



The role of communication and visual identity in modern organisations

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Abstract

Purpose – This paper attempts to shed light on a further understanding of the notion of corporate identity especially in relation to communication and visual identity, and its relevance for the organisation.

Design/methodology/approach – The paper presents a main theoretical background reviewing and discussing the literature in corporate identity in particular, addressing the following dimensions: communications and visual identity. The paper also resorts to examples that illustrate how organisations change or shape their corporate identity to face (new) market and environmental conditions.

Findings – The paper shows that corporate identity is an issue of growing importance to all companies. Its development and management has become a key dimension within an organisation's strategy. The paper highlights that corporate identity extends beyond the company's logo and name. It covers all forms of internal and external communications of the company. It further discusses the implications for corporate identity change or adaptation in the context of market and other environmental alterations and how it leads to attaining competitive advantage.

Practical implications – The paper describes how practitioners applied (and may apply) corporate identity as a strategic resource.

Originality/value – This paper contributes to a further understanding of the magnitude of corporate identity, its strategic relevance and managerial dynamics. Moreover, by stressing communication and visual identity dimensions, it underlines how “parts” of identity need and should be managed in a company's setting.

Keywords Corporate identity, Corporate communications, Corporate branding, Corporate strategy

Paper type Research paper



Introduction

Corporate identity has attracted increasing interest from scholars and practitioners during the last decades. Environmental mutations such as growing internationalisation, mergers and acquisitions, deregulation and privatisation of markets (Ind, 1992; Markwick and Fill, 1997; Balmer and Soenen, 1999) and multiple audiences demand new tools to face such dynamics. Corporate identity arises as a potential strategic resource. Balmer (1998) highlights that the once narrow definition of corporate identity has been broadened to include three distinguishing features. First,

corporate identity is fundamentally concerned with reality and what an organisation is, that is, its strategy, philosophy, history, business scope, the range and type of products and services offered, and its formal and informal communication. Secondly, corporate identity is a multidisciplinary field relying on the roots of multiple disciplines. Thirdly, corporate identity is based on the corporate personality of the organisation.

This paper attempts to shed light on a further understanding of the notion of corporate identity especially in relation to communication and visual identity, and its relevance for the organisation. This paper also discusses, through some of examples, how organisations change or shape their corporate identity to face new market conditions.

The notion and importance of corporate identity

Research over the past 30 years has shown a wide variety of definitions of corporate identity. Originally, research was directed towards definitions that mainly looked at the logo and other forms of symbolism used by an organisation. In Selame and Selame (1975, p. 4) defined it as:

... the firm's visual statement to the world of who and what the company is – of how the company views itself – and therefore has a great deal to do with how the world views the company.

Carter (1982, p. 5) defined the concept as “the logo or brand image of a company and all other visual manifestations of the identity of a company”. The more research written, the more comprehensive and broad the concept has become. Growing research into corporate identity has shown that it is far more than just a logo or livery. The concept is described as a strategic issue for management in a modern organisation which includes an awareness of all an organisation's stakeholders. This is supported by Olins (1995, p. 3) who, from a practitioner's view defines the concept as:

... the explicit management of all the ways in which the organisation presents itself through experience and perceptions to all its audiences.

As such, definitions and work on corporate identity have evolved from partial views of the concept into multidisciplinary perspectives (e.g. marketing, visual identity) (Hatch and Schultz, 1997; Van Riel and Balmer, 1997). In this line of thought, several interested parties have developed the Strathclyde Statement suggesting a holistic definition of corporate identity (Van Riel and Balmer, 1997, p. 355):

Every organisation has an identity. It articulates the corporate ethos, aims and values and presents the sense of individuality that can help to differentiate the organisation within its competitive environment.

By effectively managing its corporate identity an organisation can build understanding and commitment among its diverse stakeholders. This can be manifested in an ability to attract and retain customers and employees, achieve strategic alliances, gain the support of financial markets and generate a sense of direction and purpose. Corporate identity is a strategic issue (for a more detailed view of the notion of corporate identity and related concepts, see Simoes and Dibb, 2001; Melewar and Jenkins, 2002).

Firms are becoming increasingly aware of the relevance of maintaining a strong corporate identity. As Van Riel (1995, p. 29) explains, there are a number of ways in which a strong corporate identity can be effective:

... raising motivation among employees, inspiring confidence among the company's external target groups, acknowledging the vital role of customers and acknowledging the vital role of financial target groups.

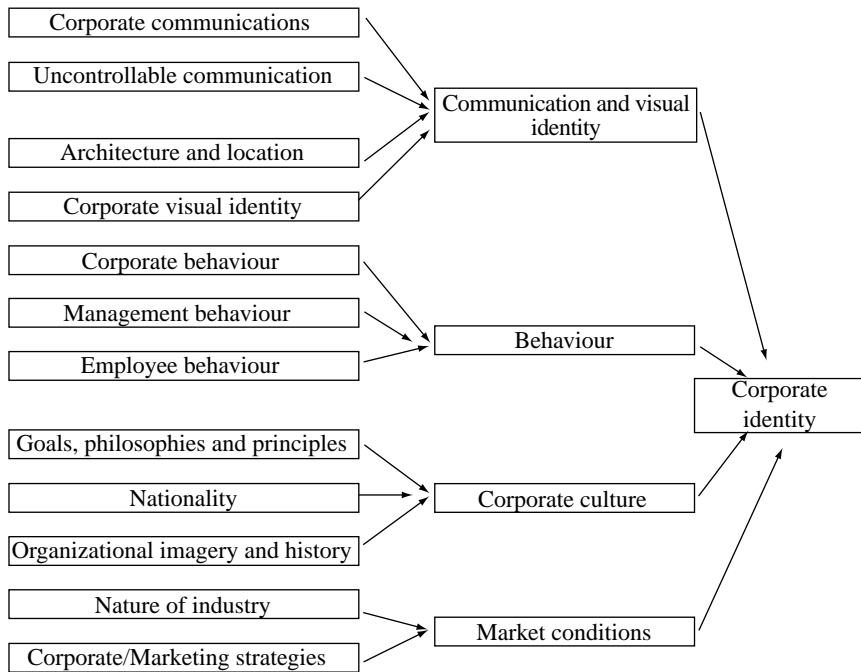
Indeed, a strong corporate identity creates a "we-feeling" (Van Riel, 1995). Employees will feel more motivated if they identify with the company they work for and if this same company promotes a strong image and has a good reputation. A highly motivated workforce is essential as it can lead to increased productivity and profitability. External target groups are equally as important as internal groups. It is essential to provide consistent signals and communication with them so as to develop a clear picture of the company. Companies often see customers as the most important target group and thus acknowledgment of their role is clearly important. Like employees, a well-defined corporate identity inspires confidence in customers. Forming a relationship with the company is vital for the continuing success and future of the company. Financial target groups also need considerable acknowledgment. The financial group must have confidence in the company, as often there is an element of risk involved in supplying large amounts of money. Strong corporate identity ensures that all internal and external communication directed at the company's stakeholders is coherent and consistent.

There are further reasons why importance is placed on corporate identity. A strong corporate identity can be seen as a source of competitive advantage. A company which can create a distinct image and stand apart from its competitors allows it to be differentiated within its competitive environment. This emphasis on the search for a competitive advantage is highlighted when we look at the amount of money spent by companies on re-branding and updating their image in search for distinctiveness. An example of this is the post office. Following the de-regulation of the mail delivery service, the post office wanted to improve their image. From being known as the Royal Mail, it became Consignia. Their justification was there's this lovely dictionary definition of consign which is "to entrust to the care of" (*BBC News*, 2002b). Their branding consultants claimed it was "modern, meaningful and entirely appropriate". However, this name change led to universal condemnation which has resulted in the return of the Royal Mail from 2004.

Similarly, British Airways attempt at changing its image by repainting its tail fins was doomed a disaster when Mrs Thatcher expressed her disapproval at the change. British Airways changed their designs from a distinctive and well-known logo to a diverse set of designs trying to appeal to the global market but failed. It will be interesting to see the reactions to PriceWaterhouseCoopers decision of a complete name change to Monday!

The corporate identity model

As we have seen the more recent definitions of corporate identity are very broad and suggest that there are many components of the concept. This paper will now look at the corporate identity model developed by Melewar and Jenkins (2002) (Figure 1). As can be seen from the diagram, the model breaks down corporate identity into the following



Source: Melewar and Jenkins (2002). Corporate Identity Model

Figure 1.

areas: communication and visual identity, behaviour, corporate culture and market conditions. These four areas are then further broken down into components. In light of the differing and often complicated definitions, this model provides a clear but holistic breakdown of the concept. However, it is evident through the use of its many components that it too provides scope for detailed discussion. For the purposes of this paper, we will focus on the examination of the first section, *vis-à-vis*, communication and visual identity (Figure 2).

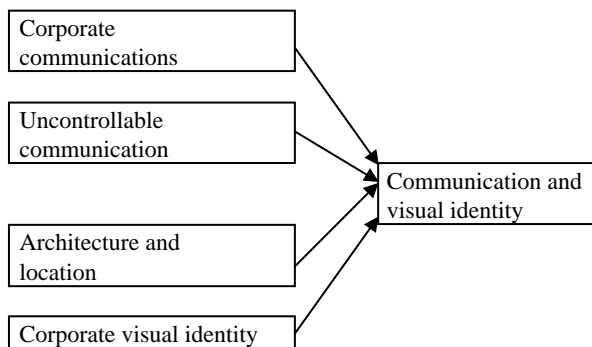


Figure 2. Communication and corporate identity

Communication and visual identity

Corporate communications

Many definitions have been put forward for corporate communication as it is such a complex topic. Van Riel (1995, p. 26) argues that a definition that includes and emphasises the target groups of the company is the most relevant. He states that:

... corporate communication is an instrument of management by means of which all consciously used forms of internal and external communication are harmonised as effectively and efficiently as possible, so as to create a favourable basis for relationships with groups upon which the company is dependent.

It is further suggested that corporate communication is made up of three types namely, management, marketing and organisational.

Management communication. Management communication refers to how managers convey to their employees different information whether it is about their aims and aspirations of the company or more basic administration issues. All levels of management are involved in this communication. Pincus *et al.* (1991) believe that the desired outcome of communication is:

- developing a shared vision of the company within the organisation;
- establishing and maintaining trust in the organisational leadership;
- initiating and managing the change process; and
- empowering and motivating employees.

The role of management communication should, thus, be highlighted. Chief executive officers (CEOs) must be good communicators, especially externally when the vision of the company has to be communicated to external stakeholders. In the case of celebrities CEOs, they gain additional press coverage and are closely scrutinised by the media. Richard Branson, CEO of the Virgin group, for example, is an excellent communicator who conveys success and failure frankly and has achieved a very positive image for the Virgin group. With an opposite effect, one CEO who has recently come under fire is Phil Watts, the Chairman of Shell. Leading investors and shareholders have been quoted as saying that Mr Watts is “one of the poorest communicators running a FTSE 100 company” (*BBC News*, 2002a). It is very unusual for leading shareholders to publicly criticise one of their senior executives. However, they believe that unless he improves his communication skills, things will get worse. Already the company’s share price has fallen and Shell is lagging behind its rivals. Part of the problem is that BP, one of Shell’s biggest rivals is so good at communicating. In response to these criticisms, Mr Watts has said that he would redouble their effort to get his message across to shareholders.

The importance of a good management communication is also highlighted in the example of Peugeot, the French car company. Peugeot is the second largest car manufacturer in Europe and boasts very good internal communication. It places great emphasis on interaction between management and the internal stakeholders of the company.

Research into the company showed that twice a month Peugeot holds a meeting with all employees from the main functions of the company with a member of the Peugeot family (www.peugeot.com). During these meetings, a number of issues are raised: employees are informed about the company’s performance and market share,

new members of the company are introduced and welcomed. Workers believe that these meetings not only create a strong family atmosphere throughout the company but also gives employees a sense of empowerment. This constitutes an achievement considering the size of the company (165,000 employees worldwide) (www.peugeot.com).

Additionally, the existence of weekly meetings emphasises their wish to maintain good communications. Furthermore, new employees are required to spend a compulsory period in one of Peugeot's production plants to gain an understanding of the true meaning and goals of the company. This highlights the importance that management place on sharing their vision of the company.

Marketing communication. Marketing communication is where a company spends the highest proportion of its communication budget. According to Van Riel (1995, p. 10):

... marketing communication consists primarily of those forms of communication that support sales of particular goods or services.

This includes all forms of advertising communication, financial data, information on target groups and data on the advertising agencies. These communications ought to be integrated and strategically co-ordinated (Duncan and Everett, 1993).

For example, being a multinational company, Peugeot has to sell its cars in many countries. The company presents the same product with specific values in different ways to meet the demands of different markets. Their advertising must always reflect the strength of the Peugeot brand but also take into consideration the cultural differences of the countries. We, therefore, see different strategies being used for the same product. For instance, in France, advertisements emphasise the car as a natural leader and bring in humour which appeals greatly to the French audience. In Germany, where Peugeot is less well known, the advertisements mainly focus on informing the audience of the features of the car (www.peugeot.com). These differences reflect distinct consumer buying behaviour in both countries.

Organisational communication. Organisational communication, although initially thought of as public relations is currently subdivided into a variety of activities: public affairs, environmental communications, investor relations, labour market communications and internal communications. All these forms of communication are directed at specific target groups.

The importance of a clear communication strategy is highlighted when we look at Peugeot Citroen. Its communication division promote the group's and the marques' image both internally and externally. They believe that having a positive internal and external image is a vital part of PSA Peugeot Citroen's long term strategy. They state that:

... this necessitates communicating effectively with many different groups of people, including employees, the media, young people and the "opinion formers" in general (Peugeot Citroen, 2003).

Uncontrollable communication

According to Markwick and Fill (1997, p. 402), uncontrollable communication is any "unintended or emergent messages through third party reports and informal communication on the part of employees with outsiders". Frequently there is information in the media reflecting badly on the company. There are numerous

examples of reports that have brought companies into disrepute. Nike was highly criticised for their employment of children in their factories in third world countries. They were accused of exploiting their workers which led to their reputation being questioned. Despite attempts to justify their actions, the company image was tarnished. In an extreme case, the accountancy firm Arthur Andersen's involvement in the Enron scandal has resulted in the fragmentation of the company. Both parts want to drop the Andersen denomination due to its association with fraudulent accounting and cover up.

Architecture/location and corporate visual identity

Olins (1995) claims that an organisation's physical location is an important part of corporate identity. It is suggested that having a good location is essential for a successful organisation and firms spend a significant amount of money to achieve key sites to project the appropriate image. For example, Peugeot's headquarters are to be found just off the Champs Elysees in Paris, one of the most prestigious and expensive streets in the world. This key location provides the company constant exposure to the general public.

Attention is also being placed on a firm's architecture and the influence it can have on how their identity is perceived. In Peugeot, like in many other modern organisations, the offices are all open plan offices. In the Peugeot headquarters in Paris, there are no barriers and all doors are glass. It is designed to encourage interaction and communication between members of staff at all different levels.

Related to the physical and graphic dimension of corporate identity, emerges the notion of corporate visual identity. According to Melewar and Saunders (1998, p. 291) "corporate visual identity consists of the corporate name, logotype and/or symbol, typography and colour". Companies spend a lot of money developing their logo, which will become a symbol of their company. The golden arches or "M" of McDonalds are recognised all over the world. The company's policy relies on the fact that customers can expect to eat a meal of similar quality wherever they are in the world. This leads us to agree with Melewar *et al.* (2001, p. 420) who state that "it is not the symbol itself but what the symbol represents that has value".

When we look at the consumer goods market, there is a bewildering variety of choice. A product's logo that a consumer can recognise and trusts will influence buying behaviour and ultimately the final choice. As such, companies carefully design, develop and communicate their symbols and logos. In fact, visual dimensions are thoroughly re-arranged and communicated to audiences in particular when organisations change their visual identity either to gain a higher market profile or to express new organisational forms (e.g. mergers and acquisitions).

For example, Peugeot's logo is an outline of a lion, which is easily recognisable. It can be likened to the idea of being the king of the jungle, the leader in its field and also it is associated with strength. Even when Peugeot and Citroen merged in 1976, the two companies retained their individual logos and identities. This is not always the case. In 1991, HSBC took over Midland Bank but they continued to use Midland's symbol of the griffin until 1997 when it was replaced by the red and white hexagon. Few people had heard of HSBC, yet by retaining the griffin symbol, audiences would transfer their trust in the Midland Bank to the new corporation. Similarly, BP is gradually introducing a

new logo following the merger with Amoco. The company took a great care in the choice of the new visual identity (Melewar and Wooldridge, 2001).

The adaptation of corporate identity

As mentioned earlier, a strong corporate identity is essential to create a distinct image for an organisation in its competitive environment. However, in the light of changing market conditions as well as political, economic, social and technological environment, an organisation needs to adapt to these changes to maintain its competitive advantage. As Melewar and Navalekar (2002, p. 96) highlight, in order to face environmental changes:

... corporate identity and corporate image are still some of the core building blocks of an organisation's strategy. Competing in the new economy will not only involve rationalising the business processes but also evaluating the attributes of the corporate identity and the consumer perception.

For example, the bank industry that has experienced many changes during the last two decades. This industry has deeply depended on tradition and established methods of operation. Nonetheless environmental mutations such as government deregulation, which has allowed building societies to compete with banks, and changes in technology, demanded financial institutions to modernise their practices.

New features of supply emerged. For example, with the growing use of the internet, online banking has revolutionised banking by offering additional convenience and speed for consumers. Traditional banks have responded in different ways. Some, like Barclays, treated online banking as an extension of their traditional activities. Others, such as Abbey National, set-up a separate identity for such service (e.g. Cahoot.com).

In fact it is getting increasingly difficult for banks to create a distinctive corporate identity. Cooperative Bank attempted to face this fact by developing a unique identity underpinned on clearly articulated ethical standards. The Cooperative Bank was founded in the nineteenth century and was a bank that carried out traditional activities. In 1990, they decided to engage in a consultation exercise with their customers and, as a result, in 1992, they started their ethical policy. This policy was a "public commitment on who the bank would and would not do business with" (www.cooperativebank.co.uk). This meant that the bank would not invest in unethical industries such as those involved in the production of nuclear or biological weapons. They believed that their policy "should reflect the concerns of customers". Customer consultation exercises were repeated in 1994, 1998 and 2001. As concerns have changed so too have the ethical policies been updated with environmental issues being an important part.

In 2001, the bank adopted the phrase "customer led, ethically guided" as its slogan which appears on all its literature. As Mervyn Pedelty, the CEO said, the ethical policy was designed to:

... give the bank a distinct and cooperative difference within a crowded financial services marketplace, where genuine differentiation of an individual organisation is difficult to achieve and sustain (www.cooperativebank.co.uk, the CEO statement).

In fact, many customers say that their main reason for joining the bank is its ethical policy. This adaptation of the corporate identity proved to be very successful. Profits increased from £55m in 1997 to \$107.5m in 2001 (www.cooperativebank.co.uk).

This success is further reflected through customer satisfaction with the MORI poll in 2001 reporting 71 per cent of the customers very satisfied with the banks performance.

This case also depicts the relevance of corporate communications and specifically management communication as a part of the identity concept (Melewar and Jenkins, 2002). The CEO of the Cooperative Bank placed an emphasis on his staff and people policies. He is a very good communicator with staff, who are well aware of the policies of the company and show enthusiasm and commitment to the company's aims. This indicates that there is good internal communication. In his address to shareholders, he communicates profits and people policies. His commitment to communication and his positive relationship with stakeholders has been much praised.

Their corporate visual identity reflects the values and goals of the organisation with its slogan "consumer led, ethically guided". All correspondence and literature from the bank is printed on "100 per cent recycled paper from post consumer waste using a totally chlorine-free process". Although the ethical policy was met by scepticism in the press, after ten years the bank has won many awards. These range from "Best company to work for" from the Sunday Times to the 2001 award for "Business commitment to the environment" (www.cooperativebank.co.uk). It has given Cooperative Bank, a strong and distinctive corporate identity. From this case, we may conclude that it is possible to re-shape a corporate identity and to achieve a competitive advantage in the light of changing market conditions.

Conclusion

This paper has examined the concept of corporate identity and its relevance and importance within organisations. With the recent financial scandals that have occurred over the past few years, namely Enron and Arthur Andersen, corporate identity is an issue of growing importance to all companies. Its development and management has become a key dimension within an organisation's strategy.

This paper has highlighted in particular that corporate identity extends beyond the company's logo and name. It covers all forms of internal and external communications of the company. Any company wishing to improve its position not only in the market but also with its stakeholders must ensure that it gives prominence to its corporate identity.

We have further highlighted the implications for corporate identity change or adaptation in the context of market and other environmental alterations. By referring to several examples, we illustrated how corporate identity has assisted management in dealing with adversity. We have also described how practitioners applied (and may apply) corporate identity as a strategic resource. Indeed, as previously emphasised, corporate identity may constitute a relevant dimension to generate and maintain competitive advantage.

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