptions and employee satisfaction and commitment. Based on other quantitative and empirical studies on alignment in corporate branding (e.g., Anisimova, 2010; Anisimova and Mavondo, 2010), study 1 used the method of difference scores to measure employee perceived stakeholder alignment. More specifically, it was adapted from Anisimova's (2010) and Anisimova and Mavondo's (2014) approach to measuring perceptual alignment. As Anisimova (2010) pointed out, the concept of fit or co-alignment has received considerable interest in the organisational research field (Venkatraman, 1990; Venkatraman and Prescott, 1990) and Anisimova's (2010) approach was influenced by the profile deviation

method, which considers the degree of alignment to a specific profile and is suitable in situations when the concern is the evaluation of alignment between multiple variables relative to the criterion variable (Venkatraman, 1989; Kabadayi, Eyuboglu and Thomas, 2007). The profile deviation method is a form of difference score analysis, which is often used in organisation studies (Edwards, 1991; Lee and Mowday, 1987) to assess alignment, congruence, fit, match, or profile similarity between constructs, and is then used as a predictor of certain outcomes.

That said, one important thing to acknowledge regarding the results of Study 1 concerns the very use of difference score analysis as an operationalisation. Although the method is still being used to measure alignment in an automobile industry context (Anisimova, 2014), several articles from early 1990s have raised concerns regarding the use of absolute difference scores (e.g., Cronin and Taylor, 1992; Teas, 1993; Peter et al., 1993; Benlian, 2014). For example, the facts that difference scores are not unique and are based on the standard score components may result in misleading correlations between the difference scores and other variables (Wall and Payne, 1973). The main issue with difference scores pertains to the analysis of differences between two distinct groups of individuals and how they scored various question items. Depending on perspectives, one group will be treated as a cluster – that is, an average score. This issue was not relevant in study 1 as it was entirely based on the employee's perspective. However, it does apply to Anisimova's (2010) and Anisimova and Mavondo's (2014) empirical studies.

Numerous authors (e.g., Peter et al., 1993; Page and Spreng, 2002) have pointed out several potential problems with difference scores analysis. These problems involve reliability, discriminant validity, spurious correlations and variance restriction. Some of these issues were encountered in study 1, which means that the validity and reliability of the results in study 1 may be questionable. To avoid the methodological drawback of applying an absolute difference score, Peter et al. (1993) recommended the use of direct comparison operationalisation. This operationalisation is applicable and useful when the individual respondent provides both of the measures used in calculating an absolute difference score. The direct comparison measure is often found in the consumer behaviour, organisational behaviour, human resource management and organisational psychology literature. Concepts such as customer's self image, self-congruity and self–brand congruence (Sirgy et al., 1997; Jamal and Adelowore, 2008) or person–organisation congruence/fit/alignment (Chatman,

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1989; O'Reilly, Chatman and Caldwell, 1991) use different direct comparison measures. The concept of person–organisation fit deals with the alignment and compatibility between an individual employee's own personal values and the values of the organisation, according to the employee's perceptions (Yaniv and Farkas, 2005; Matanda and Ndubisi, 2013). These concepts were also discussed and elaborated on in chapter 2.

The direct comparison approach focuses on a certain individual's perspective; it makes the respondent mentally consider the differences between themselves and another group, rather than letting the researcher calculate an arithmetic difference, as in the case of difference scores analysis. For instance, in study 1, one question asked the employee about their current perceptions of the retail image; another question then asked the employee about their beliefs about customers' current perceptions of the retail image. Alignment, or rather misalignment, was then calculated as the difference between these two scores – that is, the difference scores.

The direct comparison measure is simpler in the sense that the employee is asked how they perceive something in comparison to their perceptions of what another stakeholder thinks. This is similar to what Balmer (2008) refers to as "beliefs about beliefs". In this sense, the direct comparison approach is highly suitable for this study as I am emphasising *employee perceived* stakeholder alignment. As a result, study 2 uses the direct comparison approach to assess perceptual alignment between the employee and perceived stakeholders.

5.1.2. More stakeholders than top management and customers

Study 1 and the corporate branding literature tend to emphasise three key broad stakeholder groups: top management, employees and customers (e.g., Balmer and Soenen, 1999; Balmer, 2012; Hatch and Schultz, 2002, 2003). Hatch and Schultz (2002, 2003) pointed out the importance of aligning the vision (top management), culture (employees) and image (customers). In addition, results from Benlian (2014) drew attention to the alignment between the employee and their closest manager as another important stakeholder. In Human Rersources studies, the role of work colleagues and closest managers (that is, not top management) has also been emphasised. However, these stakeholders have generally not been emphasised or discussed conceptually in normative frameworks related to corporate branding (e.g., Balmer, 2012; Hatch and Schultz, 2001; 2003), even though one characteristic of corporate branding

agreed upon by several scholars (e.g., Balmer, 2001; Knox and Bickerton, 2003), is that it concerns multiple stakeholders.

Several empirical studies have pointed out that perceptual alignment is complex, and that obtaining perfect alignment between all stakeholders is perhaps unfeasible, as gaps are likely to exist (Davies and Chun, 2002; Vercic and Vercic, 2007; Anisimova and Mavondo, 2014). That said, one important question to consider is how to prioritise perceptual alignment between different stakeholders in order to determine whether perceptual alignment between all stakeholders is of equal importance. Several studies on corporate branding have focused on the top management as a primary segment, arguing that this group comprises, more often than not, the decision makers and those responsible for key strategic changes and implementations within the organisation (e.g., Urde, 1999; Balmer, 1999; Abratt and Mofokeng, 2001; Hankinson, 2007; Harris and de Chernatony, 2001). However another large part of the corporate branding literature draws attention to internal factors of the organisation and the role of employees in the brand building process (Harris and de Chernatony, 2001). Employees are consistently recognised as the embodiment of the brand, and serve as a crucial interface between the internal and external environment. Employees have an important influence on the emotional and functional values customers receive, and also impact customers' perceptions of the brand (Schneider and Bowen, 1985; Balmer and Wilkinson, 2001; de Chernatony, 2002), especially in a retail store environment (Bäckström and Johansson, 2006; Johansson and Anselmsson, 2013).

So on one hand, it is important and interesting to look at the top management perspective, since this group often sets the strategic intention, the direction of the brand and what the brand should stand for. However, on the other hand, I would argue that looking at employees is more interesting, as they are essential to the brand building process. It is the behaviour and attitudes of employees that can either strengthen the communicated values of the brand (often set by top management), or, if inconsistent with these brand values (and as Harris and de Chernatony (2001) pointed out), undermine the credibility of what the brand stands for and the strategic intentions of top management. In that sense, the extent to which employees identify with the brand is fundamental to any organisation, especially for service brands, as the employees' attitudes and behaviours could either make or break the brand, as expressed by Punjaisri, Wilson and Evanschitzky (2009). This is particularly relevant in a retail setting where frontline employees face customers on a daily basis. As a result, it makes

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sense to consider the employees' perspective as the primary focus of the direct comparison approach, since they are the ones that actually deliver the brand values set by top management, and the ones facing customers.

Similar to the logic of Heskett et al's. (1994) service profit chain, the general idea is that if there is a strong employee perceived alignment with relevant stakeholders, then the employees' level of satisfaction and commitment (employee mindset strength) will be high and they will perform better, which will likely lead to favourable customer mindset strength and subsequently have a positive effect on economic performance.

5.1.3. Alignment of ideal perceptions

Internally, a match between what the employee wants (ideal perceptions) from, for example, a job and the current perceptions of what a job is offering (e.g., O'Reilly and Roberts, 1975) is often considered to be an antecedent to employee and organisational commitment. A number of organisational behaviour studies have looked at this form of alignment based on concepts such as person–environment fit, person–organisation fit, person–job fit, self-congruity and self–brand congruence (Sirgy et al., 1997; Chatman, 1989; O'Reilly, Chatman and Caldwell, 1991; Cable and Judge, 1996). These studies have all looked at the match and compatibility between an individual's own current perceptions and their perceived perceptions of, for instance, their organisation, their job, a brand or an image. These concepts are multidimensional and relate to both current and ideal perceptions. Despite the fact that these concepts have received much attention, few studies in corporate branding and retailing have considered the alignment of ideal perceptions between multiple stakeholders regarding the retail brand image and its effect on performance.

On a broader note, throughout the corporate branding literature, alignment has been spoken of in terms of conceptual arguments (e.g., Hatch and Schultz, 2001; de Chernatony, 2010; Balmer, 2012), with no overall general consensus between the different components that need to be aligned. Nor is it clear whether alignment relates to current or ideal perceptions or both, and what it leads to – that is, the effects of alignment on performance outcomes.

Alignment of current perceptions and ideal perceptions are two types of perceptual alignment, though prior research has not consistently distinguished

between them. Davies and Chun (2002), for instance, only looked at the alignment of current perceptions (based on employees and customers). Others (specifically, Anisimova 2010; Anisimova and Mavondo, 2014) have mixed current perceptions of one stakeholder (for example, customers or employees) with the ideal perceptions of another (that is, top management). As a result, there is a need to systematically study and test perceptual alignment, especially ideal perceptions, in greater detail, and examine the effects on performance outcomes.

5.2 Aims of study 2

The primary aim of study 2 is to develop the understanding of employee perceived stakeholder alignment and its relationship with brand equity, examined using the direct comparison approach. The second aim is to extend the findings from study 1 by including immediate work colleagues and the closest manager as stakeholders in addition to customers and top management. The third objective is to test the outcomes at store level, which allows us to study not only the effects on employee mindset strength (satisfaction and commitment), but also customer mindset strength (using external key performance indicators) and economic performance.

5.3. Analytical framework and hypotheses

The majority of studies of perceptual alignment in different fields have looked at the intra-individual level, such as customer's self-image congruence between personal values and specific brand values (so-called value congruence) and how it affects their satisfaction, commitment and trust (e.g., Zhang and Bloemer, 2008). Other examples, such as Coote, Price and Ackfeldt (2004), have examined service employees' goal congruence (alignment between employees' goals and those of their organisation) in retail service settings, and how this affects service performance. The quantitative studies that have tested perceptual alignment in a corporate branding context have mainly looked at it from two perspectives, such as employee and customer (Davis and Chun, 2002) or employee and management (Anisimova and Mavondo, 2014). In service

research, a quantitative study by Benlian (2014) looked at perceptual alignment between employees and their team leaders. However, Balmer (2012) emphasised the importance of meaningful alignment between multidimensions across various stakeholders; these multidimensions include what the employees think the brand stands for, how the brand is perceived externally and what the management wishes the brand to be. Overall, there is a lack of research on perceptual alignment using a multiple stakeholder perspective.

As mentioned above, the direct comparison approach is used to examine employee perceived stakeholder alignment this entails that the employee considers the perceptual alignment between themselves and other perceived stakeholders. The perceived stakeholders in this study involve immediate work colleagues, customers, the closest manager and top management. Each of these employee perceived stakeholder alignment relationships will be considered and used to form a specific hypothesis. The reasons for including each of these stakeholders will be discussed in the following section.

Study 2 will also answer the three main research questions presented in chapter 1. RQ2 considers the role of stakeholder alignment relationships, and each of the hypotheses will focus on one specific stakeholder alignment relationship. In addition, RQ1 concerns the various performance outcomes as the effects of perceptual alignment. This question will be answered by three sub-hypotheses that involve (a) employee mindset strength, (b) customer mindset strength and (c) economic performance. Lastly, RQ3 considers the types of alignment and study 2 is based on the alignment of ideal perceptions.

5.3.1 Hypothesis 1: Employee perceived alignment with colleagues' ideal perceptions

Aligning the perceptions of employees and their colleagues has long been advocated as important in relation to concepts such as internal marketing, employee branding and so on. The aim has often been to align the organisation's internal efforts and corporate culture within the brand in order to strengthen the corporate brand (Vallaster, 2004; de Chernatony and Segal-Horn, 2001). For instance, internal marketing has been defined by Rafiq and Ahmed (2000) as a marketing approach to align, motivate and coordinate

employees in order to deliver satisfaction through a process of creating service-minded employees. On the other hand, corporate branding and internal branding have been seen as a more integrative approach across corporate marketing, corporate management and corporate human resource management to make employees accept and internalise the brand values to align their attitudes and behaviour (Tosti and Stotz, 2001; Vallaster and de Chernatony, 2003; Burmann and Zeplin, 2005; Punjaisri and Wilson, 2007). That being said, immediate work colleagues are often not recognised as distinct key stakeholders, and are generally viewed as a group together with employees.

Since above concepts mention alignment with work colleagues as important, it is relevant from an employee perspective in a retail context to test whether employee perceived alignment with colleagues has a significant relationship with not only employee mindset strength, but also customer mindset strength and economic performance. If alignment with colleagues is important in a retail image context, then the following hypothesis should be supported.

H1. *The higher employee perceived alignment with immediate colleagues' ideal perceptions, the greater the (a) employee mindset strength, (b) customer mindset strength and (c) economic performance.*

5.3.2 Hypothesis 2: Employee perceived alignment with customers' ideal perceptions

There is a generally held view, which is perhaps also the most common, that employee and customer perceptions should be aligned. Gaps between these perceptions should be reduced as such gaps could potentially harm the brand (e.g., Hatch and Schultz, 1997; Davies and Miles, 1998; Davies and Chun, 2002). How employees view the organisation and the brand they work for can influence, in numerous ways, how customers see the same organisation and brand (e.g., Kennedy, 1977). This was also confirmed in study 1 using difference scores analysis and based on current perceptions. Thus, study 2 aims to examine whether these findings based on the alignment of ideal perceptions and examined with direct comparison has a positive relationship as well. From a theoretical point of view it is important to test the alignment of ideal perceptions as it relates to meaningful and relevant alignment. Intuitively, this form of alignment should be important because if the employees and customers

both share the same ideal perceptions of the retail image (what the retail brand should stand for), then that indicates relevance and meaningfulness and ought to have a positive effect in a retail context. Based on this reasoning, the following hypothesis should be supported.

H2. The higher the employee perceived alignment with customers' ideal perceptions, the greater the (a) employee mindset strength, (b) customer mindset strength and (c) economic performance.

5.3.3. Hypothesis 3: Employee perceived alignment with closest manager's ideal perceptions

In corporate branding, alignment between top management and employees has been one of the most commonly used examples of where alignment is essential (see Hatch and Schultz, 2003; Balmer 2012). Recognition of the closest manager has not been that typical, but is an important component that was also pointed out in the pre-study (see chapter 3). In the service operation management literature, several authors (Di Mascio, 2010; Benlian, 2014) have recognised the importance of assessing and aligning middle management team leaders and frontline personnel in order to improve team performance and customer service experiences. Benlian (2014) demonstrated that when the perceptions of service employees are aligned with those of their team leader, team performance in terms of efficiency, excellent quality and fewer mistakes made by team members will improve.

To the author's knowledge, there has been no previous study of perceptual alignment in retailing that has tested the effects on internal, external and economic performance outcomes. If alignment between an employee and their closest manger is important for retail brands, then at least part of the following hypothesis should be supported.

H3. The higher the employee perceived alignment with their closest manager's ideal perceptions, the greater the (a) employee mindset strength, (b) customer mindset strength and (c) economic performance.

5.3.4. Hypothesis 4: Employee perceived alignment to top management ideals

Employee perceived stakeholder alignment concerns alignment between the employee and top management. One of the fundamental principles in corporate branding, as argued by several scholars (e.g., de Chernatony, 1999; Harris and de Chernatony, 2001), emphasises alignment between employee perceptions, attitudes, values and behaviour according to what the brand stands for, which is normally set by the top management. Based on this reasoning, Harris and Mossholder (1996) argued that if an organisation has employees with values similar to those of the organisation, then they are likely to act more favourably towards it. This hypothesis was tested and supported in study 1 using difference scores, and involves the vision–culture alignment relationship in Hatch and Schultz's (2001, 2003) model. With this in mind, the following hypothesis should also be true based on the direct comparison measure.

H4. The higher the employee perceived alignment with top management ideal perceptions, the greater the (a) employee mindset strength, (b) customer mindset strength and (c) economic performance.

5.3.5. Hypothesis 5: Employee perceived stakeholder alignment index compared with employee satisfaction indicators

Four different stakeholder alignment relationships have been identified and pointed out above. All are central to the employee and should have a positive effect on brand equity, based on the reasoning that if employees perceive themselves to be aligned with other important stakeholders, then they are likely to feel more satisfied and committed, which in turn may increase their performance, thereby benefitting the organisation and the brand.

Hypothesis 5 focuses on the proposed employee perceived stakeholder alignment construct in order to determine its relevance by comparing it with other commonly used employee satisfaction indicators. As shown in study 1, the employee perceived stakeholder alignment construct has a positive and significant correlation with employee satisfaction and commitment. However, a question arises as to whether employee perceived stakeholder alignment is

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significant enough to be able to compete with (and possibly replace) traditional employee satisfaction determinants. If perceptual alignment does not add any additional value in the analysis, then there is perhaps no reason to examine employee perceived stakeholder alignment over other traditional indicators, such as the working environment, job tasks, career development, management and communication, etc. In other words, in order for the proposed employee perceived stakeholder alignment to be important, it should be put into a context that enables us to determine its relevance by comparing it with traditional employee satisfaction indicators. Hypothesis 5 tests whether employees' perceived stakeholder alignment holds as a distinct construct, and is formulated as:

H5. *An employee perceived stakeholder alignment index will predict (a) employee mindset strength, (b) customer mindset strength and (c) economic performance more accurately compared to traditional employee satisfaction indicators.*

5.4. Method

5.4.1 Data collection

The brand-owning company of the four retail chains used in study 1 conducted an internal project about the relationship between employee satisfaction and its impact on profitability in 30 of their stores, incorporating two of the four retail chains. Two of these stores were not able to deliver more than a few respondents, despite several reminders and were as a result dropped from the study. A questionnaire was used to measure and evaluate various aspects related to job and employee satisfaction and investigate what affects employee satisfaction and profitability the most, according to the employees. I was able to gain access to this project and conduct a parallel study of employee perceived stakeholder alignment.

The project also consisted of a qualitative and more explorative phase of 80 hours of employee interviews performed in 10 stores, and an internal questionnaire. Another experienced interviewer conducted the employee interviews, but I had access to the voice recordings of the interviews on the same

day as they were conducted. The interviewer uploaded these to a shared file system (dropbox.com). As a result, I was able to follow and comment on upcoming interviews after each interview session (the interviews were conducted over a period of three weeks). During the interview phase with employees, several interview questions about perceptual alignment were added. In addition to these inputs, I influenced, to some extent, and provided suggestions on other items to be used in the questionnaire.

I managed to include the same commitment construct and employee job satisfaction scale as that used in study 1. I also included a few items related to the retail store image as benchmark measurements in order to compare the effects of employee perceived stakeholder alignment to more conventional store image attributes. The store image items were chosen based on the initial personnel interviews. In these interviews, respondents emphasised certain job environment and store image items that they thought were appreciated by customers, and that affected their own satisfaction and the profitability of the store the most. In total, three store image items stood out and were included in study 2. These were: "The store is fresh and modern", "The store has a wide and attractive assortment" and "My store has a good reputation". These three store image attributes were also used in study 1 and, as discussed in that study, can be found in Burt and Carralero-Encinas's (2000) and Lindquist's (1974) retail store image studies. More importantly, an employee perceived stakeholder alignment construct consisting of four items was included.

The questionnaire was conducted in October 2013. It was restricted to taking up no more than 15 minutes of the employees' valuable time, and as a result the number of items included in the questionnaire had to be limited. Hence, I focused on alignment of ideal perceptions, as this aspect is conceptually emphasised as important but has not been examined statistically in the few existing empirical studies related to this thesis. The company's corporate management sanctioned the project and each of the 28 stores and their employees were required to participate, making the response rate optimal.

Another rare opportunity given during this project was the access to key performance figures, such as contribution margin, employee turnover and sick leave, for each of the 28 stores. These figures represented the stores' economic performance. I was also given access to sensitive external key performance indicators. The circumstances made this study a unique situation and a great opportunity to evaluate the role of perceptual alignment between the employee and perceived stakeholders, and its effect on employee mindset strength,

customer mindset strength and economic performance based on the same units of analysis.

The respondents included and represented all types of employees, ranging from cashiers to store managers; however, the management positions were removed from this study as it focuses on frontline employees. A total of 323 respondents were included, of whom 159 were from one store chain and 164 were from another store chain. The HR department at the corporate head office selected the respondents and the questionnaire took approximately 15 minutes to answer. Each respondent remained anonymous and completed the survey online on their own work time at the store manager's office. I was then given access to the raw data in SPSS and Excel.

5.4.2. Performance outcomes of employee perceived stakeholder alignment at store level

In order to assess the effects and outcomes of employee perceived stakeholder alignment, study 2 looks at employee mindset strength in terms of employee satisfaction and employee commitment, since satisfaction and commitment are perhaps two of the measures most widely used in the literature to assess the impact of perceptual alignment. This is based on the same logic as that of the service profit chain (Heskett et al., 1994), which argues that if employees are motivated and aligned with the organisation, their productivity is likely to increase and contribute to economic performance. Benlian (2014) ventured beyond the typical satisfaction and commitment measures and examined team performance efficiency and customer perceived service quality. Study 2 also extends beyond typical satisfaction and commitment outcomes and looks at external key performance indicators including the net promoter score, repurchase intentions, customer satisfaction and customer attitudinal loyalty. These indicators are used by practitioners and managers in retailing and were provided by the brand-owning company of the two retail chains. In this study, these are used to represent external customer mindset strength, as discussed in the next section. In addition, this study examines whether employee perceived stakeholder alignment has an impact on contribution margins per square metre, and employee based behaviour, which directly affects economic performance, including employee turnover and sick leave.

Study 1 used customer mindset strength and economic performance based on the retail chain level, meaning that the outcomes were based on four

observations – that is, based on the four retail store chains. This resulted in perhaps too few observations to be able to assess and identify the effects of employee perceived stakeholder alignment. In contrast, study 2 uses customer mindset strength and economic performance based on store level. This means that there will be 28 observations based on each of the 28 stores' own performance, which is more suitable for assessing the effects of perceptual alignment at store level than at retail chain level.

5.4.3 Questionnaire

The questionnaire consisted primarily of six different dimensions: three sets of dependent variables and three sets of independent variables. The independent variables consists of:

1. Employee perceived stakeholder alignment (4 items)
2. Retail image (3 items)
3. Traditional employee satisfaction indicators (21 items)

The dependent variables were used to measure the outcomes and included:

1. Employee mindset strength (2 constructs):
   - Employee satisfaction (4 items)
   - Employee commitment (4 items)
2. Customer mindset strength (4 constructs):
   - Customer satisfaction (3 items)
   - Customer attitudinal loyalty (1 item)
   - Net Promoter Score (1 item)
   - Purchase intention (1 item)
3. Economic performance figures:
   - Contributions margin per square metre
   - Employee turnover
   - Sick leave

All of the dimensions and items were measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Employee perceived stakeholder alignment: These items were based on theoretical conceptualisations and inspired from previous direct comparison measures in other fields (e.g., Cable and DeRue, 2002). The choice of stakeholders was based on a literature review and insights from qualitative interviews gained via a pre-study shortly before study 2 was conducted. These items were also determined based on the hypotheses.

The alignment items focused on the overall ideal perceptions of how a "good store should be". This formulation has advantages and disadvantages; one advantage is the relevance to the retail store employee. It is very tangible and relatable, which makes it easier for the employee to imagine the beliefs of other stakeholders, such as the customers' perceptions of the retail brand based on the store itself, rather than the chain. However, the disadvantage also lies in the fact that it focuses more on the retail brand based on the store, and not on a corporate retail chain level. Another advantage of asking about how a good store should be is, that the performance outcomes were based on store performance, and not on that of the retail chain. This made the examination of the relationship between employee perceived stakeholder alignment and store performance more appropriate.

Retail image: The purpose of using these retail image items was to ensure there were some items to compare the employee perceived stakeholder alignment items with. The three retail image items were highlighted during interviews in a pre-study (see chapter 3) with employees when they discussed aspects of their job environment. The role of a "fresh and modern store" was mentioned several times. The employees' reasoning was that a fresh and modern store showed that the management cared about their working environment, and in turn made it more pleasant to work in as the employees felt important and appreciated. "A wide and attractive assortment" implied an efficient and dynamic store. Lastly, the employees felt proud if their retail brand had a "good reputation". Since these retail image items were emphasised by the employees themselves as important to employee satisfaction and the profitability of the store, they should be relevant to test.

Retail image items

1. "Fresh and modern store"
2. "A wide and attractive assortment"
3. "Good reputation"

Typical employee satisfaction indicators: The original questionnaire contained 21 items (see table 3 in the analysis) the company constructed in their attempt to better understand what drives employee satisfaction and profitability of the stores. These items served to measure a wide variety of aspects that could be related to employee satisfaction and ranged from the workplace environment, work tasks, the organisation, leadership and colleagues to development aspects. These items are used for hypothesis 5 in order to compare the role of employee perceived stakeholder alignment with employee satisfaction indicators.

It is important to point out that the employee satisfaction indicators, in terms of questionnaire items, were generated by the brand-owning company. However, the items had a good fit with existing research and traditional employee and job satisfaction determinants. The dimensions are typically used with variables to describe the job content and work tasks (e.g., Glisson and Durick, 1988), the organisation, work environment (Kelly and Hise, 1979) and self-development prospects, managerial practices and leadership (e.g., Wood and Tandon, 1994). The items are also very similar to an existing job satisfaction scale in brand management used by Veloutsou and Panigyrakis (2004) for items related to satisfaction with job responsibility and achievements, satisfaction with working conditions and satisfaction with growth and promotion.

Employee mindset strength: The four employee satisfaction items (Griffin et al., 2010) are the same as in study 1 and presented below.

Employee satisfaction items

1. "I definitely like my job"

2. "I like my job better than the average employee does"

3. "I find real enjoyment in my job"

4. "I feel satisfied with my job"

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Employee commitment consists of 4 items (Lincoln and Kalleberg, 1985) and is the same as in study 1.

Employee commitment items
1. "I am willing to work harder than I have to in order to help this company succeed"
2. "I am proud to work for this company"
3. "I feel very loyal to this company"
4. "I would turn down another job for more pay in order to stay with this company"

Customer mindset strength: The customer mindset strength outcomes are based on the brand-owning corporation's annual customer survey, with external key performance indicator ratings of each of the 28 stores. The data was provided by Customer Feedback Insights (CFI), an international research institute, which influences academic research on customer satisfaction. The results include over 5600 respondents, with approximately 200 customers from each store. The data includes net promoter score (customer's willingness to recommend), customer's intention to repurchase (purchase intention), customer satisfaction and customer loyalty (attitudinal loyalty). A study by Johansson and Anselmsson (2013) showed that the net promoter score is important in a retail context and contributes to economic sales growth. In addition, in that study, the employees were shown to play a crucial factor in influencing net promoter score.

Together, the following four constructs represent customer mindset strength:

- Customer satisfaction

- Customer attitudinal loyalty

- Net promoter score

- Repurchase intention

These constructs were based on existing scales. Customer satisfaction was measured with three variables from Mägi (2003), as per study 1. These variables were "I am satisfied with this store", "This store meets my expectations of this kind of store" and "If I imagine a perfect store, then this store is close to the ideal". Customer attitudinal loyalty was measured with a single-item formulated

as "I am loyal to this store". Net promoter score was measured with "I would recommend this store to a friend or colleague" and lastly repurchase intention was measured with "How likely are you to choose this retail store next time you make a [industry-specific] purchase".

Economic performance: The brand-owning corporation also provided three figures for economic performance. These figures are some of their most central internal key performance indicators used in their own management and examination of individual stores' performances and include:

- Contributions margin per square metre

- Employee turnover

- Sick leave

5.4.4. Hypothesis testing

To test the hypotheses, a correlation analysis was used between the independent and dependent variables with Spearman's rank correlation coefficients in SPSS. The Spearman's rho is widely used, and is a nonparametric (distribution free) rank statistic that investigates the relationship between variables. It is the proper representative measure for rank correlations and is used when data is based on ordinal scales, such as Likert scales, where there is no identical difference between the scores on the scale (Hauke and Kossowski, 2011). That said, by convention, Likert scales are commonly used as an interval measurement in marketing; however, in order to use a more statistical and conservative approach, the Likert scales are treated here as ordinal scales.

The correlation analysis is based on 324 employees from 28 stores (approximately 10 employees per store). The standard score benchmarks are actual figures compiled by the HR and market departments of the corporation. The 324 responses could be aggregated into the individual store level, but with only 28 observations there are some limitations. For example, a multiple regression analysis requires at least 15 observations per independent variable (Hair, 2006). The data was analysed at both store and individual respondent level. The analysis at store level showed similar patterns to that of the individual respondent level, but provided fewer significant correlations (due to there only being 28 observations). Since the store level analysis did not add any additional

value or contrasting results to the analysis, the main focus of the results section will be based on the individual respondent level (324 responses).

In traditional statistical testing (e.g., Hair, 2006; Burns and Burns, 2011), a hypothesis is supported when it shows a significant relationship with the majority of the outcomes. A hypothesis is rejected when there are no sign of significant relationships.

Hypothesis 5 differs from hypotheses 1 to 4, since it tests employee perceived stakeholder alignment with other traditional employee satisfaction determinants, and requires another type of analysis. The four alignment variables had to be tested in terms of whether they could be grouped into an employee perceived stakeholder alignment index consisting of the aggregated score of the four items. To achieve this, a factor analysis on the individual level (324 responses) was conducted in order to determine whether the four employee perceived stakeholder alignment items would group as a factor. A factor analysis is a statistical method to examine underlying patterns among various items and to determine whether these can be grouped into smaller sets of dimensions. The 21 items of employee satisfaction indicators were generated inductively from the employee interviews by the brand-owning company. However, after reviewing them, the items were found to be similar to common determinants within employee satisfaction found in the literature (e.g., Veloutsou and Panigyrakis, 2004). After the factor analysis, hypothesis 5 was tested, like hypotheses 1 to 4, with a correlations analysis. In addition, the last analysis and a further testing of hypothesis 5 used multiple regressions to compare the factors and the employee perceived stakeholder alignment index and their predictive power on employee satisfaction and commitment. A multivariate regression analysis was made possible since it was conducted at the individual level, with 324 employee responses, rather than the store level, where there were only 28 observations.

5.4.5. Benchmark of retail image

Table 1 shows the results of the benchmark analysis of retail image.

Table 1. Benchmark of retail image standard scores

	Retail image		
	Fresh and modern	Wide and attractive assortment	Good reputation
Employee mindset strength			
Employee satisfaction	0.25**	0.27**	0.33**
Commitment	0.26**	0.31**	0.30**
Customer mindset strength			
Customer satisfaction	0.20**	0.08	0.06
Customer attitudinal loyalty	0.07	-0.00	0.04
Net promoter score	0.15**	0.01	0.03
Repurchase intention	0.16**	0.00	0.03
Economic performance			
Contributions margin per square metre	0.09	0.21**	0.12*
Employee turnover	-0.18**	-0.12*	-0.14*
Sick leave	0.04	0.10	-0.04
Number of significant correlations	6 of 9	4 of 9	4 of 9

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

N=324

The results illustrate that all three retail image items ("The store is fresh and modern", "The store has a wide and attractive assortment" and "My store has a good reputation") are significantly correlated with the two employee mindset strengths; employee satisfaction and commitment. It is common to test image attributes against one or several external or economic performance outcomes in retail image and brand equity research (e.g., Westbrook, 1981; Arnett, Laverie

and Meiers, 2003; Anselmsson and Bondesson, 2015). The three retail image items in table 1 are therefore used in order to compare the proposed employee perceived stakeholder alignment measure items with some traditional and relevant retail image items.

 "Fresh and modern" was the only store image attribute that had a significant positive impact on customer satisfaction, NPS and repurchase intention. "Good reputation" and "wide and attractive assortment" had no significant correlations with any of the customer mindset strength measures. This indicates that out of the three store image items suggested by the employees as important for customers, only one was suitable to examine customer mindset strength.

All three of the attributes had a significant negative effect on employee turnover, indicating that employees are more likely to stay with the company if the store fulfils these three retail brand image aspects. Based on this benchmark testing, the question is how relevant employee perceived stakeholder alignment is in relation to these three important retail store image items.

5.5. Results and analysis of study 2

Table 2 shows the Spearman's rank correlation analysis of 320 respondents from 28 stores and the outcome on employee mindset strength, customer mindset strength and economic performance. The table illustrates the results for the first four hypotheses.

Table 2. Correlations of employee perceived stakeholder alignment, employee mindset strength, customer mindset strength and economic performance

	Employee perceived stakeholder alignment			
	H1 Colleagues	H2 Customers	H3 Closest manager	H4 Top management
a) Employee mindset strength				
Satisfaction	0.23**	0.32**	0.36**	0.35**
Commitment	0.27**	0.35**	0.39**	0.37**
Number of significant corr.	2 of 2	2 of 2	2 of 2	2 of 2

b) Customer mindset strength				
Customer satisfaction	0.08	0.08	0.08	0.12*
Customer attitudinal loyalty	0.06	0.08	.051	0.16**
Net promoter score	0.06	0.10	0.09	0.15**
Repurchase intention	0.02	0.06	0.04	0.14*
Number of significant correlations	0 of 4	0 of 4	0 of 4	4 of 4
c) Economic performance				
Contributions margin per square metre (2013)%	0.02	-0.05	-0.10	-0.08
Employee turnover	-0.07	0.05	0.05	0.02
Sick leave	-0.16**	-0.06	0.03	-0.09
Number of significant correlations	1 of 3	0 of 3	0 of 3	0 of 3

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

N=324

5.5.1 Results of hypothesis 1: Employee perceived alignment with colleagues

The first hypothesis examines employee perceived alignment with immediate work colleagues. The hypothesis is partly supported because of the significant positive relationship with employee mindset strength and some economic performance, but not with customer mindset.

Table 2 shows that the focus of the first sub-hypothesis (a), employee mindset strength, has a positive relationship with both employee satisfaction and commitment. This finding is novel since few studies to date have tested the perceptual alignment of retail image between employees and colleagues.

However, looking at the second sub-hypothesis (b) customer mindset strength, employee perceived alignment with colleagues has no significant effects on any of the outcomes. This is not in line with the prediction; one reason for this

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could be related to my internal focus on perceptual alignment, where external outcomes are further down the model and not a direct impact.

As for the focus of the third sub-hypothesis (c), economic performance, the results do show a significant negative relationship between employee perceived alignment with colleagues and employee sick leave, which has a positive impact on economic performance since it lowers the rate of employee sick leave. Although the results only show one significant relationship out of three economic performance outcomes, the results indicate some support and the hypothesis cannot be rejected.

The results are interesting, as they indicate that if the employees have a perceived alignment with their colleagues, they are less likely to call in sick. The results partly support prior research from marketing, organisational psychology and human resource management and highlight, in particular, the importance of alignment between employees and their perceived colleague perceptions in order to reduce sick leave.

5.5.2 Results of hypothesis 2: Employee perceived alignment with customers

The second hypothesis looks at employee perceived alignment with customers. The hypothesis is only supported based on the first sub-hypothesis (a) employee mindset strength, and is rejected in terms of (b) customer mindset strength and (c) economic performance.

A closer look at table 2 shows that there are no significant relationships between employee perceived customer alignment and the four customer mindset strength outcomes nor any of the three economic performance outcomes. This is contrary to expectations, since employee perceived customer alignment is assumed to increase the employees' level of satisfaction and commitment (this was supported in H2a) which in turn increase their job performance quality, productivity and eventually customer service level, which leads to customer satisfaction, loyalty (not supported in H2b) and increased profits (Silvestro, 2002; Heskett et al., 1997, 2008; Loveman, 1998) (not supported in H2c).

The results indicate that perceptual alignment between the employee and perceived customer perceptions does not necessarily carry over to commonly used external performance outcomes such as those measured (that is, net promoter score, repurchase intention or even customer satisfaction and customer

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attitudinal loyalty). One explanation for the findings could be related to the context of the study – namely, retail stores in Sweden. Customers' willingness to recommend (NPS), repurchase intention, satisfaction and level of attitudinal loyalty could be related to other factors, such as the location of the store, perceived value for money, fast and efficient checkout points, perceived product quality and so on, rather than being based on their interaction with employees and service experience.

5.5.3 Results of hypothesis 3: Employee perceived alignment with closest manager

The third hypothesis examines employee perceived alignment with closest manager. Like hypothesis 2, hypothesis 3 is only supported based on (a) employee mindset strength and rejected in terms of (b) customer mindset strength and (c) economic performance.

The results of the correlation analysis from table 2 suggest that employee perceived alignment with their closest manager has no significant correlation with any of the four customer mindset strength outcomes, nor with the three economic performance outcomes. This is surprising, since several authors (e.g., Bitner, Booms and Mohr, 1994; Di Mascio, 2010) have acknowledged that alignment between team leaders and their frontline service team members is essential for enhancing not only team performance and efficiency, but also customers' service experience.

In addition, in service firms, shared understanding is crucial as differences in perceptions between service team members and their team leaders may lead to role ambiguities and create situations in which negative effects are exerted on team effectiveness and performance (Singh, 1993; Gibson, Cooper and Conger, 2009; Benlian, 2014). These previous studies looked at primarily internal performance outcomes. However, the results of this study do not support the effects of employee perceived alignment with closest manager on any customer mindset strength or economic performance in a retail context.

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5.5.4 Results of hypothesis 4: Employee perceived alignment with top management

The fourth hypothesis concerns employee perceived alignment with top management. The hypothesis is supported based on (a) employee mindset strength and (b) customer mindset strength, but rejected in terms of (c) economic performance.

Table 2 shows that the results support the findings from study 1, where this alignment relationship was tested with difference scores and effects on employee mindset. The results also extend the effects of employee perceived alignment with top management, and show a significant positive relationship with customer satisfaction, attitudinal loyalty, repurchase intention and NPS. The results are consistent with arguments in the corporate branding literature (Balmer and Gray, 2003) in which the success of corporate brands is often attributed to the employee's alignment with the corporate brand (e.g., Urde, 1999). The results provide empirical support for concepts such as brand identification and person–organisation fit in a retail context. Internal branding emphasises the need to implement activities that motivate and inspire employees to support the organisation's brand values and vision (which are often set by top management) (Malmelin and Hakala, 2009). The results strengthen research, which has suggested that employees who are in consensus with the organisational brand values are more likely to act in a way that is consistent with the brand values, and thereby generate service value for customers (Aurand et al., 2005).

However, employee perceived alignment with top management shows no significant effect on economic performance. This contrasts previous research on branding in which it has been indicated that alignment between the employee and the organisation's brand values would enhance brand credibility and increase employee intention to stay with the organisation (Matanda and Ndubisi, 2013). In addition, numerous studies of HRM and personnel psychology have suggested that alignment between an individual employee's and the organisation's values, beliefs, and goals will increase job satisfaction, employee retention and productivity (Chew and Chan, 2008; Schneider, Goldstein and Smith, 1995; Kristof-Brown, Zimmennan and Johnson, 2005; Edwards and Cable, 2009). As mentioned in relation to hypothesis 2, one explanation for this could pertain to other factors that affect economic performance more. Another explanation is that economic performance is the

furthest component away from perceptual alignment in the conceptual framework, and does not have a direct impact.

5.5.5 Testing of hypothesis 5: Comparing employee perceived alignment index with employee satisfaction indicators

As mentioned earlier, the testing of hypothesis 5 differs from that of hypotheses 1 to 4, and will start with a factor analysis first.

Validating employee satisfaction indicators and employee perceived stakeholder alignment

A factor analysis was used to categorise the employee satisfaction indicators (21 items) into different factors, as well as to see whether the employee perceived stakeholder alignment items could be grouped into the same factor. To model the dimensionality of the employee satisfaction indicators and the employee perceived stakeholder alignment items, a factor analysis with varimax rotation was conducted. Varimax rotation is used to simplify presentation of the loadings of a factor on all the variables, making it easy to identify each variable within a factor.

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Table 3a. Factor analysis results

Employee satisfaction indicators and employee perceived stakeholder alignment factors

	Leader ship	Work tasks	Self dev.	Store infl. and info	Align ment	Colleagues
Committed store manager	0.85					
Experienced and competent store manager	0.84					
Get on with the store manager	0.83					
Is seen and appreciated by the store manager	0.72					
Work task freedom and responsibility		0.79				
I am satisfied with my work tasks		0.75				
I have stimulating work tasks		0.75				
I have the freedom to influence my work tasks		0.66				
I have a lot variety and different tasks in my work		0.64				
I am offered meaningful education			0.83			
I have the opportunity to advance my career here if I want to			0.77			
I have meaningful development sessions			0.70			
I have good opportunities to develop			0.68			
I get good feedback on my work			0.48			
I can make a difference and influence performance				0.76		
I know of the most profitable products in the store				0.70		
I am aware of the store performance and profitability				0.67		
I can influence sales				0.64	0.30	
Employee perceived alignment with customers					0.81	
Employee perceived alignment with top management					0.81	
Employee perceived alignment with colleagues					0.63	
Employee perceived alignment with closest manager					0.55	
My colleagues are experienced and competent						0.79
I enjoy the company of my colleagues						0.76
We help and support each other here						0.67

	Leadership	Work tasks	Self-development	Store influence and information	Alignment	Colleagues
Cronbach's alpha	0.89	0.87	0.88	0.79	0.78	0.74
Eigenvalues	9.56	2.02	1.96	1.45	1.40	1.07
% of variance	38.24	8.07	7.82	5.79	5.59	4.26
Cumulative %	14.24	27.60	39.87	51.01	60.89	69.77

Kaiser–Meyer–Olkin Measure of Sampling Adequacy: 0.89

The results shown in table 3 include five employee satisfaction indicator factors based on 21 items and responses from 324 employees. The four employee perceived stakeholder alignment items were also grouped into the same factor. All of the factors had eigenvalues greater than 1.0. The first factor, named "store manager leadership" included four items and covered 38.24% of the total variance. The second factor was dominated by work task items and included five items that captured 8.07% of the variance. Five items constituted the third factor, called "self development", with 7.82% of the total variance. The fourth factor comprised four items related to information about the store performance, as well as the perceived influence the employee had on store performance. This factor was called "store influence and information", and accounted for 5.79% of the total variance. The four employee perceived stakeholder alignment items were grouped into the same factor and accounted for 5.59% of the total variance and represented the "alignment" factor. The last factor had three items related to colleagues and accounted for 4.26% of the variance. All of the six factors had a Cronbach's alpha value above the threshold of 0.7. The Kaiser–Meyer–Olkin value was 0.89, which is meritorious and well above the minimum acceptable value of 0.5 (Malhotra, 2010). The cumulative variance of the six factors was accepted and exceeded the minimum of 60% of variance (Hair, 2006).

5.5.6 Results of hypothesis 5: Comparing employee perceived alignment index with employee satisfaction indicators

Having established five different employee satisfaction indicator factors and validated the employee perceived stakeholder alignment factor, the next step in the analysis is to examine how the new factors perform and correlate with employee mindset strength, customer mindset strength and economic performance. The new factors are computed based on the aggregated factor

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scores of each individual item in the factor and will be tested with a correlation analysis, as per hypotheses 1 to 4. Table 4 shows the correlations between the six newly constructed factors and the relationship with employee mindset strength, customer mindset strength and economic performance.

Table 4. Sperman's rank correlations analysis of factor scores on internal mindset strength, external mindset strength and economic performance.

	Index alignment	Store manager leadership	Work tasks	Self development	Store influence and communication	Colleagues
a) Employee mindset strength						
Satisfaction	0.27**	0.25**	0.35**	0.30**	0.19**	0.04
Commitment	0.33**	0.26**	0.28**	0.26**	0.15**	0.10*
b) Customer mindset strength						
Customer satisfaction	0.11	0.06	-0.01	0.19**	-0.03	0.08
Customer attitudinal loyalty	0.15*	0.04	-0.07	0.15*	-0.02	0.03
Net promoter score	0.11	0.05	-0.03	0.16**	-0.01	0.05
Purchase intention	0.12	-0.02	-0.07	0.20**	-0.05	0.01
c) Economic performance						
Contribution margin	0.02	-0.03	0.05	0.05	-0.12	0.00
Employee turnover	-0.04	0.04	-0.11	-0.17**	-0.00	-0.08
Sick leave	-0.10	0.08	0.08	-0.04	0.04	-0.12

The results show that hypothesis 5 is supported based on the first sub-hypothesis (a), which looked at employee mindset strength. The employee perceived stakeholder alignment index is relevant and significant towards employee mindset strength and performs equally well or outperforms traditional employee satisfaction indicators such as work tasks, store influence and communication, colleagues and store manager leadership.

With respect to the second sub-hypothesis (b), which examines customer mindset strength, hypothesis 5 cannot be rejected as it has a significant

relationship with customer attitudinal loyalty, even though it has no significant relationship with any of the other three customer mindset strengths. Compared with the other factors, the self-development factor is the only one with significant correlations to all four customer mindset strength outcomes. However, four out of the five employee satisfaction indicator factors did not have any significant relationship with any of the customer mindset strengths. This shows that in terms of customer mindset strength, employee perceived alignment is more relevant than the other factors (that is, store manager leadership, work tasks, store influence and communication and colleagues).

In regards to the third sub-hypothesis (c), which considers economic performance, hypothesis 5 is rejected. Only the "self development" factor had a significant negative relationship with employee turnover. None of the other factors correlated with contribution margin, employee turnover or sick leave. One explanation for the lack of significant correlations with the contribution margin could pertain to the employment structure and the rent of the location, as these factors also affect the results of a store's economic performance. In addition, although not depicted, correlation analysis was conducted and showed that the employee satisfaction and commitment dimensions did not correlate with economic performance either. This suggests that although the employee perceived stakeholder alignment index was not significant, it is not necessarily worse than employee satisfaction and commitment in itself as they also did not correlate with economic performance. This finding is similar to that identified by Silvestro (2002), who empirically challenged the idea of employee satisfaction and loyalty as a driver of service profitability in UK grocery food retailer settings. His study showed an inverse relationship between employee satisfaction and measures of productivity, efficiency and profitability.

Taking a closer look at table 4 shows that, surprisingly, the colleagues factor did not correlate with employee satisfaction; this could indicate that colleagues do not play a significant role in employees' satisfaction as other factors, such as work tasks, store manager leadership and self development, matter more. Nevertheless, the five factors based on the traditional employee satisfaction indicators and the employee perceived stakeholder alignment factor can be considered highly relevant to employee mindset strength (employee satisfaction and commitment). Looking at the beta coefficient, the employee perceived stakeholder alignment index (0.27**) is the third strongest driver of employee satisfaction, trailing "work tasks" (0.35**) and "self development" (0.30**). The employee perceived stakeholder alignment index has a stronger predictive power

than "store manager leadership", "store influence and communication" and "colleagues" – three conceptually highly relevant dimensions for employee satisfaction.

Although not shown in the table, all six factors combined had a predictive power of 36% on employee satisfaction, and including the employee perceived stakeholder alignment index added approximately 12 per cent predictive power to the regression analysis compared to a regression analysis of only the five employee satisfaction indicator factors.

Furthermore, looking at employee commitment shows that the employee perceived stakeholder alignment index is the strongest predictor of all the six factors. In terms of employee commitment, this means that the employee perceived stakeholder alignment index can compete with the strongest employee satisfaction determinant factors. Also not shown in the table, the six factors had a predictive power of 34 per cent on employee commitment. The employee perceived stakeholder alignment index added approximately 11 per cent predictive power to the regression analysis of the six factors, compared to without it.

Table 5. Hypotheses overview

	Employee mindset strength	Customer mindset strength	Economic performance
Hypothesis 1, Colleagues	✓		✓
Hypothesis 2, Customers	✓		
Hypothesis 3, Closest manager	✓		
Hypothesis 4, Top management	✓	✓	
Hypothesis 5, Employee perceived stakeholder alignment index	✓		

✓ = Supported

Table 5 shows an overview of the results as they pertain to the hypotheses. The results support the idea of employee perceived stakeholder alignment and positive effects on employee mindset strength. With respect to customer mindset strength, hypothesis 4 (top management) was the only one supported. In terms

of economic performance (contributions margin, employee turnover and sick leave) hypotheses 2 to 5 were all rejected. Only hypothesis 1, which related to employee perceived alignment with colleagues, had a significant relationship with decreasing sick leave.

To a certain extent, the results conflict with those of existing service management studies (e.g., Bitner, Booms and Mohr, 1994; Di Mascio, 2010). The authors of these studies have argued that alignment between team leaders (closest manager) and frontline employees is crucial in order to improve team performance and efficiency, as well as customer service experience. Benlian (2014) emphasised the perceptual alignment between service team members (employees) and their service team leader (closest manager); however, the results of the current study, conducted in a retail context, showed no significant correlation between such an alignment and customer mindset strength. One reason for this could be related to the service intensity and the empirical context. Intense knowledge situations in which the service experience is critical could generate other results and stronger support for perceptual alignment, as could other, non-retail, contexts.

5.6 Conclusions of study 2 and key findings

First and foremost, the results of study 2 reinforce the findings from study 1 by showing that based on a direct comparison measure, employee perceived stakeholder alignment is important in a retail context, and that there are significant relationships with performance outcomes based on the alignment of ideal perceptions. This supports the conceptual alignment frameworks in corporate branding literature (e.g., Hatch and Schultz, 2001; 2003; Balmer, 2012). More specifically, using a direct comparison measure to operationalise employee perceived stakeholder alignment appears to be a valid approach. Study 2 shows the applicability of the direct comparison measure to an examination of perceptual alignment. The study makes a contribution to research on person–organisation congruence (Chatman, 1989; O'Reilly, Chatman and Caldwell, 1991; Cable and Judge, 1996) by applying perceptual alignment to multiple stakeholders, and relates this to branding in a retail setting.

The results also contribute to store image studies that have primarily looked at the importance of consumers' self-image congruence in order to increase performance (e.g., Sirgy, 1982; 1985; Sirgy, et al., 1997; Jamal and Goode,

2001). Study 2 shows that employees' self-image of the brand in relation to other stakeholders are also important and have an effect on performance outcomes. The next section will outline the main theoretical contributions and findings of the study. These contributions will be structured based on the three overall research questions of this thesis.

5.6.1 Theoretical contributions

Performance outcomes of employee perceived stakeholder alignment

This study is the first to assess perceptual alignment of retail store image based on multiple perceived stakeholders and the effects on internal, external and economic brand-related performance outcomes. The results of this study contribute to existing literature by adding empirical results and quantitative testing of perceptual alignment and performance outcomes. One main contribution is derived from the finding that employee perceived stakeholder alignment plays a different important role depending on the related performance outcomes.

The results provide insights into the complexity of employee perceived stakeholder alignment and illustrate that such alignment has varying impacts on performance, depending on whether the outcomes are internal, external or economic oriented.

In addition, simplifying and generalising perceptual alignment between multiple stakeholders could be potentially misleading if we want to understand customer mindset strength and economic performance. For instance, looking at an employee perceived stakeholder alignment index factor (that is, aggregating the four specific stakeholder relationships) in order to improve customer mindset strength and economic performance could be inefficient, as specific and different stakeholder alignments have significant and varying effects. The alignment index showed a relatively weak relationship between mindset strength data and economic performance; however, as pointed out by Anselmsson and Bondesson (2015), it is rather uncommon for empirical studies to link mindset strength data with standard scores.

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Stakeholder alignment relationships

Generally speaking, previous conceptual studies have discussed alignment on a broad, overall level, assuming that perceptual alignment across all of the various stakeholders is equally important. However, as the results of this study show, that is not the case. One main finding is that employee perceived stakeholder alignment is not of equal importance across the various multiple stakeholders, and in terms of the number of significant relationships with assorted performance outcomes.

Based on this retail context, and using a multiple stakeholder approach of perceived colleagues, customers, top management and closest manager, the results show that employee perceived alignment varies with different stakeholders. Employee perceived alignment with top management had a more significant relationship with customer mindset strength compared to the other perceived stakeholders. Whilst employee perceived alignment with colleagues was the only perceived stakeholder alignment that had a significant impact on reducing sick leave (economic performance). Based on these findings, the results suggest that work colleagues and top management are two of the more important stakeholder alignment relationships.

Alignment of ideal retail store image perceptions

Study 2 is unique and important as it systematically tests the alignment of ideal perceptions of retail store image between multiple perceived stakeholders from the employee perspective. The relevance of ideal perceptions is implied conceptually in the corporate branding literature, but few studies have tested it systematically, although aspects of it have been used in previous quantitative studies in corporate branding. For example, Anisimova (2010) and Anisimova and Mavondo (2014) only looked at the ideal perceptions of top management. Study 2 differs in the sense that it incorporates the ideal perceptions of the employees, perceived colleagues, customers and closest manager as well. As the results show, alignment of ideal perceptions is important and relevant in a retail context, and has positive effects on employee mindset strength, customer mindset strength and economic performance.

Comparing employee perceived alignment based on ideal perceptions with other traditional employee satisfaction indicator factors (such as work tasks, store management leadership, communication, etc.) showed that alignment matters and is equal to or outperforms these traditional factors in terms of predictive

power on performance outcomes. This is the first study to compare employee perceived stakeholder alignment with other typical employee satisfaction indicators to demonstrate its relevance.

5.6.2 Limitations

This study shows that an employee perceived stakeholder alignment construct using the direct comparison measure works and has significant correlations with employee mindset strength, customer mindset strength and economic performance. However, as this was the first attempt, and due to the limited items in the questionnaire, the items were formulated as ideal perceptions; that is, the respondents were asked what they though a good store should be like. Thus, one of the limitations is that the study only captures the alignment of ideal perceptions. It would be interesting to compare and examine the current perceptions of the employee and their perceptions of other stakeholders. This could possibly lead to the identification of more significant relationships.

It is worth mentioning once more that the employee perceived stakeholder alignment construct uses a direct comparison approach, and only measures the employees' own perceptions in relation to their perceived perception of other stakeholders. In other words, the actual perceptions of colleagues, the closest manager, customers and top management are not captured in this study.

Another limitation of this study is related to the scales of the employee satisfaction indicators. These items were generated by the brand-owning company of the retail chains, and were not theoretically tested – although they closely resemble existing scales. One advantage of this approach is that these items are highly relevant for the company, and provide a good fit and thus are meaningful in the empirical retail context.

A fourth limitation is that the results can only be generalised to the specific retail industry context of the 28 retail stores and the two retail chains. Future studies should attempt to test the results in a wider context using other retail chains in other retail industries.

The results show fewer correlations with customer mindset strength and economic performance; one explanation for this could be that these performance outcomes are further away from the employees' perspective in the conceptual framework. Another explanation could be that the data came from other sources and did not have a direct relationship with the employee responses.

Nevertheless, since there was at least one significant correlation between employee perceived stakeholder alignment to customer mindset strength and economic performance, the idea of perceptual alignment cannot be rejected and needs further examination.

Chapter 6 | Study 3

Putting it all together: Employee perceived stakeholder alignment based on current and ideal retail brand perceptions across retail industries, and effects on the brand value chain

Study 3 is the third and final study of this thesis. It continues and extends from the results and findings of studies 1 and 2, but does not proceed into any new theoretical fields or problematisation as it works on the same concepts, premises and theoretical discussions as studies 1 and 2. Instead, it can be seen as a concluding study that aims to test and extend the most interesting insights and results encountered throughout the previous two studies regarding employee perceived stakeholder alignment. Study 3 tests these findings on a wider empirical context across several retail industries (studies 1 and 2 only looked at one retail industry) using a larger sample of retail brands and using additional economic performance outcome metrics.

6.1 Background and aims of the study

The purpose of Study 3 is the same overall as in studies 1 and 2, and in the thesis as a whole; that is, to *develop understanding of the relationship between perceptual alignment and brand equity, by operationalising and testing employee perceived stakeholder alignment of retail brand perceptions (that is, retail brand image) and its effects on brand equity.* This has been slightly revised since chapter 1, and is now more specific.

Study 1 focused on the alignment of both *current perceptions* and *ideal perceptions for three of the most commonly discussed stakeholders (that is, employees, top management and customers).* One of the most interesting findings was that both types of employee perceived stakeholder alignment had a positive relationship with employee mindset strength. However, the results were based on the difference score analysis method, which has been found to be problematic due to the spurious correlations, variance restriction and discriminant validity therein (see Teas, 1993; Peter et al., 1993; Edwards, 1994; Edwards and Parry,

1993). That being said, difference scores are still being used and published by researchers today (e.g., Anisimova and Mavondo, 2014).

Study 2 then went on to assess perceptual alignment using an alternative approach that has never been used before in the brand alignment context; that is, the direct comparison method. The findings showed that alignment of ideal perceptions had a significant effect on employee mindset strength, customer mindset strength and economic performance. However, due to limitations in the survey space and access, alignment of *current perceptions* was never tested using the direct comparison approach. The results from study 2 further indicated that perceptual alignment between the employee and different perceived stakeholders had significant but varying effects on performance outcomes. More specifically, employee perceived stakeholder alignment had varying effects on external key performance indicators (that is, customer mindset strength) and economic performance (that is, contributions margin, employee turnover and sick leave) depending on the perceived stakeholder. This suggested that stakeholder alignment relationships are not of equal importance. Employee perceived alignment with immediate colleagues and top management was shown to be of particular importance and the most important stakeholders based on customer mindset strength and economic performance. However, study 2 was conducted based on two retail chains within the same retail industry and owned by the same corporation. This means that one cannot disregard, as with study 1, the possibility of the findings being bound to the specific situation and the retail context.

As a result, in order to extend and further support these findings, Study 3 involves employees from more retail chains across different retail industries, and extends the most interesting findings that emerged from studies 1 and 2. These findings can broadly be divided into four aims:

(1) *Performance outcomes of employee perceived stakeholder alignment*

To further understand the implications of employee perceived stakeholder alignment in the brand value chain, in particular by examining the relationship with economic performance in a wider empirical retail context based on the retail chain level and across different retail industries. This aim relates to the first research question, and few studies in retail or other areas have studied the outcomes of

alignment. Studies 1 and 2 are unique in that sense, but the results are perhaps situation dependant.

(2) Stakeholder alignment relationships

To further examine the role and consequences of specific employee perceived stakeholder alignment relationships; that is, to investigate the varying importance of perceptual alignment between the employee and other perceived stakeholders across different retail chains and retail industries. This relates to research question 2 and elaborates on the findings from study 2, where the role of perceived colleagues and top management was of particular importance.

(3) Alignment of current and ideal perceptions

To determine and further test whether perceptual alignment should be understood based on retail employees' *current perceptions* of the retail brand image or their *ideal perceptions* of the retail brand image, or both. This aim relates to research question 3 in this thesis. Studies 1 and 2 are unique as they incorporated ideal perceptions of multiple stakeholders, especially in the retail context. However, no study has compered the two types of alignment systematically in the same study amongst multiple stakeholders and with effects on internal, external and economic performance.

(4) Direct comparison measure versus difference scores

To evaluate two existing and commonly used methodological approaches of measuring perceptual alignment; basically, to evaluate and compare the direct comparison measure with the difference score approach. This aim does not relate to any of the research questions, and is more of a methodological issue that emerged when interpreting the results of study 1. While study 2 found support for the direct comparison approach, this study compares both approaches in the same study.

6.2 Conceptual framework and hypotheses

This discussion concerns related theoretical concepts, previous research and the results from studies 1 and 2 so far. As a consequence, there is some repetition with previous chapters. Study 3 has three overall hypotheses, as shown in the framework below. All hypotheses are built, developed and extended from the results and findings in studies 1 and 2, and in relation to previous research.

a = Current perceptions
b = Ideal perceptions
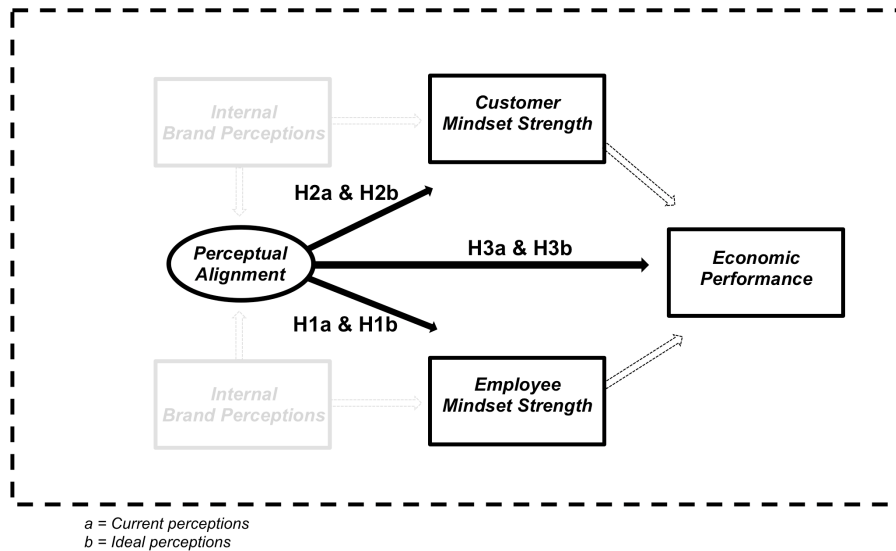
Studies 1 and 2 showed support for positive relationships between employee perceived stakeholder alignment and employee mindset strength. Study 2 was also one of the first quantitative studies to show significant and positive relationships between alignment of ideal perceptions and customer mindset strength and economic performance, but with a varying degree depending on the specific stakeholder alignment relationship and the performance outcome involved. However, the results were based on two retail brand chains within the same retail industry. In order to determine whether the findings can be extended outside of the specific context, further empirical examination is needed.

Studies 3 assesses two types of perceptual alignment – *current perceptions* (what employees and perceived stakeholders currently think a retail brand stands for)

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and *ideal perceptions* (what they think a retail brand should stand for). Testing both current and ideal perceptions makes the analysis more complete, since study 2 only looked at the alignment of ideal perceptions.

6.2.1 Hypothesis 1. Employee perceived alignment and effects on employee mindset strength

Hypothesis 1 concerns employee perceived stakeholder alignment and its relationship with employee mindset strength. This was also was covered and discussed in both studies 1 and 2. This hypothesis addresses the same theoretical problematisation as in the other two studies, in that it looks at the relationship between employee perceived stakeholder alignment and effects on employee mindset strength. This relationship was examined in a retail context by Davies and Chun (2002), but was never statistically tested in a correlations analysis. Anisimova and Mavondo (2014) looked at management ideals and car dealers' current perceptions, and found support for internal satisfaction and commitment. However, their use of difference scores analysis as a method has been criticised (e.g. Peter et al. (1993). All of the studies have been limited to a few brands within the same industry.

Study 3 differs by using direct comparison measure and examines both alignment of current and ideal perceptions, and extends the empirical setting to several different retail industries (studies 1 and 2 only dealt with one specific retail industry context). Based on the findings from previous research, and studies 1 and 2, the following statement should be true:

H1a. *The higher the employee perceived alignment with stakeholders based on current perceptions of the retail brand, the greater the association with employee mindset strength.*

The same relationship should be true for the alignment of ideal perceptions.

H1b. *The higher the employee perceived alignment with stakeholders' ideal perceptions of the retail brand, the greater the association with employee mindset strength.*

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6.2.2 Hypothesis 2. Employee perceived alignment and effects on customer mindset strength

The second hypothesis involves employee perceived stakeholder alignment and its relationship with customer mindset strength. As with hypothesis 1, it is based on the same theoretical discussion as in studies 1 and 2, but study 3 uses another methodological operationalisation and involves several more retail industries. Study 1 could not test this hypothesis statistically, whilst study 2 showed support based on alignment of ideal perceptions. In that sense, this study extends the findings from study 2 by drawing a distinction between alignment of ideal perceptions and current perceptions when testing the hypothesis. Based on the findings of study 2 and other research to date, in order to support hypothesis 2, the following statement should be true:

H2a. *The higher the employee perceived alignment with stakeholders based on current perceptions of the retail brand, the greater the association with customer mindset strength.*

The same relationship should be true for the alignment of ideal perceptions:

H2b. *The higher the employee perceived alignment with stakeholders based on ideal perceptions of the retail brand, the greater the association with customer mindset strength.*

6.2.3 Hypothesis 3. Employee perceived alignment and effects on economic performance

The third hypothesis engages employee perceived stakeholder alignment and its relationship with economic performance, which is the last stage of the conceptual framework.

As mentioned above, there is some non-statistical support (e.g., Vercic and Vercic, 2007) for this relationship in previous research, but few studies have tested the effects of perceptual alignment on economic performance. In addition, neither study 1 nor study 2 could fully support the hypothesis. Study 2 found some empirical support in relation to sick leave, and could at least not reject the hypothesis. However, the measurements and analysis of study 2 were

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related to the retail brand based on store level, rather than on retail chain level, and only found support for economic performance in the form of sick leave. In order to conclude whether there is any significant relationship at all with economic performance, as implied in the corporate branding literature, the relationship regarding perceptual alignment should be supported for typical economic and financial figures such as turnover, annual results and profit margin. Thus, the following statement should be supported:

H3a. *The higher the employee perceived alignment with stakeholders based on current perceptions of the retail brand, the greater the association with economic performance.*

The same relationship should be true for the alignment of ideal perceptions.

H3b. *The higher the employee perceived alignment with stakeholders based on ideal perceptions of the retail brand, the greater the association with economic performance.*

Stakeholder alignment relationships

Despite the fact that the corporate branding literature has emphasised the role and involvement of an organisation's multiple stakeholders (Mitchell, 1997; Hatch and Schultz, 2003; Roper and Davies, 2010), prior research has often focused on only one or two stakeholder groups, such as employees and customers (Davies and Chun, 2002), employees and their colleagues (Punjaisri, Wilson and Evanschitzky, 2008), employees and their manager (Benlian, 2014), or customers and top management (Anisimova, 2014). Except for study 2, no other empirical and quantitative study has investigated and compared the relationship within employee perceived stakeholder alignment involving multiple stakeholders and linked it to performance outcomes related to the various stages of the brand value chain, including internal, external and economic outcomes.

As mentioned above, study 2 only looked at ideal perceptions of what the retail store should stand for and showed that the perceptual alignment between the employee and all the other perceived stakeholders (that is, colleagues, customers, closest manager and top management) had a significant correlation to employee

satisfaction and commitment. In addition, just as Hallberg (1995) and Reichheld (1996) pointed out, not all customers are equal, and more research is needed to determine whether perceptual alignment between the employee and other employee perceived stakeholders are of equal importance to management. Study 2 was the first stepping-stone in this regard, and showed that employee perceived alignment with immediate work colleagues and top management had a significant and positive relationship with customer mindset strength and economic performance. In order to extend the findings from study 2, study 3 includes the same stakeholder relationships and tests them in a wider empirical retail context.

Note that each of the three hypotheses presented earlier can be divided into five sub-parts, one for each perceived stakeholder (that is, perceived customers, closest manager, colleagues, top management, and an aggregated index measure) as in studies 1 and 2. However, for simplicity reasons each hypothesis will be formulated as an overall statement, rather than a detailed and specific stakeholder related hypothesis. The relationship of each different stakeholder and its effects on the outcomes will be discussed in the results.

6.3 Method

6.3.1 Research scope and brands

Studies 1 and 2 were limited to the same brand-owning company and involved two to four retail chains. However, study 3 is not limited to a particular retail chain. Instead, it is based on Swedish retail employees in general, and as a result covers 151 different retail chains across various retail industries, such as grocery stores, home electronics stores, fashion retailers, home and household stores, sports and leisure stores, etc.

6.3.2 Survey data collection

Study 3 is based on a survey distributed to an online database for retail employees from all over Sweden provided by CINT, a market research organisation that provides more than 800 different panels and sources owned by publishers, local media outlets and market research agencies. In June 2014,

using this online database of retail employees, a Web-based survey was distributed to all 1188 respondents that were registered as retail employees. The survey contained a control and filtration question; the respondent did not qualify for the survey if they did not work in a retail chain. This control question served to ensure that the respondents had some kind of relation to the retail chains in question. In order to increase the study's reliability, surveys from all respondents that completed the survey in less than five minutes were removed. Ultimately, following the filtration and three reminder e-mails, 343 respondents employed at 151 different retail chains remained. The survey consisted of 60 questionnaire items in total. It included nine descriptive items of the respondent and 37 items that captured different ways of identifying perceptual alignment and perceived performance measures. A further 11 items captured employee satisfaction and commitment, and three items were related to the reputation of the brand.

6.3.3 Survey measurements

As in study 2, study 3 looks at the respondents' overall global impression of the brand, which contrasts study 1's focus on specific retail image associations. The respondents used a seven-point Likert scale to indicate the extent to which they agreed or disagreed with items such as "My colleagues and I have the same overall impression of what our retail brand stands for (to customers and the public)". One reason for using an overall impression of the retail brand, instead of specific retail image attributes, was that the survey would have been too long if it had used the specific retail store image scale from study 1 on current and ideal perceptions, as well as from the three measure approaches (that is, performance, direct comparison and difference scores). If alignments of specific retail image dimensions are relevant, they should just as well be captured in the overall measurement.

Drawing from the results of study 1 and previous studies, such as that by Cronin and Taylor (1994), suggests that pure performance measures (that is, current perceptions) are important and often win out in terms of explanatory power. As a result, pure performance measures are used as a benchmark and as control variables.

Independent variables

Current perceptions of the retail brand: The survey had five items related to current perceptions of the overall impression of what the retail brand stands for today in terms of associations, values, personality and image. These items were used as standard scores, and represent the traditional means of measuring performance items. The first item asked about the employee's own perspective: "I have an overall positive perception of what our retail store chain stands for as a brand (towards customers and general public)". The other four items asked the employee to mentally consider the brand from four other stakeholders' perspectives. The five current perception items had two purposes: First, to serve as a standard score of performance to be used as a benchmark, and second, to be used in the difference scores analysis, as in study 1 and in studies by Anisimova (2010) and Anisimova and Mavondo (2014). Note that in order to keep the analysis simple, the results from the difference scores are not included in the results of study 3, as it would generate twice the amount of results tables. Instead, the results of the difference scores analysis can be found in the appendix and will be discussed with the results regarding the direct comparison measure.

The items are presented below:

- "Overall, *I* have a positive perception of what our retail store chain *stands for* as a brand (towards customers and general public)"

- "Overall, my *colleagues* have a positive perception of what our retail store chain *stands for* as a brand (towards customers and general public)"

- "Overall, our *customers* have a positive perception of what our retail store chain *stands for* as a brand (towards customers and general public)"

- "Overall, my *closest manager* has a positive perception of what our retail store chain *stands for* as a brand (towards customers and general public)"

- "Overall, *top management* has a positive perception of what our retail store chain *stands for* as a brand (towards customers and general public)"

Ideal perceptions of the retail brand: Using the same approach as that for current perceptions, five items were constructed that looked at ideal perceptions of what the brand *should* stand for in terms of associations, values, personality and image (only the term "should" was added to the statements above).

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These items served as another benchmark and were also used in the difference scores analysis. Ideal perceptions were also used in Anisimova's (2010) and Anisimova and Mavondo's (2014) studies on the alignment of corporate management ideals and car dealers' current perceptions. However, these studies only considered the top managements' ideal perceptions, whereas study 3 included the ideal perceptions of the employee, and perceived colleagues, customers, closest manager and top management as well.

- "Overall, *my* perception of what our brand *should stand for* (towards the customers and general public) is highly rated"

- "Overall, my *colleagues* have high positive perceptions of what our brand *should stand for* (towards the customers and general public)"

- "Overall, our *customers* have high positive perceptions of what our brand *should stand for* (towards the customers and general public)"

- "Overall, my *closest manager* has high positive perceptions of what our brand *should stand for* (towards the customers and general public)"

- "Overall, *top management* have high positive perceptions of what our brand *should stand for* (towards the customers and general public)"

Perceptual alignment using direct comparison measure (current perceptions): The direct comparison measure approach was proposed by Peter et al. (1993) as a way to deal with the disadvantages of difference scores. The approach is commonly used in the personnel psychology and organisational behaviour literature, and is related to concepts such as self-congruity (Sirgy et al., 1997), and person–organisation fit (Chatman, 1989; Cable and Judge, 1996). Four items were used following the direct comparison approach to investigate alignment between the employee's current perceptions and those of their perceived colleagues, customers, closest manager and top management. As a reminder, the direct comparison of perceptual alignment requires the respondent to make a mental comparison between their own perception and that of another stakeholder's perception. A fifth item in the analysis combined the perceptual alignment of the four stakeholders into one index measure of perceptual alignment.

The items are presented below:

- "Overall, me and my *colleagues* have the same perceptions of what our retail store chain *stands for* as a brand (towards the customers and general public)"

- "Overall, me and my *customers* have the same perceptions of what the retail store chain *stands for* as a brand (towards the customers and general public)"

- "Overall, me and my *closest manager* have the same perceptions of what our retail store chain *stands for* as a brand (towards the customers and general public)"

- "Overall, me and *top management* have the same perceptions of what our retail store chain *stands for* as a brand (towards the customers and general public)"

Perceptual alignment using direct comparison measure (ideal perceptions): Again, four items were used with the direct comparison approach. These items were similar to the above perceptual alignment items, but instead of measuring the current perceptions of what the retail brand stands for today, these items examined the perceptual alignment of what the retail brand *should stand for* according to the employees' and their perceived colleagues', customers', closest manager's and top management's perceptions. Study 2 used similar items, but looked at perceptual alignment based on the retail store image, whereas this study looked at retail brand perceptions of the overall retail chain as a brand.

These items were formulated as:

- "Overall, me and my *colleagues* have the same perceptions of what our retail store chain *should stand for* as a brand (towards the customers and general public)"

- "Overall, me and my *customers* have the same perceptions of what the retail store chain *should stand for* as a brand (towards the customers and general public)"

- "Overall, me and my *closest manager* have the same perceptions of what our retail store chain *should stand for* as a brand (towards the customers and general public)"

- "Overall, me and my *colleagues* have the same perceptions of what our retail store chain *should stand for* as a brand (towards the customers and general public)"

Once again, the four perceptual alignment items were combined into an index measure and used in the analysis.

Direct comparison approach and difference score method
The discussion of methodological operationalisation is important, since various authors have used different approaches (e.g., Davies and Chun, 2002; Vercic and Vercic, 2007; Anisimova and Mavondo, 2014; Benlian, 2014) to assess perceptual alignment quantitatively. For example, Anisimova and Mavondo (2014) looked at profile deviation (a type of difference score analysis developed by Venkatraman and Prescott, 1990) between car dealers' current perceptions and the management's ideal perceptions of the corporate brand (for instance, corporate image, corporate personality and dealer-experienced value). The quantitative studies that have examined alignment with difference scores (Anisimova, 2010; Anisimova and Mavondo, 2010, 2014) have provided mixed results.

Study 1 used difference scores and showed a positive effect between employee perceived alignment and employee mindset strength. However, according to Peter et al. (1993) difference scores are not unique constructs, and standard performance scores often outperform gap and congruity models (see Cronin and Taylor, 1994). As discussed earlier, there has been criticism of the difference score method. Therefore, it is important to be able to compare the effects of the direct comparison approach as proposed by consumer behaviour, organisational behaviour and personnel psychology literature (and as discussed in study 2) with the difference score approach in the same study. Each of the various methods have yielded interesting results, but none have tested the different operationalisations in the same study in order to compare and test the validity of the two alternative approaches to each other. As mentioned in study 2, based on my literature research, no researcher within corporate branding has adopted direct comparisons with multiple stakeholders in order to capture perceptual alignment regarding brand identity, brand image, or perceptions of the brand, and tested it on internal, external and economic performance-related outcomes. This means that study 2 was one of the first attempts to do so in retailing and corporate branding.

Three types of methodological operationalisations are compared in study 3, with the first being standard performance scores (also used in studies 1 and 2), which merely served as a control measurement and benchmark – measuring what retail employees think of the retail brand. The standard performance score measure is the simplest form of assessment and serves to compare with the more complicated perceptual alignment methods (Cronin and Taylor (1994) used a similar comparison approach).

The second operationalisation was difference score analysis (as, for example, used in study 1 and by Anisimova and Mavondo (2010, 2014)) using statistical calculations to assess the difference between the employee and other perceived stakeholder perceptions. A recent study by Anisimova and Mavondo (2014) showed that the difference score approach has been used and published in recent academic literature, which suggests that it still has relevance. Difference scores use the absolute subtraction of one measure from another to create a measure of a distinct construct. For example, study 1 subtracted the employees' current perceptions score from the average score of customers' current perceptions to measure and operationalise perceptual alignment.

The third type of operationalisation was the direct comparison measure. To avoid the methodological drawback of applying the absolute difference score, Peter et al. (1993) recommended the use of direct comparison operationalisation. This operationalisation is applicable and useful when the individual respondent provides both of the measures used in calculating an absolute difference score. The direct comparison approach makes the respondent mentally consider the differences, rather than letting the researcher calculate an arithmetic difference. Direct comparison evaluates the perceived alignment between the employee's perceptions of the retail brand in relation to other perceived stakeholders.

Dependent variables

Employee satisfaction and commitment: These two dependant variables were needed in order to test hypotheses 1a and 1b in this study. This study has an internal focus and examined employee perceived alignment. As a result, the most commonly used and central dependent variables, such as job satisfaction and employee commitment, were used once more. Satisfaction and commitment are the most frequently recurring measures in existing empirical and statistical studies of perceptual alignment (e.g., Davies and Chun, 2002; Anisimova and Mavondo, 2014), and have been included in all three studies in this thesis.

These measures are also closer and more directly related to employees than to customer mindset strength in the brand value chain. The satisfaction (Griffin et al., 2010) and commitment (Lincoln and Kalleberg, 1985) constructs used in studies 1 and 2 were once more included in this study and are presented below.

Employee satisfaction:
- "I definitely like my job"
- "I like my job better than the average worker does"
- "Most days I am enthusiastic about my job"
- "I find real enjoyment in my job"
- "I feel satisfied with my job"

Employee commitment:

- "I am proud to work for this company"
- "I am willing to work harder than I have to in order to help this company succeed"
- "I feel very loyal to this company"
- "I would turn down the same job with a competitor even if I got more pay in order to stay with this company"
- "I would take any job in order to continue working for this company"

Customer mindset strength: Customer mindset strength concerns hypotheses 2a and 2b. These measures were taken from secondary and customer data, provided in a special report by the leading publisher in retail business (Market, 2014). Out of the 151 different retail brands for whom the respondents worked, external customer mindset strength data was found for 119. The customer mindset strength measures used in Study 3 are

- Customer brand strength

- Customer brand awareness

"Customer brand strength" is an overall index proposed by Market (2014), and "customer brand awareness" is the number of customers that are aware of and have a perception of the brand. Customer brand strength was suitable for this study because it complies with overall brand equity models (e.g., Aaker, 1996), as well as it having some aspects of retail image (e.g., Lindquist, 1974; Burt and Carralero-Encinas, 2000). Customer brand strength is an index measure of the

combined ratings of awareness, knowledge, satisfaction with price, assortment, service, convenience, experience and social responsibility. Generating and maintaining *brand awareness* has long been considered one of the primary goals of marketing. Brand awareness is particularly important in low-involvement situations where customers have little chance to actively search for information when making a choice (Hoyer and Brown, 1990; MacDonald and Sharp, 2000). The customer brand strength and customer brand awareness data was compiled in May 2014 from the market research company GFK's nationwide web-panel of 1507 respondents aged 15 or over, and published in the market report "Handelns hetaste kedjor och butiker 2014" (Market, 2014).

Economic performance: First of all, I needed to acknowledge that the economic performance outcomes and effects are further down the brand value chain, and my hopes of finding strong relationships between employees' perceived alignment and economic performance were restricted. This was partly due to economic results being at the very end of the brand value chain, and partly because study 2 entailed difficulties in finding strong relationships to contribution margins per square metre. However, if there is any financial and economic relevance in the brand value chain in regards to perceptual alignment, significant relationships should be present.

Study 2 showed that the perceptual alignment had little significant effects on the economic performance measures (contributions margin, employee turnover and sick leave). Study 3 attempted to determine whether perceptual alignment had an effect on other related customer mindset strength measures, such as external brand ratings (overall customer brand strength and customer brand awareness) and economic results from secondary data. These measures and attributes generally signify strong brands. The data for economic performance was based on a public market report entitled "Lönsamhetsrapport: Svart på vitt 2014/2015" (Market, 2014), and collected in September 2014. Economic figures were found for 80 of the retail chains and included data on turnover, annual result, profit margin and turnover per employee. Economic performance include:

- Turnover
- Annual results

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- Profit margin

- Turnover per employee

6.3.4 Testing of the hypothesis

The overall hypotheses were tested with Spearman's Rho correlations, since the economic performance figures were not normally distributed with several outliers, and because employee perceived stakeholder alignment was considered as ordinal data according to a traditional and conservative statistical approach. According to traditional hypothesis testing, the hypotheses were rejected if there were no significant correlations. The standard performance scores served as a benchmark, and the main testing and analysis of the hypotheses were based on the direct comparison measure for several reasons. The first reason was simplicity, since the analysis and presentation of the results from both the difference scores and direct comparison was extensive and involved multiple tables. The second reason was based on the results of study 2, and those of authors that have criticised difference scores and argued that direct comparison is more suitable. For these reasons, the analysis of difference scores are discussed in the results but presented in the appendix. The next section presents the standard performance scores benchmark, before testing the hypotheses.

6.3.5. Benchmarks analysis

Table 1. Benchmark of standard performance scores on employee mindset strength

Employee mindset strength	Perceived colleagues	Perceived customers	Perceived closest manager	Perceived top management	Index
Standard scores of current perceptions					
Employee satisfaction	0.50**	0.40**	0.43**	0.42**	0.53**
Employee commitment	0.52**	0.47**	0.42**	0.40**	0.57**
Number of significant relationships	2 of 2	2 of 2	2 of 2	2 of 2	2 of 2
Standard scores of ideal perceptions					
Employee satisfaction	0.32**	0.29**	0.22**	0.22**	0.27**
Employee commitment	0.31**	0.32**	0.25**	0.24**	0.28**
Number of significant relationships	2 of 2	2 of 2	2 of 2	2 of 2	2 of 2

** Correlation is significant at the 0.01 level (2-tailed).

Table 1 shows that the benchmarks, as expected, correlated significantly with employee mindset strength (employee attitude-based assessments of job satisfaction and commitment), based on both stakeholder level and on the total performance index (combined index measure of the four perceived stakeholders) level, as well as in terms of standard scores of current perceptions and ideal perceptions. The benchmarks represent what the employees believed other stakeholders believed (beliefs about beliefs).

The five items included in the job satisfaction construct yielded a Cronbach's alpha value of 0.93, and the four items included in the commitment structure had a Cronbach's alpha value of 0.86. As in the other studies, these values were considered highly reliable and suitable for further analysis (Hair et al., 2009).

Table 2. Benchmark of standard performance scores on customer mindset strength

Customer mindset strength	Perceived colleagues	Perceived customers	Perceived closest manager	Perceived top management	Index
Standard scores of current perceptions					
Customer brand strength	0.26**	0.22**	0.29**	0.24**	0.31**
Customer brand awareness	0.22**	0.18**	0.35**	0.29**	0.31**
Number of significant relationships	2 of 2	2 of 2	2 of 2	2 of 2	2 of 2
Standard scores of ideal perceptions					
Customer brand strength	0.13	0.09	0.07	0.05	0.10
Customer brand awareness	0.08	0.04	0.06	0.07	0.08
Number of significant relationships	0 of 2	0 of 2	0 of 2	0 of 2	0 of 2

** Correlation is significant at the 0.01 level (2-tailed).

As can be seen in table 2 in relation to the customer mindset strength measures (customer brand strength and customer brand awareness), all four perceived stakeholders and the total index had significant correlations. It is reasonable that the correlations shown in table 2 were lower, since the respondents and the dependent variables were not based on the same datasets. However, it is interesting that there were no significant correlations between the standard scores of ideal perceptions and customer mindset strength, as the relationship should be logical.

Table 3. Benchmark of standard performance scores on economic performance

Economic performance	Perceived colleagues	Perceived customers	Perceived closest manager	Perceived top management	Index
Standard scores of current perceptions					
Turnover	0.11	-0.03	0.03	0.05	0.08
Annual result	0.19*	0.16*	0.17*	0.19*	0.21**
Profit margin	0.18*	0.13	0.13	0.07	0.16*
Turnover per employee	0.10	0.16*	0.12	0.06	0.15*
Number of significant relationships	2 of 4	2 of 4	1 of 4	1 of 4	3 of 4
Standard scores of ideal perceptions					
Turnover	0.07	0.01	-0.03	0.03	0.06
Annual result	0.05	0.07	0.02	-0.02	0.07
Profit margin	0.02	0.02	-0.04	-0.09	-0.01
Turnover per employee	0.11	0.09	0.08	0.06	0.09
Number of significant relationships	0 of 4	0 of 4	0 of 4	0 of 4	0 of 4

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Looking at table 3 on economic performance, the total index had the most significant correlations (three out of four), followed by perceived colleagues and customers (two out of four) based on current perceptions. No significant correlations were found based on the standard scores benchmark of ideal perceptions. These correlations were even lower and weaker since they are further down the brand value chain. These results served as a benchmark for the upcoming results of the direct comparison measure operationalisations of perceptual alignment. The question arises as to whether perceptual alignment, or, more specifically, employee perceived stakeholder alignment, has as many or more significant relationships with the various performance outcomes.

6.4 Results and analysis of study 3

Table 4. Hypothesis 1: Employee mindset strength

	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Alignment of current perceptions					
Employee satisfaction	0.33**	0.34**	0.58**	0.48**	0.53**
Employee commitment	0.37**	0.32**	0.59**	0.56**	0.58**
Number of significant relationships	2 of 2	2 of 2	2 of 2	2 of 2	2 of 2
Alignment of ideal perceptions					
Employee satisfaction	0.49**	0.31**	0.59**	0.59**	0.61**
Employee commitment	0.52**	0.25**	0.61**	0.68**	0.64**
Number of significant relationships	2 of 2	2 of 2	2 of 2	2 of 2	2 of 2

** Correlation is significant at the 0.01 level (2-tailed).

6.4.1. Results of hypothesis 1: Employee perceived stakeholder alignment and effects on Employee mindset strength

Table 4 looks at employee perceived stakeholder alignment and effects on employee mindset strength. As expected, employee perceived stakeholder alignment (with all stakeholders) had significant correlations with employee mindset strength, in terms of both current and ideal perceptions. The correlations were significant but lower compared with the benchmark of current perceptions (table 1), but looking at ideal perceptions shows that the correlations for alignment were consistently higher than the benchmark of ideal perceptions. As a result, hypotheses 1a and 1b are *supported*. These results add to and support the findings from studies 1 and 2 on a wider retail context across several different retail industries.

Table 5. Hypothesis 2: Customer mindset strength

	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Alignment of current perceptions					
Customer brand strength	0.23**	0.12	0.22**	0.21**	0.23**
Customer brand awareness	0.25**	0.12	0.23**	0.24**	0.24**
Number of significant relationships	2 of 2	0 of 2	2 of 2	2 of 2	2 of 2
Alignment of ideal perceptions					
Customer brand strength	0.30**	0.08	0.22**	0.23**	0.25**
Customer brand awareness	0.28**	0.08	0.24**	0.22**	0.25**
Number of significant relationships	2 of 2	0 of 2	2 of 2	2 of 2	2 of 2

** Correlation is significant at the 0.01 level (2-tailed).

6.4.2. Results of hypothesis 2: Employee perceived stakeholder alignment and effects on customer mindset strength

The results from Table 5 show that employee perceived stakeholder alignment to colleagues, closest manager and top management, as well as the index, had significant correlations with customer mindset strength based on both current and ideal perceptions. Overall, based on perceived colleagues, closest manager, top management and the index, hypotheses 2a and 2b are *supported*.

However, employee perceived stakeholder alignment with customers did not have a significant effect on customer mindset strength regarding alignment of current nor ideal perceptions, in contrast to the predictions. This result is interesting, considering that one of the most discussed forms of alignment has been between internal and external perceptions (Hatch and Schultz, 2001, 2003, 2008; Davies and Chun, 2002). It is also interesting since the results of study 2 showed the same finding – that alignment between employees and perceived customers had no effect on external customer mindset strength. The

benchmark of current perceptions showed significant relationships, but this could not be supported based on employee perceived customer alignment.

Looking at the standard scores benchmark of ideal perceptions shows that high ideal perceptions in itself had no significant statistical effects on customer mindset strength. Instead, when ideal perceptions were used as an alignment *in relation* to other perceived stakeholders, several more significant correlations with customer mindset strength measures occurred. All of the perceived stakeholders except perceived customers had significant positive effects on customer mindset strength. These results indicate that customer mindset strength increased through an inside-out approach, focusing on alignment between internal stakeholders first.

Table 6. Hypothesis 3: Economic performance

	Employees and colleagues	*Employees and customers*	*Employees and closest manager*	*Employees and top management*	**Index**
Alignment of current perceptions					
Turnover	0.14	0.23**	0.08	0.11	0.14
Annual result	0.16*	0.05	0.12	0.17*	0.16*
Profit margin	0.10	0.06	0.05	0.11	0.11
Turnover per employee	0.04	0.09	0.06	0.07	0.08
Number of significant relationships	1 of 4	1 of 4	0 of 4	1 of 4	1 of 4
Alignment of ideal perceptions					
Turnover	0.11	0.11	0.18*	0.13	0.17*
Annual result	0.18*	0.02	0.11	0.08	0.14
Profit margin	0.13	-0.00	0.10	0.07	0.11
Turnover per employee	0.26**	0.17*	0.09	0.18*	0.21**
Number of significant relationships	2 of 4	1 of 4	1 of 4	1 of 4	2 of 4

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

6.4.3. Results of hypothesis 3: Employee perceived stakeholder alignment and effects on economic performance

Table 4 shows that the four economic performance outcome results were mixed across stakeholders, and there were few significant correlations for either current or ideal perceptions. Since there was at least some significant correlation with economic performance, hypotheses 3a and 3b are *partly supported* and *cannot be rejected.*

A closer examination shows that all except employee perceived alignment with the closest manager had one significant correlation based on current perceptions. Employee perceived stakeholder alignment with customers had a significant correlation to turnover, whereas the others (colleagues, top management and index) had a significant – albeit weak – correlation to the annual result. None of the employee perceived stakeholder alignment variables based on current perceptions had any significant correlation to profit margin or turnover per employee.

The employee perceived stakeholder alignment with colleagues, based on ideal perceptions, had the most positive and significant correlations to both annual result and turnover per employee. The other stakeholders had one significant positive correlation each, except for the index, which also had two significant correlations (to turnover and turnover per employee). Compared to the benchmark, employee perceived stakeholder alignment had at least the same or more significant correlations to economic performance.

Overall, we can conclude that employee perceived stakeholder alignment did have a significant effect on employee mindset strength, customer mindset strength and economic performance, although to a varying degree depending on the stakeholders and the specific performance outcome. On a specific stakeholder level, employee perceived alignment with colleagues and top management stood out the most, with most significant correlations, along with the index. These results are in line with and support the findings from Study 2.

Alignment of current perceptions and ideal perceptions
Based on the number of significant relationships, alignment of ideal perceptions was at least as important as alignment of current perceptions. Regardless of the specific performance outcome, current perceptions accounted for a total of 22 out of 40 significant correlations, and were slightly topped by ideal perceptions, with 25 out of 40 significant correlations. These insights are new and important,

as most quantitative and empirical work has primarily emphasised measuring the alignment of current perceptions. As a result, based on the findings, measuring the alignment of both current and ideal perceptions revealed significant relationships and positive effects on various performance outcomes. When put against each other, the ideal perceptual alignment was the better predictor.

This study distinguished the types of perceptions between current and ideal perceptions of the retail brand. Both types have been mentioned in several conceptual frameworks and articles, but few of the existing quantitative and empirical studies have made such a systematic distinction. The results indicate that the correlation analyses were very similar, but varied on economic performance outcomes in three instances. In other words, the only difference between assessing alignment of current perceptions and ideal perceptions was that measuring ideal perceptions revealed more significant correlations to economic performance. This illustrates that alignment of ideal perceptions can be considered an important multiplier in the brand value chain.

The direct comparison measure versus difference score analysis
In order to compare the two types of operationalisation of employee perceived stakeholder alignment, table 7 presents a summary of the number of significant correlations, including both current perceptions and ideal perceptions, examined using the direct comparison measure, difference score and standard score benchmarks. The results for the direct comparison measure were based on tables 4, 5 and 6, whereas the results from the difference score analysis can be seen in the appendix. The standard score benchmarks were based on tables 1, 2 and 3, and include the standard performance scores for both current and ideal perceptions.

Table 7 Direct comparison measure versus difference score alignment of current and ideal perceptions

	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Direct comparison measure alignment					
Employee mindset strength	4 of 4	2 of 4	4 of 4	4 of 4	4 of 4
Customer mindset strength	4 of 4	0 of 4	4 of 4	4 of 4	4 of 4
Economic performance	3 of 8	2 of 8	1 of 8	2 of 8	3 of 8
Number of significant relationships	11 of 16	4 of 16	9 of 16	10 of 16	11 of 16
Total 45 out of 80					
Difference score alignment					
Employee mindset strength	0 of 4	3 of 4	4 of 4	4 of 4	4 of 4
Customer mindset strength	1 of 4	0 of 4	0 of 4	1 of 4	0 of 4
Economic performance	0 of 8	0 of 8	1 of 8	0 of 8	0 of 8
Number of significant relationships	1 of 16	3 of 16	5 of 16	5 of 16	4 of 16
Total 18 out of 80					
Standard score benchmarks					
Employee mindset strength	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4
Customer mindset strength	2 of 4	2 of 4	2 of 4	2 of 4	2 of 4
Economic performance	2 of 8	2 of 8	1 of 8	1 of 8	3 of 8
Total number of significant relationships	8 of 16	8 of 16	7 of 16	7 of 16	9 of 16
Total 37 out of 80					

The results show that assessing employee perceived stakeholder alignment using the direct comparison measure produced several more significant relationships compared to difference scores, and even outperformed the benchmark in most perceived stakeholder relationships, except that of perceived customers. In total, the direct comparison measure showed 45 significant relationships out of 80 possible relationships. In contrast, difference scores only accounted for a total of

18 significant relationships out of 80, and the standard scores benchmark generated a total of 37 out of 80. The implications of these results strengthen the criticisms by authors such as Peter et al. (1993) and Page and Spreng (2002) of the difference scores analysis, and supports their suggestion of using direct comparison measures for future studies. The findings show that the direct comparison measure of employee perceived stakeholder alignment has significant relationships with performance outcomes.

6.5 Conclusions of study 3 and key findings

One important distinction of study 3 compared to studies 1 and 2 is that the previous studies were limited to the employees of two to three retail chains operating in the same retail industry and owned by the same corporation. Study 3 broadened the results and findings to a wider empirical context across different retail chains and several retail industries in order to determine whether the results of the previous studies were contextual to the specific retail industry.

The results of study 3 show several findings, and discussion of them will be structured according to the aims of the study. The first aim was to investigate performance outcomes as a consequence of retail employee perceived stakeholder alignment (RQ 1). The second aim focused on the multiple stakeholder alignment relationships (RQ2), and to what extent alignment between different stakeholders' perceptions of the retail brand are relevant. The third aim considered the types of perceptions – that is, whether to emphasise alignment of current perceptions of the retail brand, or ideal perceptions of what the retail brand should stand for (RQ3). The final methodological aim was to compare the two different operationalisations of alignment; that is, the difference score and direct comparison measures. All four aims were evaluated based on the hypotheses and the effects on employee mindset strength, customer mindset strength and economic performance.

6.5.1 Theoretical contribution

Performance outcomes of perceptual alignment

The primary finding of study 3 is that employee perceived stakeholder alignment had significant and positive effects on employee mindset strength, customer mindset strength and economic performance. The effects varied depending on the involved perceived stakeholder relationship and the specific performance outcome, but there were positive relationships to the three stages in the brand value chain. This supports the idea presented in my conceptual framework that perceptual alignment could work as a multiplier in the brand value chain.

Stakeholder alignment relationships

The second main contribution involves the stakeholder alignment relationships. Several findings have reinforced the results of study 2, which showed that employee perceived alignment with their perceived colleagues and top management are two of the most important stakeholder relationships. These results support the concepts of employee attachment and identification with the brand and organisation (e.g., Baumgarth and Schmidt, 2010; Foster, Punjaisri and Cheng, 2010) that emphasise on internal alignment. It also supports the argument of Pringle and Thompson (2001), among others, that sustainable competitive advantage for corporate brands can be gained through a unique organisational culture that reflects the aligned beliefs of employees. In addition, the findings extend numerous studies of HRM and personnel psychology. These studies have suggested that alignment between an individual employee's and the organisation's (interpreted as perceived top management in this study) values, beliefs and goals will increase job satisfaction and productivity (Chew and Chan, 2008; Schneider, Goldstein and Smith, 1995; Kristof-Brown, Zimmennan and Johnson, 2005; Edwards and Cable, 2009). More importantly, this study adds the significant role of aligning employee perceptions with those of their immediate colleagues. The patterns for stakeholder relationships are similar for both current and ideal perceptions. Although alignment between employee perceptions and their perceptions of the closest manager were not as significant as those of some other stakeholders, the results still support Benlian (2014), who emphasised perceptual alignment between service team members and their service leader in terms of satisfaction, commitment and productivity. In this study, this stakeholder alignment had a positive impact on both employee

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mindset strength and some customer mindset strength. Furthermore, from a marketing perspective, it is interesting to conclude that employee perceived alignment with the customer's perception of the brand had the least significant impact on mindset.

To conclude, the results show that perceptual alignment between the employee and different stakeholders had various effects on different performance outcomes. Alignment with colleagues and top management produced the most significant relationships; however, all stakeholders had at least some significant impact on employee mindset strength, customer mindset strength and economic performance.

Alignment based on current perceptions and ideal perceptions

Another key finding of study 3 relates alignment of ideal perceptions between the employee and other perceived stakeholders. The results in study 3 show that alignment of both current and ideal perceptions have numerous significant correlations to employee mindset strength, customer mindset strength and economic performance. The conceptual discussions of perceptual alignment have not necessarily distinguished the types of perceptions; that is, whether it is current perceptions or ideal perceptions that should be aligned (e.g., de Chernatony, 1999). However, based on the results, I would argue that both types of perceptions are important to acknowledge in order to further understand the role of perceptual alignment.

Methodological contribution: Direct comparison measure versus difference scores

The last main contribution is a methodological one. The findings of study 3 demonstrate that, in the given retail context, the direct comparison measure is a highly suitable approach to attaining and assessing perceptual alignment – much more so than difference score analysis, which has been, and is still, employed by some (e.g., Anisimova and Mavondo, 2014).

6.5.3 Limitations

It is important to remember that perceptual alignment in studies 1, 2 and 3 was limited to the perspective and perception of the individual employee. The direct comparison measure could not answer overall questions about alignment between internal (for example, employees) and external (for instance, customers) perspectives, since it only considered one individual's point of view. Thus, the analysis was limited to only one out of several stakeholders' perspectives. This means that the strongest relationship was that between perceptual alignment and employee mindset strength. The linkage from employee perceived alignment to customer mindset strength, as well as economic performance, is based on a longer chain of events. Nevertheless, this study is an attempt to link the consequences of perceptual alignment with the different stages in the brand value chain. In addition, compared to study 2, the selection of retail brands was much broader and more varied in study 3. The retail chains included grocery stores, fashion stores, sports stores and convenience stores. As a result, the relationship to economic performance was restricted and needs to be interpreted with care, since the gross margins and other financial market outcomes vary to a great extent between these different retail industry categories.

Chapter 7 | Conclusions and contributions

This chapter presents the conclusions, overall theoretical and methodological contributions, managerial implications, limitations and suggestions for future research. The chapter will start with a brief summary and the key findings of studies 1, 2 and 3.

7.1 Overall summary of the main findings

This thesis is based on a phenomenon that is occurring to a large number of business industries today – especially to the retail industry, where the playing field of the market industry is changing from having many small actors to being primarily dominated by fewer and larger main corporate brands. As a consequence of this development, many large retail organisations attempt to align their stakeholders' overall perceptions of the retail brand and what the retail brand stands for in order to gain a coherent market position.

The main assumptions of the thesis depart from conceptual frameworks and ideas of alignment found in some of the most frequently cited conceptual models in corporate branding, which suggest that strong alignment of brand perceptions is a pre-requisite to greater brand performance (such as Hatch and Schultz 2001, 2003; Balmer and Greyser, 2002; Balmer 2008, 2012; de Chernatony, 1999). However, the few quantitative and empirical studies (e.g., Davies and Chun, 2002; Vercic and Vercic, 2007; Anisimova 2010; Anisimova and Mavondo, 2014) in corporate branding that have tested this assumption have shown mixed results, and the support for alignment is not clear.

In order to limit the scope, this thesis narrows down its focus to the alignment of stakeholders' perceptions of the retail brand; that is, what I refer to as

perceptual alignment. In a retail context, these perceptions of the brand are termed *retail brand image* (McGoldrick, 2002). I primarily take the employees' perspective, since they are recognised and emphasised as the heart of the brand building process (King, 1991; Balmer, 1995, 2001, 2010), and investigate the relationship between *employee perceived stakeholder alignment* and performance outcomes related to brand equity. In other words, I look at the extent to which employee's beliefs about the overall retail brand image are shared and similar in relation to other perceived stakeholders, and the effects on employee performance, customer performance and economic performance. My theoretical positioning is between corporate branding and brand equity in a retailing context, by building on 1) the management of stakeholders' perceptions of the corporate brand, 2) the role of employees in the corporate brand building process and 3) the assessment of brand performance outcomes based on the brand equity field.

7.1.1 Main findings of study 1

The results of study 1 proposed that perceptual alignment based on retail brand image had a significant relationship with employee mindset strength (employee satisfaction and commitment). This means that employees become more satisfied and committed when they perceive that their beliefs about the retail brand image are similar and shared with top management and customers. The study was based on 607 retail employees from four different retail chains owned by the same corporation.

However, the difference score analysis method employed in study 1 has several limitations (see Peter et al., 1993). Valuable findings emerged from the study, but due to its limitations, it was difficult to conclude if the hypotheses were actually supported or if the results were due to methodological shortcomings. Hence, study 2 was necessary to further test and support the findings with a different methodological approach.

7.1.2 Main findings of study 2

Due to the methodological shortcomings of the difference score method approach used in study 1, an alternative measurement method approach was developed and tested in study 2. Study 2 used a direct comparison measure as an

alternative to difference scores. This approach lets the respondent mentally consider the perceptual alignment, rather than letting the researcher calculate an arithmetic difference. Direct comparison evaluates the perceived alignment between the employee's perceptions of the retail brand in relation to other perceived stakeholders.

Perceptual alignment was constructed between the employee and four other perceived stakeholders. As in study 1, these were top management and customers, but with two additional internal stakeholders: immediate work colleagues and closest managers. The results of Study 2 were based on 324 retail employees from 28 retail stores in two different retail store chains, and also supported the hypothesis that perceptual alignment based on ideal perceptions had a significant correlation to employee mindset strength (employee satisfaction, commitment), customer mindset strength (customer satisfaction, loyalty and NPS) and some economic performance (that is sick leave). In addition, a perceptual alignment index was constructed and validated, and could compete in terms of significance with traditional job satisfaction determinants such as 'store manager leadership', 'work tasks' and 'self development'. In conclusion, the results showed that with another method, alignment of ideal perceptions was still supported and relevant, and that employees' perceived alignment with colleagues as well as top management was particularly important.

7.1.3 Main findings of study 3

The results of study 3 also supported the findings of study 2, and showed that in a retail context the perceptual alignment between retail employees and their colleagues was one of the most important stakeholder alignment relationships, along with employees' perceived alignment with top management.

Study 3 was based on 343 frontline retail employees from 151 different retail chains, and served as a concluding study. It included both direct comparison measures and difference scores methods, in addition to a standard score based on employees' perceptions of the retail brand that served as a benchmark. The results showed that the direct comparison measure was the most suitable method approach to assess perceptual alignment. In terms of significant relationships with the various brand equity outcomes, the direct comparison measure method clearly outperformed the difference scores method. Furthermore, employee perceived stakeholder alignment performed on equal terms with the benchmark

based on employees' standard score rate of their current perceptions, and outperformed the benchmark based on employees' standard score rate of ideal perceptions.

7.2 Theoretical contributions

The purpose of this thesis was *to develop the understanding of how the alignment of multiple stakeholders' corporate brand perceptions affects brand equity by operationalising and testing the relationship between alignment and brand equity in a retail context.* Based on employee perceived stakeholder alignment, this section presents seven other theoretical contributions and findings that add nuances and insights to our understanding of perceptual alignment and its relationship with brand equity.

First and foremost, the main contribution of this thesis in relation to the overall aim is that I have showed, throughout the three main quantitative studies, that there are positive relationships between retail employee-perceived stakeholder alignment and brand equity in terms of employee mindset strength, customer mindset strength and economic performance.

The following part will present seven theoretical contributions, where the first three contributions are directly related to the three research questions of this thesis, as presented in chapter 1.

1. There are significant relationships between perceptual alignment and employee mindset strength, customer mindset strength and economic performance

This thesis provides empirical support and findings that show that there is indeed a positive relationship between employee perceived stakeholder alignment and performance outcomes in the brand value chain. Table 1 lists the types of performance outcomes in the brand value chain supported in the three main studies of the thesis:

**Table 1. Performance outcomes of studies 1, 2 and 3**

Employee mindset strength:	*Customer mindset strength:*
• Employee satisfaction • Employee commitment	• Customer satisfaction • Customer commitment • Customer loyalty • Net Promoter Score • Willingness to repurchase • Customer brand strength • Customer brand awareness

Economic performance:

- Employee sick leave
- Turnover
- Annual results
- Turnover per employee

In comparison, existing quantitative and empirical studies in corporate branding have primarily looked at employee and customer satisfaction and commitment (e.g., Davies and Chun 2002; Anisimova, 2010). None of the studies have linked perceptual alignment to economic performance (for example, annual results, turnover, sick leave), which is an outcome further down the brand value chain.

Note that in Table 1, there are more measures for customer mindset strength than for employee mindset strength, even though I have argued that this thesis has a strong internal-oriented focus on the employees. The reason for this is due to accessibility, and the fact that many of the customer mindset strength measures are based on secondary data and public market industry reports, specifically for the Swedish retail industry, which are more customer- than employee-oriented.

Similar to other studies that have examined the factors that affect the brand value chain (e.g., Persson, 2010; Anselmsson and Bondesson, 2015), the results show significant – albeit not strong – relationships to economic performance. Nevertheless, based on my results, perceptual alignment of retail brand image has an overall positive relationship with internal, external and economic performance.

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This finding relates to the first research question about perceptual alignment and performance outcomes. One of the main ambitions of this thesis was to test the overall agreement and conceptual assumption that strong alignment of corporate brand perceptions leads to stronger brands (Hatch and Schultz, 2001; 2003, Balmer, 2012). The conceptual framework in this thesis is unique in the sense that it provides an examination of the relationship between perceptual alignment (more specifically, employee perceived stakeholder alignment) and the main building blocks of a revised brand value chain (described in Keller and Lehmann, 2003; Persson, 2010; Feldwick, 1996; McGoldrick, 2002) including employee mindset strength, customer mindset strength and economic performance outcomes.
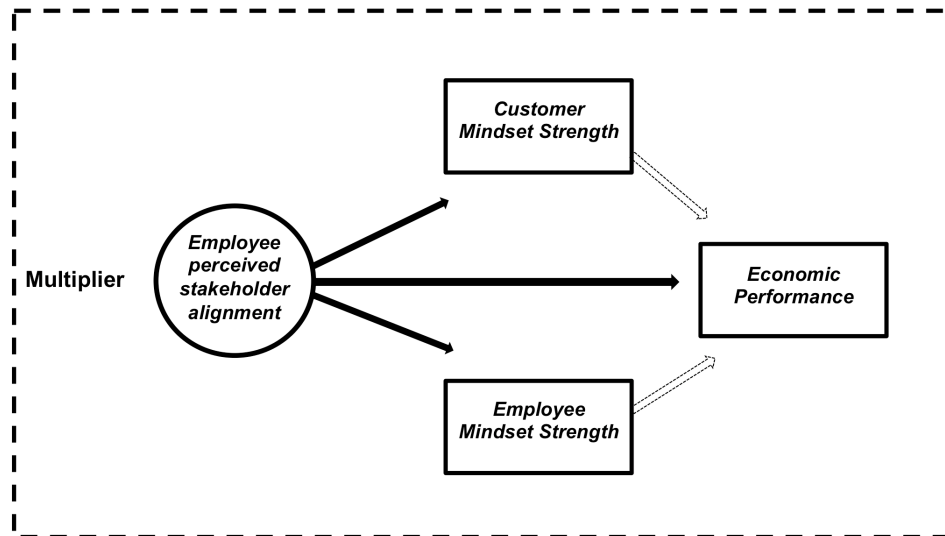
The theoretical position of this thesis is between corporate branding and brand equity research. The conceptual framework shows how employee perceived alignment with stakeholders (of the retail brand), often highlighted in both research areas, can serve as an important multiplier that affects the various stages of the brand value chain. There have been a few calls for such an approach with specific and clear links between perceptual alignment and performance outcomes in corporate branding studies (e.g., Anisimova, 2010; Davies and Chun, 2002).

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2. The importance of employee perceived stakeholder alignment with top management and colleagues are more important than employee perceived alignment with the closest manager and customers.

The results of studies 2 and 3 showed that employee perceived stakeholder alignment with different stakeholders has varying relationships to performance and that it varies depending on the specific outcomes. Based on the results of studies 2 and 3, immediate work colleagues appear to be very important to the employees and have positive relationships to internal, external and economic performance outcomes.

This finding relates to the second research question of this thesis, which involves the relevance of different stakeholder alignment relationships. One characteristic of corporate branding is the involvement of multiple stakeholders; several conceptual models have involved multiple stakeholders, but quantitative empirical studies have often examined one or two stakeholders only (e.g., Davies and Chun, 2002; Anisimova, 2010; Anisimova and Mavondo, 2014), typically top management, employees and/or customers in various combinations. Although organisations have to be aware of the needs of all stakeholders, some stakeholders are more important than others (Gregory, 2007). Fiedler and Kirchgeorg (2007) argue that the most important stakeholders can vary from brand to brand and over time, depending on current demands, pressures and goals. Compared to the other empirical studies in corporate branding, this thesis is unique in the sense that it incorporates and compares the role of several stakeholders such as perceived colleagues, closest managers, top management and customers, all in the same study. Alignment with colleagues is generally not considered in the conceptual corporate branding frameworks or empirical studies, although they are mentioned in concepts such as internal branding and employee branding. This further emphasises the finding of employee perceived alignment with colleagues as important and novel.

Based on this finding, I recommend that future conceptual and empirical studies within corporate branding as well as retail branding include the role of immediate work colleagues as a key stakeholder group for employees when assessing perceptual alignment. The role of colleagues is not surprising in terms of employee satisfaction and commitment, considering that retail employees interact and engage with their colleagues on a daily basis and work together. However, it is interesting to recognise that the employee perceived alignment with colleagues has a significant relationship to external customer mindset strength as well as with aspects of economic performance. Meanwhile, employee

perceived alignment between customers and closest manager (which is commonly stressed in the related literature) does not show as many significant relationships to customer mindset strength, and the results show no clear linkage to economic performance.

The distinction and contribution of the different stakeholder alignment relationships is both interesting and important, as the general conceptual frameworks have implicitly assumed that strong alignment across all stakeholders as equally important. The conceptual frameworks in corporate branding that guided this thesis (that is, Hatch and Schultz, 2001, 2003; Balmer, 2012) have focused on top management, without considering middle management or floor management. This is often an important distinction to make in retail management. Overall, given the specific retail context of studies 2 and 3, the two most important stakeholder groups in terms of stakeholder alignment relationships from the employees' perspective appear to be perceived colleagues and top management in terms of external customer mindset strength and economic performance.

Most of the empirical studies regarding alignment in corporate branding (e.g., Davies and Chun, 2002; Anisimova, 2010) or alignment of retail image (Osman, 1993; Kressman et al., 2006) have focused on alignment with customers' perceptions. In my studies, I found strong relationships between employee perceived customer alignment and employee mindset strength (employee satisfaction and commitment). That said, surprisingly, employee perceived customer alignment showed no significant relationship to customer mindset strength. However, as there was a significant association with turnover, this indicates that one should not reject the importance of employee perceived alignment with customers. It merely shows that organisations in similar situations – such as the retailers in studies 2 and 3 – can improve customer mindset strength by prioritising employees perceived alignment with their colleagues and top management more.

3. Alignment of ideal perceptions of the retail brand image is just as important as the alignment of current perceptions

The results of my studies show that employee perceived stakeholder alignment based on ideal perceptions and current perceptions *both* have significant and positive relationships with internal, external and economic performance outcomes. However, there are differences depending on the involved perceived

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stakeholders and the specific performance-related outcomes. In terms of economic performance, for example, employee perceived stakeholder alignment based on ideal perceptions have more significant relationships than current perceptions. This shows that alignment of ideal perceptions is of relevance and is important to consider.

This finding is related to the third research question, which examined the distinction and relevance of two types of perceptual alignment; that is, alignment based on *current perceptions* and *ideal perceptions.* The relevance of this question was that few quantitative and empirical studies on corporate branding as well as retail image have dealt with the alignment of ideal perception systematically. The conceptual models in corporate branding have however dealt, implicitly or explicitly, with both ideal and current perceptions about the brand. For instance, ideal perceptions can be seen as an element related to brand vision; that is, what the brand aspires or wishes to be in the future (Hatch and Schultz, 2001, 2003; Collins and Porras, 1994). The brand vision needs to be culturally in tune, accepted and embedded within the organisation, and the members need to be able to identify with it (e.g., Hatch and Schultz, 2001, 2003; Mael and Ashforth, 1992). Balmer (2012) took a management perspective and referred to management ideal perceptions as desired corporate brand identity. In organisational studies, research about congruence has dealt with both ideal and current perceptions. Some conceptual studies in corporate branding have used the two types somewhat interrelatedly and infused them in popular concepts, such as culture and identity (e.g., de Chernatony, 1999). This shows that whilst some have distinguished between the ideal and desired perceptions from organisational culture and called it *vision*, others have stated that culture incorporates both current and ideal perceptions.

In my view, current perceptions can, to a certain extent, be linked to the organisational culture and the current beliefs, attitudes, associations and perceptions of the brand that individuals currently have. In this thesis, ideal perception represents what a retail brand should stand for in terms of the overall image of the corporate retail brand perceived by stakeholders, and is important because it creates relevance for the stakeholders. The theoretical interest of research question 3 is that the majority of the few quantitative and empirical studies (e.g., Davies and Chun, 2002; Vercic and Vercic, 2007) in corporate branding have primarily focused on the alignment of current perceptions. Hence, limited knowledge exists about whether it is important or not to consider the alignment of ideal perceptions.

Another finding of study 3 showed that measuring employee or perceived stakeholders' ideal perceptions alone generated few significant relationships with internal, external and economic performance and served as a poor benchmark. In other words, asking employees about their ideal perceptions, or about how they perceived other stakeholders' ideal perceptions of the retail brand showed little statistical relationship with performance outcomes. However, asking the respondents about ideal perceptions *in relation* to other stakeholders (that is, employee perceived stakeholder alignment) demonstrated more than three-times-stronger relationships compared to the benchmark of standard ideal perceptions scores. This illustrates the importance of not only making several stakeholders aware of the vision-driven approach, but also of ensuring that this approach is aligned, relevant and shared amongst stakeholders, or at least perceived as aligned by the employees.

The findings of this thesis confirm in a retail context and support previous conceptual models within corporate branding that have discussed the importance of alignment between top management ideals and employees (e.g., Hatch and Schultz, 2001, 2003; Balmer, 2012).

4. Incorporating employee perceived stakeholder alignment as a multiplier in the brand equity framework

A fourth outcome of the thesis was developed over time and concerns the rather unique conceptual framework where corporate branding and brand equity was integrated. Keller and Lehmann (2006) suggested that in order for branding research to be scientifically rigorous, it must develop comprehensive models of how the concepts of the brand operate, and it needs to develop estimates of the various cases and effects of relationships within it. In line with these thoughts, this thesis contributes to the field by linking and validating the concept of perceptual alignment between employee perceptions and perceived stakeholders to various performance outcomes related to brand equity – including internal, external and economic outcomes.

Alignment is never mentioned or discussed in Keller and Lehmann's (2003) brand value chain framework and other similar brand equity frameworks. Earlier in this thesis (see section 2.4 Conceptual framework), I suggested that perceptual alignment could be incorporated as a multiplier in a developed corporate brand equity framework, meaning that the level of employee perceived stakeholder alignment could improve the different outcome aspects of brand

equity. The results of my studies show that employee perceived stakeholder alignment is significantly related to internal employee mindset strength and external customer mindset strength, as well as having significant associations with economic performance. Based on these findings, I argue and support the notion that employee perceived stakeholder alignment could be viewed as a multiplier in the brand value chain. That said, future empirical research is needed to further increase the findings in order to investigate the multiplier effects, for example by using structural equation modeling.

5. Adding an internal dimension to the brand value chain in order to integrate with corporate brands

Existing conceptual brand equity frameworks are primarily based on external and market-based performance components (e.g., Aaker, 2002; Ambler, 2003; Keller, 2008). Looking at the external and market-based performance outcomes is essential, but does not incorporate internal components or the role of the employee in the valuation of brands. For instance, the brand value chain (Keller and Lehmann, 2001) neglects to adequately reflect the important part of internal aspects that have been brought up in corporate branding in the determination of brand equity.

As a consequence, the conceptual framework in this thesis adds an internal dimension to brand equity by emphasising on internal employee mindset strength (employee satisfaction and commitment) as well as adding an economic performance component in order to extend Keller and Lehmann's (2003) existing brand value chain framework to be more suitable for corporate brands, by providing a wider corporate brand equity spectrum (that is, not only looking at external performance outcomes).

Maintaining a balance between internal and external dimensions is important for service and retail brands, as well as for areas where employees are important to customers. Developing an internal dimension within the externally oriented brand value chain calls for further exploration into possible internal employee mindset strength attributes and economic performance attributes. In accordance with organisation studies and the empirical studies in corporate branding that have looked at internal performance outcomes, I used employee satisfaction and commitment to represent internal employee mindset performance. Moreover, customer satisfaction is one of the most widely researched topics in marketing (Henning-Thurau and Klee, 1997; Oliver, 1997, 1999), along with commitment and loyalty. Satisfaction and commitment are recognised as

essential and important both internally, amongst employees, and externally, among customers. As a result, satisfaction and commitment serve as the main operational constructs to form internal and external mindset strength. As for economic performance, two employee behaviour measures that directly affect the economic results, such as employee turnover and sick leave are included.

Based on the resulting insights I have developed a conceptual framework that incorporates internal dimensions and performance outcomes to the brand value chain, thus making it a more suitable framework for corporate brands encompassing internal, external and economic performance outcomes.

Methodological contributions

6. A proposed scale for employee perceived stakeholder alignment to be used in employee surveys

Study 2 showed that using a perceptual alignment index (an aggregated measure of all the employee perceived stakeholder alignment items) was as equally significant as traditional measures of job satisfaction indicators (Veloutsou and Panigyrakis, 2010) such as "work tasks" (Glisson and Durick, 1988), "store manager leadership" (Churchill et al., 1976; Wood and Tandon, 1994) and "self development" (Veloutsou and Panigyrakis, 2010) in terms of explaining internal employee mindset strength and external customer mindset strength. However, using a perceptual alignment index can be potentially misleading, as important information about specific stakeholder relationships (such as employee perceived alignment with colleagues and top management) becomes obsolete. Rossiter (2002) argues that an index is appropriate when the object is assumed to be homogenous across all respondents. Nevertheless, a "perceptual alignment index" could be included in employee surveys as an overall assessment on top of traditional satisfaction indicators to predict employee satisfaction as well as other brand-related performance outcome.

7. Direct comparison – A method for measuring employee perceived alignment with several stakeholders in corporate branding

Study 1 used difference scores, and study 2 used direct comparison measures in the method to examine perceptual alignment. In the concluding Study 3, perceptual alignment was operationalised with both difference scores and direct comparison measures. In that sense, study 3 compared the two method approaches in the same study and context. The results showed that in terms of explaining brand equity (internal, external and economic performance outcomes), the direct comparison measure method had significantly higher correlations than difference scores. This means that caution should be used when applying difference scores to measure alignment as done in study 1 and in other existing quantitative and empirical studies (for example, Anisimova, 2010; Anisimova and Mavondo, 2014). The results of these studies may be influenced by problems in the area of reliability, discriminant validity, spurious correlations and variance restrictions, as indicated by Peter et al. (1993).

Based on these results, my recommendation is to consistently use direct comparison measures when examining perceptual alignment – especially employee perceived stakeholder alignment –, until a more suitable approach becomes available.

The limitation of the method is that only *one* stakeholder perspective is actually being considered, in the sense that it is one stakeholder's perceived alignment with other stakeholders that is being measured; in other words, it is what Balmer (2008) referred to as a stakeholder's "beliefs about beliefs." This thesis took the employees' perspective, since it is central to a retail context and since employees are considered at the heart of the corporate branding process (King, 1991; Balmer, 1995, 2001). Given more time and resources, it would have been interesting and useful to examine top management perceived stakeholder alignments as well as other key stakeholders to further increase our understanding of perceptual alignment and to examine its role and impacts related to brand equity.

7.3 Managerial implications

This section highlights aspects of the thesis that have direct implications for retail management, brand management and practitioners. The proposed conceptual framework and empirical results suggest several important implications for retail management and how organisations can integrate perceptual alignment between several stakeholders as part of deriving competitive advantage and increasing brand equity. First, despite the fact that all three studies included in this thesis used different approaches, they all suggest that a significant relationship exists between perceptual alignment and brand equity. The relationship varies between the different stakeholders, and depends on whether it concerns internal, external, or economic performance outcomes. Nevertheless, the conclusion is clear – perceptual alignment in the form of employee perceived stakeholder alignment has significant relationships with brand equity and, in general, management should be aware of its importance and implications.

The employee perceived stakeholders alignment construct is a strong driver and predictor of internal employee mindset strength, and is competitive against other traditional job satisfaction indicators that are often used in management's annual employee surveys. Retail managers could include an operational measure of perceptual alignment as a valuable input to their internal brand and employee surveys. The practical application of this diagnostic tool can be used to develop an increased understanding of the current state regarding employee perceived alignment with relevant stakeholders. In turn, this can help managers to focus when applying their branding strategies and activities internally to key stakeholders. The managerial implication is clear: if managers wish to strengthen the brand internally by increasing employee satisfaction and commitment, then managing employee perceived stakeholder alignment is important.

The analysis in this thesis is not detailed enough to go into what types of values or associations (for example types of retail image attributes) that needs to be aligned. The analysis and results are performed on a more global and overall associations level of the retail brand image (that is, what the retail brand stands for and should stand for). The opportunity to utilise the perceptual alignment instrument to realise and meet internal, external and economic performance constitutes a management opportunity. The connection between the retail brand

image and the perceptions held within an organization and how this affects specific behaviour and performance outcomes is an area that attracts the attention of not only retail practitioners, but of general management practitioners as well.

The results of studies 2 and 3 increased the nuanced understanding of perceptual alignment and demonstrated that employee perceived alignment between different stakeholders had varying effects on performance. This implication is in particular relevant to retail management as ensuring that employees shares the same perceptions of the retail brand as their colleagues, has a significant relationship with reducing employee sick leave, and has a significant positive relationship with economic performance such as annual results and turnover per employee. The results clearly argue for retail managers who strive for increasing employee satisfaction to pay attention to and manage the perceptual alignment between employees and colleagues.

Furthermore, the findings shows that perceptual alignment needs to be supported by top management and could be added as an evaluation system, but it should be implemented and managed by the closest manager and the specific retail store management, as they are more aware of and closer to the employees and work colleagues in everyday activities. Employees and colleagues are less likely to relate to top management, since they are not part of their daily jobs.

Another implication is that managers could tell employees when they are performing well and enhance employees' beliefs and favourable perceptions of the retail brand. Moreover, as shown in Study 1, retail management should be cautious when using difference scores to measure gaps or alignment between internal and external perceptions. This is a common approach used by practical market researchers and practitioners, but it can be problematic and generate misleading results.

The findings suggest that if retail management wants to build an organisation with satisfied and committed employees, then they have to manage the employees' perceived alignment with other relevant stakeholders both in terms of current and ideal perceptions. In addition, aligning employees' perceptions with their immediate colleagues is of utmost importance, as well as ensuring that the employees perceive the top management to have a favourable and positive perception of the retail brand.

Should management focus on aligning current or ideal perceptions?

The results show that alignment of both *current perceptions* (what the brand stands for) and *ideal perceptions* (what the brand should stand for) is important. Based on the correlations analysis, measuring both current and ideal perceptual alignment is important, and both have a similar amount of significant relationships to internal and external mindset strength. However, in terms of economic performance, the alignment of ideal perceptions index was the strongest predictor.

Another interesting and important finding relates to ideal perceptions. Unlike the benchmark of standard scores, the results show that measuring the employees' ideal perceptions had no significant statistical effect on its own. However, when measuring the employees' ideal perceptions in relation to their perceived ideal perception of other stakeholders, then it proved to be highly relevant. Therefore, retail management is advised to be aware that the individual ambition or vision of one individual becomes most relevant when compared to someone else's, and when the ambition is relevant and shared amongst other stakeholders.

What specific stakeholder alignment relationships should management prioritise?

Most conceptual and managerial literature stresses the importance of aligning the employee with organisational values or with the top management's vision (e.g. Hatch and Schultz, 2001; Balmer 2012). This study reinforces the importance of perceptual alignment between the employee and top management; it also shows, for organisations with the same predicaments as the empirical context in this study, that looking at the employee's perceptual alignment with their immediate colleagues can be equally important to predict external customer mindset and economic performance. Employee perceived stakeholder alignment with perceived colleagues as well as perceived top management appeared to be the two most important stakeholders. These two stakeholder relationships provided the most significant relationships to the various brand performance outcomes in this thesis. Another interesting result is that aligning employee perceptions with customer perceptions is less important, with little significant relationships with external customer mindset strength; instead, retail management should focus on perceptual alignment between the retail employee, their immediate colleagues and top management.

The results suggest that internal branding and human resource management plays an important part when building brand equity; consequentially, these functions need to be integrated from a brand management perspective.

Recommendations for human resource management, internal branding, communication and external marketing

Based on the results of this thesis, my literature reviews and empirical findings, several suggestions can be put forward and integrated in, for instance, HRM. Recruiters could look for candidates that have a positive and well-aligned retail brand image. It is also important to be aware of the current and ideal perceptions of the retail brand image between stakeholders. Transparency and communication is important, as well as to continuously inform and educate employees and their colleagues of what the retail brand stands for, and what it should stand for. The information could be conveyed on note boards, employee magazines, weekly letters, intra-net, and so forth. Another essential aspect of HRM is the reward system, where employees with positive and strong alignment of both current and ideal perceptions should be acknowledged. Individuals with low or negative current and ideal perceptions of the retail brand image should be identified and not be put on a management position. HRM needs to be integrated in branding and realise its important contribution in the analysis and planning process related to brand management.

In addition, external communication and marketing also need to be integrated with the internal branding process, as employees are influenced by what is communicated externally and how stakeholders perceive the retail brand. Thus, external marketing could reinforce not only customer brand perceptions, but also the employees' perceptions which are coordinated and integrated with the internal branding processes in order to make the employees have a strong, favorauble impression of the retail brand, and to perceive themselves as important and relevant.

7.4. Limitations and future research

In this thesis, I do not determine whether a corporate retail brand is strong because it has strong perceptual alignment between several stakeholders or if it has strong perceptual alignment because it is a strong corporate retail brand to begin with. Determining the causality and to isolate what comes first or which phenomenon causes the other is difficult. Instead, I am attempting to examine perceptual alignment between several stakeholders and its relationship with specific internal, external and economic performance outcomes in order to determine whether there are *any* significant relationships – which, as the results show, there are indeed. This section will put forward seven overall limitations and suggestions for future research.

Direct comparison

One limitation of the thesis is that studies 2 and 3 use a direct comparison measure, meaning that employees make a mental perceptual comparison between their own perceptions and their perceived perceptions of other stakeholders. This avoids the statistical problems encountered with difference scores by only looking at one respondent's perspective, using a mental – instead of arithmetic – comparison. However, as a consequence, the 'real' perceptions of the multiple stakeholders (such as actual customers, colleagues, top management and closest managers responses) are not captured using this method, as they are only seen and perceived from the employee's perspective. Future research face the challenge of figuring out a way to use the simplicity of direct comparison measure, but include other actual stakeholders responses as well. Using direct comparison measure to capture multiple stakeholders' actual responses would generate an overwhelming amount of data and currently I do not have a solution for this issue.

Homogeneity amongst stakeholder groups

Studies 2 and 3 assume homogeneity within stakeholder groups and do not distinguish heterogeneous attributes and roles within for instance immediate working colleagues or customers as stakeholder groups. In other words, all customers are considered a homogenous group, even though differences might exist within and amongst different customers. For example, some customers may

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be strongly oriented towards environmentally friendly products, while others may be prioritise quality, uniqueness or price. Nevertheless, their traits are treated equally in this thesis for reasons of simplicity.

Future research could analyze and distinguish perceptual alignment within certain stakeholder groups instead of between stakeholder groups, as has been my focus; that is, future research could differentiate and look at different segments of customers or employees.

Specific industry and markets

All the corporations, retail store brands and data considered in this thesis come from the retail industry, which is characterised by a rather low knowledge intensity compared to other knowledge-intensive services and businesses. Applying and investigating the perceptual alignment measure in other industry settings with varying knowledge intensity could be useful in order to validate and strengthen the findings in other broader contexts.

Another closely related limitation is that study 3 focuses on retail employees in general, and as a result covers 151 different retail store brands across various industries, such as groceries, home electronics, fashion, home and household, sports and leisure, etc. Study 3 treats the retail industry as generally homogenous, without drawing analytical distinctions between the specific markets (that is, fashion vs. electronics vs. grocery stores). One reason for this was that I was interested in perceptual alignment on a broad, overall brand impression level; in addition, alignment could be argued to be non-market- and non-industry-specific. In other words, I did not specify any dimensions or particular values of the typical retail brand for any market.

Future research could compare different industries and markets to provide additional useful insights. For example, research could look for differences in terms of knowledge and service intensity, or luxury vs. commercial markets and industries.

Perceptual alignment of specific brand values and associations

Studies 3 investigated perceptual alignment on a global, overall abstract level (that is, broadly referring to what the retail brand stands for and should stand for) and did not consider specific types of values and associations that are more

or less important to align. Thus, future research could focus on perceptual alignment between multiple stakeholders regarding certain specific core values and associations, such as sustainability, innovation, service and quality, or mission statements that define the brand. This might determine whether some attributes are more suitable for a generic branding approach or if certain values and associations are better suited for specific stakeholder alignment relationships. The results of this thesis indicate that overall strong perceptual alignment between multiple stakeholders is generally positive, but has varying effects on internal, external and market performance.

The number of values that are relevant for all stakeholders (internal and external) are limited, as customers naturally value attributes (such as price and quality) that differ from those valued by employees (such as working environment, feedback, salary and exciting job tasks). There are drawbacks in attempting to align values that are relevant for all stakeholders, since these values are so few. For example, sustainability and innovation might arguably be two interesting and possible values that are relevant for all stakeholders. In an attempt to focus on ideal values that are relevant to all stakeholders, corporate brand management may lose some of its distinction and uniqueness in the effort to appeal or to be relevant to every stakeholder. Unsurprisingly, a look at the core values or brand statements of several corporate brands shows that many corporate brands focus on the same kinds of ideal values, and these values can be applied to almost *any* corporate brand.

Thus, future research could investigate whether organisations and corporate brands should focus on perceptual alignment of ideal values for a certain stakeholder group, compared with those attempting to address ideal values relevant to every stakeholder.

Longitudinal study of perceptual alignment

As perceptual alignment is an on-going process, future research could include a longitudinal study that investigates changes in perceptual alignment over time, and its relationship with brand equity. To illustrate, studies 1, 2 and 3 are only snapshots of the level of perceptual alignment at a specific point in time. A longitudinal study would show whether a change in perceptual alignment leads to a change in performance. After all, perceptual alignment is a continuous process, and a longitudinal study might determine whether strengthened

performance outcomes follow an increase of perceptual alignment. In addition, it could provide insights as to whether there is an optimal point and level of perceptual alignment with the highest performance return. This is important to investigate, since there is currently no empirical support that provides insights on the risks of a too-strong perceptual alignment. It is also possible that the brand becomes rigid, stagnant and unable to change if alignment becomes too strong. Such a state indicates a danger in terms of a lack of compelling diversity and the ability to adapt and stay relevant in a dynamic environment.

In the context of this thesis, a longitudinal study was not possible due to the cost involved and limited access to data. Studies 1 and 2 looked at two retail brands belonging to the same corporation. I managed to obtain more than 100 employee responses to my survey for each retail store brand. In order to generalise and broaden the results, study 3 looked at 151 retail chains, but as a consequence, fewer employee respondents were obtained for each retail chain. The results of each study do complement one another, with similar patterns of findings. Gathering data from many retail chains, with at least 30 respondents for each and over a longer period of time would have been ideal, but as noted above, this was not possible in this thesis due to cost, access and resources.

Competitive construct

Study 2 shows that a perceptual alignment index is competitive against traditional employee satisfaction indicators. The indicators that have been used were developed by retail practitioners, and though similar, were not theoretically constructed. In order to further strengthen the applicability of the perceptual alignment construct and to better generalise and connect to related research on satisfaction, future research could apply it against other commonly used and theoretically tested indicators in order to examine the construct's relevance and relative role in performance outcomes. In light of the potential benefits of this, future studies could attempt to show and strengthen the relationship between perceptual alignment and multiple stakeholders. The positive effects suggest that retail managers can potentially standardise their employee surveys with a perceptual alignment construct in order to manage and improve brand equity.

Additional stakeholder perspectives

As has been recognised, employees are considered to be at the heart of the corporate branding process (King, 1991; Balmer, 1995, 2001) and play a central part in it, as they are the interface between the brand, customers and top management. This is why I argue that their perceived alignment to other stakeholders is important and most interesting to investigate in relation to brand equity, since limited empirical research exists on this relationship.

However, investigating perceptual alignment from other stakeholder perspectives would also be interesting. For example, future research could examine the top management perspective and their perceived alignment to stakeholders such as employees, customers and shareholders, and the impacts of this on employee commitment, market, organisational and financial performance, or perhaps even shareholder value. Likewise, taking a shareholder perspective and looking at their perceived alignment with top management and customers could also be an interesting aspect for future research to investigate.

Managing and measuring perceptual alignment or measuring perceptual gaps

Some previous empirical works (e.g., Davies and Chun, 2002) have conceptually discussed alignment but actually measured gaps; that is, they have measured the *differences* between individuals instead of the level of similarity. Perceptual alignment refers to similarity, whereas gaps are connected to differences. In other words, perceptual alignment does not consider whether one perception is higher or lower than another. On the other hand, gaps look at whether a stakeholder's view is more or less favorable than that of another stakeholder. Davies and Chun (2002), as well as other researchers (e.g., Anisimova 2010; Anisimova and Mavondo, 2014; Benlian, 2014), have pointed out that in specific situations and between certain stakeholders, gaps can be beneficial in a certain direction (for instance, when employee perceptions are being more favourable than those of customers).

In this thesis, I attempted to make a distinct analysis of perceptual alignment and perceptual gaps. The preliminary results showed that perceptual alignment (both current and ideal perceptions) were more important than perceptual gaps and have more significant relationships with internal employee mindset strength, external customer mindset strength, and economic performance. However, there were several methodological limitations, which made the results difficult to interpret and inconclusive. As a result, the complex analysis was not

presented. Whilst the phenomenon of perceptual alignment and gaps is indeed complex, future research could specifically acknowledge and examine the size and direction of perceptual gaps in order to further inspect the phenomenon and its effects on brand equity in order to understand the role of gaps and how they should be managed.

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Appendix I.

Chapter 4 | Study 1 | Comparison of retail store attributes

Physical characteristics

Burt and Carralero-Encinas (2000):	Study 1 Retail store attributes:
• The store atmosphere is excellent • The store is clean and tidy • The store layout makes shopping easy • The store decor is attractive	• Nice atmosphere • Positive and pleasant experience to shop in store • Easy and efficient shopping

Pricing policy

Burt and Carralero-Encinas (2000):	Study 1 Retail store attributes:
• You get good value for your money • Prices are low compared to similar stores • The prices charged are fair • The relationship between price and quality is good	• Good value for the money

Product range

Burt and Carralero-Encinas (2000):	Study 1 Retail store attributes:
• The products stocked are of a good quality • The store carries a wide selection of different kinds of products • The merchandise is fashionable • [Store brand name] is a reliable brand	• Products with high quality • Wide and varied availability of products • Attractive availability of products and brands • Good availability of healthy products • Good supply and good fresh products

Customer service

Burt and Carralero-Encinas (2000):	Study 1 Retail store attributes:
• Store personnel are kind and helpful • The store offers a high level of customer service • Salespeople have a good knowledge of the products • The store operates an easy return policy	• Employees that enjoy and like their work • Good customer service

Character

Burt and Carralero-Encinas (2000):	Study 1 Retail store attributes:
• [Retail brand name] projects a conservative image • [Retail brand name] has a clear British appeal • [Retail brand name] serves the middle class • [Retail brand name] is a world class retailer	• Positively distinct

Store reputation

Burt and Carralero-Encinas (2000):	Study 1 Retail store attributes:
• [Retail brand name] transmits a reliable image • You have total confidence in [Retail brand name] • You find [Retail brand name] totally trustworthy • [Retail brand name] will never let you down	• Good reputation • Safe, reliable and trustworthy • An environment friendly profile

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Appendix II.

Chapter 6 | Study 2 | Results of difference scores analysis

Hypothesis 1: Employee mindset strength based on difference scores

Difference scores	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Alignment of current perceptions					
Employee satisfaction	0.04	0.18**	0.14**	0.13*	0.12*
Employee commitment	0.09	0.20**	0.25**	0.23**	0.20**
Number of significant relationships	0 of 2	2 of 2	2 of 2	2 of 2	2 of 2
Alignment of ideal perceptions					
Employee satisfaction	-0.09	-0.13	-0.17**	-0.18**	-0.22**
Employee commitment	-0.11	-0.15*	-0.22**	-0.33**	-0.30**
Number of significant relationships	0 of 2	1 of 2	2 of 2	2 of 2	2 of 2

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Hypothesis 2: Customer mindset strength based on difference scores

Difference scores	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Alignment of current perceptions					
Customer brand strength	-0.15*	-0.03	-0.05	-0.16*	-0.12
Customer brand awareness	-0.11	-0.02	-0.06	-0.12	-0.10
Number of significant relationships	1 of 2	0 of 2	0 of 2	1 of 2	0 of 2
Alignment of ideal perceptions					
Customer brand strength	-0.02	-0.03	-0.07	-0.05	-0.07
Customer brand awareness	0.02	-0.04	-0.06	-0.01	-0.03
Number of significant relationships	0 of 2	0 of 2	0 of 2	0 of 2	0 of 2

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

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	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Alignment of current perceptions					

Hypothesis 3: Economic performance based on difference scores

Difference scores	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index
Alignment of current perceptions					
Turnover	-0.08	0.08	-0.06	-0.06	0.00
Annual result	-0.05	-0.01	-0.10	-0.13	-0.08
Profit margin	-0.07	-0.07	-0.18*	-0.12	-0.13
Turnover per employee	-0.08	-0.04	-0.01	-0.05	-0.09
Number of significant relationships	0 of 4	0 of 4	1 of 4	0 of 4	0 of 4
Alignment of ideal perceptions					
Turnover	-0.02	-0.02	-0.10	-0.12	-0.12
Annual result	0.01	0.00	-0.01	-0.03	-0.01
Profit margin	-0.07	-0.12	-0.10	-0.12	-0.15
Turnover per employee	-0.01	-0.06	-0.02	-0.08	-0.07
Number of significant relationships	0 of 4	0 of 4	0 of 4	0 of 4	0 of 4

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

	Employees and colleagues	Employees and customers	Employees and closest manager	Employees and top management	Index