The Cycles of Corporate Branding:

THE CASE OF THE LEGO COMPANY

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Top managers face many managerial and organizational challenges when they incorporate corporate branding into their strategy formulation process. When implementing corporate brand strategy, companies move well beyond even the most sophisticated prescriptive models for strategic branding—such as those that focus on how to design brand identity and architecture or that offer brand-planning systems.[1] The LEGO Company provides an excellent example of the managerial complexity and organizational dynamics that go into developing a global brand. The framework for LEGO's branding effort expanded from its initial marketing focus into a company-wide reorganization that involved several change management programs and an ongoing initiative to create and manage global brand coherence.

Several major companies use their global corporate brands as reference points for formulating corporate strategy. As top managers implement these strategies they find that they need the support of their entire organization to realize the strategic vision they have created. For example, the strategic global expansion IKEA is undertaking involves creating a global internal culture and business system that connects their brand and human resource strategies via shared democratic company values. Others, such as audio-visual manufacturer Bang & Olufsen and Levi Strauss, have learned that it takes a combination of brand-driven retail concepts and innovation programs to implement their corporate brand vision. Still others have found that strategic branding not only requires the support of the company, but that implementation of brand strategy

can alter other elements in the strategic mix. Sony's brand focus forced the company to engage in culture change efforts that have had repercussions on the rest of their corporate strategy. As Sony CEO, Nobuyuki Idei, stated "We have to change our culture from the manufacturing industry to knowledge-based global culture. . . . Kind of a reinvention of the business model itself."[2]

A New Brand Strategy for the LEGO Company

The LEGO Company corporate brand was created in 1932 when Ole Kirk Christiansen, a carpenter from rural Denmark, created a company for the manufacture of wooden toys. For decades it acted as a strong umbrella brand, guiding LEGO through extensive international growth as well as product innovation. However, in the late 1980s, and particularly in the mid-1990s, brand extensions into software, lifestyle products, and accessories fragmented the LEGO brand. Combined with fluctuating financial performance, brand fragmentation presented top management with the dual challenges of maintaining a focus on the substance and distinction of LEGO Company heritage, while allowing for continuous innovation and expansion into new businesses. In response, LEGO top managers decided to reintegrate the company via a corporate brand strategy that was tied into the deep roots of LEGO's heritage.

A Brief History of the LEGO Company's Corporate Branding Process

At its founding, the company took the name LEGO, a combination of the Danish words "leg" and "godt," meaning "play well." Only later did the company discover that the Latin root of its name refers to construction, a happy coincidence for a company whose core product is an interlocking system of building blocks. In 1947, the company moved from wooden toys into plastics, launching its first version of the now famous Automatic Binding Bricks in 1949. Later, the bricks became the foundation for the LEGO System of Play, and in 1958 the familiar stud-and-tube interlocking system was patented. The LEGO Company started exporting in 1953 and quickly gained international awareness. To date, the LEGO Company has sold 320 billion LEGO® bricks, the equivalent of 52 bricks per capita worldwide.

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The company promoted its values from the beginning. LEGO's first value statement "only the best is good enough" dates from 1933 and reflects the company's commitment to quality. Later, seven LEGO characteristics ensured that all new products were clear manifestations of the LEGO brand, and today company insiders refer to these characteristics as "LEGO DNA":

- hands-on and minds-on,
- challenging play,

- play that connects,
- facilitates creativity,
- it is modular,
- it is open-ended, and
- characteristic and recognizable design

More recently the company's values were expressed in the mission statement:

> To nurture the child in each of us.

The LEGO Company's formal statement of corporate beliefs is:

> Children are our role models. They are curious, creative, and imaginative.

For decades, the LEGO Company enjoyed continuous growth and, as measured in 2001 by Young and Rubicam's Brand Asset Evaluator, the brand was ranked the seventh most respected among families with children, following Coca-Cola, Kellogg, Disney, Levi's, Fisher-Price, and Pampers. The LEGO brand moved to third place in 2002/2003 with only Coca-Cola and Kellogg having greater respect among families with children.

LEGO Faces Increasing Competition

In spite of the LEGO Company's successes, analysts warned that the company's environment would change, and in the past 15 years it has changed significantly due to:

- *Faster Paced Child Development:* Children grow up faster and the global market for construction toys is shrinking due to their changing play patterns.
- *Growth of the Digital World:* Competition has intensified as a result of growth in electronic games, software, and digital toys.
- *Fashion Trends in the Toy Industry:* Toys go in and out of fashion more rapidly; a few products can make or break annual turnover.
- *Dependence on Global Mega-Brands:* In response to fashion trends, toy manufacturers design offerings based on a concept or story (e.g., Star Wars) and several companies offer multiple toys related to the same concept (Spiderman, Harry Potter).

The LEGO Company responded to these changes by combining market adaptation with innovation. They introduced new digital toys (e.g., LEGO MINDSTORMS™, LEGO SPYBOTICS™) and created virtual communities to support users and cross-sell to them (lego.com). They formed new business units, including LEGO Interactive (computer-based play materials) and LEGO Direct (catalogue sales). They have recently expanded into life-style products, opened theme parks (in the U.S., UK, and Germany), and collaborated with other leading global brands (e.g., Lucas Films, Disney, Microsoft, and Warner Brothers) to develop new product concepts.
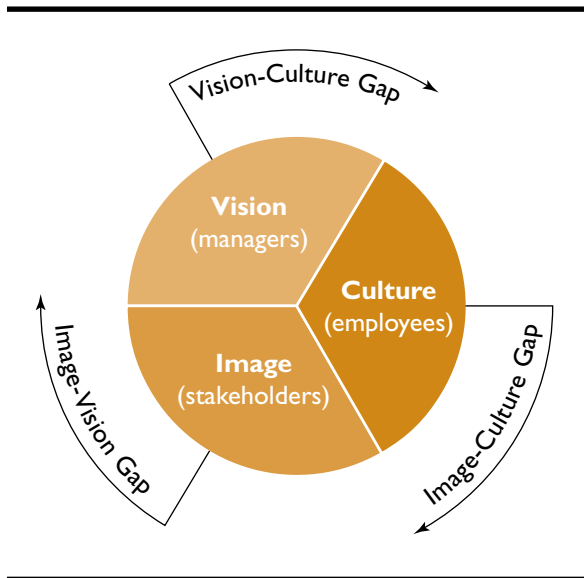
TABLE 1. Marketing Challenges for the LEGO Brand

Dimension	Issue Interpretation in the LEGO Company
Brand Positioning toward Consumers	The company needs to break out of its image as "dusty," lacking "cool-ness" among kids—without losing the heritage of the brand and its high credibility among parents.
Brand Positioning toward Competitors	The company needs to regain the brand territory lost in the many brand extensions and confront competitors who are also claiming children's learning and development.
Brand Architecture	The company needs to develop a stronger foundation for the LEGO brand. Product expansion has led to a complex and fragmented brand architecture consisting of a range of different sub-brands based in building systems (e.g., LEGO® Technique), age (DUPLO®) or play themes (e.g., Star Wars, Life on Mars, Alpha Team) and a number of endorsed brands (e.g., BIONICLE™ and GALIDOR® by the LEGO Company) making it increasingly difficult for the consumer to grasp and access the brand.
Brand Management	Product categories and communication channels are organizationally fragmented and poorly aligned. There are no organizational or managerial mechanisms in place to build the brand in an integrated manner.
Communication Set-Up	A multiplicity of different agencies and internal/external stakeholders have fragmented communication to consumers.

Challenges for the LEGO Brand

Although these responses generated significant growth for the company, they also created problems that stimulated internal analysis and organization-wide reflection. Initial discussions focused on the fragmentation of the brand, loss of stature among some consumers, and incoherent brand management efforts. Then in 2001 top management created an internal taskforce with the purpose of crafting a concrete strategy for shifting to corporate branding. The taskforce included 12 organizational members from different functions and different parts of the world. Its brief was to define key challenges facing the LEGO brand. Driven by the company's marketing perspective on branding, the taskforce initially conceptualized its challenges in relation to purely strategic brand issues (see Table 1). In this work, the taskforce relied heavily on models suggested by Aaker and Joachimsthaler concerning brand identity, value proposition, and brand positioning by seeking outside support from the consulting company Red Spider.[3]

Midway through this process, the taskforce expanded the scope of analysis when it became apparent that the fragmented character of the LEGO brand was partly due to the organizational processes involved in managing the brand. It was at this point that Hatch and Schultz's Vision-Culture-Image model (see Figure 1) was introduced, which produced a second round of analysis that identified organizational challenges to the LEGO brand related to vision, culture, and image (Table 2). This model defines a successful corporate branding process as the alignment of strategic vision, organizational culture, and stakeholder images. Strategic vision is the central idea behind the company that embodies and expresses top management's aspiration for what the company will achieve in the future, while organizational culture refers to the internal values, beliefs, and

FIGURE 1. The Vision-Culture-Image (VCI) Model

Source: Based on Hatch & Schultz (2001).

basic assumptions that embody the heritage of the company and are manifest in the ways employees feel about the company they are working for.[4] Finally, corporate images are the views of the organization developed by its external stakeholders, they express the outside world's overall impression of the company including the views of customers, shareholders, the media, and the general public.

With its explicit inclusion of organizational culture and emphasis on the need to align strategic vision for the brand with organizational culture, the Hatch and Schultz model provided an

TABLE 2. Organizational Challenges for the LEGO Brand

Dimension	Issue Interpretation
VISION: Brand Management & Organization Guidelines	Weak strategic brand leadership: • Need for brand management processes & support system • Lack of brand guidelines & follow up processes in brand execution • Lack of clarity in brand responsibility at corporate level Need for stronger brand balance: • A hybrid unbalanced matrix in brand organizing between product lines and markets • A lack of consistency in relations between corporate and 5 regions • A lack of integration between old and new businesses areas
CULTURE: Brand Mindset & Competencies	Local perspective dominates: • Silo-thinking, autonomy & independence in brand expressions • Product is king: Product driven rather than brand driven attitude • Lack of discipline in implementing company brand decisions Learning & competency challenges: • Lack of campaign ability & communication skills • Need for project & campaign organization • Need to learn from brand experience across company
IMAGE: Consumer Insights	• Limited knowledge of what consumers associate with the LEGO Company name across different regions and business areas. • Incoherent segmentation of consumers across national markets and business areas • Little knowledge of how consumers experience the LEGO brand across different channels

TABLE 3. The Cycles of Corporate Branding

	Cycle 1: Stating	Cycle 2: Linking	Cycle 3: Involving	Cycle 4: Integrating
Key Process	Stating the foundation for the corporate brand and linking it to corporate vision	Linking vision to culture and image	Involving stakeholders through culture and image	Integrating vision, culture and image
Key Change Mode	Decentralization	Centralization	Decentralization	Centralization
Key Question	What do we want to stand for?	How can we reorganize behind our corporate brand?	How can we involve internal and external stakeholders in the corporate brand?	How can we integrate vision, culture, and image for the corporate brand?
Key Concerns	Company wide audit of brand expression Revisiting brand heritage Analyzing brand images among key stakeholders	Create a coherent brand organization and provide managerial foundation for implementation processes	Does the company have a shared cultural mindset? Active inclusion of global stakeholder perceptions	Integrate the brand across markets and business areas

overall analytical framework that helped the company to combine numerous organizational insights and concerns not included in a previous attempt to redefine the LEGO brand. In 1997-1998, the LEGO Company engaged in a similar process to redefine the corporate brand that was never fully executed inside the company. Through this experience, top management learned that overcoming organizational inertia and internal resistance was a major challenge in implementing corporate brand strategy.

The Cycles of Corporate Branding

Introduction of the Hatch and Schultz Vision-Culture-Image (VCI) model focused LEGO's corporate branding effort not only on strategic alignment, but also on alignment between consumers' and employees' understanding of the brand. Since the end goal of the brand strategy was a strong and coherent global position for the LEGO brand in the eyes of all stakeholders, the Hatch and Schultz model reinforced the need to attend to existing organizational culture and images held by stakeholders. The managerial and organizational process of aligning vision, culture, and image developed through four cycles of successive approximations (summarized in Table 3).

TABLE 4. Stating the Foundation for the Corporate Brand

Dimension	From	To
CULTURE: Focus on Core Values in the LEGO Company	A range of different values, including: Creativity Imagination Learning Fun Quality	Company focus on five core values: Self-expression Endless Ideas Playful Learning Active Fun Trusted
IMAGE: Clarification of What LEGO Stands for to Consumers	High global awareness and stature for LEGO brand Low awareness on sub-brands High preference in relation to children's development Low preference in relation to coolness and street credibility	Reducing filters between LEGO and consumers by reducing the number of product lines and eliminating sub-brands based in building systems and age only Tapping into global perceptions of play experience among children
VISION: Brand Positioning	Stimulates Creativity Tagline: Just Imagine … Incoherent implementation	The Power to Create Tagline: Play On Vision for coherent implementation
Brand Architecture	A huge range of disconnected subbrands and endorsed brands, which together form an incoherent brand architecture with no overall guiding principles	The definition of four brand portals based in different play experiences: LEGO® EXPLORE, LEGO® MAKE & CREATE, LEGO® STORIES & ACTION, LEGO® NEXT plus an endorsed portal

First Cycle: Stating the Direction for the Brand (February to September 2001)

The first cycle focused on the high fragmentation of brand expressions across different product lines, sub-brands, and businesses (see Table 4). The changes within this cycle are decentralized in the sense that stating a credible vision for the corporate brand required the managers to combine multiple insights (derived from assessing the strengths and weaknesses of the company's cultural heritage) with data describing global consumer images of the brand. For instance, using insights from different methodologies (e.g., Millward Brown's Brand Tracking, Young & Rubicam's Brand Asset Evaluator) market research showed that: few consumers were able to distinguish between LEGO's sub-brands; and although LEGO is highly regarded for its devotion to development and learning (particularly by mothers), it lacks "coolness and street credibility" among children.

Although LEGO has a long heritage as a value-driven company, it lost track of its numerous value expressions during the period of brand fragmentation. The corporate branding process therefore began with a return to LEGO core values. As part of this process, the taskforce engaged in a series of workshops, conversations with the family owner (the founder's grandson), archival

studies of LEGO's previous value statements, and comparisons with the core values of competitors. Based on these activities, the taskforce reformulated the traditional LEGO values giving them a contemporary feel.

Using proposals from the taskforce, the newly formed Global Branding Unit produced a new brand positioning statement along with new brand architecture and a manifesto for the LEGO brand. Global market testing conducted by external experts supported their efforts.[5] The old brand architecture was a highly differentiated and suboptimal product portfolio, driven by internal tendencies to profile each new product. It was the result of emergent processes in which different sub-brands, descriptors, and product names were blended from different criteria such as play themes, building systems, gender, and age-groupings. As such, the brand architecture was never deliberate. Rather, it was a mosaic of sub-brands and product lines that had grown in multiple directions over a 15-year period.

The new brand architecture used one simple overarching theme to define LEGO's various offerings—what consumers do with LEGO play materials. Four categories of consumer experience were defined by analysis of the things consumers do with LEGO play materials:

- *EXPLORE*, where young children explore themselves and the world around them through play;

- *MAKE & CREATE*, where consumers engage in construction and building processes creating their own universe (this category was a revitalization of the classic and neglected LEGO creative construction);

- *STORIES & ACTION*, where consumers involve themselves in predefined stories, characters, or universes (e.g., Star Wars, Harry Potter, Jack Stone); and

- *NEXT*, where consumers find the most innovative construction play material that go considerably beyond the brick, e.g., LEGO® Studios (movies/music), MINDSTORMS (robotics) and SPYBOTICS (mini-robots).

Finally, the new architecture allows for endorsement, where the LEGO Company can develop independent sub-brands that are not clearly related to the four categories defined above (e.g., GALIDOR® in the U.S., the new CLICKITS™ for girls).

The result comes close to a branded house wherein the LEGO master brand brings together four different types of consumer experiences defined as portals (entry points) to the master brand. The portals share basic design characteristics across brand expressions (e.g., slogan, shape in packaging design, corporate typeface, and in-store exposure) that, seen together, give a coherent brand impression—although each portal is differentiated by it's own color and other additional design elements (e.g., LEGO EXPLORE has different product line typefaces). The portals are used as organizing principles and guidelines for product development and sub-brand streamlining and are intended as overall guidelines for communication with consumers (e.g., the products at the LEGO

Company web site are organized according to the four portals and offer a small description of the content of each portal and an overview of the related products lines). In addition, in the new LEGO brand stores, the portals help organize the different products for consumers. However, the portals differ in the extent to which they are communicated directly to consumers (according to LEGO insiders they can both "shout and whisper"). For example, the name MAKE & CREATE has not been communicated directly on packaging, though on the web site it whispers in its self-definition as "Build robots, construct wacky inventions & see how LEGO is infinitely creative!" The MAKE & CREATE portal includes "LEGO® Creator," "LEGO® Designer Sets," and "LEGO® Inventor Sets," which are united by their yellow color and a consistent tone of voice.

The status of communicating portals directly to consumers may change over time, just as the criteria applied when managing the portals may be adapted to new market situations and experiences. The portals are intended as a flexible system, rather like LEGO bricks. So far, the portals brand system serves two important functions:

- providing a strategic portfolio management framework; and
- offering a more coherent brand statement that "cleans up the mess" in the eyes of consumers.

Second Cycle: Linking Vision to Culture and Corporate Image (Spring 2001 to February 2002)

The second cycle focused on adapting organizational and managerial processes to the demands of corporate branding. Key issues that received management attention in Cycle 2 included: the lack of a coherent brand organization, redefinition of roles and responsibilities for managing the brand, and a clear need to link top management's vision for the brand to both its organizational culture and its external stakeholders. One result of actions taken during this cycle was centralization of the corporate branding process.

While still heavily involved in communicating vision to stakeholders, top management reorganized the company to support the implementation of the brand strategy developed in Cycle 1. Based on their past experiences, top managers did not take the organization's ability to implement new strategy for granted. Their dominant concern was to provide infrastructure to ensure strategic brand leadership, realizing that past managerial processes had been more concerned with tactical product-by-product decisions than with creating and monitoring the long-term development of the corporate brand. The organization-wide reorganization included both the corporate level and the functions of marketing, innovation, and global business support. Specifics of the reorganization are summarized in Table 5.

Of course, these changes in the overall organizational structure (e.g., creation of a new global branding function) and the new business processes (e.g., new role of marketing in the innovation process) were intertwined. For example, the establishment of a company-wide brand function entailed reshaping brand strategy functions, including both advertising and public relations and

TABLE 5. Linking the Corporate Brand through Organizing and Leadership

Dimension	From	To
VISION: Top Management & Managerial Processes	• An internal Brand Board focussing on tactical product-by-product issues • An operation-based and ad hoc based leadership process • No one has functional responsibility for the brand	• Reorganizing the Brand Council to include external members and changing purpose in strategic direction • A formalized annual cycle for managing and assessing the brand • Assignment of senior vice president for Global Brand Communications
CULTURE: Brand Organization Brand Teams & New Roles	• No organizational unit has responsibility for the brand • Mixed teams with no systematic integration between development, business and communication	• Formation of Global Brand Communications by creating new tasks areas and transferring existing areas • Brand Teams with a cross-functional shared responsibility including new Campaign Manager role
IMAGE: Communication Set-up in Advertising and Public Relations	• 35 different advertising agencies worldwide • Fragmented and mixed public relations in different regions	• Choosing one global agency and communications partner • Establishing a global PR-unit with links to each region • Reorganizing and re-staffing corporate communication

required product development teams to accept new campaign managers. This global branding unit also served to support the new Brand Council, which advises the Executive Office about brand strategy. The Brand Council is not a sub-committee of the company board, but a biannual opportunity for top management to track, revisit, and challenge the aspirations of the brand strategy. Each meeting focuses either on revisiting future brand vision/strategic challenges or a brand performance follow-up in relation to markets, portals, and channels. The council includes two external members, one from academia and one from another company.

Cycle 2 demonstrated the inter-relatedness between structural and cultural dimensions of organizational change and between primary (leadership) and secondary (infrastructure) reinforcement mechanisms of cultural change (as suggested by Schein).[6] As Cycle 2 unfolded, it involved more and more people inside the LEGO Company who engaged in presentations and discussions about the brand. This expanding internal involvement continued into Cycle 3 and marked the transition back to a decentralized mode of managing the corporate brand.

Third Cycle: Involving Internal and External Stakeholders (Late 2001 to Present)

During Cycle 3, LEGO's corporate branding process moved most noticeably from a marketing-led branding effort to an integrated effort involving

almost all of the company. Through employee involvement activities and additional market research, culture and images were given a more decentralized role than in previous cycles. Although general market research had been part of Cycle 1, it was during Cycle 3 that direct consumer involvement started to influence the branding process. This occurred when the brand architecture revised in Cycle 1 was consumer tested on a global scale, including a test of the relevance of the portals to consumers. A series of focus groups with mothers and children in Germany, France, and the U.S. were the centerpieces of this effort. The goal was to test the fit between the portals and consumers' associations of the LEGO brand to ensure that the portals and the relations between them covered the complete LEGO universe in the perceptions of consumers. This turned out to be the case. The test was based on a qualitative semiotic framework that went deep into an understanding of consumer associations and perceptions. From top management's perspective, Cycle 3 represented the most challenging of any of the cycles as it required LEGO to switch its emphasis from top-down brand implementation to bottom-up implementation. This second shift to a decentralized mode of operating was in part more challenging due to the global reach of this cycle.

The first step in creating internal involvement with the brand was an attempt to enhance employee commitment to the new brand strategy. Change initiatives took the form of building cross-functional relations, creating dialogue, and developing the LEGO Brand School (see Table 6). The purpose of the Brand School was to introduce the brand vision to organizational members during 1-3 day workshops facilitated by a team of internal coaches, supported by top management. So far, these workshops have involved over 1,500 participants. Based on experiences from the first series of workshops, which focused on generating awareness of company values and brand strategy, the second series has been more concerned with "living the brand." It has focused on turning LEGO managers into role models for how the LEGO brand values should be enacted on an everyday basis. For this, the Brand School teamed up with LEGO Learning Institute (a network-based function dedicated to understanding children's learning and play) to incorporate playful learning into the process of interpreting LEGO company values. This inspired the creation of new working methods, such as: inviting participants to build the LEGO brand in LEGO bricks and then discuss their meanings with other participants; and creating a "value gallery," a game where pictures are used to help the participants articulate their associations with the company values. In this cycle, corporate branding activities were framed by consistent reference to the restated and updated company values that emerged in Cycle 1.

During Cycle 3, turf issues emerged generating considerable conflict. These issues concerned the redistribution of roles and responsibilities involved in switching from a product brand management process to a corporate brand set-up. As opposed to the first two cycles, the third involved functional responsibilities that reached well beyond the traditional scope of branding (i.e., marketing and communication) to include product development, human resources, and

TABLE 6. Involving Internal and External Stakeholders

Dimension	From	To
VISION: Reorganizing at Top Level	Three age based divisions share responsibility for brand & product development	Merging existing age-based segments of brand & product development into one unit with shared managerial responsibility
Setting New Strategic Directions	General directions in relation to vision, mission, core beliefs.	Family owner communicates The Legend Continues . . . on the new brand strategy to be used internally and later externally. Linked to vision and core beliefs
Restating Brand Strategy	Focus on business adaptation in top management statements and overall vision for the LEGO Company	Key decisions on brand expression
		Top management participation in brand school, workshops, agency briefings
CULTURE: Internal Communication	No corporate focus on brand learning or separate brand competencies	Seminars & workshops involving employees and debating with top management
Brand Competencies		Brand School as learning place and foundation for brand champion movement in company, LEGO Spirit
IMAGE: Consumer Perceptions	Tracking consumer perceptions in different parts of the world	Testing and elaborating portals based in semiotic consumer research in two steps as brand expression is being developed
		Initiating global research on consumer perceptions & segmentation

organizational development. Part of this was expected, but part emerged from the process.

Fourth Cycle: Integrating Behind the Brand (July 2002 to Present)

Cycle 4 got underway when top management's vision was again challenged, this time to clarify the boundaries for the LEGO corporate brand both in terms of how far the brand values could be stretched and to what extent individual product propositions should drive the LEGO brand expression. In contrast to the decentralizing that occurred during Cycle 3, Cycle 4 marked a return to centralization where aspirations to have one global corporate brand were vigorously renewed.

One step the LEGO Company took at the start of Cycle 4 was to focus on brand coherence across regional markets and business areas outside of play materials (e.g., five geographical regions and business areas, such as Interactive, Lifestyle, and Parks). Top management felt that, although the specific ways of communicating and marketing the LEGO brand could be adapted to different regional markets, it was the clear vision of top management to create global relevance and attraction through continually referencing the LEGO core values of playful learning, active fun, self-expression, endless ideas, and stakeholder trust.

By participating in local workshops run by visiting senior executives from LEGO headquarters, all regions and business areas are in the process of establishing what the brand strategy means in their local context and how it should be implemented in their various markets. Each workshop addresses local organizations' concerns, such as the balance between long-term brand building and short-term earnings, the future marketing mix, new retailing strategies, and increased community activity. In these sessions, local managers are encouraged to articulate the brand in ways that make it relevant to their employees and other stakeholders. This effort is expected to broaden managerial responsibility for using the brand vision to influence LEGO culture. It will encourage regional managers to become leaders of change processes aimed at developing a corporate branding mindset among LEGO Company employees. This activity should generate additional local cycles similar to those of Cycles 1-3 within each of the company's five global regions.

During Cycle 4, LEGO made a stronger effort to identify the differences in brand images between the U.S., Europe, and Japan. They found that, compared to Europe, the U.S. and Japanese positioning lacks the dimensions of playful learning and contribution to children's development. This is believed to be due, in part, to the fact that the brand is better established in European markets. However, market research conducted recently shows fewer global differences in both children's perceptions of play and the LEGO brand than previously assumed. This encouraged the company to attempt a more coherent global position in children's development and playful learning. As a first step, the company will expand its market intelligence in order to gather more specific market knowledge and deeper consumer insights than offered by the Brand Asset Evaluator. Another move is the establishment of dedicated LEGO brand stores located throughout the world in which consumers will experience total immersion in the LEGO brand. These will open gradually beginning in 2003 and expand, depending on their volume of business and the brand's continued high level of performance. The efficiency of the global marketing group's structure was also assessed, leading to some additional reorganizing efforts (see Table 7).

Conclusions: Managing Corporate Brands

The LEGO Company shifted from fragmented, product-led branding to corporate branding through four cycles of change in its corporate brand implementation process. Each cycle represented a shift in the way the LEGO Company perceived and orchestrated corporate branding and each was described in relation to vision, culture, and image. Each cycle also represented four distinct managerial challenges: stating, linking, involving, and integrating (Table 3).

Finding a Balance

As we studied the LEGO Company's corporate branding process, we became aware of several seemingly contradictory elements that parallel the experiences that other companies have had in their corporate brand strategy

TABLE 7. Integrating Behind the Brand

Dimension	From	To
VISION: Elaboration Global Brand Vision	Separate visions for play materials and non-play materials business areas (e.g., software, e-business, parks and lifestyle) Strong regional differences in brand communication and implementation	Elaborating and aligning the brand vision for individual business areas and markets through top management dialogue , e.g., Interactive, Direct, Regions Setting ambition and guidelines for one global brand Building global brand retail
CULTURE: Creating One Company Culture	Strong regional and business differences in brand history and how the brand is being perceived have crystallized in branding process	Cascading of brand strategy to regional business areas and markets: Involving seminars, follow up on LEGO Pulse, initiating culture change processes
IMAGE: Increased Global Similarity	Incomplete information on global marketing efficiency Strong similarities in global mental images among children	Conducting a company wide analysis of marketing-value-chain Reorganizing marketing processes Creating new consumer experiences based in retail, club and communities (e.g., FIRST LEGO® League, LEGO Learning Institute, and LEGO Direct)

implementation processes (see Table 8). These conflicting elements represent imbalances that may be present in all corporate brand management processes. Finding a balance between these opposing forces is necessary for maintaining a strong corporate brand.

External versus Internal

The LEGO Company's global brand manager Francesco Ciccolella stated that he felt a need to avoid both being a "headless chicken" (enslaved by consumer trends) and an "arrogant bastard" (enmeshed in an inwardly focused, the-company-knows-best mindset). His comment reflected the constant pressure corporate brand managers face to adapt to shifting market developments balanced against an equal need to offer coherence in brand communication over time.

This simultaneous need to look both outward and inward can be seen in other global brands such as IKEA and Bang & Olufsen. These companies' managers must balance coherent strategic visions for their brands (IKEA's "democratic design" and Bang & Olufsen's "combined technological excellence and emotional appeal") against shifting consumer images and demands in a trend-driven, multi-cultural, and highly competitive marketplace. Bang & Olufsen has oscillated between trying to fit into the luxury goods market and revisiting its Bauhaus values of simplicity, functionality, and poetry of design. A top manager of the company remarked: "For periods, we have become exclusive with too

TABLE 8. Conflicts of Brand Management and Risks Associated with not Reaching a Balance

Inside-Out: emphasize the promises we want to make to our stakeholders *Risk:"Arrogant Bastard"*	Outside-In: emphasize what external stakeholders want to hear *Risk: "Headless Chicken"*
Timeless cultural heritage and brand identity *Risk: Brand Blindness*	Current relevance and emotional appeal *Risk: Brand Hype*
Global coherence and recognition *Risk: Brand Isolation*	Local adaptation and multiple expressions *Risk: Brand Fragmentation*
Centralization *Risk: Brand Police*	Decentralization *Risk: Brand Turfs*

much gold and empty marble palaces. We want to be excellent based in simplicity and modesty. Aluminum is excellence."

At IKEA, external stakeholders have explicitly concerned themselves with how the company manages the internal-external balance of the brand. This has allowed company management to restate its brand vision in public. For example, the annual IKEA catalogue was recently reviewed (both favorably and unfavorably) in local newspapers in regard to how much the company has adapted to current fashions and responded to ethnic issues. The journalists writing the reviews have invited IKEA management to explain how they use their company's well-known democratic values to be more inclusive towards ethnic minorities.

Heritage versus Relevance

Finding the right balance between respecting the authentic heritage of the brand and making this heritage relevant to current and future stakeholders is an ongoing concern for any company pursuing a corporate brand strategy, particularly in a time of increasing stakeholder involvement. For example, LEGO Company managers continually struggle to find the right mix of respect for long-standing corporate values and the desire to draw stakeholders closer to the brand. This struggle resulted in early efforts to restate LEGO's traditional values in more contemporary and forceful language. Later, it led to initiatives to make these values more relevant to organizational members via its brand school and to consumers via community activities such as the FIRST LEGO® League (where stakeholders bring new relevance to the classic construction idea by playing together with their LEGO® robots). The heritage/relevance conflict encourages

those responsible for the corporate branding process to look to both the past and the future as they implement a new strategic vision.

Levi Strauss is involved in a process of revitalizing and customizing their brand to specific stakeholder needs. This company looked to its past by restating the values their management believes made Levi Strauss the strong corporate brand it is today (empathy, originality, integrity, and courage) and then tried to make those values relevant to current consumers through new product lines (such as red tab, silver tab, and vintage). According to Robert Hanson, President of Levi's U.S. brand: "We've been accused of trying to be everything to everybody in the past . . . this time we have to be one thing to everybody."[7] This revitalizing process has led the managers to define a collaborative leadership model as a path to "living our values and achieving our vision."

The difficulty of revitalization for companies with a strong heritage is illustrated by companies that have lost sight of their heritage in their eagerness to adapt to current market needs. For example, Swedish Volvo nearly lost its image for being a safe family car in order to become a more mainstream up-scale brand. Hewlett-Packard, under the guidance of CEO Carly Fiorina, attempted to recover the company's past with ads showing images of the garage in which the founders invented their first products while, at the same time, working feverishly to redefine HP as not just a technology company, but a valuable business partner that is consumer friendly. Nokia has managed to transform their business from paper products to cellular phones by maintaining their heritage as a company preserving a management style that derives from Finnish culture. In all these cases, corporate brand managers have struggled to keep their brand's heritage and future relevance simultaneously in view.

Global versus Local

The LEGO Company has made an ongoing effort to find a balance between global coherence and local adaptation. The LEGO Company has long practiced local adaptation in their market communication, which contributed to the brand fragmentation that the new brand strategy was meant to overcome. However, the risk of imposed coherence is that the brand becomes isolated from market needs and local cultural preferences. In the attempt to resolve this conflict, global leaders have pursued many different managerial strategies. Unilever responded by creating multi-local product categories as a means to migrate some of its "local jewels" to global brands. Multi-local brands provide a transitional solution for a company trying to reduce its product brand portfolio while at the same time continuing to acquire new product brands. Unilever allows a newly acquired product with a brand-loyal customer base to keep its local brand identity in its home markets while rolling out the product in other markets using a global product or corporate brand identity. Eventually, Unilever introduces the globally branded product into the local markets in anticipation of permanent replacement of the original brand identity. Meanwhile, companies such as McDonald's present a universal image while customizing their food products to local tastes. Absolut makes use of the tension between global coherence and

local culture by creating playful and innovative ads for its vodka in which their universal brand reference is used to produce local icons (e.g., Absolut Paris, Absolut Amsterdam, Absolut LA, and so on).
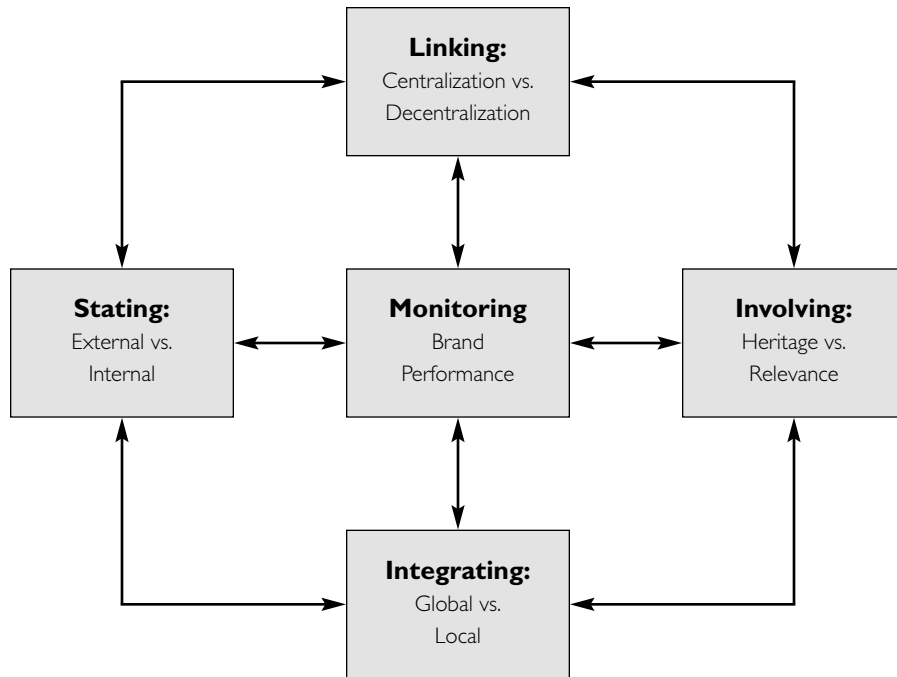
Centralization versus Decentralization

As noted in the case analysis, LEGO managers struggled to maintain the right balance between centralization and decentralization. This is a common problem for international companies. In LEGO's case, management's need to lead the branding process in order to achieve global coherence was continuously offset by the need to involve employees and stakeholders and to build the brand upon their activities and interests. LEGO management balanced the risk of too much brand policing versus total chaos by continually shifting between centralizing and decentralizing modes of managing its corporate brand.

Given the scope and scale of the changes undertaken, it is little wonder that LEGO's corporate branding effort met some internal resistance. Rather than overcoming resistance at a particular stage in the change process, the LEGO Company faced an ongoing dynamic between resistance and engagement as the process shifted from centralizing integration efforts (linking and integrating) to decentralized adaptive processes (stating and involving). Thus, LEGO's corporate brand management maintained the flexibility to shift between making explicit demands about the direction branding would take and being willing to decentralize the branding process to accommodate local concerns expressed by stakeholder groups around the world.

Other companies have managed the conflict between centralization and decentralization differently. This is illustrated by the various models of brand leadership suggested by Aaker and Joachimsthaler, who argue that global branding involves centralized brand leadership, but not necessarily a single global brand.[8] For many companies, however, pursuing a corporate brand strategy requires centralization of the brand vision and brand management process at the risk of causing severe resistance from local markets. For example, the healthcare company Novo Nordisk has institutionalized a value-driven brand management process in which local business units are carefully assessed by a team of "facilitators" who evaluate whether they are living the brand according to corporate values and business principles. Although this process at first created resistance, the company has found ways of including local perceptions in the assessment and feedback process, which has made this a highly successful way of executing the brand. Others, such as UK brand icon Virgin, have maintained highly centralized control of their brand identity and brand expressions while business models and ways of executing brand values differ substantially between Virgin's business units. Alternatively, centralization of the brand may derive from a strong organizational culture. This is the approach used by Johnson & Johnson, whose global brand coherence derives from their strong, shared cultural heritage that integrates the actions of its otherwise decentralized business units.

FIGURE 2. A Framework for Strategic Brand Management

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                          ┌─────────────────────┐
                          │     Linking:        │
                          │  Centralization vs. │
                          │  Decentralization   │
                          └─────────────────────┘

┌──────────────┐      ┌──────────────────┐      ┌──────────────┐
│   Stating:   │      │    Monitoring    │      │  Involving:  │
│ External vs. │◄────►│      Brand       │◄────►│ Heritage vs. │
│   Internal   │      │   Performance    │      │  Relevance   │
└──────────────┘      └──────────────────┘      └──────────────┘

                          ┌─────────────────────┐
                          │    Integrating:     │
                          │     Global vs.      │
                          │       Local         │
                          └─────────────────────┘
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A Framework for Strategic Corporate Brand Management

The managerial challenge of corporate branding lies in balancing the conflicts that corporate branding addresses and being able to shift between the opposing forces during different stages of the corporate branding process. Each of these conflicts of brand management took center stage at the LEGO Company during different branding cycles. Mastering the conflicts in each cycle allowed the company to move forward to the next stage of managing its corporate brand. The relations between brand cycles and conflicts are shown in Figure 2.

While the balance between external and internal brand foci was critical to LEGO management's finding the foundation for stating its vision of the brand, the tensions between centralization and decentralization became most urgent in the linking cycle, where the organizational structure behind the branding effort was scrutinized and reorganized. When LEGO moved to further specify its corporate brand vision, making it relevant to both internal (culture) and external (image) stakeholders through various processes of involvement, the managerial challenge shifted to balancing the inimitable heritage of the brand with the current attitudes and emotional needs of key stakeholders. Finally, as the new corporate brand strategy took hold in the global marketplace, the tensions between global coherence and local adaptation became central. As the corporate brand reached out and responded to a widening circle of stakeholders around the

world, it adapted and changed in ways that challenged existing ideas of what the brand means. This may fuel a new process of (re)stating the brand or lead to some yet-to-be-articulated new managerial challenge.

Most global companies monitor their brand performance more or less continuously in order to incorporate general market feedback and allow deeper consumer insights into their corporate brand strategy implementation effort. Most of these companies combine standardized and customized tracking systems, while some, such as Levi Strauss, use a completely tailor-made system.[9] In the case of the LEGO Company, brand monitoring methods became increasingly customized to the company needs as the implementation process proceeded. Monitoring brand performance is placed in the center of Figure 2 to indicate that this aspect of the corporate brand management process is central and pervasive in most companies that employ a global corporate brand strategy.

In the LEGO Company, the cycles of corporate brand management evolved in a specific sequence of management challenges, but other companies may discover that a different order for their brand management process works better for them. For example, Levi Strauss and Bang & Olufsen involved stakeholders before they reorganized around their branding function, while Unilever uses multi-local adaptation to transition to greater global coherence in their corporate brand architecture. To be successful, corporate brand managers need to include all the elements specified here, though different organizations may well develop corporate brand management processes in unique ways.

The key point is that too many companies underestimate the organizational dynamics that corporate branding entails and the complexity involved in confronting the conflicts of brand management. In pursuing a strong global corporate brand, the managerial challenges quickly move beyond individual business areas and functional departments and into the domain of top management responsibility where the conflicts must ultimately be balanced.

APPENDIX
Methodology

The data and insights presented here are based in the clinical perspective described by Schein (see note 6) in which researchers are both directly (participant observation) and indirectly (outside observer) involved in influencing and changing the organization. Schein argued that combining the clinical role with ethnography provides rich data that allows the subjects of study a voice in data construction. This has been the case in our study of the LEGO Company and implies that the interpretations of the ongoing corporate branding process have been discussed and "tested" in ongoing conversations with informed insiders (including members of the Executive Office, the former Global Branding Unit, and the 12 top-management members of the Global Management Team). Thus, the findings presented here are the result of a mutual knowledge-building process akin to action research, wherein insights are elaborated and understood through a continuous dialogue with informed insiders from the company.

TABLE 9. Key Data Sources from the LEGO Company

Council & Task Forces Membership	Brand Analysis	Brand Management Facilitation	Global Implementation
Member of the internal brand task force crafting the overall brand strategy (all of 2001)	Organizational Brand Analysis consisting of 20 interviews with employees, archival research and in depth study of previous attempt in 1997-98 to make new brand strategy (Spring 2001)	Member of small management team recreating the key roles in the future brand organization and leadership set-up	Creating brand foundation for business areas: LEGO® Interactive
Permanent member of internal Brand Council & Culture Council with Executive Office (since 2001)	Brand Strategy Check-In. A follow up on the brand strategy implementation in headquarters: 16 interviews across the company. (Spring 2002)	Ongoing facilitation forming the new Global Brand Communication Unit (since Spring 2002), including process facilitator, involvement in implementation of brand identity	Creating brand foundation for key markets: Involvement with LEGO Americas (since Spring 2002)

Throughout the data collection and analysis phases of this study the first author worked as an external affiliated professor for the LEGO Company. This relationship was focused on helping the company to formulate and implement its new brand strategy and involved ongoing membership on The Brand Council and The Culture Council. Her participation included active involvement in all key activities outlined in Table 9. The role of the second author was to act as outside observer (unpaid) to the research process and as partner to the theorizing of the corporate brand management process suggested by the LEGO case. Providing a sounding board to help the first author articulate and conceptualize the tacit understandings developed as part of the direct participant-observation process is a common role in both ethnographic research and clinical practice.

Notes

1. David Aaker and Erich Joachimsthaler, in particular, have led thinking about how to take a strategic perspective on branding. See D.A. Aaker and E. Joachimsthaler, *Brand Leadership* (New York, NY: The Free Press, 2000a); D.A. Aaker and E. Joachimsthaler, "The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge," *California Management Review*, 42/4 (Summer 2000b): 8-23. Wally Olins made similar points about strategic aspects of brands along with advice about visual identity management in his book *Corporate Identity: Making Business Strategy Visible through Design* (Boston, MA: Harvard Business School Press, 1989). Others who have presented of the links between brands and strategy include M.J. Hatch and M. Schultz, "Are the Strategic Stars Aligned for Your Corporate Brand," *Harvard Business Review*, 79/2 (February 2001): 128-134. See also L. de Chernatony, *From Brand Vision to Brand Evaluation: Strategically Building and Sustaining Brands* (Oxford, England: Butterworth & Heinemann, 2001); N. Ind, *The Corporate Brand* (London, England: MacMillan

Business, 1997); Kevin Lane Keller, *Strategic Brand Management: Building, Measuring and Managing Brand Equity* (Upper Saddle River, NJ: Prentice Hall, 1998).

2. Sony CEO Nobuyuki Idei quoted in Steven Levy, "Sony's New Day," *Newsweek*, January 27, 2003, p. 50.

3. D.A. Aaker, *Building Strong Brands* (New York, NY: The Free Press, 1996), Aaker and Joachimsthaler (2000a), op. cit. Red Spider is a UK-based consulting company specializing in facilitating team discussions on branding issues. Red Spider facilitated two 2-day workshops for the LEGO taskforce, including exercises on rediscovering brand heritage, explicating brand benefits, and taking the first steps toward the new brand architecture. See <www.red-spider.co.uk>.

4. The VCI (Vision-Culture-Image) model was first published in Hatch and Schultz, op. cit. See also M.J. Hatch and M. Schultz, "Bringing the Corporation into Corporate Branding," *European Journal of Marketing*, 7/8 (2003): 1041-1064, where the VCI model is applied to analysis of the British Airways brand.

5. The LEGO Company uses the market testing offered by Millward Brown for its global tracking. In the elaboration of the new brand architecture, the portal idea was tested among mothers with children using in-depth interviews and focus groups in three different countries, along with testing exercises for children. These tests were conducted by a small consulting company, Archema, using a semiotically inspired analytical framework

6. Mechanism for culture leadership are suggested and elaborated in Edgar Schein, *Organizational Culture and Leadership*, 2nd edition (San Francisco, CA: Jossey-Bass, 1992)

7. This statement was made in an interview with Robert Hanson, President of Levi's U.S. brand, in Fara Warner "Levi's Fashions a New Strategy," *Fast Company*, 64 (November 2002): 48.

8. The models for global brand leadership developed by Aaker and Joachimsthaler [op. cit.] include 4 different roles for brand management:

	Middle Management	**Top Management**
Team	Global Brand Team	Business Management Team
Person	Global Brand Manager	Brand Champion

9. The design and use of a global Brand Equity study by Levi Strauss was described in Marketing Leadership Council, *Overcoming Executional Challenges in Global Brand Management*, Case Book 17-12, 2001.