

MODULE 1.a

Corporate Communication: Scope And Relevance

- Introduction
- Meaning
- Scope
- Need/ Relevance Of Corporate
Communication In Contemporary
Scenario

MEANING OF CORPORATE COMMUNICATIONS

Corporate Communication is the total communication activity generated by a company and directed at all relevant target groups to achieve its planned objectives and create favourable relationships with stakeholders on which the company depends.

Each item of communication must convey and emphasise the "corporate point of view and its identity"

Jackson, P. (1987) *Corporate Communication for Managers*, London: Pitman.

Blauw, E. (1986) *Het corporate image: beeldvorming van de onderneming. Eén van de meest complexe managementvraagstukken*, Amsterdam: De Viergang. (The corporate image: The image of the company. One

of the most complex management issues)

ELEMENTS OF CORP COM

SCOPE OF CORPORATE COMMUNICATIONS

- Corporate advertising and advocacy
- Corporate Responsibility
- Media relations
- Internal communications
- Investor relations
- Relations with Special interest groups
- Government Relations
- Crisis communications
- Marketing communication
- Communication strategy
 - Identity
 - Image
 - Reputation management

CORPORATE ADVERTISING AND ADVOCACY

- Product advertising
- Corporate advertising
 - Issue advertising



First, unlike product advertising, corporate advertising does not necessarily try to sell a company's particular product or service. Instead, it tries to sell the company itself--often to a completely different constituency from customers. For example, in 2007 General Electric committed a substantial portion of its \$90 million corporate advertising budget to "Ecomagination"—a marketing campaign not only promoting its environmentally friendly products but also positing GE as an eco-friendly company and leader in corporate responsibility. Underpinning the campaign was GE's promise to improve its energy efficiency 30 percent while also cutting greenhouse-gas emissions by 1 percent by 2012.²²

This type of advertising attempts to do even more than influence opinions about the company; it tries to influence the attitudes of a company's constituencies about specific issues that affect the company. Recall Mobil's extensive issue advertising campaign during the oil crisis, described earlier in this chapter. Over the years, Philip Morris has spent millions on issue ads covering topics ranging from domestic violence to youth smoking prevention in an effort to put a more caring face on a company many hold in contempt for its role in producing addictive, carcinogenic tobacco products.

As we will see in Chapter 4, however, issue advertising is risky. By taking a stand on a particular issue, the company is automatically creating a negative image with one or several constituencies. Many companies take this risk nonetheless, facing the consequences of adding their opinions to debates that they consider important.

CORPORATE RESPONSIBILITY

- Corporate social responsibility
- Corporate citizenship
- Corporate philanthropy.
- Environmental and social performance report.



Many companies have a separate subfunction in the human resources area to deal with community relations and a foundation close to the chairman that deals with philanthropy, but the two should be tied closely together as companies take on more responsibilities in communities in which they operate.

There are also serious internal implications of a strong corporate citizenship record: A 2007 survey by Net Impact revealed that, assuming all compensation and benefits are the same, 60.3 percent of respondents said they would be very likely to leave their current employer for one that they believed to be more socially responsible.

Corporate philanthropy also has become increasingly important as companies are expected to do more than just give back to the community. Firms now feel a greater obligation to donate funds to organizations that could benefit the firm's employees, customers, or shareholders. Examples include donations to universities that might be conducting research in the industry and organizations representing minority interests.

many companies are publishing environmental and social performance information in the same manner as they would traditionally report financials.

MEDIA RELATIONS



PUBLISHER'S
RELATIONS

EDITORIAL
RELATIONS

RELATIONS WITH
JOURNALISTS

INTERNAL COMMUNICATIONS

- Collaboration between HR and PR
- Changing demographics
- Changing values
- Change management
- Crisis situation



INVESTOR RELATIONS

- Financial institutions
- Banks
- Private investors
- Revenue department
- Shareholders
- In coordination with CFO
- Annual report & financial report
- AGM



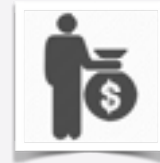
THE STRUCTURE OF THE FINANCIAL RELATIONS



FINANCIAL
GOVERNMENTAL
RELATIONS



FINANCIAL
ORGANISATION
RELATIONS



FINANCIAL
INVESTOR
RELATIONS



SHAREHOLDER
RELATIONS

RELATIONS WITH SPECIAL INTEREST GROUPS

- Special interest and activist groups
- If there's a cause, some group will pick it up
- Defending company from frivolous lawsuits and harassment



GOVERNMENT RELATIONS

- Also called public affairs
- Lobbying
- Ties to Legislators
 - Local
 - National
- Other similar industries
- Professional bodies
 - Federation of Indian Chambers of Commerce and Industry (FICCI)



Government Relations

Building meaningful relationships with government officials is essential to industry success in today's political world

Lobbying - the legal influencing of public officials on stands appropriate for industry

Public Affairs - stances on controversial issues of public concern is imperative for business success today

CRISIS MANAGEMENT



- Disaster
- Crisis
- Crisis communication
- Crisis management

Crisis Communication:-

Must be implemented quickly in order to be effective

Communication and message changes dramatically

Target audience may differ or expand

Message is of corporate responsibility, awareness and action

MARKETING COMMUNICATION

All forms of communication between an organisation and its customers and potential customers, that facilitate exchanges by establishing shared meaning with the brand's customers or clients.



Consumer Communication:-

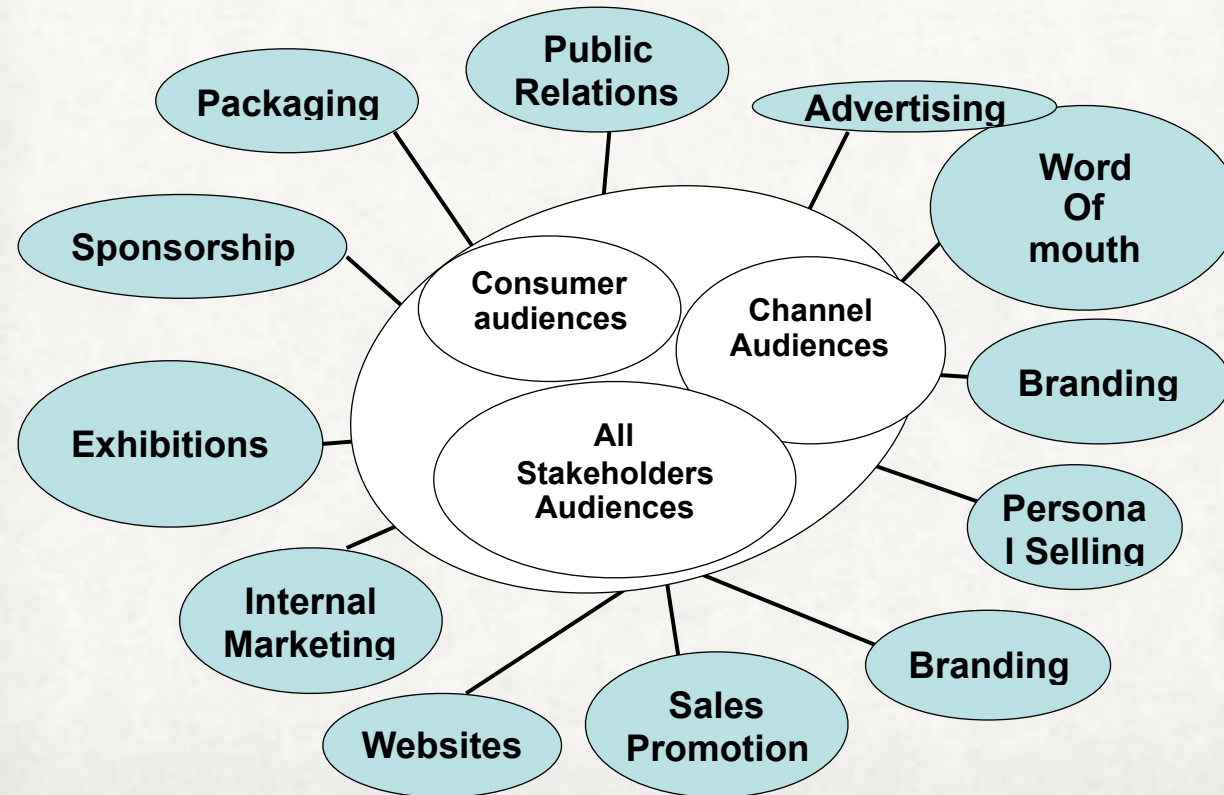
Influencing consumer spending

Outreach to the target audience must be consistent and ongoing

Enhance company's reputation through Advertising, Sponsorships and Charitable Relationships etc.

Improve the life of the consumer

INTEGRATED MARKETING COMMUNICATION



DIFFERENCE BETWEEN MARCOM AND CORP. COMM

Marketing Communications	Corporate Communications
Product image	Corporate image
Customer	Multiple Stakeholders
Defined set of channels	Multiple Channels
Controlled Communication Types	Variety of Communications
Positions a product or a service	Positions an entire organisation
More room for creativity	Less room for creativity
Needs to be consistent with with Product/Brand attributes	Needs to be consistent Corporate Identity/Corporate Brand Attributes
Budget from Marketing Dept	Budget from CEO



Corporate **Identity, Image & Reputation**





Key concepts in Corporate Communication

- ▶ **Corporate Identity:**
 - ▶ Meaning and Features,
- ▶ **Corporate Image:**
 - ▶ Meaning,
 - ▶ Factors Influencing Corporate Image,
- ▶ **Corporate Reputation:**
 - ▶ Meaning,
 - ▶ Advantages of Good Corporate Reputation



FIRST IMPRESSIONS

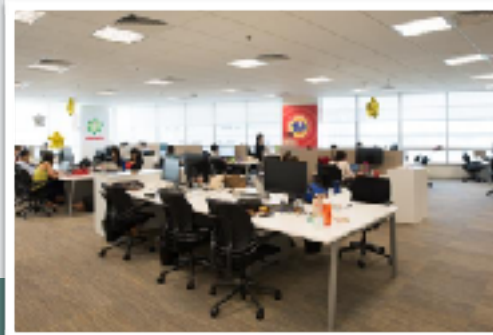
What do the pictures convey to you?

Consider the following scenario: A gray-haired man pulls up in front of a high end shopping chain in BMW, dressed in a grey Armani suit, wearing a gold Patek Philippe watch. He shops with a Privilege Mastercard and drives on, a middle-aged man in a Tata nano pulls up. He is dressed in Stop polyester trousers and an Indian Terrain button-down shirt and wears a Titan watch. He pays for his toll in cash. Even for people with little understanding of culture, these quick glimpses of the two men speak volumes about them to observers. (Whether those impressions are right or wrong is another issue.)



An executive and her husband decide to treat themselves to one of life's great pleasures: a weekend in a suite at the Oriental Hotel in Bangkok. During their stay, their daily copies of the Asian Wall Street Journal and Herald Tribune are ironed for them to eliminate creases; the hotel staff, omnipresent, run down the hallway to open their door lest they should actually have to use their room keys; laundry arrives beautifully gift-wrapped with an orchid attached to each package; every night, the pillows are adorned with a poem on the theme of sleep; and, outside the lobby, Mercedes limos are lined up, ready to take the couple anywhere at any time of the day or night. A few weeks later, they return to the United States, and she is giving a presentation to a group of fellow executives at a Midwestern resort. A USA Today appears on the outside doorknob squeezed into a plastic bag; the staff, invisible if not for their cleaning carts left unattended in the hallway, are unable to bring room service in under 45 minutes; her pillow is "adorned" with a room-service menu for the following morning and a piece of hard candy; the vehicle waiting to whisk guests to various destinations is a Chrysler minivan; and for flowers, the resort provides silk varietals in a glass-enclosed case that plays the song "Feelings" when the top is lifted.

Morgan Stanley



Apple



P&G



Google



Meaning of **Corporate identity?**

A company's identity is the actual manifestation of the company's reality as conveyed through the organisation's name, logo, motto, products, services, buildings, stationery, uniforms, and all other tangible pieces of evidence created by the organisation and communicated to a variety of constituencies.

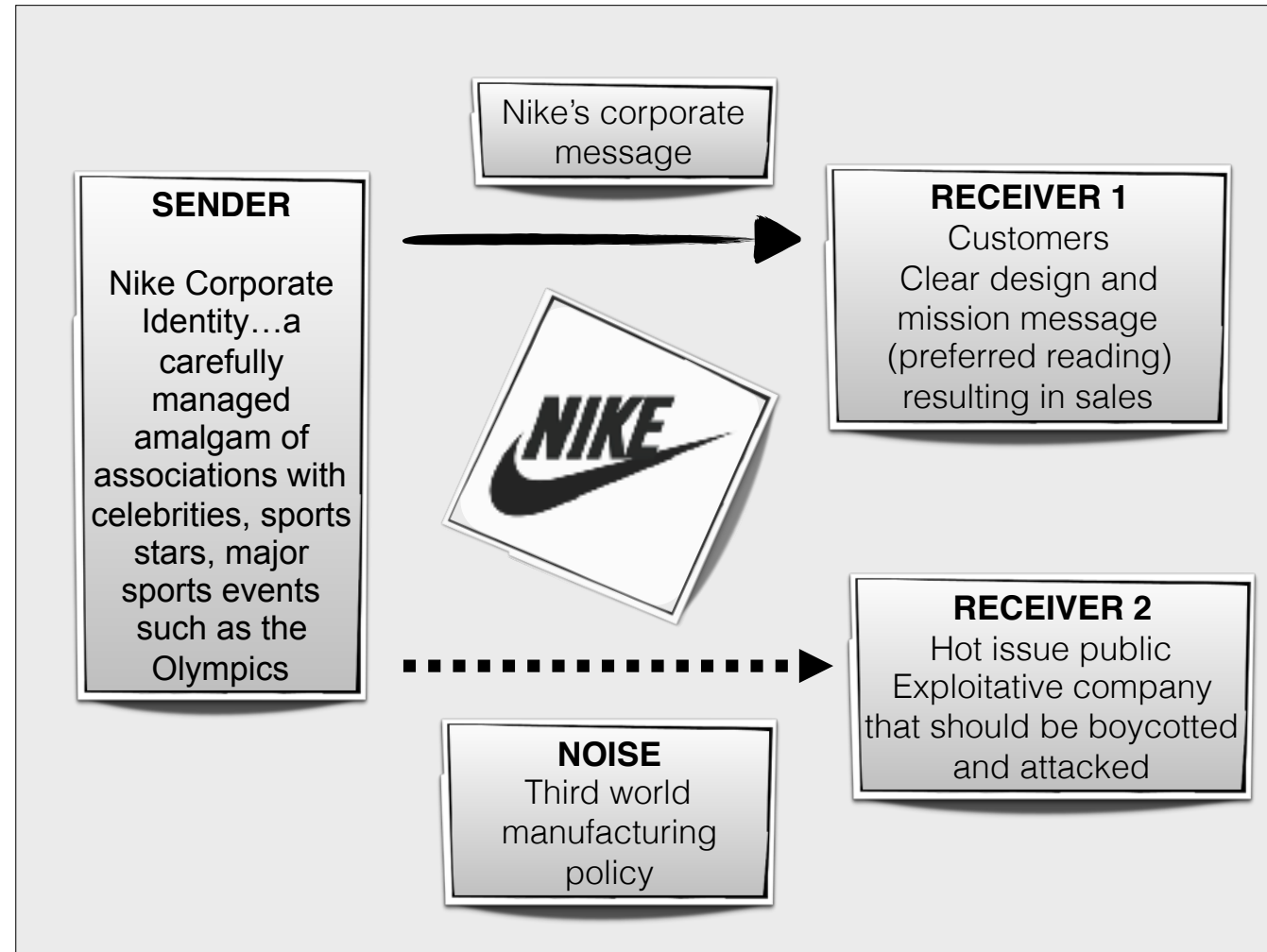
(Paul A. Argenti, 2007)



CORPORATE IDENTITY

- Name
- Logo
- Motto
- Products & services
- Buildings
- Stationery
- Uniforms
- Work environment
- Character
- All other tangible evidence



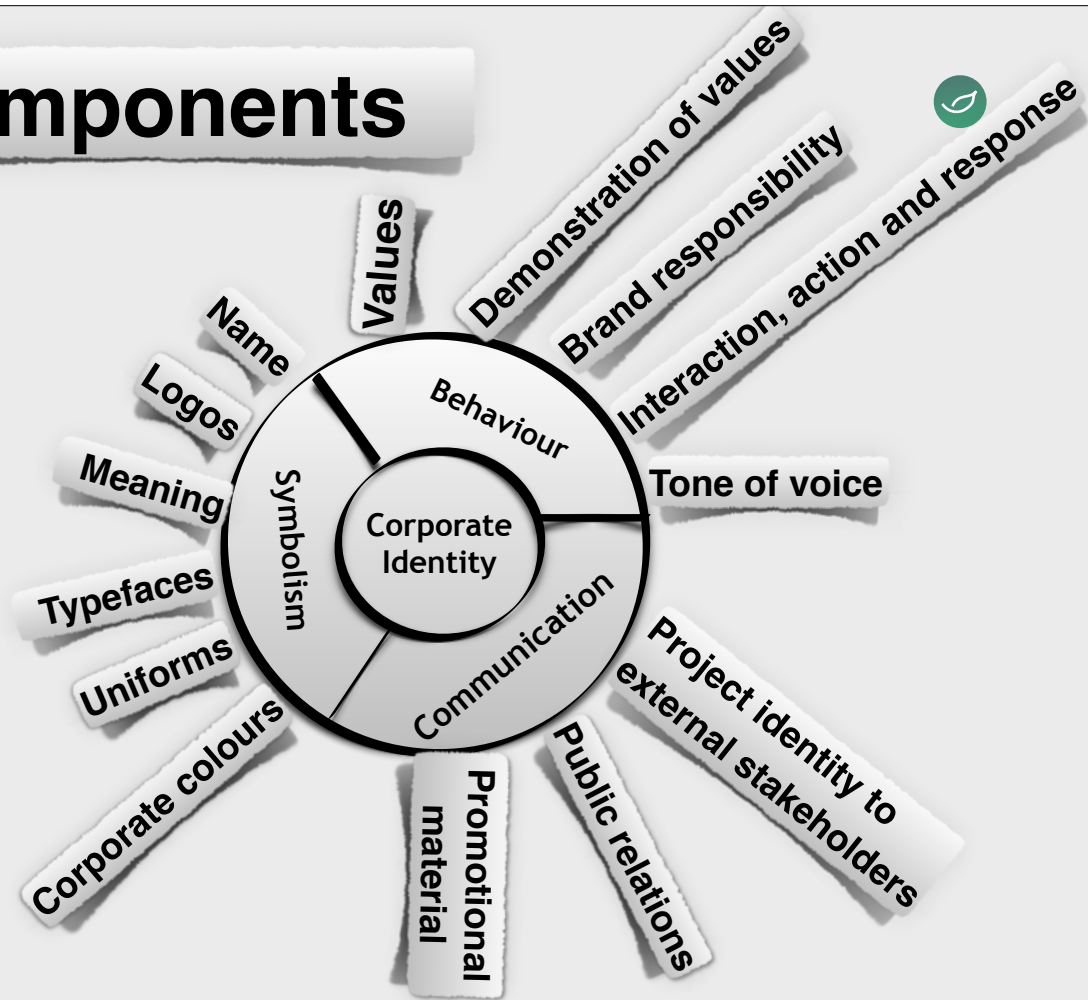




Features of **Corporate Identity**



Components



Names and Logos




- ▶ Branding
- ▶ Logos have visual appeal.
- ▶ More recognisable.
- ▶ Strategic brand management
- ▶ Name changes to change
 - ▶ Identity eg. Accenture
 - ▶ Merger or acquisition e.g.PWC



In late 2000, Andersen Consulting, the global technology, and consulting company that had separated from its founding parent Arthur Andersen earlier that year, announced a name change that would take effect January 1, 2001. The new company would be called Accenture, a play on the words "accent" and "future" that, according to James E. Murphy, the company's global managing director for marketing and communications, was meant to be "a youthful and dynamic expression of the firm's new positioning as a bridge builder between the traditional and new economies."⁴

PricewaterhouseCoopers is one of many examples of an organization that underwent a name change for the last reason: a merger or acquisition. Formerly Price Waterhouse and Coopers & Lybrand, the two entities merged in 1998 and rebranded, thus assuming their current moniker.



CONSISTENCY

- "The World on Time"
- New Motto
- New Logo
- Clean and pressed uniforms
- Immaculate vehicles
- Efficient service centres
- Employee mantra "service without excuse."

Citigroup to Citi
Dell computers to Dell

An organization's vision should manifest itself consistently across all its identity elements, from logos and mottos to employee behavior. Overnight package-delivery pioneer FedEx is a good example. In the 1990s, the company had noticed that customers routinely referred to it as "FedEx," rather than using its official name, the multisyllable "Federal Express." Additionally, office workers were beginning to use "FedEx" as a verb; few people said they would "UPS a package" or "Airborne Express a letter." Instead, it was "Let's FedEx this." The company thus decided to use the abbreviation already used by thousands of customers (and competitors' customers) as its official name. On June 23, 1994, Federal Express changed its name to FedEx and paired it with a distinctive new motto: "The World on Time." As a launch advertisement read in 1994: "We're changing our look to FedEx. Isn't that what you call us anyway?" (See Figure 4.2 on page 80.)

By officially making the company name synonymous with punctual overnight delivery ("The World on Time"), FedEx demonstrated that it was in touch with what its customers wanted from the company and made an open commitment to reinforce the same message throughout its organization. With the new motto and logo, FedEx's clean and pressed uniforms, immaculate transport vehicles and service centers, and an employee mantra of "service without excuse" all echoed a consistent commitment.¹²

CONSISTENCY IN CHANGE



FEDEX Truck



FEDEX flight

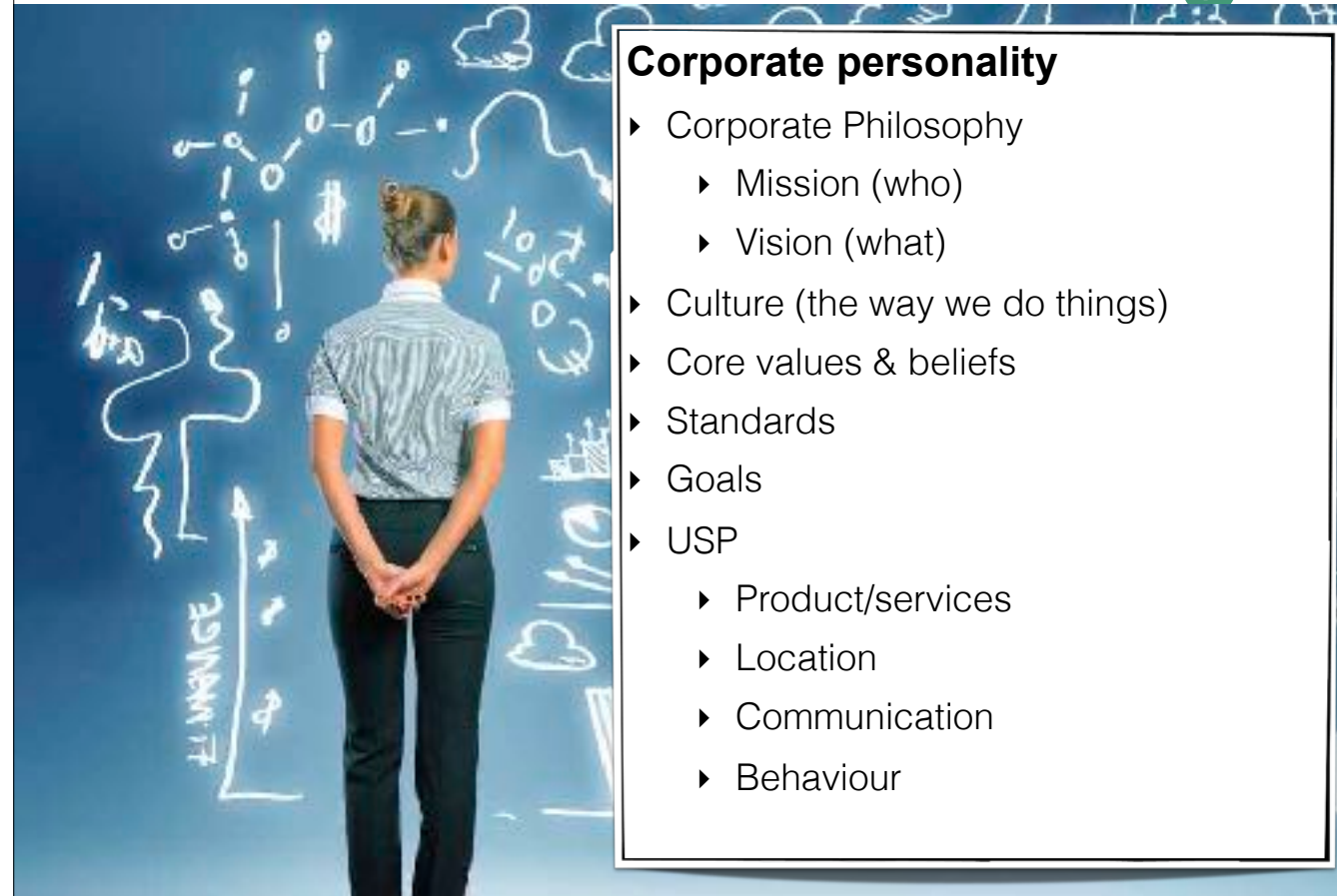


FEDEX package



FEDEX employees

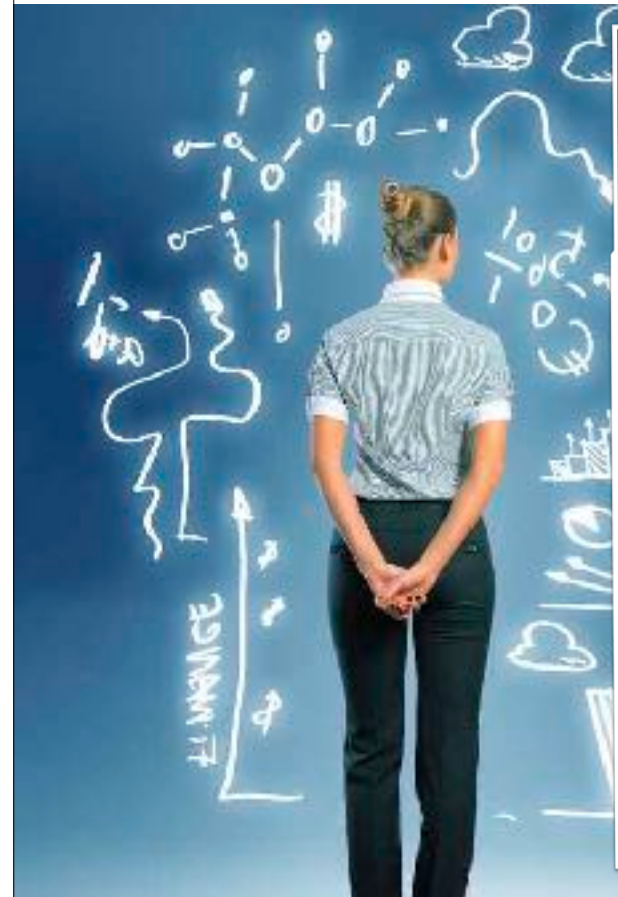
A vision that inspires



Corporate personality

- ▶ Corporate Philosophy
 - ▶ Mission (who)
 - ▶ Vision (what)
- ▶ Culture (the way we do things)
- ▶ Core values & beliefs
- ▶ Standards
- ▶ Goals
- ▶ USP
 - ▶ Product/services
 - ▶ Location
 - ▶ Communication
 - ▶ Behaviour

A vision that inspires



- ▶ **Internal constituencies**
 - ▶ An inspiring and sustainable corporate story Eg. Apple
- ▶ **External constituencies**
 - ▶ Articles in publications
 - ▶ Television ads
 - ▶ Discussions about the company with family, friends, colleagues etc.
 - ▶ Interaction with company employees

The most appealing of stories, literary and corporate, often involve an underdog—an unsung hero that audiences can admire and rally behind. Going against the grain can instill a sense of noble purpose in the actions of a hero—or an entrepreneur—who hopes to do things differently. Consider Steve Jobs, the founder of Apple Computer. His unwillingness to succumb to IBM and Microsoft had "hero appeal" that did wonders for Apple's brand.

Three main elements of Corporate Identity Management



- ▶ Corporate Personality Management
- ▶ Corporate Identity Management
- ▶ Corporate Image Management



IDENTITY MANAGEMENT

STEP 1: CONDUCT AN IDENTITY AUDIT

Access the current reality and look for cognitive dissonance.

STEP 2: SET IDENTITY OBJECTIVES

Clear goals is essential to the identity process

STEP 3: DEVELOP DESIGNS AND NAMES

To reflect what the consistency were already calling it that would give a distinct identity



STEP 4: DEVELOP PROTOTYPE

Develop models using the new symbol or name

STEP 5: LAUNCH & COMMUNICATE

Formal introduction of the company new identity

STEP 6: IMPLEMENT THE PROGRAMME

A communication process involving interpersonal savvy and coordinated approach

Step 1: Conduct an Identity Audit

To begin, an organization needs to assess the current reality. How does the general public currently view the organization? What do its various symbols represent to different constituencies? Does its identity accurately reflect what is happening, or is it simply a leftover from the past? consultants 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.

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. A positive example of clear objectives leading to necessary change is Kentucky Fried Chicken's desire to change its image and menu in the mid-1990s as a result of changes in American dietary habits. KFC conjures up images of Colonel Sanders's white beard, buckets of fried chicken, salty biscuits, and gravy.

To an earlier generation, these were all positive images closely connected with home and hearth. Today, however, health-conscious Americans are more likely to think of the intense cholesterol, the explosion of sodium, and gobs of fat in every bucket of the Colonel's chicken. Thus, the company tried to reposition itself with health-minded Americans by offering broiled chicken and chicken salad sandwiches.

To do so, executives decided to change the name of the 5,000 restaurants gradually to just "KFC." The obvious point was to eliminate the word "fried." While most identity experts would agree that it is very difficult to create an identity for a restaurant out of initials alone, this one has the well-known Colonel to go along with the change. The communication objective for this particular change made a great deal of sense and put KFC in a better position to sell to a more nutrition-minded set of customers.

Step 3: Develop Designs and names

Once the identity audit is complete and clear objectives have been established, the next phase in the identity process is the actual design. For example, if the company is undergoing a global expansion, the addition of the word "international" might be the best alternative. If a firm has a lot of equity built into one product, as Binney & Smith's Easton did with Crayola, changing the name of the corporation to that of the product might be the answer, as happened when Consolidated Foods changed its name to "Sara Lee." We have already seen that Federal Express changed its name to reflect what its constituencies were already calling it and that Andersen Consulting chose a new name, Accenture, that would give it a distinct identity from its former parent by shedding any vestiges of the Andersen name.

Companies also should ensure that logos continue to reflect accurately the company's reality and should consider modifications if they do not.

Step 4: Develop Prototypes

Once the final design is selected and approved by everyone involved, consultants develop models using the new symbols or name. 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 everything, including ties, T-shirts, business cards, and stationery, to see how it works in practice.

Step 5: Launch and Communicate

To build drama into the announcement, public relations staff should be creative in inviting reporters without giving away the purpose.

As additional communication tools, corporations might want to use advertising (see Figure 4.2), Webcasts, or video news releases and satellite links (see Chapter 6). Especially because the increasingly significant role Web platforms play in communications, the latter tools, as well as blogs and social media networks, should be leveraged to reach target audiences in the places that they personally consume media. Whatever the choice, remember that presenting an identity, particularly for the first time, is a complex process, as it is easy for constituencies to interpret the change as merely cosmetic rather than strategic.

Step 6: Implement the Program

The final stage is implementation, which can 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. Implementing an identity program is a communication process involving lots of interpersonal savvy and a coordinated approach to dealing with many constituencies. In addition to communicating its new identity program within the organization, Accenture, for example, had to train more than 100 other firms, including ad agencies, printers, and Web designers, how to use its new logo.¹⁶

Types of Corporate Identity

- ▶ **Monolithic** -- Shell, Philips, BMW, Virgin, Sony, Microsoft, Disney, Coca-Cola, Nike
- ▶ **Endorsed** -- GM, Nestlé, Cadbury, Kellogg
- ▶ **Branded** -- Unilever, P&G

Identity structures (Olins 1989)

Monolithic - whole company uses one visual style eg Virgin, Shell, Sony, Microsoft. everything branded with same company name (Disney, Coca-Cola, Nike)

Endorsed - subsidiary companies have own style, but parent company remains recognizable in the background eg General Motors, Nestlé, Cadbury. Businesses and products are badged with the parent company name (General Motors, Kellogg, Cadbury)

Branded - products brought to market with own name (Unilever and Procter & Gamble) subsidiaries have own style, and parent company not recognizable eg Procter & Gamble, Unilever, Diageo

Corporate brand

Corporate branding is a recent term (extension of concept of product branding)

Elements of identity

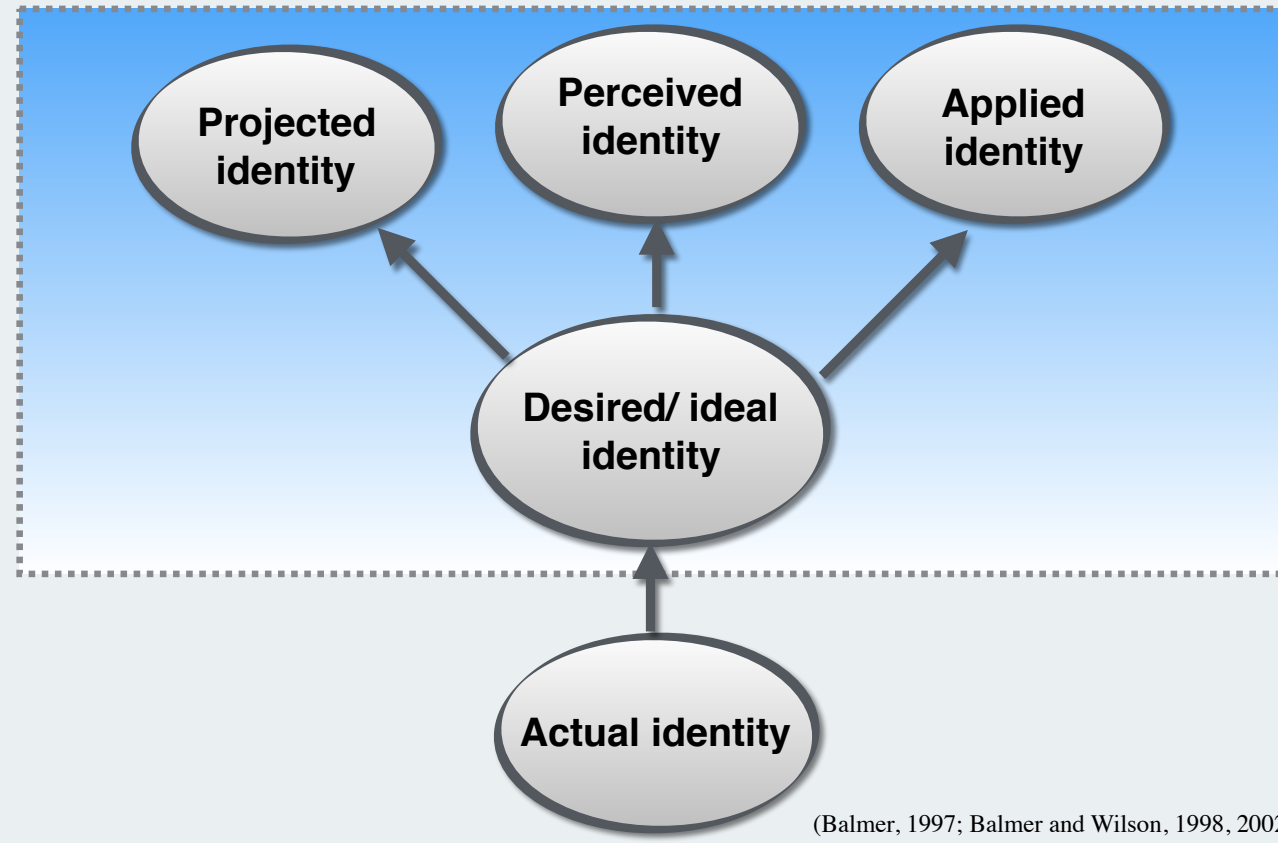


Centrality: What characteristics are widely shared among members throughout the organization?

■ Continuity: What characteristics of the organization are most used by members to link the past to its present and future?

■ Uniqueness: What characteristics of the organization appear most unique to members in terms of their ability to differentiate the organization from other similar organizations?

Types of identity



■ **Projected identity:** The self presentations of the organization’s attributes manifested in the implicit and explicit signals which the organization broadcasts to internal and external target audiences through communications and symbols.

Perceived identity: The collection of attributes that are seen as typical for the “continuity, centrality and uniqueness” of the organization in the eyes of its members.

Applied identity: The signals that an organisation broadcasts both consciously and unconsciously through behaviors and initiatives at all levels within the organisation.

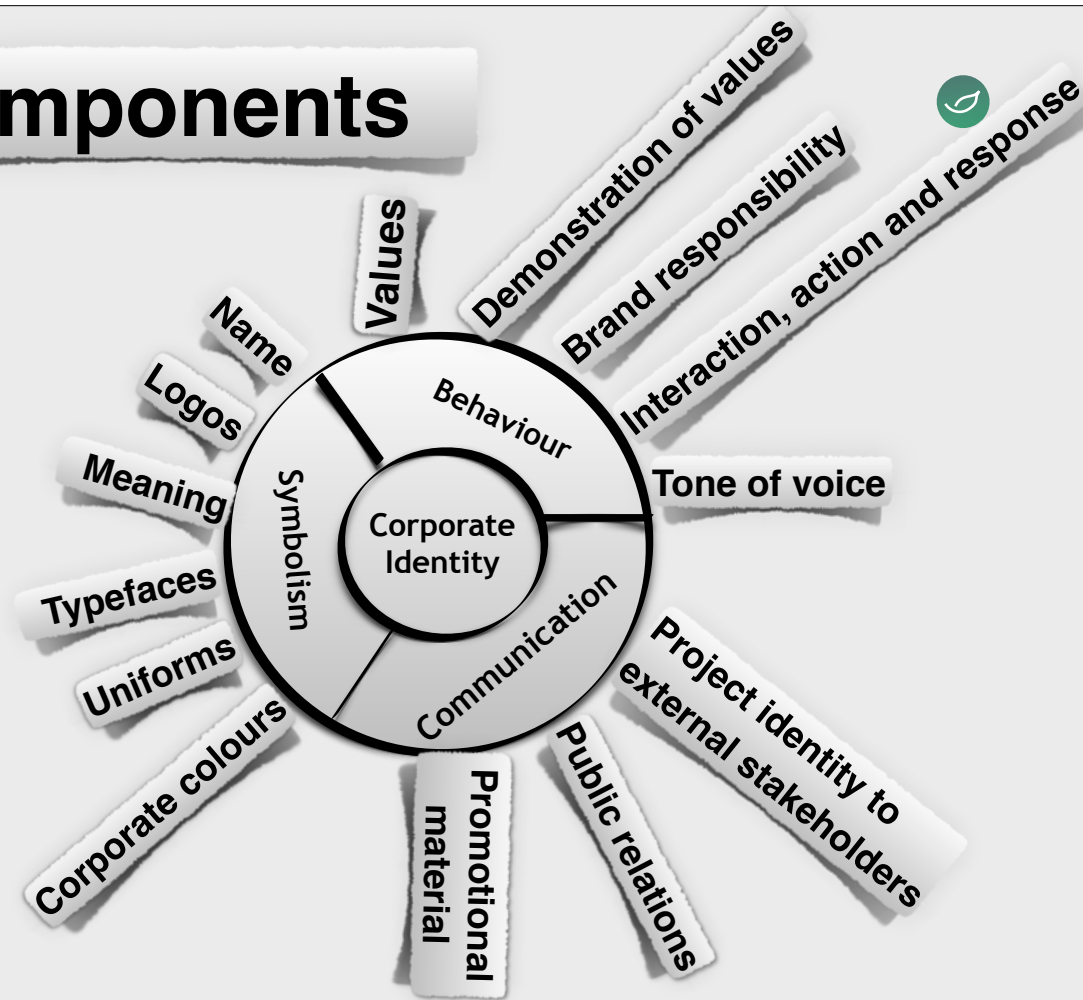
Desired identity (also called “ideal” identity): The idealized picture that top managers hold of what the organization could evolve into under their leadership.

Importance of Identity



- ▶ Raises motivation among employees
- ▶ Inspires confidence in stakeholder groups
- ▶ Acknowledges important role of customers
- ▶ Acknowledges vital role of financial groups

Components





Elements of **Corporate Image**



Corporate Image



Corporate image is the perception of the organisation by the publics of the entire organisation - its objectives and plans. It encompasses products, services, management style, communications activities and actions around the world.

G.A.Marken



Corporate Image



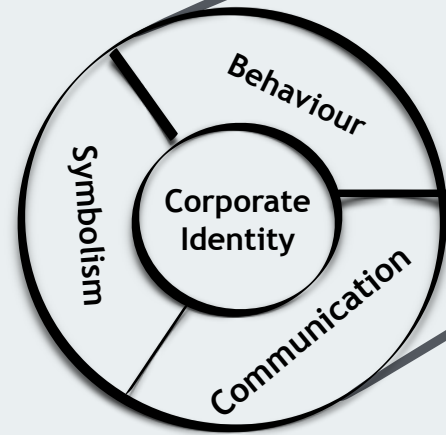
- ▶ Perception of multiple audience
- ▶ An organisation can have multiple images.
- ▶ Research across different publics.
- ▶ Halo/ horns effect due to preconceived notions.



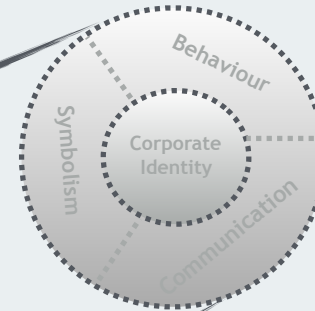
Constituencies often have certain perceptions about an organization before they even begin to interact with it. The perceptions are based on the industry, what they have read about the organization previously, what interactions others have had that they have been told about, and what visual symbols they recognize. After interacting with an organization, the constituencies may have a different image of it than they did before. If this happens, the goal is to have that image be better; not worse. One bad experience with a company representative can destroy a relationship for a lifetime with a customer.

The viral nature of digital platforms makes organizations vulnerable to the impressions of consumers, many of whom are quick to judge—and publicly, virtually criticize—based on one negative encounter with a brand.

Corporate Image in Relation to Corporate Identity



Corporate Identity



Corporate Image

Source: Birkigt and Stadler (1986)

Reasons for Image 'Management'

- General promotion value
- Encourage favourable behaviour towards organisation
- Build sales
- Attract shareholders
- Attract and motivate employees/build morale
- Reduce cost of capital
- Aid in relations with community/government
- Serve corporate objectives
- Create familiarity and favourability
- Create position in industry
- Can demand premium prices

Image levels

Knecht (1986)

- Product class - Laptops
- Brand - MacBook
- Company - Apple Inc.
- Sector - Consumer electronics
- Shop - India
- Country - California, USA
- User - High end electronic consumers



Some Factors Controlling Company Image

$$\begin{array}{ccccccc} \boxed{\text{Reality of}} & & & & & & \\ \boxed{\text{company}^*} & + & \boxed{\text{Newsworthiness}} & + & \boxed{\text{Communica}} & & \\ & & \boxed{\text{of company}} & & \boxed{\text{tions effort}} & & \\ & & & & & & \\ & \times & \boxed{\text{Time}} & - & \boxed{\text{Memory}} & = & \boxed{\text{Company Image}} \\ & & & & \boxed{\text{decay}} & & \end{array}$$

* Including Diversity of Company

Employee



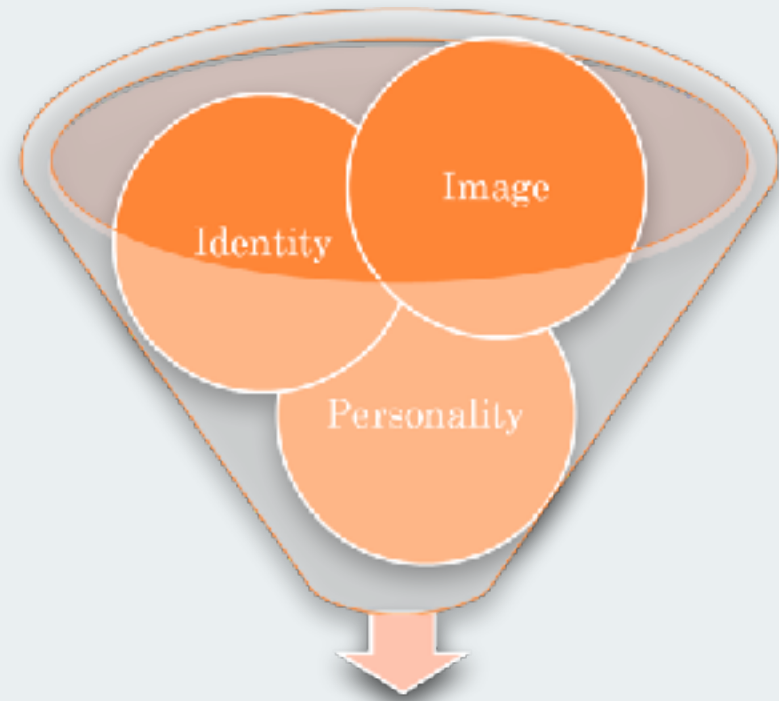
- ▶ "We built the Starbucks brand first with our people, not with consumers, the opposite approach from that of the crackers-and- cereal companies....because we believed this was the best way to meet and extend the expectations of employees who were zealous about good coffee." (Howard Schultz, Chairman, Starbucks)
- ▶ "Did the cashier greet you?"
- ▶ "Was the store clean?"
- ▶ "If Wal-Mart doesn't care for me, why should I care?" (Cashier, Walmart)

Disgruntled employees can have a polar opposite effect on customer loyalty, as has been the case time and time again for Wal-Mart. When customers swipe their credit cards at many Wal-Mart registers, two questions pop up: "Did the cashier greet you?" and "Was the store clean?" This procedure was implemented by CEO H. Lee Scott to improve lackluster customer service. However, the plan backfired when, after being asked by a customer who read the survey why she wasn't greeted, the cashier replied, "If Wal-Mart doesn't care for me, why should I care?"¹⁹ With that kind of critique from an employee, how can a customer feel good about shopping at a store?



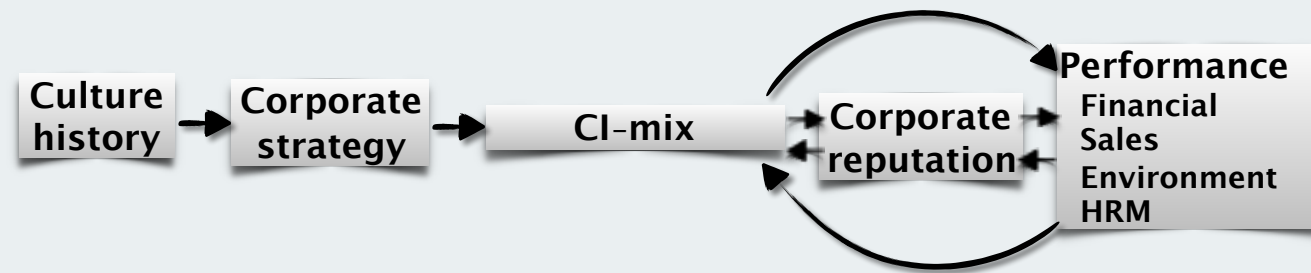
Elements of **Corporate Reputation**





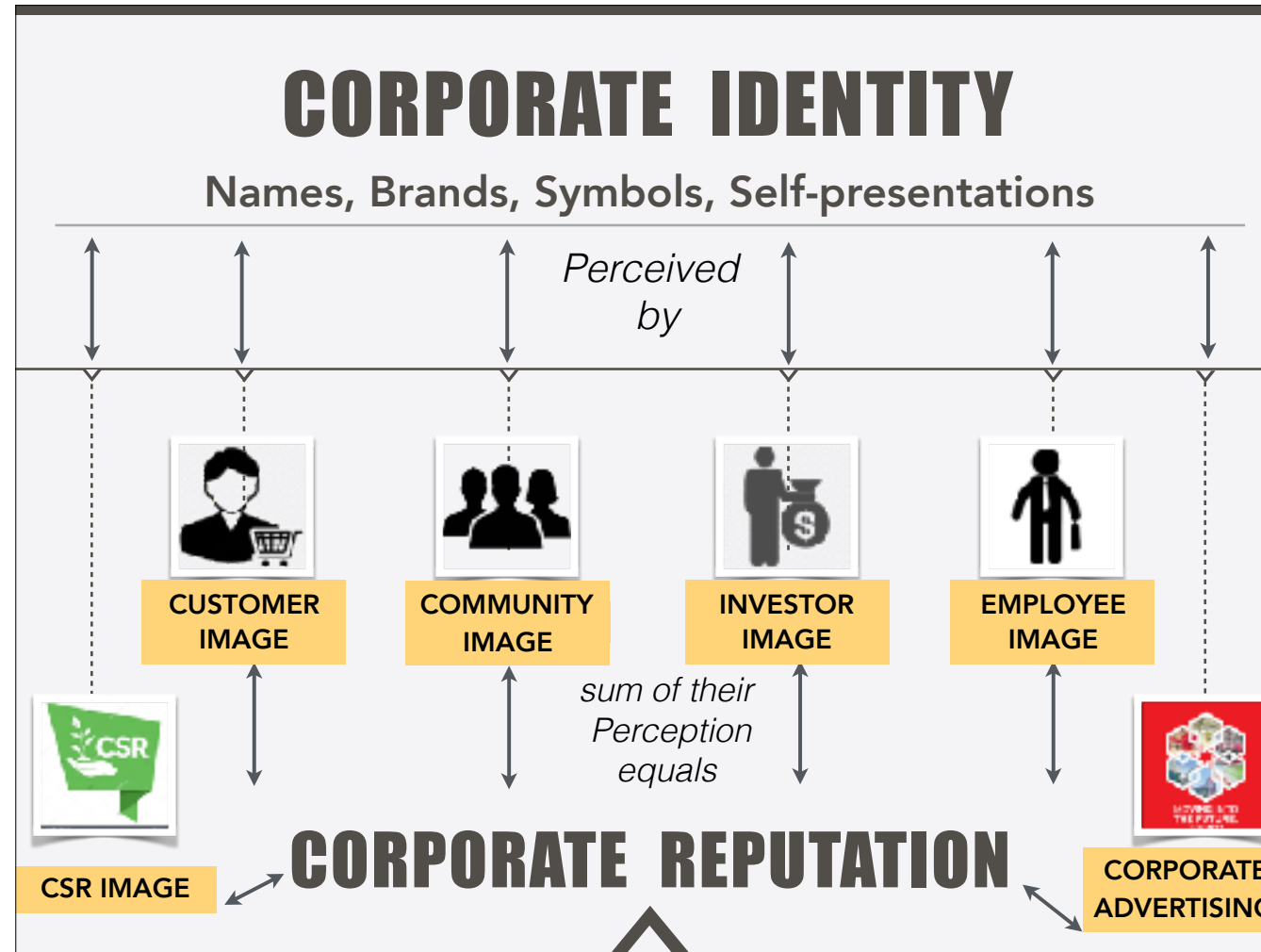
Strong Reputation

Identity and Reputation



Based on van Riel and Balmer, 1997

CI mix - Corporate identity mix (behaviour, symbolism, communication)



As an example, IBM long espoused the value of lifetime employment. In the early 1990s, however; the company went through severe downsizing, and a joke that circulated throughout the company was that "IBM means 'I've Been Mised.'" Clearly, employees did not feel that IBM was true to its own values, and this disillusionment caused IBM's reputation to suffer.

The catastrophic events of September 11, 2001, provided another proving ground for companies' social responsibility communications programs. Procter & Gamble provided more than \$2.5 million in cash and products to relief efforts, but because it did not publicize these activities, the company was accused in the Harris-Reputation Institute survey of doing "absolutely nothing to help."³⁵ P&G had consciously taken a low-profile approach to avoid being seen as "capitalizing on disaster," and that approach backfired.

Corporate advertising



The paid use of media that seeks to benefit the image of the corporation as a whole rather than its products or services alone.

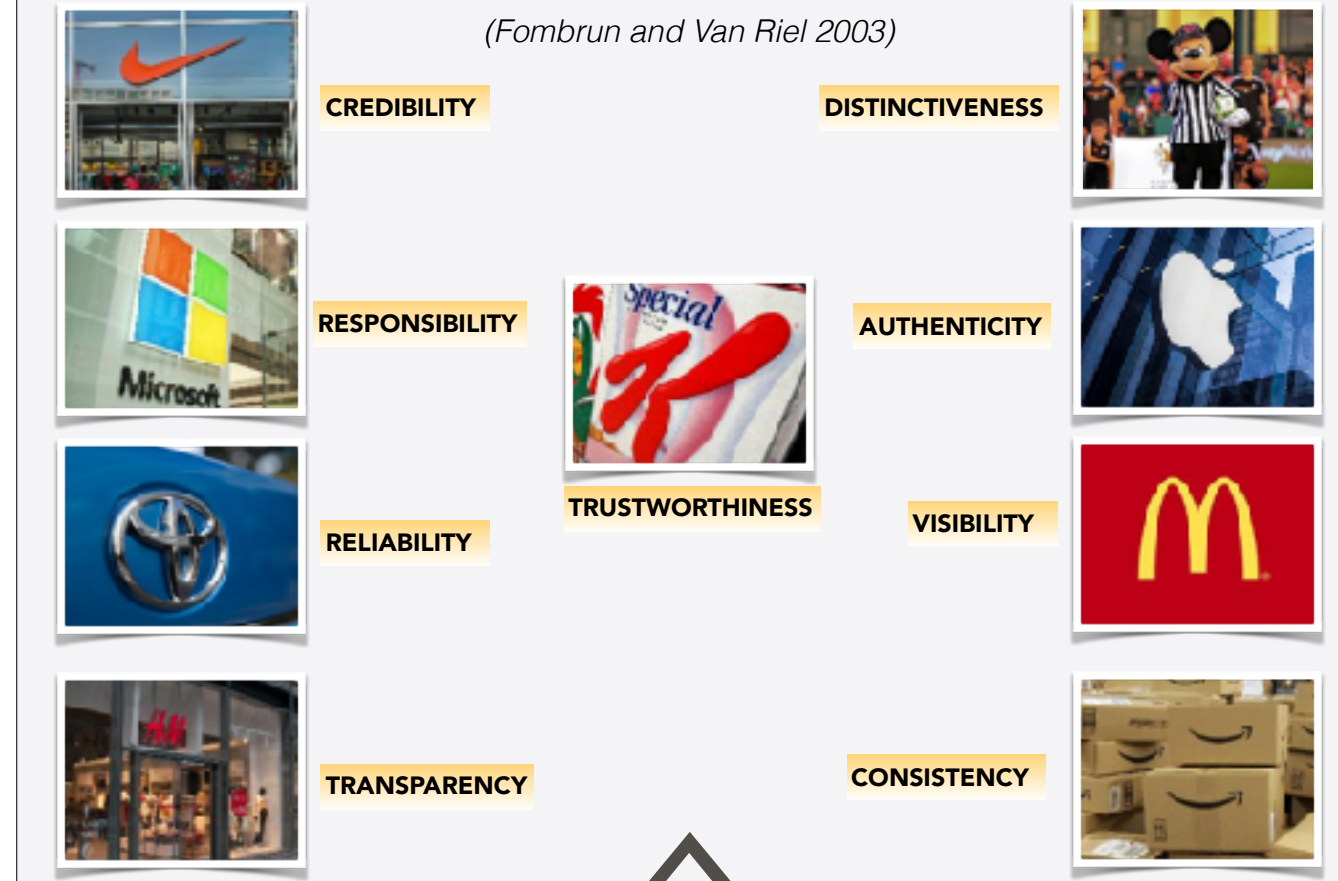
- ▶ Reinforce identity or enhance image
- ▶ To attract investment
- ▶ To influence opinions
- ▶ Increase sales
- ▶ Create a stronger reputation
- ▶ Recruit and retain employees

both product and corporate advertising should reflect a unified strategy. Corporate image advertising should "brand" a company the way product advertising brands a product.

A major difference between corporate and product advertising is who pays for each of the two types of advertising. A company's marketing department typically is responsible for all product-related advertising and pays for such ads out of its own budget. Corporate advertising, on the other hand, falls within the corporate communication area and either comes out of that budget or, in some cases, is paid for by the CEO's office.

Reputational assets

(Fombrun and Van Riel 2003)



Visibility: the degree to which corporate themes are visible in all internal and external communication

Distinctiveness: the degree to which the positioning is distinctive

Authenticity: the degree to which an organisation communicates values that are embedded in its culture

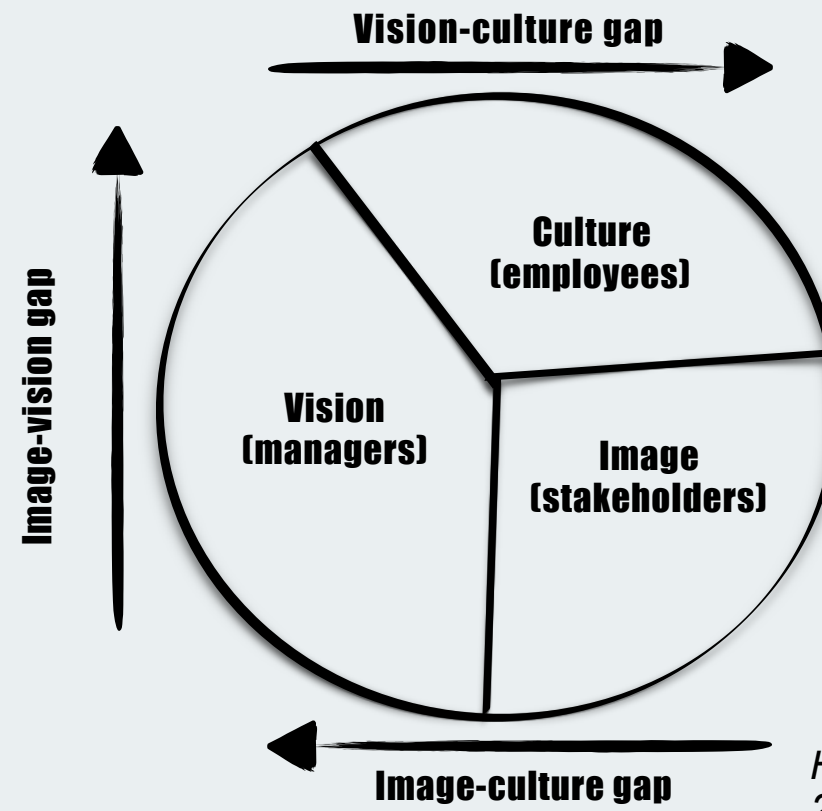
Transparency: the degree to which an organisation is open and transparent about its behaviour

Consistency: the degree to which organisations communicate consistent messages through all channels

Better Corporate reputation means

- ▶ Better brand value
- ▶ Better media coverage
- ▶ More investors
- ▶ Better business partners
- ▶ Better scope of expansion
- ▶ Better employees
- ▶ Better crisis management

Aligning identity, image, reputation



*Hatch and Schultz,
2001*