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Desired and perceived identities of fashion retailers

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Abstract

Purpose – The paper seeks to examine the role of corporate identity in UK clothing retail organisations, focusing on the “fast fashion” sector. The aim is to analyse the “gap” between desired identity and perceived identity within the sector.

Design/methodology/approach – An instrumental case study approach was adopted for this research. Companies’ web sites and press releases were reviewed to find out the desired identity of organisations, while semi-structured interviews were carried out with customers to elicit the perceived corporate identity. Themes developed from the cases will form the basis of further research.

Findings – This study has shown that although there are similarities, considerable “gaps” are present between the desired and perceived corporate identity of organisations, the latter being more important in understanding the research questions addressed which relate to corporate identity and the gap between desired and perceived identities. A number of propositions have emerged from the findings, which when investigated empirically will be useful for forming corporate identity constructs in the fashion retail sector.

Research limitations/implications – This research provides some useful insights into the role of corporate identity within the fast fashion retail sector; however, it is not sufficient to make generalisable claims outside the cases examined. Further research is required to test some of the conceptual issues and propositions raised by this work.

Practical implications – The paper gives practitioners better insights into the gap between desired and perceived identity with a view to improving strategic interventions to close the gap.

Originality/value – The research makes a contribution to retail identity literature by emphasising the importance of perceived identity. The work is unique in being the first research to explore further the relationship between desired and perceived identity from a fashion retailing perspective. As a consequence the strategic implications from this work for desired identity are highlighted.

Keywords Corporate identity, Fashion industry, Clothing, Retailing, Case studies

Paper type Research paper

Importance of managing corporate identity

The strategic importance of corporate identity has become more apparent in the literature in recent years (Balmer, 1995, p. 411; Hatch and Schultz, 2003; Melewar, 2003; Melewar and Akel, 2005). Corporate identity is defined as “the set of meanings by which an object allows itself to be known and through which it allows people to describe, remember and relate to it” (van Rekom, 1997, p. 411). From a managerial perspective, establishing a consistent corporate identity is vital to retail organisations wanting to differentiate themselves from competitors, and it is important to communicate an organisation’s identity to customers effectively (Burghausen and Fan, 2002; Kennedy, 1977). Indeed, a well-established corporate identity can result in consumers having stronger emotional ties to the organisation with greater trust and loyalty (Balmer and Gray, 2003). Corporate identity allows an organisation to achieve a

differential competitive advantage in the marketplace (Melewar, 2003). Marketers have become increasingly aware of the importance of building and maintaining a clear and distinctive corporate identity (Balmer, 1995; Harris and de Chernatony, 2001).

Nevertheless, there is limited empirical research on corporate identity (Balmer, 1998, 2001b, Cornelissen and Elving, 2003), and more particularly within a retailing context (Burt and Sparks, 2002) to guide practitioners in managing corporate identity development. This is particularly the case within the “fast fashion” retail sector, which is the context for the study. The selection of this sector is appropriate because it is a sector (retailing) and context (fast fashion) where image and identity concepts are arguably more important and more visible than in any other sector (Hines and Bruce, 2001). Furthermore, questions of corporate identity are clearly central to an organisation strategic *raison d’être* in a fiercely competitive market (de Wit and Meyer, 1998; Johnson and Scholes, 2002).

Although the literature that considers how different stakeholders recognise corporate identity has developed in recent years (e.g. Balmer and Soenen, 1999; Kiriakidou and Millward, 2000; van Rekom, 1997) their research tends to focus on the gap between desired identity and actual identity. There is a lack of extant research related to how customers perceive corporate identity. There is, however, some evidence to indicate that consumer perceptions of corporate identity may indeed be different than that which is desired by organisations (Hines *et al.*, 2007).

Therefore, the purpose of this paper is to examine the role of corporate identity within the context of the fast fashion retail sector. The aim is to analyse the gap between desired corporate identity and perceived corporate identity by uncovering organisational desires and customer perceptions towards the concept of corporate identity. There are two key research questions in this study:

- (1) How do organisations project their desired corporate identity?
- (2) How do customers perceive an organisation’s corporate identity?

In the following section we provide a critical review of the corporate identity literature, focusing attention upon the identity gap between the desired and perceived corporate identity. Next, we describe the methods employed to conduct the research. Then, the research evidence is presented. Finally, the paper concludes by considering implications for theory and for practitioners before offering suggestions for future research.

Perspectives on the development of corporate identity research

Corporate identity first came to prominence with Lippincott and Margulies’s (1957) and Margulies’s (1977) studies, which have coined the concept with an organisation’s visual identity and corporate image respectively. Since then, the popularity of corporate identity has risen and there have been a plethora of studies that have been developed by both practitioners and academics (Gregory and Wiechmann, 1999). Furthermore, there are inconsistencies within the literature in defining and theorising corporate identity (Alessandri, 2001; Balmer and Wilson, 1998; Cornelissen and Elving, 2003; Kiriakidou and Millward, 2000). Despite this, there is some agreement that corporate identity can be seen from a visual or strategic perspective. More specifically, the visual viewpoint includes an arrangement of elements which include the corporate name, logo, tagline (Alessandri, 2001), company housestyle (van Riel and Balmer, 1997),

building, publicity, advertising, graphic design and symbolism (Gregory and Wiechmann, 1999; Margulies, 1977). This visual notion is supported by Olins (1978) and Bernstein (1989), through their affirmation of the importance of corporate identity to organisational values and organisational culture, especially in communicating with internal stakeholders.

However, corporate identity should not merely be described in visual terms. It does not simply refer to what an organisation is; it is related to how an organisation delivers its identity to the public, how its stakeholders perceive its identity, and how an organisation distinguishes itself from other organisations (Marwick and Fill, 1997). The concept has transformed from visual management to strategic change management (Hatch and Schultz, 2003). Balmer (1995, p. 25) refers to corporate identity as “the distinct attributes of an organisation”; Topalian (1984) explains that corporate identity can articulate what an organisation is and Harris and de Chernatony (2001, p. 268) denote corporate identity as an “organisation’s ethos, aims and values which create a sense of individuality which differentiates a brand”. Hence, corporate identity has an organisational focus that is multidisciplinary in nature (Knox and Bickerton, 2003; van Riel and Balmer, 1997).

With this in mind, corporate identity can be described as ways that an organisation delivers its identity – that is, what an organisation is to its stakeholders (Balmer, 1995). Corporate identity manifests itself in a number of ways (e.g. Balmer, 2001a; Balmer and Soenen, 1999; Hatch and Schultz, 2000, 2001; Kiriakidou and Millward, 2000; van Rekom, 1997). van Rekom’s (1997) study, for instance, identifies different types of corporate identity. There is a notable divide between how the management wants the organisation to be (i.e. desired identity), and what the organisation actually is (Balmer and Soenen, 1999, p. 82; van Rekom, 1997, p. 412). There is also variation in the literature regarding the terminology used to describe what the organisation actually is, for example what the operational reality of the organisation is (Kiriakidou and Millward, 2000), its factual identity (van Rekom, 1997, p. 412), or as Balmer and Soenen (1999, p. 82) call it, its actual identity. Although there are differences in terminology used to describe corporate identity there is some agreement that corporate identity can be viewed from an internal or external perspective (Hatch and Schultz, 2003, p. 1047; Melewar and Karaosmanoglu, 2006). Many studies have focused on the gap between desired identity (management’s internal vision) and actual identity (employees’ external perceptions of corporate identity) but failed to explore the desired *vis-à-vis* perceived identity gap.

The extant literature has considered a number of dimensions of corporate identity. For example, Schmidt (1995) proposes five main constructs of corporate identity, including:

- (1) corporate culture;
- (2) corporate behaviour;
- (3) products and services;
- (4) communications and designs; and
- (5) market conditions and strategies.

van Riel and Balmer (1997) suggest that the way for organisations to obtain favourable corporate reputation and better organisational and financial performance is to use

corporate identity mix (CI mix), which consists of behaviour, communication and symbolism (Stuart, 1999). Balmer and Soenen (1999) introduce a novel corporate identity mix as being composed of the soul, mind and voice. Melewar and Saunders (2000) propound that Balmer and Soenen's corporate identity mix should also include the body of the organisation, such as the location, building and the nationality of the corporation. Melewar (2003) provides a rather holistic view on corporate identity. The constructs he identifies are similar to Schmidt's (1995), but with the inclusion of corporate structure, industry identity and corporate strategy. The above studies suggest that although various authors identify and categorise the identity constructs and components in different ways, their views harmonise with each other even if the language to describe them is different. Corporate identity components should not be regarded as stand-alone constructs and should be viewed from a holistic perspective, as integrated mixes of corporate identity. This paper adopts Schmidt's (1995) corporate identity constructs as they largely coincide with and overlap with other authors' constructs as discussed below.

Corporate culture

Corporate culture consists of an organisation's values, beliefs and assumptions, such as corporate philosophy, corporate values, corporate mission and ethos, corporate principles, corporate guidelines, corporate historical background, nationality of the organisation and any subcultures within the organisation (Melewar, 2003; Schmidt, 1995). Corporate identity and corporate culture are interrelated (Balmer and Wilson, 1998; Cornelissen and Elving, 2003; Harris and de Chernatony, 2001; King, 1991) as the former is an expression of the latter. In addition, personnel play a crucial role in corporate culture. It is essential that management of the organisation minimises conflicts so to build a favourable corporate culture and avoid any dilution of corporate identity (Suvatjis and de Chernatony, 2005).

Corporate behaviour

Corporate behaviour is "the sum total of those actions resulting from the corporate attitudes which influence the identity, whether planned in line with the company culture, occurring by chance or arbitrary" (Schmidt, 1995, p. 36). These actions are important in determining an organisation's corporate identity (Melewar and Jenkins, 2002). Top management's behaviour and organisational statements should reflect the identity of the company and the visions and strategies of the organisation need to be effectively communicated to employees (King, 1991). Furthermore, corporate behaviour can act as a visual representation of the organisation to the public (Suvatjis and de Chernatony, 2005).

Products and services

Products and services must also reflect corporate mission and organisational philosophies (Balmer, 1995). In the retailing industry, product strategy, product benefits, service, unique selling proposition, interior design of the stores and store image are all crucial for success in the fashion retail industry as these factors help organisations to differentiate themselves from the competitors (Burt and Carralero-Encinas, 2000; Newman and Patel, 2004; Schmidt, 1995).

Communications and designs

Communication plays an important role in corporate identity, both at internal and external levels (Bickerton, 2000). Organisations need to transmit their policies to employees through internal communication channels (Rode and Vallaster, 2005); employees, then, can collect feedback from external stakeholders and report back to the organisation (Kennedy, 1977). Suvatjis and de Chernatony (2005) suggest this is a two-way communication channel which transmits and receives information from both within and outside the organisation. There are also relationship management communications which mainly target non-customer stakeholders and market communication which use corporate designs, corporate advertising, corporate events and corporate sponsoring to communicate to stakeholders (Einwiller and Will, 2002). Some organisations use their logos to communicate their identities to the public (Foo and Lowe, 1999). Corporate design consists of all the visual elements of an organisation – its corporate logo, trademark, symbol, colour, shapes and typeface, sometimes may be called visual identity (Baker and Balmer, 1997).

Market conditions and strategies

The nature of the industry (i.e. industry identity or market conditions) and the strategic intent of the organisation have an impact on corporate identity (Melewar and Wooldridge, 2001). Industry identity refers to the “underlying economic and technical characteristics of an industry” (p. 207). Furthermore, the identity of an industry can transfer to the company’s corporate identity.

Corporate strategy is defined as the “blueprint of the firm’s fundamental objectives and strategies for competing in their given market” (Melewar and Karaosmanoglu, 2006, p. 861). All of the organisation’s marketing strategies should be able to show how an organisation differentiates itself from its competitors in the industry (Melewar, 2003). The next section explains the research method employed to address the critical questions in relation to an organisation’s desired and perceived corporate identity.

Research method

Corporate identity has been identified as an important construct in an industry sector where image is everything. “Fast fashion” has become an important concept and many clothing retail organisations have shifted their attention to fast and disposable fashion (Mintel, 2004). Fast fashion is characterised by time compression in the supply chain and increase in consumer choice through frequent merchandise replenishment (Hines, 2004). This sector attracts fashion conscious consumers of both genders in the age range between 20 and 45 years who connect with these retail organisations through their corporate identity.

A case study approach allows selection of multiple data sources, such as detailed observations, interviews, documents, archives, and participant observations (de Weerd-Nederhof, 2001; Rowley, 2002; Stake, 1995; Yin, 2003). Description is an important part of developing knowledge from case studies (Stake, 1995), particularly if the writing creates conditions that allow the reader, through the writers, to converse with (and observe) those who have been studied (Geertz, 1973, p. 20); thus through interpretations and “thick descriptions” the social realm of the cases emerges (Geertz, 1983, p. 57). Furthermore, the writing itself becomes a method of inquiry (Richardson, 1998, p. 345). The principal sources of evidence in the study included observations in

store, documentary evidence and customer interviews. The documentary sources available to the authors were the case companies' official web sites, press releases and other publicly available materials (press releases, newspapers, fashion magazines and market reports). These documents collectively establish a *bricolage* of data critical in establishing patterns revealing a case company's desired identity because they reflect the strategic intent of the organisation. As Melewar (2003) notes, perhaps the most important instrument for an organisation demonstrating strategic intent is the organisation's "mission statement".

In establishing a method for investigation it is essential to consider a number of important choices and to select those most appropriate to address the research questions posed by the study (Patton, 2001). A case study approach is useful to bound the data and focus on "how" questions (Yin, 2003) and it enables theory building (Eisenhardt, 1989; Stake, 2000). A case study strategy is appropriate for this research because it enables evaluation of an organisation's desired identity through its marketing activities, interactions with customers and inquires into how customers perceive an organisation's corporate identity. As Stake (1995) emphasises, an instrumental case study design allows researchers to gain better understanding of theoretical constructs, and the phenomenon, which in this research is corporate identity. Firstly, it was important to select *instrumental* cases. These are cases where the phenomenon of corporate identity is apparent (Stake, 1995). Thus a purposeful sample of retail organisations that met the following criteria was deemed appropriate. The retail organisations must:

- have national coverage in the UK;
- operate the "fast fashion" concept;
- target broadly similar market segments; and
- be established brands in the UK high street in their own right.

This is theoretical case sampling following Miles and Huberman's (1994) approach to sampling strategy, to choose purposively cases to compare and contrast where the phenomenon of corporate identity in this specific context is observable.

Since the purpose is to focus on questions related to corporate identity rather than the case itself, the two organisations are compared as a basis to analyse differences and similarities in representing their corporate identity. Two selected organisations matching the criteria were H&M and Zara. It was necessary to examine the two organisations as they show themselves to consumers through their marketing activities, i.e. website, brochures, press reports, stores, and staff interacting with customers. It was also deemed sufficient to do so to avoid bias that could possibly be introduced unwittingly by conducting (noise) interviews with top management who might attempt to emphasise (reify) aspects of meaning to avoid the negative effects of these activities and interactions by offering *a posteriori* justifications of their decisions. In order to obtain the perceptions of customers it was necessary to draw a further sample from people matching the criteria of a customer of these two organisations and to ask a series of questions relating to the *a priori* framework drawn from the literature (see the Appendix). The framework provided initial categories for the customer discussions in the form of initial *a priori* codes in which customer responses could be organised.

In examining perceived identity, interviewees were selected adopting snowball-sampling techniques, which can be categorised as both convenient and purposive (Denzin and Lincoln, 1994; Miles and Huberman, 1994). The sample is selected in a non-probability manner. The main criteria for selection are:

- fit with organisational customer profile demographic;
- customer experience with shopping in one of the case organisations' stores; and
- frequency of visits to the store in the last month.

Twenty semi-structured interviews were conducted with the participants, equally split into male and female customers. Their ages ranged between 23 and 41, which fits the customer profile and is congruent with the two fashion retail chains' stated target audiences (Mintel, 2002). The mean ages of the participants for H&M and Zara are 29 and 28, respectively. Each participant shopped in either H&M or Zara at least once a month. Ten semi-structured interviews were carried out for each case organisation. Each interview lasted 45 minutes to an hour. The interview guide was used to add structure to the questioning supplemented by laddering techniques in common with the approach taken (Denzin and Lincoln, 1994; Miles and Huberman, 1994).

Coding essentially consists of attaching an identifier to each category of data, a process described by various authors including Lincoln and Guba (1985), Strauss and Corbin (1990), Miller and Crabtree (1994), Miles and Huberman (1994) and Glaser and Strauss (1999). A thematic coding method (Denzin and Lincoln, 2000) has been used to categorise the data into the *a priori* themes drawn from the literature, explaining the corporate identity mix (Sinkovics *et al.*, 2005). We have adopted Eisenhardt's (1989) "roadmap" for building theories from case research. Eisenhardt (1989) states that the *a priori* specification of constructs sharpens the focus of the research and makes for good theory-building. The case evidence gathered for this purpose in the form of interview transcripts and public documents were categorised into components of corporate identity mix manually, which include five main constructs:

- (1) corporate culture;
- (2) corporate behaviour;
- (3) products and services;
- (4) communications and design; and
- (5) market conditions and strategies.

The coding process enables the authors to identify gaps between desired and perceived identity, to analyse, synthesise and reconceptualise.

In evaluating any research it is important to consider a number of important issues that provide the reader with confidence in the rigour of the research conducted. Stake (1978) began encouraging researchers to focus attention on practical concerns of stakeholders in the immediate context, rather than more abstract questions of remote decision makers and this advice has been followed in this study. It allows experiential understanding and generates knowledge of the issues within a bounded context (Greene, 1998, p. 388). In this research we have used multiple sources of data from which to construct the instrumental case evidence (Yin, 1989). Documents, notes and interview transcripts were classified and summaries have been presented in the tables

in the paper, thus establishing *confirmability* and *credibility* in reaching our interpretations. This is what some researchers refer to as triangulation and validity.

The selection of case material was appropriate to the research questions, serving as “enlightenment” to make sense of questions addressed (Patton, 1990). The researchers continuously questioned their assumptions about interpretations being made and established a way of working, exchanging and confirming views through justifications in the writing process, meetings and email communications which can be usefully audited by the research team. Thus *credibility* is established. Transferability was established at the research design stage through the structuring of case material for comparative purposes (Yin, 1989). It was further established through the *a priori* coding protocols adopted (Lincoln and Guba, 1985). Finally, in common with other research of this type, dependability is established through the documentation processes for the research together, with awareness and avoidance of bias that could potentially impede the integrity of the research (Hirschman, 1986). The evidence is discussed next.

Instrumental case evidence discussion and analysis

This section examines the gap between organisations’ desired identity and perceived identity. The results have been compiled by focusing on the key components of the corporate identity mix identified in Schmidt’s (1995) framework. Table I was compiled from documentary evidence. Tables II and III were compiled from documentary evidence and interview data and contain a summary of the chain of evidence for the commentary in this section.

The evidence from the case studies has revealed similarities and differences in how these two retail organisations present their identities to the public and how customers perceive their identities. The constructs have been reconceptualised under three headings reflecting the retail context:

- (1) corporate identity as a means of differentiation;
- (2) corporate identity as product and service interactions; and
- (3) corporate identity as corporate strategy.

Corporate identity as a means of differentiation

Corporate identity does not simply refer to an organisation’s logo; rather, it is a multidisciplinary concept (Balmer and Dinnie, 1999; Knox and Bickerton, 2003; van Riel and Balmer, 1997). As Melewar (2003, p. 196) argues, identity refers to “individual characteristics by which one organisation can be differentiated from another”. Although the aim of “fast fashion” retailing is to provide disposable fashion garments to customers within the shortest possible time, each individual retailer in the industry has its own unique corporate identity. H&M and Zara have similar characteristics in terms of their aims and mission of their respective businesses (see Table I) but customers perceive their corporate identities differently. The results of the case studies have indicated that H&M has a larger desired-perceived identity gap than Zara.

Similarities in the way both organisations represent themselves to customers are visible from Table I. They are keen to portray their origins through their national identity. Both organisations have a clearly defined mission summarised in Table I and both organisations target similar customers in terms of age and fashion consciousness. Zara has a broader geographical span and in 2005 Zara’s parent group Inditex

Table I.
Comparison of corporate identity H&M and Zara (origins, mission, structures and turnover summary)

Comparative table	H&M	Zara
Country of origin	Sweden	Spain
Mission/aim of business	Offers fashion and quality at the best price through a broad and varied range of fashions for the entire family “Fast fashion” – sells cheap and chic fashion to women, men and children	Offers quality clothing at affordable prices that keep customers in step with the latest international trends each season “Fast fashion” – sells high fashion clothing to women, men and children “to get the shortest time to market” (Jose Castellano, CEO)
Brands	Own label brands	Own label brands
Main target audiences	Aged 15-45, ABC1	Aged 20-40
Established	1947 (Sweden) as a single store retailer Multiple retail format trading under a single brand H&M	1975 (Spain) grew out of Inditex formed in 1963 as a clothing manufacturing company. Inditex is a holding company with several retail brands of which Zara is the most well known and represents approximately 70 per cent of turnover for the group
First store in the UK	1970	1998
Worldwide operations	Europe, USA, Canada	Europe, USA, Latin American, Middle East, Asia
Number of worldwide operations	24 countries	63 countries
Number of stores worldwide	1,300 (30 November 2006)	992
Number of stores in the UK	112	49
Turnover	£457 million (UK third largest market) Approximately €682 million Total turnover SKr 61.2bn for the year ending 30 November 2005	€3,819.6 million worldwide 2004 UK turnover not disclosed €6.74 bn for the financial year ending 31 January 2006
Supply base	700 (Asia and Europe), 30 per cent sourced from China	Vertically integrated company 72 per cent manufactured in Europe mainly in owned production centres (28 per cent manufactured in Asia)
Owned factories	None	Yes – La Coruña (Spain)
Production offices	22 located in supplier base countries	La Coruña (Spain), Zaragoza logistics hub
Sources: Compiled from Mintel (2004, 2005), Hennes and Mauritz (2006, online press release), Inditex (2006, online press release #57), and www.fashionunited.co.uk/news/london.htm (accessed 6 March 2007)		

	Desired identity ^a	Perceived identity ^b
H&M's corporate identity?	"Provides fashion and quality at the best price"	"H&M is just like a brand, it does not tell the public anything about it ... it sells bags of cheap disposable clothes to women, men, teenagers and children" "What I think of them is that they are highly fashionable" "They offer the latest, most trendy things at affordable prices" "A very cheap, fast, low quality organisation" "H&M was variously described as German/French/Dutch/Swiss/British" "The staff are trendy, young most of the time and they are relaxed" "I wouldn't say it looks Scandinavian or Swedish" "I mean in terms of culture, they are quite informal as well" "In terms of quality of clothing, I wouldn't say they are really good quality" "It's cheap, perky, disposable fashion I would say, rather than quality fashion" "I don't think the staff management is very good because if you go to H&M on any day, there are always massive queues at the checkouts" "The interactions that I have had in the past seems that the staff are not organised. They do not always know where things are, they are not always helpful" "Customer services doesn't seem to be high on their agenda"
Corporate culture	"H&M was established in Sweden in 1947 by Erling Persson" Adopts direct communication approaches with staff "Open door spirit" "Provide fashion and quality at the best price"	
Corporate behaviour	"Everyone works towards the same goal – give customers unbeatable value through fashion, quality and price" "Our customers' shopping experience will be formed by their personal reception from our employees as well as other impressions" "H&M provides internal training in customer care"	
Products and services	"Giving the customer unbeatable value through the combination of fashion, quality and price ... provides internal training in customer care" "All garments in H&M's collection go through a number of quality and security tests" "Creates a comfortable and inspiring atmosphere in the store ... great efforts have been put into the layout of shopping in H&M should be an easy, pleasant and inspiring experience" "Communicate what H&M stand for and what they offer customers"	"I don't think they are very good at customer services, not something that they are actually focusing on a lot" "Variety, massive variety. You've got lots of styles and themes" "I'm more conscious of buying clothes from H&M because of the quality aspects" "I've never really thought about the décor, all I thought about is how the hell you are going to find anything in here, it's just crammed out" "The clothes are fashionable, the designs are there" "The store is very messy and they have too many clothes" "When I see the logo, I would be like – Yuck! It's not fashionable, it's not nice. It doesn't say anything. What is H&M? You can't associate it with anything"
Communications and designs	Advertising campaigns around Europe and in parts of the USA Has one of the fastest turnaround times. Products can move from drawing board to store shelves in as little as three weeks	"Given the age group, I would say their competitors are Topshop, Miss Selfridge, I wouldn't necessarily say Zara, Mango or River Island because they are slightly better quality and better organised"
Market conditions and strategies		

Notes: ^aDesired identities taken from documentary sources in the public domain: company web site, brochures, press reports, www.hm.com, Mintel (2004, 2005) and Hennes and Mauritz (2006). ^bPerceived identities generated from interview data with customers

Table II.
Case study 1: Hennes and Mauritz (H&M) – desired identity and perceived identity

Table III.
Case study 2: Zara –
desired identity and
perceived identity

	Desired identity ^a	Perceived identity ^b
Zara's corporate identity? Corporate culture	Refer to its corporate logo as the company's corporate identity "Corporate culture is characterised by teamwork in a horizontal structure, where open communication and accountability at all levels are the foundations for motivation and personal commitment to customer satisfaction" "Inspires staff to motivate themselves to satisfy customers" "Keeps business transparent and build relationships with all groups that hold a stake in Zara" "Responsible and socially committed company" "Offers customers a standard of excellence in all its products"	"You can't really tell by looking at the logo what Zara is about, unless you actually go into he stores and have a look around to see it yourself" "Zara's culture is clearly defined. They want to have high quality clothes appealing to specific audiences, to young professionals" "The culture of Zara emphasises the importance of high quality clothing at reasonable price. You can see the mentality has been transmitted to the staff as well. They are very helpful and professional" "The managers are all well trained. If you ask the staff questions, they are always there to help you. They always know the information about the products" "I think the staff have an idea of what the image of Zara is, the brand and what the managers want them to portray" "The staff certainly have training. They are quite laid back but helpful"
Corporate behaviour		
Products and services	"Designs are inspired from prevailing trends in fashion market and from customers" Provides quality clothing to customers Have a strong customer focus	"Their clothes are generally very stylish, but not practical" "They sell smart fashion and casual fashion ranges to customers" "They have a variety of clothes" "The quality of clothes is good, excellent, but it does not always fit though" "Services, I think it's excellent. I've never had a complaint, and I've never encountered a problem"
Communications and designs	"The store are designed to create a special atmosphere that will allow the client to feel the pleasure of buying fashion" Encourages horizontal communication within Zara Customers are free to express views and opinions on fashion	"Zara's logo is one of the most recognisable logo in fashion industry, along with a couple of others, like H&M; very strong brands" "The logo is just the name really. I don't know what Zara means" "Their communications are very structured. The staff know when and where to call the managers"
Market conditions and strategies	Target customers from all generations Uses fashion to bring people together "The ability adapt the offer to meet customer desires in the shortest time possible" Store staff use PDAs to communicate customer feedback to HQ in Spain and to react fast to trends identified	"I don't think they target students really, young professionals are certainly one target" "A competitor could be FCUK because recently they are trying to look very smart casual" "It may have competitions from two different angles, one is coming from high end, like Austin Reed, Reiss, Ted Baker, FCUK, the other one is Topman, River Island and may be H&M, but I'm not sure"

Notes: ^aDesired identities taken from documentary sources in the public domain: web site, brochures, press reports (Mintel, 2004, 2005; Inditex, 2006).

^bPerceived identities generated from interview data with customers

overtook H&M as the leading largest European clothes retailer, with its aggressive pace of store openings.

There are some important differences highlighted in the evidence summarised in Tables I-III. According to Jose Castellano, CEO of Zara, a key objective of the company is “to get the shortest time to market” (Inditex, 2006). Zara mainly supplies product via its owned factories, which gives it strategic and tactical flexibility. However, when it chooses external manufacturers it is very customer-focused and must provide speed over cost. Zara monitors sales carefully and seeks customer input. Zara reports that it has limited discounting and no clearance racks and through this strategy it creates a sense of scarcity in the products it offers in stores. The assortment of merchandise changes 70-90 per cent each month in Zara’s retail stores. Zara has been effective in projecting these messages into the public domain and customers are quite well informed about Zara’s “fast fashion” business model and appreciate it.

H&M, in contrast to Zara, outsources all clothing manufacture, with 30 per cent of product sourced from China. Customers are not so well informed about the “fast fashion” concept and how that impacts positively on their experience; this was clear from the interview data gathered (Table II). The findings show that customers’ perceptions of corporate philosophy and corporate mission are clearly out of line with H&M’s desired corporate identity. Moreover, our findings suggest that H&M’s historical background and country of origin are not clear to the customers. In contrast, Zara has successfully delivered their desired corporate culture, including their mission, philosophies, company background and country of origin to its customers.

According to Kiriakidou and Millward (2000), personnel and corporate culture play an important role in corporate identity management. Within the corporate culture, the values held by the personnel and management should be reflected in an organisation’s identity. An organisation’s performance may be affected if there is any gap between the values held by the personnel and the organisation (van Rekom, 1997). Customers felt that employees do not reflect H&M’s corporate culture in stores whereas Zara’s stores and employees were perceived as reflecting their organisation’s desired identity to customers.

Senior management is responsible for providing a consistent corporate identity in order to achieve a favourable reputation and competitive advantage (Melewar and Jenkins, 2002). However, customers in this research suggested that H&M does not communicate to employees and to customers the organisation’s corporate identity as effectively as Zara, as evidenced in Table II. Moreover, according to customer comments, H&M’s employees do not reflect the company’s target market. As a consequence, it is suggested that the corporate strategy in terms of communicating its identity, does not match with that of its corporate mission (van Riel, 1995). Zara does not appear to have a significant identity gap in terms of corporate behaviour. The findings have shown that management styles and employee behaviour in Zara are consistent with its mission and business model, and that its desired identity is reflected in the customer service ethic which it has successfully demonstrated to the customers interviewed.

Corporate identity as product and service interactions

An organisation’s products and services should also reflect its mission and organisational philosophies (Balmer, 1995). Furthermore, the performance of products can enhance corporate reputation (Melewar and Wooldridge, 2001). In

H&M's case, the results have revealed that "fashion and quality" was not reflected in customer perceptions of its products. In the long term this could harm H&M's corporate identity. In contrast, customers' opinions of the product offerings, quality levels and the price range at Zara was emphasised by customers as being consistent with Zara's mission. The way in which the two business models are constructed with Zara maintaining complete control of its supply base and H&M having to rely on a large number of outsourced manufacturing organisations with little direct control may contribute to this customer perception of difference.

Personnel who deliver the customer services have an impact on how customers perceive the company's corporate identity (Schmidt, 1995). H&M's service delivery by its personnel is perceived as being very poor, while Zara has excellent service delivery. This suggests that while Zara has effective communication channels with its employees to ensure the company's mission is aligned with the customer services delivered by its employees, H&M is not as effective.

Products and services are not the only factors that help retail organisations to differentiate themselves (Birtwistle *et al.*, 1999; Burt and Carralero-Encinas, 2000; Martineau, 1958; McGoldrick, 2002; Newman and Atkinson, 2001; Schmidt, 1995). The findings have shown that H&M's store layout, window displays, changing rooms and store personality are not consistent with its desired identity. H&M store image was negatively perceived by customers, while Zara's store design and window displays were viewed as being consistent with its desired identity.

All types of marketing and corporate communications are considered to be important to the formation of an organisation's corporate identity (Bickerton, 2000; Kennedy, 1977; Suvattjis and de Chernatony, 2005). The findings of this research have suggested that H&M's desired identity is not reflected in both the internal and external communication channels. This two-way communication is vitally important to organisations. This is due to customers' experience with H&M's employees and their behaviour. Customers also suggested that the company's desired identity is not reflected in its advertising campaigns. The advertising campaigns fail to reveal who H&M really is. It is believed that an effective communication strategy would help a company to build a stronger corporate brand, achieve competitive advantage and gain a favourable reputation. This is certainly the case for Zara. Zara's desired identity is reflected in its communications, which are effective and structured.

A strong industry identity can be projected in an organisation's corporate identity (Melewar, 2003). Both H&M's and Zara's customers agreed that their desired identities as fast fashion retailers are reflected in their nature of business, business operations, and product offerings. The market position and the competitiveness of H&M have been questioned as its desired target customers and competitors do not align with its actual product offerings. Respondents therefore compared H&M to some of the value clothing brands rather than fast fashion high street brands. In contrast, Zara's desired target customers and competitors' fit into its product offerings and services; the company was compared to some other fashion brands such as Reiss and Ted Baker.

Corporate identity as corporate strategy

Corporate strategy helps an organisation to enjoy the advantages of differentiation and positioning (Melewar, 2003). Furthermore, appropriate corporate strategies will help an organisation to determine its existing and future corporate identity (Melewar and

Karaosmanoglu, 2006). This research has indicated that out of the two cases, Zara has been more effective in achieving its desired identity through having a more congruent corporate strategy with its products and service interactions, thus enabling differentiation. In Zara's case, customers agreed that the company's desired identity aligns with its corporate strategies. Indeed, Zara is perceived as having a clear and consistent corporate identity, providing differentiation in terms of its quality product offerings. This may suggest that H&M is underperforming in striving to differentiate itself and achieve competitive advantage. The strategic consequences of corporate identity have been identified as having important business impact and we now focus attention upon three propositions emerging from this research:

- P1.* Retail identities rely on customer perceptions which are formed without reference to the retailer's desired identity.

This research demonstrated that there is often a disconnection between the desired and perceived identity. This has implications for marketing communications. In order to influence customer perception, customers need to be informed and they need to believe the messages being transmitted through words, deeds and symbols. Marketing communications in this sense are not simply through traditional modes but must recognise the total customer interaction experience. As a consequence, in-store influences become paramount in the formation of perceived identity. This leads to a second proposition:

- P2.* The most important influences on customer perceptions and customer belief is product, followed by store environment and staff interaction with the customer.

Customer opinion can be transformed quickly if any of their encounters are negative in relation to these three factors. The reverse may also be true:

- P3.* Corporate communications can only influence perceptions of identity if customers' experiences are congruent with the desired identity statements.

In the H&M case study in particular, customers' observations and sense experiences did not match with the statements for desired identity. Customer experience is perhaps the most important influence on perceived identity in this context.

The final section draws conclusions and considers implications for corporate identity theory, retail management and further research.

Conclusion and implications

The outcome of this study contributes to the existing corporate identity literature by identifying that gaps exist between desired and perceived corporate identity. The results of the present research show that organisations cannot primarily focus on the desired-actual identity gap and ignore the desired-perceived identity gap. Organisations should take into account customers' perceptions towards their identity when they promote themselves.

This paper has a number of managerial implications for the two case organisations. The gap between desired and perceived identity is important because it is essentially a measure of the effectiveness of an organisation's corporate strategy manifested through its corporate identity. It demonstrates a significant divergence of insights into

how the decision-maker presents corporate identity and how customers perceive it. We argue that an organisation cannot simply present its corporate mission statement to its employees at all levels and expect them to promote this identity to its customers. Effective internal communication channels and appropriate training programmes are essential. Corporate advertising should reflect the company's philosophy (Bernstein, 1989). Effective advertising campaigns should be delivered clearly on what the company is and what the company stands for to its customers. In order to have a consistent corporate identity, H&M should acknowledge that the alignment of the desired and perceived identity is of critical importance. However, it is not simply through advertising but through a wider recognition of modes of customer communication and interaction identified in this research that is of paramount importance to closing the gap between desired and perceived identity. By carrying out these suggested measures, these gaps should be reduced. Every employee within the organisation, from the top management to personnel at the store level should be involved in building favourable corporate identity.

We deliberately chose to identify desired corporate identity by analysing publicly available documents and artefacts. We do not consider this in itself to be limiting *per se* as these public documents reflect the strategic intent of an organisation in an objective way. However, given the significant part played by retail staff in communicating the corporate identity of an organisation it would perhaps be useful to add a third dimension to our qualitative interpretations by interviewing staff in-stores to elicit their views and observe their social interactions with customers. Our initial research has suggested that these further lines of inquiry might prove fruitful. It is intended that the existing study will form the starting point for a quantitative study to test the propositions emerging from this research. Future research could also investigate the relative importance of each corporate identity construct from both the desired and perceived perspectives.

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Appendix. Corporate identity interview question guide

This guide was used to generate the semi structured interview data and used laddering techniques as appropriate.

Part 1: General information

- (1) Gender: female/male.
- (2) How old are you?
- (3) Have you shopped with the company before? And how often?
- (4) Why do you like to shop with the company?

Part 2: Corporate culture

- (1) Can you recall the nationality of the company? If yes, what is its nationality?
- (2) Each company has a corporate culture. How would you describe this culture of this company?
- (3) What are your perceptions towards the company as a whole, such as its mission, its objectives, its values, its philosophies and its activities?

Part 3: Corporate behaviour

- (1) Do the managers' and employees' behaviour mirror the identity of the company? How? Can you recall any of your experience?
- (2) How would you describe the company's relationships with the public?
- (3) Do you know whether the company has any policies related to: corporate responsibility, ethical trading or the environment? If yes, can you provide an example?

Part 4: Products and services

- (1) Do the product designs and store designs, quality of the products customer services reflect the company's philosophies and identity? And how does the company achieve that in your opinion?
- (2) How do you rate the quality, products and services performance of the company (if 1 is superior and 5 is inferior)? Do you have any good or bad experience?

Part 5: Communication and design

- (1) Are you familiar with the company's store design/window display/company logo? Do you think these have effects on the company's identity? How?
- (2) Do you know the company's product brands? Can you recall any?
- (3) How do you describe the internal communication channels and external communication channels of the company?

Part 6: Market conditions and strategies

- (1) Who are the company's main competitors in your opinion? What are the main differences between the company and its competitors?
- (2) What in your opinion are the strengths and weaknesses of the company?
- (3) Do you think the company is successful in the industry? Why?

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