The Correlation Between Corporate Image, Identity and Reputation: Methods of Creating Corporate Image and Reputation

David V. Hamilton
Seton Hall University

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THE CORRELATION BETWEEN CORPORATE IMAGE, IDENTITY AND REPUTATION
METHODS OF CREATING CORPORATE IMAGE AND REPUTATION

BY

DAVID V. HAMILTON

Thesis Advisor
Michael S. McGraw, Ph.D.

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Chapter 1

INTRODUCTION

Creating a corporate image or identity is one of the most important undertakings of a company today. The image of any corporation helps determine that corporation’s customers. Bernstein (1998) points out “even if a company chooses not to communicate, its audience will still form an opinion of it, so the only course of action is a planned and proactive communication strategy” (p. 25).

Creating and maintaining the most appropriate image for a company means understanding what type of corporate image will serve the company best, and then knowing how to create or reinforce that particular image (Westberg, 1994, p. 280).

A study of the literature finds many different perspectives on corporate image. Bromley (1993) defines corporate image as corporate reputation (p. 300). This denotes a more personal aspect of corporate image. Roberts (2000) takes a simpler approach when defining image and identity. Roberts states that your identity is who you really are and your image is how much of that reality people understand. Hook (1999) gives a more comprehensive definition of corporate image. Hook defines corporate image as, “The cumulative effect of all visual elements that represent a company, and leaves the very first impression” (p.281).

The term reputation usually refers to individuals. This brings up another point that is vital to defining a corporate image. The focus audience of any corporate advertising or image campaign is people. The ability to influence individual thinking can determine whether or not an image campaign is successful.
In a roundtable discussion of CEOs, published in Chief Executive Magazine (Donlan, 1998), all the members present agreed that a good reputation can serve as a kind of a capital account of stored trust. According to a survey of upscale customers conducted by Yankelovich Partners of New York (as cited in Donlan, 1998), 58% of those surveyed are likely to buy products from a “winning” company versus 18% who would do so from “non-winners.” Steve Miller (as cited in Donlan, 1998), chairman and CEO of Waste Management, at this writing, believes that on every front, from sales to customers, dealings with suppliers, recruitment, retention of employees, fending off regulators, and pleasing your financial stakeholders, it is infinitely more difficult if you do not have a reputation behind you. In a 1997 study conducted by New York University’s Stern School of Business (as cited in Donlan, 1998), corporations with a good reputation have a rate of profitability in excess of the industry average. These examples show the vital role that corporate reputation plays in a company’s success. A company’s reputation can be established in the public’s eye by the success or failure of their advertising choices.

In today’s marketplace, advertising campaigns are becoming the means by which company’s compete to win customers. This can be accomplished by producing the types of advertising campaigns that are eye-catching to the public and make them remember the company’s products or services and make them stand out from the competition.

It is important to distinguish between image advertising and product advertising. This study will concentrate on the development of campaigns and the advertising related to a corporate image, not the promotion of a product or products.

Corporate image is a reflection of an organization’s reality, or how an organization is viewed by its constituencies or publics (Argenti, 1998). The promotion of a product
includes branding and the launching of that specific product to the public. A company may produce many products, and the types of products or services provided by an organization are part of what defines that organization’s corporate image. While there are clear differences between the two types of promotion, the two are interconnected. The image of a company can determine whether or not a trust is developed between a company and potential customers, and whether that trust can possibly develop product loyalty. This trust depends upon the development and maintenance of a certain corporate image.

In this study, the author will attempt to provide a clear perspective on corporate image and illustrate success through examples of image campaigns initiated by major companies in the 1980s and 1990s in the United States. The lack of effectiveness in some campaigns will be described as well in an attempt to explain why certain strategies might fail.

Research Question

How is corporate advertising utilized to establish corporate image? What is the relationship between corporate image and corporate identity? This thesis will attempt to answer these questions by providing examples of both types of campaigns and highlighting those that were successful, and some that, in the author's opinion and the opinion of others, were not.

How does a corporation manage it’s image and reputation once they have been established? Through a review of examples from the 1980s and 1990s, the author will illustrate the importance of maintaining the corporate image following successful advertising campaigns.
The use of corporate image advertising in crisis situations will also be examined to illustrate methods used by corporations to rebound from damaging situations. This study is based on literature pertaining to corporate image, corporate identity, and how campaigns are developed.

Subsidiary Questions

To explain how a corporate image is defined and what steps are taken to develop and maintain an image, this study will also address the following additional questions:

1. How does a company decide on which image it would like to portray to the public?
2. How is an audience defined by a corporation, and how does a company decide which audience it wants to persuade toward its cause?
3. What effects do image and identity have on corporations?
4. Can a corporation be affected negatively by its image or identity and how can this happen?
5. How do corporate image and corporate identity affect crisis communication?
6. What is the correlation between corporate image and reputation?
7. How does the reputation of a corporation affect its image?
8. How is corporate advertising utilized to create a corporate image?
9. What are alternative methods used by corporations to create their images?
10. What factors affect the overall reputation of a corporation?

Need for Study

The need for this study is to attempt to examine the importance of corporate image and identity to organizations. It is important to identify the future of this field and how
beneficial corporate image campaigning and the development of a corporate identity can be to corporations in an ever-growing competitive marketplace. Competition in the corporate world has caused a greater emphasis to be put on the development of a strong image. How a company is viewed by the public, or its reputation, can be the difference between success and failure, or profit and loss.

Although the benefits of having a good reputation are many and varied, they come down to one thing: A strong reputation creates a strategic advantage. Since companies are constantly competing for the support of customers, investors, suppliers, employees and local communities, a good reputation creates an intangible obstacle that lesser rivals will have a tough time overcoming (Fombrun, 1996).

The creation of a strong corporate image and favorable reputation has bottom-line effects. A good reputation enhances profitability because it attracts customers to the company's products, investors to its securities, and employees to its jobs (Fombrun, 1996).

This study will point out how different circumstances cause corporations to take a step back and examine how they are viewed by their constituents. The steps taken to create and improve an image and the subsequent reputations formed as a result of these steps will be closely examined as a model for future corporate undertakings in this area.

Definition of Terms

1. **Corporate image**: A reflection of an organization's reality. How a corporation is viewed by its constituencies (Argenti, 1998).

2. **Corporate identity**: The visual manifestation of the image as conveyed through the organization's logo, products, services, buildings, stationery, uniforms,
and all other tangibles created by an organization to communicate with a variety of constituencies (Argenti, 1998). The set of values and principles employees and managers associate with a company (Fombrun, 1996).

3. Corporate advertising: The paid use of media that seeks to benefit the image of the corporation rather than just its products or services (Argenti, 1998).

4. Corporate reputation: The overall estimation in which a company is held by its constituents. The perceptions of a company held by people inside and outside a company (Fombrun, 1996).

5. Constituents: Employees, managers, and board members within an organization. The shareholders and customers of a company (Fombrun, 1996).

Limitations

The limitations in this study are caused by the difference in emphasis put on image, identity and reputation by corporations. Through a study of the literature, the author will attempt to illustrate the importance of corporate image and how the reputation of a company is dependent upon its image. Examples of corporate advertising campaigns and crisis management in the 1980s and 1990s are used to illustrate how companies are perceived by their constituents. In addition, these examples show how successfully they handle certain crisis situations.

The perspectives given in this study are mainly those of experts in the subjects of corporate image, identity and reputation. Through the author's own experiences and knowledge developed through this study, original perspectives are also included to illustrate what has been learned.
Chapter II
REVIEW OF THE LITERATURE

Background

To clearly understand the importance of a corporate image, one must fully understand the definition of corporate image. As defined by Argenti, (1998), corporate image is a reflection of an organization's reality. Put another way, it is the corporation as seen from the viewpoint of constituencies. Argenti (1998) states that to truly understand image means to know what the organization is really about and where it is headed.

What elements are included in the creation of a corporate image? Argenti states that the products and services, the people, the buildings, the symbols, and other objects all contribute to the creation of a company's image. This collection of tangible and intangible things provide the organization with a starting point for creating a corporate identity.

Corporate identity and corporate image are related but the two are not interchangeable. Carter (1982) agrees, as does Argenti (1998), that corporate image is the way a corporation is perceived in the eyes of its various audiences. Carter continues, however, that corporate identity is that part of the image that can be seen or heard. Elements would include advertisements, uniforms, letterheads, business cards, and buildings.

Corporate images can be enhanced by a well-planned corporate identity program. Corporate identity is designed to have a positive effect on the overall corporate image (Carter, 1982).
When a corporate identity program is launched, audiences begin to visualize their own images of the corporation. If these notions accurately reflect an organization’s reality, the identity program is successful (Argenti, 1998). This is not to say that a company’s bottom line will necessarily be enhanced by such an identity program. Rather, if the public sees a company as it sees itself, the initial goal of spreading a specific message has been achieved.

The use of corporate identity programs can help to create the reputation of a company. Word of mouth is also utilized to create a reputation. That, however, is sometimes beyond the control of a company.

If a company is providing a service to its customers and one customer has a bad experience, that individual will tell a friend and may sway that friend’s opinion of the company without any personal dealings with them at all. Corporations attempt to minimize these cases through thorough training of their representatives and surveying their customers but, people’s personal feelings are sometimes beyond a company’s control.

According to Fombrun (1996), many managers today are willing to admit that intangible assets like reputations do have value, yet most still demonstrate inconsistent attention to the practices necessary to sustain corporate reputations.

Older companies may already have a reputation among the public that can be difficult, if not impossible to change. Corporate reputation is considered an intangible asset by those in the business world. In companies where reputation is valued, managers take great pains to build, sustain, and defend that reputation by following practices that (a) shape a unique identity and (b) project a coherent and consistent set of images to the public (Fombrun, 1996).
Fombrun gives the following examples of practices utilized by corporations to accomplish the aforementioned goals: (a) Designing advertising campaigns that promote the company as a whole, not just its products and brands; (b) Carrying out ambitious programs that champion product quality and customer service with an eye to keeping consumers happy; (c) Maintaining control systems that carefully screen employee activities for their possible reputational side effects; (d) Demonstrating sensitivity to the environment, not only because it is socially responsible but because actions that safeguard the environment also dovetail with marketing programs to generate sales; (e) Hiring internal staff and retaining specialized public relations agencies to safeguard communications through the media; (f) Demonstrating "corporate citizenship" through philanthropy, pro bono activities, and community involvement (p. 6).

These methods mentioned above may seem like great pains for a company to undertake in order to create and maintain their reputation, but the intangible results are often success and profitability. Providing products and services is not enough. Companies need to hire individuals who believe in the company and its goals and management to oversee operations and controls to safeguard against any unforeseen obstacles.

The Relationship Between Corporate Image, Identity and Reputation

There is a large list of audiences for any corporation embarking on a corporate identity program. It is important that all of these possible audiences are considered and that the image of the corporation or the perception of the corporation is the same for each audience.
Carter (1982), lists the following as the audiences that businesses would need to address in a corporate identity program: (a) customers, (b) prospects, (c) employees, (d) prospective employees, (e) retirees, (f) legislative bodies, (g) government agencies, (h) possible acquisitions, (i) possible buyers, (j) employees’ peer groups, (k) local public, (l) shareholders, (m) possible investors, (n) financial community, (o) suppliers, and (p) competition.

Both image and identity lead to a weak or strong reputation (Argenti, 1998). Charles Fombrun (1996) states that “reputation is a source of competitive advantage” (p. 78). According to Fombrun, reputations are partly a reflection of a company’s identity and image and partly a result of managers’ efforts to persuade the public of their organization’s excellence.

Importance of Image and Identity

Why are image and identity more important today than in the past? According to Argenti (1998), “A coherent image and identity that fits the reality of an organization attracts employees, customers, investors and communities …” (p. 79). This reiterates the point made by Carter in 1982. This shows that through the years, corporate image and identity may have become more important due to competition and technology, but the reasons are still the same.

A solid corporate image can be attractive to its constituents, but it is the credibility that is most important (Argenti, 1998). Argenti continues that initially, constituencies have certain perceptions about an organization before they even begin to interact. The perceptions are based on what they have read about the organization, what interactions others have had, and the visual symbols they recognize.
Corporate Image Advertising

Corporations continue to use the approach of corporate advertising to promote themselves. Rossiter and Percy (1997), define corporate advertising as advertising that promotes the company rather than its specific products or services. According to Rossiter and Percy, a “hybrid” form of advertising is common today. This form of advertising promotes both image and product. Companies may also choose a more recent form of corporate image advertising called “advocacy” or “issue advocacy.” This form of advertising does not promote the corporation itself directly, but rather promotes an issue or cause that has an indirect bearing on its operations (Rossiter & Percy, 1997). Examples of these types of issues are environmental concerns, personal health issues, or animal rights.

An example from the author’s experience is The Prudential. The Prudential utilizes corporate image advertising to promote the company’s image of strength and stability with its slogan, “Get a piece of the rock with Prudential.” This slogan, though simply stated, portrays a strong message to the public. The Prudential corporate image campaigns inform the public that they can trust Prudential with all of their insurance and investment needs. These types of campaigns have proven successful for Prudential over the years and has enabled the company to remain at the top of its industry.

The Use of Corporate Image Advertising in Crisis Management

Crises or rumors can arise at any time for a corporation and if not handled correctly, the corporate image can be damaged greatly and the corporation may not be able to recover. According to Rossiter and Percy (1997), there are five strategies that a
company could adopt to handle a crisis with the potential to damage the way the company is viewed by its constituencies. These strategies are:

1. Attack the negative publicity head-on by trying to refute the connection between the company and the negative event or attribute. This is the most commonly used strategy and usually the worst. If the refutation is weak or disbelieved, the company's attack increases awareness of the situation and strengthens belief in the allegation. Rossiter and Percy use the example of Unilever in 1994. Unilever launched its new Power laundry detergent. The product was attacked by rival detergent-maker Proctor & Gamble who claimed that the stain-fighting ingredient in Power actually rotted clothes. Unilever refuted the rumor by issuing scientific claims and counter claims. As the rumor worsened, Unilever withdrew the product in 1995, suffering $90 million in losses. According to Rossiter and Percy, Unilever would have been better served to withdraw the product right away or just ignore the rumors.

2. Ignore the negative publicity and hope it will dissipate. Commissioning a survey to determine the extent of the rumor is wise to do immediately following word of the rumor. If awareness of the rumor is limited to a small number of stakeholders, or if public discussion of the crisis or rumor is declining (daily surveys may need to be performed for this information), then the best strategy may be to make no response and allow the negative publicity to dissipate entirely.

The example given by Rossiter and Percy to illustrate this strategy is that of Jockey International, Inc. A long-running rumor is that jockey shorts cause male sterility. Jockey International, Inc. has always ignored this rumor and has seen sales increase over the years.
3. Externalize or decontrol the connection between the company and the negative attribute or event. This strategy attempts to break the belief connection while not being as blunt as direct refutation. This strategy is defensible if the company had little or no control over the crisis or has attempted to correct the problem.

Rossiter and Percy use the example of a plane crash that may have been caused by inclement weather. If the cause of the crisis can be factually attributed to external factors or factors over which the company has little control, then externalizing the connection would be a good strategy.

4. Neutralize the negative attribute or event itself or turn it into a positive. This strategy can be used if the crisis or situation is small. Using humor to put a positive spin on a situation may be beneficial in some cases as well.

In the case of Microsoft, the CEO, Bill Gates, attempted to use a humorous anecdote to explain Microsoft’s point of view concerning charges against his company of monopolizing the market with its Windows product. Gates used the example of selling a six-pack of Coca Cola with one can of Pepsi included to illustrate that it would be detrimental to Microsoft or any other corporation to sell its company’s product and be forced to include the competition in the deal.

In the author’s opinion, companies must be very careful when turning to humor to combat or neutralize a crisis situation. It is important for companies not to offend the public and to take into consideration, special-interest groups who may not find humor in certain situations.

5. Outflank the negative publicity with the company’s positive attributes. This strategy attempts to offset the negative publicity surrounding the negative event or
attribute by reminding people of the company's positive achievements or attributes. According to Rossiter and Percy this is the best strategy if the negative event or attribute is widespread:

The author believes this positive outflanking strategy is probably the best all-around strategy. It may help, after acknowledging responsibility and accepting blame, even in the case of a major disaster. When a Pan Am jet crashed at Lockerbie Scotland in 1988, after a bomb had been planted on board, the company could have pointed to its excellent safety record over the years in relation to the number of passenger-miles flown. This would not have alleviated the suffering of the relatives of the victims, but it might cause others to put the disaster in a perspective more favorable to the company (Rossiter & Percy, 1997).

Crisis and Reputation

In the case of a crisis, a corporate image is vital. The author believes that if a company has a favorable reputation for an extended period of time and then experiences a crisis, the likelihood of a full recovery is greater. Such is the case with Exxon and Johnson & Johnson who both experienced crises in the 1980s and have made remarkable recoveries and continue to be at the forefront of their respective industries.

One well known example of a corporation facing a crisis is the 1989 case of Exxon and the supertanker the Exxon Valdez. Fombrun (1996) reports that on March 24, 1989, the supertanker Exxon Valdez struck Bligh Reef in Alaska, tearing a huge hole in the ship's hull. Within hours, more than 10 million gallons of crude oil had spewn out of the freighter, ravaging 1,200 miles of shoreline and putting Exxon in the middle of a media blitz that quickly became a public relations nightmare.
Exxon was required to pay an estimated $1.38 billion in cleanup costs. The company was also indicted on five criminal counts and faced more that 150 separate civil lawsuits due to the oil spill. Fombrun continued that it took over 2 years before the case was settled between Exxon, the federal government, and the state of Alaska. Exxon was required to pay $900 million in 11 annual payments. Although the amount of the fine was considered small by some accounts, the result of the spill may have been the loss of the company's reputation. The reputational loss to Exxon can be measured by a drop in the company's market value, or a loss of reputational capital as seen in Figure 1.

![Figure 1. Fluctuation of Exxon's market value due to the Exxon Valdez crisis. This is shown by a decline in the company's market value by billions of dollars over a three month period.](image-url)

Exxon made great strides to improve its image through environmental initiatives as well as increased safety measures on its oil tankers. Through these efforts and a
showing of concern for its mistakes, Exxon has recovered to become a front-runner in the oil industry.

Another example of a damaged corporate image due to crisis is the case of Johnson & Johnson (J&J), which faced product tampering with its Tylenol brand in 1982 and 1986. Fombrun (1996) describes the incident and the results of the crisis. The case of J&J was viewed as successful crisis management.

Fombrun (1996) explains that on September 30, 1982, reports of five deaths from cyanide ingestion were traced to a production lot of Tylenol capsules. J&J’s McNeil Consumer Products division promptly pulled all Tylenol capsules from retail shelves. Fombrun states that within days the company took aggressive action to block reputational loss by performing the three following precautionary measures: (a) all capsules were scrapped and the safe tablet version offered as a replacement; (b) an intensive advertising campaign was launched portraying J&J as a victim of sabotage; (c) tamper-resistant packaging was introduced, and more than 80 million new samples were distributed free of charge at a cost to J&J of some $30 million. The actions would prove remarkably effective in rebuilding Tylenol’s premier position in the marketplace as well as J&J’s long-term stock of reputational capital.

According to Fombrun (1996), in the short run, however, J&J lost value. Consider the 1982 crisis. In the 14 trading days before the tampering, J&J shares were worth an average $8.262 billion. In the 14 trading days after the incidents, J&J’s market value dropped to $7.132 billion for a loss of $1.13 billion, in 1982. In 1986, J&J’s market value fell from its prior 14-day average value of $9.1 billion to $8.1 billion for a loss of $1 billion, equivalent to an 11 percent drop in the value of the company’s reputational capital.
Fombrun (1996) states, "Clearly, accidents and crises can seriously damage a company's franchise reputation. For public companies, changes in market value of a firm provide a reasonable estimate of the anticipated losses to a company from attacks on its integrity and credibility; they also provide a gauge of how much a company's reputational capital is put at risk from such events" (p. 96).

According to Fombrun (1996), "Even though people who try to evaluate companies invariably disagree on how best to systematically measure the dollar value of a reputation, no matter how we assess it, a reputation is valuable. A strong reputation enhances the value of a company’s potential licenses, products, and services, and so raises revenues. In turn, better revenues translate into superior market value over time (p. 108). Fombrun continues that managing that reputational capital is a critical activity that senior managers must call attention to and support.

Reputation and Image Management

Through a review of the literature, the author has learned that it is important for companies today to continue to manage the reputations they work so hard to build. Methods of managing one's corporate reputation are through public relations programs, in-house employee initiatives, and their day-to-day operations. Hook (1999) states that the reputational implications of a business can be defined as those that impact the way in which an organization is regarded by those with whom it interacts, including shareholder, customers and employees, as well as suppliers, government regulators, the media, and even competitors. A decision has reputational implications if it has the potential to affect the relationship between the company and any of these groups. In other words, it is difficult to conceive of a decision that does not have reputational implications.
According to Young (1996), there are six characteristics of reputation-building communications. Young believes that the responsibility of managing a company’s reputation lies with management. He lists the characteristics of reputation-building communications as follows:

1. They are clear and direct. Managers who are clear and direct are understood, and they minimize the potential to be misquoted or taken out of context. Say what you mean. Mean what you say.

2. They inform. They are truthful and understandable and based on fact. They provide useful information that helps people make good choices.

3. They emphasize the steak, not the sizzle. If effective public relations is largely about persuasion, the language of reputation management is knowing where to draw that line. Communications that strengthen reputations are short on superlative adjectives.

4. They appeal to people’s best interests. They stay on the high road, emphasizing understatement and de-emphasizing the hype that contributes to the environment of mistrust.

5. They play up the you word and downplay the I word. What I think is a great deal less important than what you do.

6. They appeal to the eye and the ear. The next time you write something, read it aloud. If it sounds fine, it will read well. Give it the backyard fence test. If it would make sense to your next-door neighbor in an over-the-fence conversation, it communicates well.
According to Fombrun (1996), a company's reputation derives from the more or less healthy relationship it establishes with seven audiences: (a) customers, (b) investors, (c) employees, (d) competitors, (e) the local community, (f) government, and (g) the public at large.

Fombrun continues by saying that the quality of each relationship shapes the particular image the company develops with the constituent. Whether consistent or inconsistent, these images combine to create a company's reputational halo.

The forms these relationships take depend greatly on the way information flows between the company and the constituent, the frequency of their contact, and the level of trust between them. Distinct image projection strategies may be required to reach a constituency effectively. Self-presentations run the gamut from corporate advertising, identity systems and financial reports to press releases, charitable contributions and pro bono work. Seldom are they fused into a coherent whole.

Managing a company's reputation takes the work of many different internal departments. If a company desires a certain reputation within a group of particular constituents, that company must devote proper resources to concentrate on achieving this goal. Fombrun points out that companies with a serious commitment to a particular constituency must staff internal departments exclusively devoted to it and give that department a discretionary budget. He lists and describes the following as the six key departments of this kind:

1. Customer-service relations. This department tries to shape customer perception of the company. Key strategies include product and image advertising, the creation of customer-service centers, the provision of warranties, and investments in
building brand equity to market the company's goods and services. Managers also try to get the nod from clients, and repeat business, by meeting their expectations for quality and service.

2. Investor relations. The historical function of investor relations is to maintain investor confidence in the company's prospects. Key strategies include hiring credible auditors, issuing optimistic financial statements, and making assertive presentations to investment analysts and institutional shareholders. This department's mission is to generate favorable judgments from these opinion leaders by signaling a genuine commitment to strong economic performance.

3. Employee relations. This department is principally concerned with the design of human-resource practices for recruitment, compensation, and development that show commitment to and concern for employees. When recruiting, human-resource practitioners often try to convey to prospective hires the non-financial benefits of working for the company to elicit positive feelings.

4. Community relations. The purpose of the typical community relations department is to convey a company's benevolence, corporate citizenship, and social responsiveness. Key strategies range from pro bono activities and charitable contributions to relationship building with artistic, educational, and cultural institutions. In this way, companies integrate themselves into their local communities and surround their activities with a positive halo of goodwill.

5. Government relations. These departments developed in the 1960s and 1970s as companies struggled to find ways of maintaining positive relationships with regulators. Key strategies for doing so include distributing position papers, testifying before
committees, lobbying regulators, and supporting the political campaigns of elected officials. By forming close ties with legislators and regulators, managers try to ingratiate themselves with powerful monitors and participate in shaping more favorable environments for their activities.

6. Public relations. A company's public relations staff is responsible for influencing broad questions of public opinion. Expert communicators are assigned to manage relationships with the media and to help a company create identity programs, construct corporate advertising campaigns, issue press releases, and, broadly speaking, develop the set of strategic issues and frames of reference that govern the conversations of outside audiences (pp. 194-196).

Fombrun feels that these six relationships describe the strategic efforts a company's managers can take to shape coherent images for constituents and to build reputation.

Roberts (2000) states that the effective management of the corporate image is essentially the only way to ensure that your organization is building the reputation it wants. Roberts continues that an effective image and reputation management is both a creative and highly disciplined process requiring the implementation of a well-defined approach. Roberts calls this approach the three Cs: clarity, cohesiveness and control.

Roberts states that clarity is characterized by a precise business strategy, shared core values and image goals, and a well-defined market position. "Cohesiveness is the part of the process through which a company ensures that a brand's positioning and core attributes are experienced and communicated in a consistent manner. This means that
every aspect of the company’s product and service offerings, business practices, employee behavior and communications practices are in perfect alignment with each other” (p.2).

Roberts feels that cohesiveness is at the very heart of brand management. He states that cohesiveness helps make sure that a brand never confuses a customer about what it is and what it stands for.

Roberts defines the third “C”, control, as “the process and systems through which the corporate brand is managed” (p.3). This management includes appropriate centralization, monitoring and adjustment.

“Critical to a successful reputation is that all factors which contribute to the corporate image align or otherwise ‘make sense’ when subconsciously brought together to form the big picture of the corporate brand” (pp. 2-3).

The author feels that proper management of corporate image and identity is the area where many company’s fall short in their efforts to achieve a positive corporate image. The author’s personal experience found that large company’s spend, what seems like, unlimited dollars on television and print advertising but do not always practice what they preach internally. Company’s will continue to produce advertising campaigns and hope that those images will carry them up the ladder of success. They fail to realize however, that once a certain image is created in the public’s eye, companies need to be certain that their employees are behind that image 100% and personify that image when interacting with their customers.

Argenti (1998) also understands the importance of managing a corporation’s image and identity. Argenti states, “The dual nature of image and identity, embodied in things, yet inextricably tied to perceptions, creates a special dilemma for corporate
decision makers. In a world where attention is generally focused on quantifiable results, the emphasis regarding image and identity is on qualitative issues. Devising a program that addresses these significant concerns requires an approach that balances thoughtful analysis with action” (p.80) Argenti gives a six step method used by many organizations to manage their identity process.

Step 1: Conduct an Identity Audit. To begin, an organization needs to assess the current picture. How does the general public currently view the organization? What do its various symbols represent to different constituencies? Does it identity accurately reflect what is happening, or is it simply a leftover from days gone by?

To avoid superficial input and gain an objective response to these questions, consultants from the hundreds of “identity firms” conduct in-depth interviews with top managers and those working in areas most affected by any planned changes. They review company literature, advertising, stationery, products and services, and facilities. They also research perceptions among the most important constituencies, including employees, analysts, and customers. The idea is to be thorough, to uncover relationships and inconsistencies, and then to use the audit as a basis for potential identity changes.

Argenti (1998) states that during this process, executives should continually look for red flags. Typical problems include symbols that conjure up images of earlier days at the company or just generally incorrect impressions. Once decision makers have the facts, they can move to create a new identity or institute a communication program to share the correct and most up-to-date profile.

While the identity audit may seem fairly straightforward and simple, it usually is not. Often the symbols that exist and the impressions that result are not how the
organization sees itself in the present at all. Companies that are trying to change their image are particularly difficult to audit because the vision top executives hold is often so different from what the reality currently is. Executives often disregard the best research telling them how constituencies’ perceptions about the organization differ from their own. Such cognitive dissonance is the first challenge in managing identity for executives.

Step 2: Set Identity Objectives. Having clear goals is essential to the identity process. These goals should be set by senior management and must explain how each constituency should react to specific identity proposals. For instance, Argenti (1998) says “As a result of this name change, analysts will recognize our organization as more than just a one-product company” (p.81); or “By putting a new logo on the outside of our stores, customers will be more aware of dramatic transformations that are going on inside” (p.81). Most important, however, is that emphasis be placed on constituency response rather than company action.

Most managers are much more internally focused, particularly senior managers, and thus have great difficulty getting the kind or perspective necessary to see things from the viewpoint of constituencies. Consultants can help, but the organization as a whole must be motivated to change and willing to accept the truth about the organization, even if it hurts.

In addition, says Argenti, change for change’s sake or for the purpose of meeting some kind of standardization worldwide is not the kind of objective that is likely to meet with success. Usually such arbitrary changes are the result of a CEO’s wanting to leave his or her mark on the organization rather than a necessary step in the evolution of the company’s image.
Step 3: Develop Designs and Names. Once the identity audit is complete and clear objectives are established, the next step is the actual design of the identity. If a name change is necessary, consultants must search for alternatives. Argenti feels that this is a step that simply cannot happen with the help of consultants because so many names have already been used that companies must be sure to avoid any possibilities of trademark and name infringement. But options for change can still number in the hundreds. Usually, certain ones stand out as more appropriate. The criteria for selection depend on several variables.

If company is undergoing a global expansion, the addition of the word “international” might be the best alternative (Argenti 1998). If a firm has a lot of equity built into one product, changing the name of the corporation to that of the product might be the answer.

The process of designing a logo or company look is an artistic one, but so many times executives cannot help getting involved in the process. Everyone has an opinion about designs, and the choice is usually the matter of taste coupled with the excellent work of a professional designer.

There has to be a balance between the professional opinion of a designer and a manager’s own instincts. Both need to be a part of the final decision whether a name change or just a new logo is involved. In the end, says Argenti, strong leadership must be exerted to effect the change, no matter what it is, for it to succeed.

Step 4: Develop Prototypes. Once a final design is selected and approved by everyone involved, consultants develop models using the new symbols or name. This is usually the most exciting part of the process for most managers, according to
Argenti (1998). For products, prototype packaging shows how the brand image may be used in advertising. If a retail operation is involved, a model of the store might be built. In other situations, the identity is applied to T-shirts, ties, business cards, and stationery to see how it works in practice.

During this process, managers may become anxious. At times, negative reactions from constituents can be so strong that proposals have to be abandoned and work must start again from the beginning. To avoid this from happening, more people should be involved in the process from its inception, this will create buy-in before much work has already taken place.

Step 5: Launch and Communicate. Given the time involved and the number of people that need to be included in the process, news about future changes can easily be leaked to the public. Sometimes such publicity is a positive event, as it can create excitement and a sense of anticipation. These chance occurrences are no substitute for a formal introduction of a company's new identity.

A press conference should be called and the design should be clearly displayed in a variety of contexts, and senior executives must carefully explain the strategy behind the program. Argenti (1998) states that presenting an identity, particularly for the first time, is a complex problem. It is much too easy for the change to be interpreted as merely cosmetic.

Step 6: Implement the Program. The implementation stage can actually take years in large companies and a minimum of several months for small firms. Resistance is inevitable, but what is frequently shocking is the extent of ownership constituents have in the old identity.
Identity standards should be developed to ensure consistency across all uses for the new identity program. Beyond this, someone in the organization should monitor the program and make judgments about when flexibility is allowed. Over time, changes may need to be made to the standards, for instance, when a modern typeface chosen by a designer is no longer available for use.

"Implementing an identity program is a communication process involving lots of interpersonal savvy to work best. Managers must plan for such eventualities beforehand rather than allowing situations to develop naturally and having to react to each one separately" (Argenti, 1998, p. 89).

To the author, the six steps of identity management stated by Argenti (1998) can be stated simply as corporations must be proactive rather than reactive in the management of their identities. Executives must utilize forethought when devising plans to create their image and make sure all of the parties involved are in agreement. Corporations must be prepared for anything in an ever changing and competitive marketplace.

Argenti concludes that executives need to be aware of the tremendous impact of image, identity, and reputation and they must learn how to manage this critical resource. "Success in this area is a catalyst for and a symbol of change, the dynamic process that keeps companies thriving. Success also matures into pride and commitment, among employees, consumers, and the general public, irreplaceable assets in an intensely competitive global business environment" (p. 89).
Chapter III
DESIGN OF STUDY

Population and Samples

Through this study, the author plans to perform an analysis of literature pertaining to opinions and examples involving corporate image and identity. The information, data and examples for this study were gathered through extensive research of literature found in libraries, textbooks, and on the Internet.

The opinions given in this thesis were developed by researching results obtained from authors who conducted personal interviews and round-table discussions. The results were quoted from text written on the subject of corporate image, identity, and reputation by experts in the three disciplines as well as excerpts quoted on the Internet. The additional data and examples given pertaining to the subject were also obtained from the same source types.

Collection of Information

While collecting information for this study, it was important to utilize information that clearly explained the differences and similarities between corporate image and identity. The samples given involving communication during a crisis are vital to this study. How a corporation handles a crisis situation is vital to its survival or demise. Examples given in this study clearly identify corporations who failed in their efforts to recover from these situations as well as a look at those who have succeeded.
Understanding the terminology in this study is vital to the success of the results. Many people, when asked, would not see a clear difference between corporate image and corporate identity. The ultimate goal of this study is to clarify the differences between image and identity and how both affect a company’s overall reputation. It should also serve as a tool for corporations or individuals interested in studying the methods used by existing corporations to combat or recover from a tarnished image and how they use their identity to stand out from the rest of the field.

Additional Examinations

Additional topics examined are the effects of corporate image and identity on the overall reputation of a company. Corporate advertising campaigns are examined to identify some of the methods used by corporations to form their reputation with the public by which image they decide to foster and how they are identified in the public eye. The three main themes of image, identity and reputation are examined and explained through the examples of crisis management and corporate advertising to complete a perspective of the subject.

The relationship between corporate image, identity, and reputation are examined to show the importance of these three aspects of a corporation in establishing a strong foothold in today’s competitive marketplace. This study points out how some corporate executives have begun to understand the importance of putting more emphasis on studying trends in public perceptions. This information is now being used by company’s to develop image campaigns and to become better prepared to face whatever situation may arise that could have an effect on their reputations with their constituents.
Examples of the effects of public perception are also examined to further illustrate how a company’s bottom line can change as a result of how it is viewed by its current and potential future customers. The ways in which these challenges are met and the steps taken to combat or avoid possible crises are important to the survival or downfall of corporations today. The author reinforces these points through citing literature and studies performed by experts in the 1980s and 1990s.
Chapter IV
ANALYSIS OF THE DATA

Introduction

During the review of the literature, the author found image campaigns that provided examples of how a corporation can create or maintain an image of their company and the products they produce. In the case of older, more stable companies, an image campaign may be utilized to simply continue an ongoing theme that has been presented to its public over time.

Hornick (1999) states that a corporate image can be the leading indicator of whether a company will survive and thrive into the next century. He continues, "Each year, thousands of new products and services enter a crowded marketplace, but only a few are accepted by an increasingly judgmental consumer" (p.1). The author feels that this statement is more prevalent today with the birth of the Internet. The Internet provides up-and-coming companies access to an inexpensive advertisement medium which also allows them to reach an almost unlimited audience. Competition for consumer dollars is increasing everyday with new web sites constantly flooding the virtual marketplace. This new competitive environment also increases the likelihood of Hornick's comment becoming a reality for most of these new Internet companies.

In response to global competition and a changing marketplace, savvy organizations are gearing up with communication strategies to create a distinctive image and personality (Hornick, 1999). With continual advances in technology, this is becoming more important.
than ever. Creativity in marketing and consumer communication is more important in today's electronic age than ever before.

**Changing a Corporate Image**

According to Berner (1997) retailers once scoffed at image advertising, calling it a waste of time when consumers were more interested in the price of watches or pantsuits. With a growing marketplace and influx of greater competition, these thoughts have changed. Companies needed to change as their customer's needs changed. Savvy companies began to devise ways to appeal to their customers on a more personal basis. Berner continued that Sears' "The Softer Side of Sears" was a winner, and was the example for the Minneapolis-based, Target Stores. In 1997, Target wanted to change its image to portray itself as "extremely hip."

Dayton Hudson Corp.'s Target division ran a national campaign in 1997 in unusual spots for a discount retailer: The *New York Times*, *Los Angeles Times*, and *San Francisco Examiner*, just to name a few. The 12-month campaign began in July of 1997 and included billboards and buildings in New York and advertisements from Miami to Cincinnati (Berner, 1997). The following Target ad (see Figure 2) was produced by a New York agency, Kirshenbaum Bond & Partners. It is an example of the advertisements Target used in its new image campaign.
Figure 2. An example of a Target stores advertisement. The advertisement depicts a woman clad in a backpack, with a lampshade wrapped around her like a miniskirt. Target utilized this type of advertising to promote a change in its image.

Bemer (1997) explains that Target wanted to woo more affluent shoppers away from department stores. He continues that this may be a smart move at a time when too many retail outlets are chasing too few shoppers. Target was leading the pack in profit growth among discounters: its operating profit rose for the first half of 1997 and beat the bigger K-Mart stores and Wal-Mart Stores (Berner, 1997).

Bemer (1997) reported that the vice-president of advertising for Target, Robert Thacker, said that the ads were witty and urbane and “spoke to the mentality of people who shop at Target” (p. 2). Thacker asserted that the ads hint at a vast supply of goods: “You can find a great backpack in the same place as a lampshade” (p. 2).

Bemer concedes that there are skeptics, of course. “I can’t get excited about a woman wearing a lampshade as a skirt...,” (p. 2) says Alan Siegel, chief executive of
Siegel & Gale, a corporate identity consulting firm in New York. But Target's Thacker says, "The ads are doing what they need to do, which is get people to talk about Target" (p. 2).

In the author's opinion, the Target campaign is a fine example of a company who took a long hard look at its image and wanted to make a drastic change. Some may say that the Target image campaign in 1997 was a very risky undertaking that could have cost the company dearly if the public decided not to take them seriously. It is always risky to tread in unfamiliar territory but, in the case of Target, the risk paid off and the company remains a top retailer today.

Logos and Identity

Company logos have become an important factor in maintaining visibility as well as conjuring up thoughts and feelings in a public who has known a company and what it has stood for over the years. The importance of a company logo can not be overstated in today's environment of artistic expression and generation X. A company must develop a logo that makes a statement and is in line with the times. Allebach (1998) states that a company's logo is the most recognizable element in a company's image. If a company thinks it can get by with an outdated or poorly designed logo because it is "good enough." Although it may have served the company well over the years, it is seriously underestimating the impact that a company's overall look can have on its business. Allebach continues, "First impressions count - and you never get a second chance to make a good first impression" (p. 4).

The following are examples of older stable corporations that produced tried-and-true logos that have been recognizable over the years and will probably remain so for
years to come. Society has become familiar with these logos through years of calculated marketing campaigns and continual corporate growth. The author chose these three logos (see Figure 4, 5 and 6) because the success of these companies along with their longevity, also because of their resilience in a marketplace that has gone through enormous change since their inception:

![Prudential Logo](image)

**Figure 3.** The logo of The Prudential Insurance Company of America. This is used to show an example of a well-known logo with a description following.

The Prudential has been a long standing symbol of strength and stability in the insurance and investment industries. Getting a piece of the rock has been heard in household for decades.

![Shell Oil Logo](image)

**Figure 4.** The Shell Oil logo used to illustrate a well established corporate logo used in the company’s advertisements. A brief description follows.

Shell Oil has remained a force in the gasoline industries since its inception. Its reputation for selling high-quality gasoline has remained strong over the years.
Figure 5. The logo of the Nike Corporation. This is used to provide an example of the logo used in Nike's advertising campaigns. A brief description follows:

Nike has been one of the most successful athletic apparel companies in history. Its use of celebrities in its advertisements has proven to be one of the best examples of image campaigning and is proven through the company's continual success.

We, as a buying public, respond to what we see, and buy from whom we know. Successful logos, such as the examples above, are the result of much careful thought and planning. They are designed to clearly symbolize what the company is all about: their goals, products and services, and their style (Allebach, 1998).

Allebach continues that even though a company may have a good image, the company still needs to build on this image, slowly and steadily. "Consistency is the key to a strong and effective company image. You have to keep your name in front of the public as frequently as possible. One of the most powerful ways of achieving this is to develop a "company look." Your look, just like your logo, should portray all the things about your company that you want it to. And most importantly, it should be consistent" (p.2).
Chapter V
CONCLUSIONS AND RECOMMENDATIONS

The initial purpose of this research was to learn the relationship between corporate image, identity and reputation. After reviewing the literature and research performed by experts in all three disciplines, the importance placed on the development and maintenance of a corporate image and how a company's bottom line is affected by these strategies began to emerge.

The resources and examples used in this study illustrated to the author that in the 1980s and 1990s, more emphasis began to be placed on utilizing corporate image campaigns to stand out above the competition. More companies are now developing crisis communication plans to handle any situations that may occur that could damage their long-standing name in the marketplace.

The literature reveals that the importance of corporate image and identity has grown over the last two decades. The public has become inundated with advertisements, from television and radio to newspapers and magazines. Corporations are learning to take advantage of every opportunity in order to stay one step ahead of the competition.

The research indicates that there are many factors contributing to a company's image. Corporate management and employees have the ability to create a desired image and the responsibility to manage their own corporate reputations in order to remain successful. The public, however, ultimately has the final say in the success or failure of a company and whether or not companies need to reexamine their style of thinking.
Logos and advertising are not enough. Corporate executives must continue to establish controls to monitor the success or failure of campaigns. Companies must continue to change with the times and take steps to establish themselves in the forefront of their perspective marketplaces.

Future Studies

A future study of corporate image and related issues could be performed to show the history of image campaigning and how current successful companies used image campaigns and created identities that have held strong to the present day.

Current corporate executives and public relations professionals could be surveyed to further illustrate the movement toward placing more importance on public perceptions and employee satisfaction. The data collected regarding public and employee perceptions could be utilized by corporations to improve current processes and create more effective image and identity campaigns which would in turn, improve companies' reputations and their bottom line.

Current trends in advertising could be examined in future studies to illustrate the effects of the Internet on corporate image. With the birth of the Internet, it is more important than ever for companies to devise more creative ways of spreading their message. Large corporations are no longer just competing with other large corporations. Individuals and smaller companies are now able to provide similar products and the same services at a much cheaper price through the creation of web sites which consumers can access with the click of a button.
References


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Figure Captions

Figure 1. Fluctuation of Exxon's market value due to the Exxon Valdez crisis. This is shown by a decline in the company's market value by billions of dollars over a three month period.

Figure 2. An example of a Target stores advertisement. The advertisement depicts a woman clad in a backpack, with a lampshade wrapped around her like a miniskirt. Target utilized this type of advertising to promote a change in its image.

Figure 3. The logo of The Prudential Insurance Company of America. This is used to show an example of a well-known logo with a description following.

Figure 4. The Shell Oil logo used to illustrate a well established corporate logo used in the company's advertisements. A brief description follows.

Figure 5. The logo of the Nile Corporation. This is used to provide an example of the logo used in Nike's advertising campaigns. A brief description follows.