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COMMUNICATIONS

The first section of the paper discusses the importance of communication in the modern business environment. It highlights the role of communication in building a strong corporate culture and in achieving organizational goals. The author argues that effective communication is essential for the success of any organization, as it enables the flow of information and the coordination of activities.

The second section of the paper focuses on the challenges of communication in a globalized world. It discusses the impact of cultural differences on communication and the need for cross-cultural understanding. The author suggests that organizations should adopt a multicultural approach to communication, which involves recognizing and respecting the diversity of their employees and customers.

The third section of the paper explores the role of technology in communication. It discusses the benefits of digital communication tools, such as email, video conferencing, and social media, and the challenges they pose. The author argues that while technology has made communication easier and more efficient, it has also created new barriers to communication, such as information overload and the loss of personal connection.

The fourth section of the paper discusses the importance of communication in the workplace. It highlights the role of communication in building a positive work environment and in promoting employee well-being. The author suggests that organizations should invest in communication training for their employees, as this can help them to develop the skills and attitudes needed for effective communication.

The fifth section of the paper discusses the role of communication in the public sphere. It highlights the importance of transparency and accountability in government and in the private sector. The author argues that organizations should be open and honest about their activities and decisions, as this can help to build trust and credibility with the public.

The sixth section of the paper discusses the role of communication in the future. It explores the potential of emerging technologies, such as artificial intelligence and virtual reality, to transform communication. The author suggests that organizations should embrace these technologies and use them to enhance their communication efforts.

The seventh section of the paper discusses the role of communication in the environment. It highlights the importance of communication in raising awareness about environmental issues and in promoting sustainable development. The author suggests that organizations should use communication to educate the public about the impact of their activities on the environment and to encourage them to take action to reduce their carbon footprint.

The eighth section of the paper discusses the role of communication in the health sector. It highlights the importance of communication in promoting public health and in preventing disease. The author suggests that organizations should use communication to educate the public about the risks of various health behaviors and to encourage them to adopt healthier lifestyles.

The ninth section of the paper discusses the role of communication in the education sector. It highlights the importance of communication in promoting learning and in supporting teachers. The author suggests that organizations should use communication to provide teachers with the resources and support they need to deliver high-quality education.

The tenth section of the paper discusses the role of communication in the sports sector. It highlights the importance of communication in promoting sports and in supporting athletes. The author suggests that organizations should use communication to promote the benefits of sports and to encourage people to participate in physical activity.

The eleventh section of the paper discusses the role of communication in the arts sector. It highlights the importance of communication in promoting the arts and in supporting artists. The author suggests that organizations should use communication to promote the value of the arts and to encourage people to engage with the arts.

The twelfth section of the paper discusses the role of communication in the media sector. It highlights the importance of communication in promoting the media and in supporting journalists. The author suggests that organizations should use communication to promote the role of the media in society and to encourage people to use the media responsibly.

The thirteenth section of the paper discusses the role of communication in the legal sector. It highlights the importance of communication in promoting the law and in supporting lawyers. The author suggests that organizations should use communication to promote the benefits of the legal system and to encourage people to seek legal advice.

The fourteenth section of the paper discusses the role of communication in the medical sector. It highlights the importance of communication in promoting health and in supporting doctors. The author suggests that organizations should use communication to promote the benefits of medical research and to encourage people to seek medical treatment.

The fifteenth section of the paper discusses the role of communication in the financial sector. It highlights the importance of communication in promoting financial literacy and in supporting investors. The author suggests that organizations should use communication to promote the benefits of financial planning and to encourage people to invest responsibly.

The sixteenth section of the paper discusses the role of communication in the energy sector. It highlights the importance of communication in promoting sustainable energy and in supporting renewable energy sources. The author suggests that organizations should use communication to promote the benefits of sustainable energy and to encourage people to use energy efficiently.

The seventeenth section of the paper discusses the role of communication in the transportation sector. It highlights the importance of communication in promoting safe travel and in supporting infrastructure development. The author suggests that organizations should use communication to promote the benefits of safe travel and to encourage people to use public transport.

The eighteenth section of the paper discusses the role of communication in the housing sector. It highlights the importance of communication in promoting affordable housing and in supporting homeowners. The author suggests that organizations should use communication to promote the benefits of affordable housing and to encourage people to buy homes.

The nineteenth section of the paper discusses the role of communication in the food sector. It highlights the importance of communication in promoting healthy eating and in supporting local food producers. The author suggests that organizations should use communication to promote the benefits of healthy eating and to encourage people to buy local food.

The twentieth section of the paper discusses the role of communication in the retail sector. It highlights the importance of communication in promoting customer service and in supporting retailers. The author suggests that organizations should use communication to promote the benefits of good customer service and to encourage people to shop responsibly.

The twenty-first section of the paper discusses the role of communication in the entertainment sector. It highlights the importance of communication in promoting entertainment and in supporting artists. The author suggests that organizations should use communication to promote the benefits of entertainment and to encourage people to engage with the arts.

The twenty-second section of the paper discusses the role of communication in the technology sector. It highlights the importance of communication in promoting innovation and in supporting startups. The author suggests that organizations should use communication to promote the benefits of technology and to encourage people to use technology responsibly.

The twenty-third section of the paper discusses the role of communication in the science sector. It highlights the importance of communication in promoting scientific research and in supporting scientists. The author suggests that organizations should use communication to promote the benefits of scientific research and to encourage people to support science.

The twenty-fourth section of the paper discusses the role of communication in the environment sector. It highlights the importance of communication in promoting environmental protection and in supporting conservation efforts. The author suggests that organizations should use communication to promote the benefits of environmental protection and to encourage people to take action to protect the environment.

The twenty-fifth section of the paper discusses the role of communication in the social sector. It highlights the importance of communication in promoting social justice and in supporting social movements. The author suggests that organizations should use communication to promote the benefits of social justice and to encourage people to get involved in social movements.

The twenty-sixth section of the paper discusses the role of communication in the culture sector. It highlights the importance of communication in promoting cultural heritage and in supporting cultural institutions. The author suggests that organizations should use communication to promote the benefits of cultural heritage and to encourage people to engage with culture.

The twenty-seventh section of the paper discusses the role of communication in the education sector. It highlights the importance of communication in promoting education and in supporting schools. The author suggests that organizations should use communication to promote the benefits of education and to encourage people to support education.

The twenty-eighth section of the paper discusses the role of communication in the health sector. It highlights the importance of communication in promoting health and in supporting healthcare providers. The author suggests that organizations should use communication to promote the benefits of healthcare and to encourage people to seek healthcare.

The twenty-ninth section of the paper discusses the role of communication in the financial sector. It highlights the importance of communication in promoting financial literacy and in supporting financial institutions. The author suggests that organizations should use communication to promote the benefits of financial literacy and to encourage people to use financial services responsibly.

The thirtieth section of the paper discusses the role of communication in the energy sector. It highlights the importance of communication in promoting sustainable energy and in supporting energy companies. The author suggests that organizations should use communication to promote the benefits of sustainable energy and to encourage people to use energy efficiently.

The thirty-first section of the paper discusses the role of communication in the transportation sector. It highlights the importance of communication in promoting safe travel and in supporting transportation companies. The author suggests that organizations should use communication to promote the benefits of safe travel and to encourage people to use public transport.

The thirty-second section of the paper discusses the role of communication in the housing sector. It highlights the importance of communication in promoting affordable housing and in supporting housing providers. The author suggests that organizations should use communication to promote the benefits of affordable housing and to encourage people to buy homes.

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The thirty-ninth section of the paper discusses the role of communication in the social sector. It highlights the importance of communication in promoting social justice and in supporting social organizations. The author suggests that organizations should use communication to promote the benefits of social justice and to encourage people to get involved in social movements.

The fortieth section of the paper discusses the role of communication in the culture sector. It highlights the importance of communication in promoting cultural heritage and in supporting cultural organizations. The author suggests that organizations should use communication to promote the benefits of cultural heritage and to encourage people to engage with culture.

Identity, Image, Reputation, and Corporate Advertising

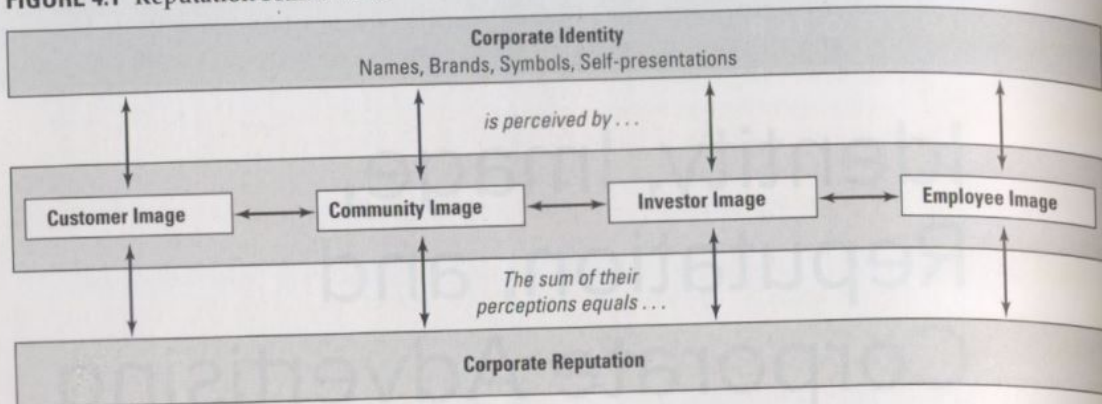
Chapter 3 covered the various components of the corporate communication function. This chapter examines the first and most critical part of that function: managing a corporation's identity and image. The chapter then discusses how a close alignment between a company's identity and image generates a strong reputation and discusses what the benefits are for the organization. Finally, it addresses paid corporate advertising, one of the easiest and fastest ways for organizations to communicate their identities.

Looking at an example of image at the personal level might be a good place to start. People choose certain kinds of clothing, drive particular cars, or style their hair a certain way to express their individuality. The cities and towns in which we live, the music we prefer, and the restaurants we frequent all add up to an impression, or identity, that others can easily distinguish.

The same is true for corporations. Walk into a firm's office, and it takes just a few moments to capture those all-important first impressions and learn a great deal about the company. The effort is relatively easy to understand at the personal level but significantly more difficult at the organizational level. One reason for this complexity is that many more potential opportunities to interact with a company's identity exist. Take, for instance, the following example from the hotel industry:

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

FIGURE 4.1 Reputation Framework.

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.

Both hotels have strong identities, and the choices each has made about its business are at the heart of what identity and image are all about. These choices contribute to and shape the identities and images of these hotels and, more generally, convey the identity and image of any institution. As we address the various components of identity and image in this chapter, it is important to keep in mind the relationship among identity, image, and reputation. Figure 4.1 presents a visual representation of these relationships.

Just what are identity, image, and reputation? How do organizations distinguish themselves in the minds of customers, shareholders, employees, communities, and other relevant constituencies? How do they use their corporate communications function and corporate advertising to enhance their image? Above all, how does an organization manage something so seemingly ephemeral?

What Are Identity and Image?

A company's *identity* is the actual manifestation of the company's reality as conveyed through the organization's name, logo, motto, brands, products, services, buildings, stationery, uniforms, and all other tangible pieces of evidence *created by the organization* and communicated to all of its various constituencies. Constituencies then form perceptions based on the messages that companies send in tangible form. If these images accurately reflect an organization's reality, the identity program is a success. If the perceptions differ dramatically from the reality (as often happens when companies do not take the time to analyze whether a match actually exists), then either the strategy is ineffective or the corporation's self-understanding needs modification. In a worst-case scenario, when the perceptions differ dramatically from the reality, a company's reputation can be irreparably damaged and the company may even have to cease operations.

As we discussed in Chapter 3, *image* is a reflection of an organization's identity. Put another way, it is the organization as seen *from the viewpoint of its constituencies*. Depending on which constituency is involved, an organization can have many different images. Thus, to understand identity and image is to know what the organization is really about and where it is headed. This understanding is often hard for anyone but the company's top management team, which constantly focuses on the big picture, to grasp. What, for example, is the reality of an organization as large as Walmart, as diversified as Siemens, or as monolithic as Tata?

Certainly the products and services, the people, the buildings, and the names and symbols are a part of this reality. Although there are inevitably differences in how the elements are perceived by different constituencies, it is this cluster of facts, this collection of tangible and intangible things, that provides the organization with a starting point for creating and then communicating about an identity.

Organizations can get a better sense of their image (as conveyed through identity) by conducting research with constituents. This research should be both qualitative and quantitative in nature and should try to determine how consistent the identity is across constituencies. New York City's September 11 Memorial and Museum, for example, realized the importance of good research when it launched in 2014. Leaders of the organization learned that there were a number of issues with its identity: the museum's full legal name—The National September 11 Memorial & Museum at the World Trade Center—was long, hard to remember, and a challenge to reproduce across mediums. A brand audit conducted by renowned branding firm Landor revealed that audiences were creating their own shortened versions of the name, leading to inconsistency and public confusion. Additionally, the organization found that balancing a compelling visual style for the brand with the proper tone and mood for the memorial was hard to get right. Landor's solution was to shorten the name with modern typography, with the "11" crafted from two austere blue rectangles that reference the shapes of the twin towers. Combining the date with the building silhouettes captures a certain elegant simplicity required by an institution whose role is remembrance and education.¹

Differentiating Organizations through Identity and Image

Today, with increased globalization and product commoditization, an organization's identity and image might be the only way that constituencies can distinguish that company from the next. Is there really any difference between buying a tank of BP gasoline and a tank of Shell gasoline, given that both probably came from Saudi Aramco in the first place? Given that the same distributor often sells the same gasoline to dealers in the United States, the answer would seem to be no. Yet consumers make distinctions about such homogeneous products all the time based on what the *company's* image is all about rather than the product itself.

If a BP and a Shell station sit two blocks apart and your gas needle is approaching "E," where will you go? You might have strong negative feelings about BP, for

¹ Landor Case Studies, retrieved July 29, 2014, http://landor.com/pdfs/cases/Case6535-A4.pdf?utm_campaign=PDFDownloads&utm_medium=web&utm_source=web.

example, because of the devastating oil spill in the Gulf Coast from the Deepwater Horizon disaster in 2010. Or, conversely, you may be delighted by the consistent returns to shareholders that this behemoth provides. Perhaps you have a cousin who works at BP and loves her job. Maybe you spent a summer road trip abroad, and the brand's cheery sunflower logo brings back happy memories of driving through Europe.

You see the Shell logo and you might recall some of the award-winning environmental responsibility advertising that the company sponsored as part of its "Energy for People Now and in the Future," the cleaner energy/liquefied natural gas (LNG) campaign, "People Like Natural Gas." One of the recent print ads addressed the benefits of LNG by relaying the story of a small Japanese noodle manufacturer's business flourishing when using the energy alternative. Or you may see Shell and think back to the company's attempt in the 1990s to dump the Brent Spar oil platform into the Atlantic Ocean. Rationally, you know that both companies provide gasoline that meets industry standards. Both tanks of gas will keep the car going, both tanks of gas have approximately the same octane rating and per-gallon price, and both service stations should offer comparable service quality.

So, when you finally decide where to buy gasoline, aside from the location of the gas station, these factors of identity, image, and reputation represent the differences between the two companies and are what drive purchasing decisions.

As products become much the same all over the world, consumers are increasingly making distinctions based on their brand impressions, rather than just the products themselves, thereby making image and identity even more powerful differentiators. We now turn to a more in-depth discussion of identity and image. We then move on to a discussion of how these come together to create an organization's reputation, and what this means for an organization.

Shaping Identity

Because identity building is the only part of reputation management an organization can control completely, we first discuss some of the things that contribute positively to corporate identity: an inspirational corporate vision, careful corporate branding (with a focus on names and logos), and, very important, *consistent* and integrated self-presentation.

A Vision That Inspires

Most central to corporate identity is the vision that encompasses the company's core values, philosophies, standards, and goals. Corporate vision is a common thread that all employees, and ideally all other constituencies can also relate to and repeat it to others. Thinking about this vision in terms of a narrative or story of sorts can help ensure the overall coherence and continuity of a company's vision and the collective messages it sends constituencies.²

² Cees B. M. van Riel, "Corporate Communication Orchestrated by a Sustainable Corporate Story," in *The Expressive Organization*, ed. Majken Schultz, Mary Jo Hatch, and Mogens Holten Larsen (Oxford: Oxford University Press, 2000), p. 163.

Cees B. M. van Riel, a professor at Erasmus University in the Netherlands, links the importance of narratives to successful corporate reputations. He explains that "communication will be more effective if organizations rely on a . . . sustainable corporate story as a source of inspiration for all internal and external communication programs. Stories are hard to imitate, and they promote consistency in all corporate messages."³ External constituencies rely on articles in publications, television ads, discussions about the company with other people (e.g., family, friends, colleagues), and direct interaction with company employees for information about a company and the story it is telling.

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 legendary founder of Apple Computer. His unwillingness to succumb to IBM and Microsoft had "hero appeal" that did wonders for Apple's brand initially. The narrative of the underdog is particularly popular among startups that wish to leverage the support of their employees' friends and contacts to build the buzz and goodwill that they need to compete with more established companies.

Corporate Brands

Just as our society demands top-10 lists and rejects the full story in favor of sound bites, it also prizes *brands* as identification tags that can allow us to gauge everything around us quickly and effortlessly. Given this phenomenon, a company's value can be significantly influenced by the success of its corporate branding strategy. Coca-Cola, for example, has a valuation that far exceeds its total tangible assets because of its strong brand name.

Branding and strategic brand management are critical components of identity management programs. Although it is beyond the scope of this book to fully explore corporate branding, this chapter focuses on a subset of corporate branding—names and logos—to help illustrate the conscious actions that organizations can take to shape their identity and further differentiate themselves in the marketplace.

Companies often institute name changes to signal identity changes, to make their identities better reflect their realities, or to account for organizational changes due to an acquisition or merger. Andersen Consulting's name change to Accenture is an example of the first reasoning. 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 The name also clearly distinguished

³ Ibid.

⁴ Howard Wolinsky, "Consulting Firm to Change Name; Andersen Consulting to Be Accenture," *Chicago Sun-Times*, October 27, 2000, p. 64.

the company's identity from that of its former and now defunct parent, Arthur Andersen, which had its own, competing consulting division at the time. Today, Accenture is a strong player in the global consulting industry.

Philip Morris provides an example of the second name-change scenario. Recognizing that it was known as a tobacco company despite its reality of being a diversified company with a number of lines of business (the company was also America's largest food company at the time through its Kraft division), Philip Morris proposed a name change for itself in late 2001. The company chose the name *Altria*, derived from the Latin word *altus*, meaning "high."⁵

Reactions to the name-change proposal were not positive. Some saw the move as an attempt by the company to distance itself from tobacco litigation. This possible motive aside, it was understandable that the company wanted its identity to reflect more accurately its reality as a diversified company, but the proposed name change would not achieve that goal—for a name change alone will never single-handedly fix a perception problem. Such a change must be part of a broader identity program that is clearly explained to the company's constituencies. To many people who only read of the name change in the press, it was not clear why a Latin word meaning "high" would better reflect what Philip Morris was all about.

Accounting giant PwC is one of many examples of an organization that has a history of name changes for the last reason: mergers and acquisitions. Originally Price Waterhouse and Coopers & Lybrand, the two entities merged in 1998 and rebranded, thus assuming the current moniker. As stated by Mike Davies, then Director of Global Communications for PricewaterhouseCoopers, "Communications is paramount when you are trying to bring together two organizations, or when you are trying to communicate worldwide. Communications has to be very high up on the agenda." In 2014, PwC acquired 100-year old strategy consulting firm Booz & Company, changing Booz's name to "Strategy&." The new name was needed because of the terms of Booz's 2008 split from the firm Booz Allen Hamilton. Under that deal, Booz & Co. couldn't continue to use the Booz name if there was a change in control of the firm.⁶ In the immediate, the new name drew significant criticism, largely due to the ampersand.⁷ Strategy&'s CEO Cesare Mainardi immediately went on the defensive, explaining the choice of the name: "It invites a discussion about what we're about and what we're thinking and how we can help our clients transform." It remains to be seen whether PwC's latest name change will be a success in the long run, but in the short term, the latest incarnation invokes memories of another questionable rebranding choice: before it was renamed PwC, Price Waterhouse Coopers's consulting arm was, for a short time, known as "Monday." As in any name-change scenario, communication with key constituents is essential; as experienced by Philip Morris executives, motives can be misconstrued, prompting backlash and even litigation.

⁵ David Lazarus, "Name Change Is an Exercise in Futility; So What's in a Name? Lots of Spin," *San Francisco Chronicle*, December 5, 2001, p. B1.

⁶ "PriceWaterhouseCoopers Renaming Booz & Co 'Strategy&,'" *The Wall Street Journal*, April 3, 2014.

⁷ Huffington Post, http://www.huffingtonpost.co.uk/2014/04/03/booz-co-strategy-rebrand-name_n_5083713.html.

Another example that illustrates the importance of properly communicating about name changes (and the risks inherent in not doing so) is AT&T. Long associated with landline telephones in a world increasingly connected by web-based networking, mobile phones, and high-speed Internet connections, the brand sought to readjust its position in the marketplace with an \$86 billion merger with BellSouth, a former parent company of Cingular. The union, which was finalized in late 2006, presented an opportunity for the brand to transform itself. All things Cingular, including the moniker, were absorbed by A&T, but the reshuffling of the corporate identity posed major problems that landed front and center in national news coverage.

As covered by *BusinessWeek* in September 2007, the attempt to seamlessly blend the identities of the merged companies led to haphazard communications strategies. For starters, AT&T adopted the Cingular brand's signature orange color in July 2007, when it began appearing in monthly billing statements. Marketing materials and the website followed but over the course of months. Then, on September 11, 2007, AT&T spokespeople announced plans to further incorporate the orange color into branding. At the same time, they announced plans to launch new TV and Internet marketing campaigns with creative input from the likes of film director Wes Anderson.

While consumers and investors alike struggled to follow the brand identity's rapid evolution, AT&T had its hand in another pot: a partnership with Apple to launch the wildly anticipated iPhone. With this partnership came more TV spots and advertisements, including one that identified locations where a professional might find himself or herself during the course of business and life: China, London, and Moscow or New York, San Francisco, and South Dakota. The ads merged these locations, concluding, "AT&T works in more places, like Chilondoscow" or "New Sanfrakota."



A young woman in Hanoi, Vietnam, sports a counterfeit version of the Nike swoosh on her hat.

The motley branding, from a slow infusion of Cingular's orange color to the ads with hard-to-pronounce amalgamations of cities, did little to establish an authoritative corporate identity. According to one branding expert, "It suggests some lack of brand leadership. What you could end up with is a 'bizzaro' version of what they think their customers' vision of the brand is."⁸

As these examples illustrate, though organizations can differentiate themselves based on identity through names and logos, they also can risk losing whatever identity they have built up very quickly through changes in the use of names and logos that are not communicated properly.

Logos are another important component of corporate identity—perhaps even more important than names because of their visual nature (which can allow

⁸ "AT&T Rebrands. Again." *BusinessWeek*, September 11, 2007, <http://www.businessweek.com>.

them to communicate even more about a company than its name) and their increasing prevalence across many types of media. When upscale discount retailer Target placed an ad in *The New York Times* in 1999 depicting only its bull's-eye logo and inviting readers to call a toll-free number if they knew what the symbol meant, its phone lines were tied up immediately. The company was soon forced to shut down the toll-free number due to the staggering response.⁹

One of the most recognizable logos in the world today (perhaps second only to Coca-Cola's) is Nike's "swoosh," which was designed for Nike founder Phil Knight by Portland State graduate Carolyn Davidson in 1972 for \$35. Some experts believe the swoosh is better known today than McDonald's golden arches. Reputationally challenged golfing sensation Tiger Woods wears the swoosh on his hat and clothes. Teams in hockey's Canada Cup and national soccer teams also have worn the swoosh in competition. With Nike as their sponsor, Team USA athletes will wear the swoosh at both Summer and Winter Olympics through at least 2016.¹⁰

Logos can simply be symbols, like the Nike swoosh, or they can be symbols that represent names, like the Target "bull's eye" or Arm & Hammer's arm and hammer. Logos can be stylized depictions of names or parts of names (like the "golden arches" that form the "M" in "McDonald's"), or stylized names with added mottos or symbols. Accenture's logo, for example, is the company name with a "greater than" symbol above the "t" that is meant to connote the firm's goal of pointing the way forward and exceeding clients' expectations.¹¹

In fact, sometimes stylized names can be the most resonant and have the greatest endurance over time. For example, the Helvetica font, first created in 1957, is the typeface of choice for countless corporations, including 3M, Microsoft, American Airlines, and Staples. The font's simple lines and proportionate letters are credited with making these companies' names so iconic.

"We don't have a long name—just a numeral and an alphabetical character. So typography becomes very important to our logo," Karyn Roszak, a manager in the corporate identity and design department of 3M, has said. "Helvetica is straightforward and no-nonsense. Not to mention bold and strong visually."¹²

Firms that specialize in identity management and design should be involved with the process of logo creation for a company. Later in this chapter, we take a closer look at the processes behind creating new names and logos as part of an overall identity program.

Putting It All Together: Consistency Is Key

An organization's vision should manifest itself consistently across all its identity elements, from logos and mottos to employee behavior. Companies should also be aware of how their constituencies describe the company's vision and activities;

⁹ Shelly Branch, "How Target Got Hot," *Fortune*, May 24, 1999, pp. 169–74.

¹⁰ <http://www.teamusa.org/news/article/44697>.

¹¹ Sandra Guy, "Consultant to Launch Big Effort to Advertise Its New Identity," *Chicago Sun-Times*, November 16, 2000, p. 66.

¹² "For Logo Power, Try Helvetica," *BusinessWeek*, May 14, 2007, <http://www.businessweek.com>.

opportunities to improve the brand identity can be inspired by popular culture. 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 82.)

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.¹³

Michael Glenn—executive vice president, market development and corporate communications for FedEx—explained that by embracing its one-word association, "FedEx and its name have changed their environment from morally neutral to morally charged."¹⁴ By putting its promise to deliver "The World on Time" on every package, truck, and plane, FedEx ensured that every pick up, delivery, and customer interaction would reinforce that promise. The new name and logo showed that the company was in touch with its customers, and FedEx's advertising of this new identity reinforced the message that its customers mattered.

And being in touch with customers is of paramount importance. Many companies have followed in FedEx's footsteps and adapted their names according to how their key constituents already viewed them. Binney & Smith Easton is a prime example. Although this staid corporate name likely won't ring a bell among too many consumers, its widely known product certainly will: Crayola Crayons. That's why, in January 2007, Binney & Smith CEO Mark Schwab unveiled the corporation's new sign, which simply reads "Crayola." Schwab didn't mince words when explaining the decision to rename the century-old company: "The reason is simple. When you think about how Binney & Smith is known, it's for making Crayola crayons."¹⁵

Likewise was the reasoning behind Citigroup's decision to truncate its name to Citi or for Dell Computer to drop the latter word in favor of just Dell. With modern-day society characterized by short attention spans, easy-to-consume media, and text-message-friendly acronyms, short is proving to be sweet when it comes to corporate branding.

¹³ "Chapter 11: The Image Is the Reality (If You Work at It)," *The World on Time*, July 1, 1996, p. 115.

¹⁴ Ibid.

¹⁵ "Crayola Brightens a Brand," *BusinessWeek*, January 26, 2007, <http://www.businessweek.com>.

FIGURE 4.2

Source: *USA Today*.
Wednesday, July 6,
1994, p. 7A© 1994
Federal Express
Corporation. All
rights reserved.
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permission.



Identity Management in Action

The dual nature of identity and image—embodied in reality such as physical objects yet inextricably tied to constituency perceptions—creates a special dilemma for decision makers. In a world where attention is focused on quantifiable results, the emphasis here is on qualitative issues. Devising a program that addresses these elusive but significant concerns requires balancing thoughtful analysis with action. The end goal is always to have a positive impact on the company's reputation. Here is a method that has been successfully used by many organizations to manage the identity process.

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 currently happening, or is it simply a leftover from the past?

To avoid superficial and politically influenced input, often companies bring in external consultants to conduct in-depth identity audit interviews with top managers and those working in areas most affected by any planned changes. These consultants should review company literature, advertising, stationery, products and services, websites, 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. The goal is to get a deep understanding of the organization, which means getting as close to the reality as possible from the perspective of managers within and matching it with perceptions from key constituents.

In this process, executives should look for red flags. We saw that FedEx took action after learning that its customer constituency was no longer using its official name. Typical problems include symbols or names 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 of the company.

Although the identity audit may seem a fairly straightforward and simple process, 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 trying to change their image and reputation are particularly difficult to audit because the vision that top executives have of what the company *will be* is so different from what the reality currently *is*. Often executives disregard research that tells them how constituents' perceptions about the organization differ from their own. Such cognitive dissonance is the first challenge in managing identity for executives. The reality of the organization must be far enough along in the change process so that the new reality the company is trying to adopt will actually make sense, at some time at least, to those who will encounter this company in the years ahead.

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: "As a result of this change process, analysts will recognize our organization as more than just a one-product company" or "Putting a new logo on the outside of our stores will make customers more aware of dramatic transformations that are going on inside." It is extremely important, however, that emphasis be placed on *constituency response* rather than company action.

That's where problems often start. Most managers—particularly senior managers—are internally focused and thus have great difficulty in getting the kind of perspective necessary to see things from the viewpoint of constituents. Consultants can certainly help, but the organization as a whole must be motivated to change and willing to accept the truth about itself, even if it hurts.

In addition, change for the sake of change, or change to meet 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 desire to leave his or her mark on the organization rather than a necessary step in the evolution of the company's image.

A positive example of clear objectives leading to necessary change is Kentucky Fried Chicken's plan to change its image and menu in the mid-1990s as a result of changes in American dietary habits. The strong corporate identity of this company worldwide (it has one of its biggest restaurants on Tiananmen Square in Beijing and can be found in remote corners of Japan) 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. The company's goal was to change the old image and adopt a more health-conscious positioning.

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 had 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. It also had the side benefit of making the company name more globally translatable.

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. If a name change is necessary, consultants must search for alternatives. This step simply cannot happen without the help of consultants because so many names are already in use that companies

need to avoid any possibility of trademark and name infringement. Even so, 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.

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 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, Arthur Andersen.

Companies also should ensure that logos continue to reflect accurately the company's reality and should consider modifications if they do not. Dunkin' Donuts is a good example. The popular chain, founded in Quincy, Massachusetts, and now present in 32 countries, is known as much for the 1.9 billion cups of coffee it sells annually as it is for its doughnuts.¹⁶ As the company expanded into new markets where its brand was unfamiliar, it recognized the importance of emphasizing the "coffee connection," particularly given the proliferation of bagel chains and upscale coffee chains in many of the markets it was entering. Accordingly, it added the image of a steaming cup of coffee to its existing logo, which is simply the Dunkin' Donuts name in balloon-like pink and orange letters.

The process of designing a new look or logo is an artistic one, but despite contracting professionals to develop designs, many company executives get very involved in the process, often relying on their own instincts rather than the work of someone who spent his or her entire career thinking about design solutions. One CEO of a multibillion-dollar company designed what he thought would be the perfect logo for his company on a napkin. After several weeks of design exploration by a reputable design firm, he kept coming back to that same napkin design. Until the designer finally presented an exploration that resembled the napkin design, each of the suggestions was rejected. When the CEO saw his own idea come back at him, he was happy. Everyone else agreed that it was not the best design, but it was adopted and is in use today.

Obviously, 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 some cases, designers and identity consultants are perfectionists or idealistic, presenting ideas that are unrealistic or too avant-garde for typically conservative large corporations. In the end, strong leadership must be exerted to effect the change, no matter what it is, and for it to succeed.

Step 4: Develop Prototypes

Once the final design is selected and approved by everyone involved, the next step is to develop models and prototypes using the new symbols or name. For products,

¹⁶ Press Kit, dunkindonuts.com, February 2014.

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.

During this process, it is common for managers to get cold feet. As the reality of the change sinks in, criticism mounts from those employees who have not been involved in the process and from others because they do not have a good sense of the evolution and meaning of the design. At times, negative reactions from constituents can be so strong that proposals have to be abandoned and work started all over again.

To prevent this failure, a diversity of people and viewpoints should be involved in the entire identity process. The one caveat is to avoid accommodating different ideas by diluting concepts. A company should not accept an identity that is simply the lowest common denominator. Two ways to deal with the task are to let a strong leader champion the new design or to set up a strong committee to work on the program. In either approach, everyone has to be informed about the project and involved in it from the beginning: The more people involved in the process from its inception, the less work necessary to sell the idea after much hard work has already taken place.

Step 5: Launch and Communicate

Given the time involved and the number of people 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. Still, such chance occurrences are no substitute for a formal introduction of the company's new identity. To build drama into the announcement, public relations staff should be creative in inviting the media without giving away the purpose. One company sent six-foot pencils and a huge calendar with the date of the press conference marked on it to announce their change.

At the press conference itself, the design should be clearly displayed in a variety of contexts, and senior executives must carefully explain the strategy behind the program. As additional communication tools, corporations might want to use advertising (see Figure 4.1), webcasts, or video news releases and satellite links (see Chapter 6). Blogs and social media networks should be leveraged to reach target audiences in the places that they personally consume media. In October 2010, Gap learned the hard way that an identity change needs to be thoughtfully presented and defended. In the face of weakening sales and increased competition from fast fashion companies such as H&M and Uniqlo, Gap decided to modernize its logo from its iconic blue box to a design featuring "Gap" written in Helvetica with a small blue cube to the upper right of the text. Brandchannel, a branding division of Interbrand, ridiculed the change on its blog: "Yes, after dominating the late 1990s and early 2000s, Gap has dropped its iconic logo in favor of something that looks like it cost \$17 from an old Microsoft Word clipart gallery." Gap was criticized for both the logo design and for its decision to "launch" the new logo by quietly updating the logo on its website in lieu of announcing the change to the

Image: In

media. After significant media and customer backlash, Gap quickly returned to its original logo.¹⁷ Whatever the launch strategy, 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.

Usually, the best approach to ensure consistency across all uses for a new identity program is to develop identity standards. A standards manual (based online for the most part today) shows staff and managers how to use the new identity consistently and correctly. Beyond this, someone in the organization needs to monitor the program and make judgments about when flexibility is allowed and when it is not. Over time, changes will need to be made in some standards—for instance, when a modern typeface chosen by a designer is not available for use everywhere.

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, on how to use its new logo.¹⁸

Image: In the Eye of the Beholder

We just explored some of the means by which a company can manage its identity. An organization's *image* is a function of how constituencies perceive the organization based upon all the messages it sends out through names and logos and through self-presentations, including expressions of its corporate vision.

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 experiences their friends have had with the organization, and what visual symbols they recognize. Even if you have never eaten a hamburger at McDonald's, you have certain perceptions about the company and its products. Preconceived notions are especially prevalent today in the age of user-generated content sites such as TripAdvisor.

After interacting with an organization or exploring peer views through social media outlets, 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, or a bad review from a reputable

¹⁷ Abe Sauer, "Gap Rebrands Itself into Oblivion," brandchannel blog, October 6, 2010, <http://www.brandchannel.com/home/post/2010/10/06/Gap-Rebrands-Itself-Into-Oblivion.aspx>.

¹⁸ Guy, "Consultant to Launch Big Effort," p. 66.

blogger can destroy a relationship for a lifetime with a customer, as was the case when one individual, displeased with the treatment he received on a customer service call with an AOL representative, posted a recording of the conversation online. The viral nature of digital platforms makes organizations vulnerable to the impressions of consumers, many of whom are quick to judge based on one negative encounter with a brand. That's why organizations today are so concerned with the quality of each and every interaction. The credibility that a company acquires through the repeated application of consistently excellent behavior will determine its image in the minds of constituents in a much more profound way than a one-shot corporate advertising campaign.

Organizations should seek to understand their image not only with customers, but also with other key constituencies such as investors, employees, and the community (keeping in mind, as discussed in Chapter 2, that some of these may overlap). Often, a company's image with a given constituency is driven not only by its own unique corporate identity but also by the image of the industry or group it belongs to. Internet companies rode this phenomenon in both directions from the late 1990s into the new millennium. Before the bursting of the dot-com bubble in 2000, virtually all e-based companies rose together on a tide of investor optimism with a collectively vibrant, cutting-edge image. Similarly, when that tide turned and investors wanted tangible products, real business plans, and seasoned management again, these companies all suffered, and so did their collective image.

Turning to the employee constituency, a company's image with its employees is particularly important because of the vital role employees play with the company's other constituencies. Starbucks Coffee has built one of the strongest brands and reputations in America by creating an equally powerful story and unified culture that begins inside and works its way out. Chairman Howard Schultz explains the philosophy: "We built the Starbucks brand first with our people, not with consumers, the opposite approach from that of the crackers-and-cereal companies. . . . [b]ecause we believed this was the best way to meet and extend the expectations of employees who were zealous about good coffee."¹⁹ The enthusiasm of Starbucks' *baristas* is meant to be contagious, personally connecting them with their customers. Every barista is meant to play such a key role in generating customer loyalty that Starbucks refers to each one as a "partner," the official name for a Starbucks employee.²⁰

Disgruntled employees can have a highly damaging effect on customer loyalty and a company's image, as has been the case time and time again for Walmart. When customers swipe their credit cards at many Walmart registers, two questions pop up: "Did the cashier greet you?" and "Was the store clean?" This procedure was implemented by former 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 Walmart doesn't

¹⁹ "No Ordinary Joe," *Reputation Management* 4, no. 3 (May-June 1998), p. 54.

²⁰ *Ibid.*

care for me, why should I care?"²¹ With that kind of critique from an employee, how can a customer feel good about shopping at a store?

As former CEO of Procter & Gamble Ed Artz observed, "Consumers now want to know about the company, not just the products."²² The day-to-day behavior of employees, from Starbucks' baristas to its executives, can rank just as high as product or service quality as the source of a strong corporate image that is aligned with the company's identity.

Building a Solid Reputation

The foundation of a solid reputation exists when an organization's identity and its image are aligned. Charles Fombrun, New York University professor emeritus and author of the book *Reputation*, says that "in companies where reputation is valued, managers take great pains to build, sustain, and defend that reputation by following practices that (1) shape a unique identity and (2) project a coherent and consistent set of images to the public."²³

Reputation differs from *image* because it is built up over time and is not simply a perception at a given point in time. It differs from *identity* because it is a product of both internal and external constituencies, whereas identity is constructed by internal constituencies (the company itself).²⁴ We first saw the Reputation Framework (Figure 4.1) at the beginning of this chapter, and it is beneficial to examine it again now that we have discussed identity and image in more depth. As the Reputation Framework illustrates, reputation is based on the perceptions of *all* of an organization's constituencies. Thus, reputation is an outcome, and as a result, cannot really be "managed" in any way.

Why Reputation Matters

The importance of reputation is evidenced by several prominent surveys and rankings that seek to identify the best and the worst among them: *Fortune's* "Most Admired" list; *BusinessWeek* and Interbrand's "Best Global Brands" ranking; and Harris Interactive and the Reputation Institute's Reputation Quotient (RQ) Gold study, featured in *The Wall Street Journal*. And, according to the Weber Shandwick Reputation Survey, these media scorecards are extremely influential. Both CEOs and consumers ranked "awards & rankings" above corporate communications, advertising, and social networks as being most influential on company reputation.²⁵ Chief Reputation Strategist Leslie Gaines Ross underscores this new business

²¹ "Wal-Mart: A Snap Inspection," *BusinessWeek*, October 2, 2007, <http://www.businessweek.com> (accessed December 19, 2007).

²² Kevin L. Keller, "Building and Managing Corporate Brand Equity," in *The Expressive Organization*, ed. Majken Schultz, Mary Jo Hatch, and Mogens Holten Larsen (Oxford: Oxford University Press, 2000), p. 118.

²³ Charles J. Fombrun, *Reputation: Realizing Value from the Corporate Image* (Boston: Harvard Business School Press, 1996), pp. 5–6.

²⁴ Pamela Klein, "Measure What Matters," *Communication World* 16, no. 9 (October–November 1999), pp. 32–33.

²⁵ Weber Shandwick, "The Company Behind the Brand: In Reputation We Trust," 2012.

reality: "A game-change in branding and corporate reputation is well underway. In this fast-moving information age, consumers can now readily connect the dots between the brand they buy and the company behind the brand. Whereas it has long been known that a strong brand shines a light on a company's reputation, it is now clear beyond a shadow of a doubt that a strong company reputation adds an undeniable brilliance to the brand."²⁶

According to the Hill & Knowlton Corporate Reputation Watch survey, almost all analysts agree that if a company fails to look after reputational aspects of its performance, then it will ultimately suffer financially.²⁷ In response to this demand, many public relations firms and consultancies now offer reputation measurement and management services to their corporate clients.

In 2013, a Harris Interactive survey of the U.S. public found that the following companies had the top "Reputational Quotient" scores: Amazon, Apple, Walt Disney, Google, and Johnson & Johnson.²⁸ A strong reputation has important strategic implications for these and other firms, because, as Fombrun notes, "it calls attention to a company's attractive features and widens the options available to its managers, for instance, whether to charge higher or lower prices for products and services or to implement innovative programs."²⁹ As a result, the intangible entity of reputation is undoubtedly a source of competitive advantage. Companies with strong, positive reputations can attract and retain the best talent, as well as loyal customers and business partners, all of which contribute positively to growth and commercial success. Asset specialist Reputation Dividend calculated that in 2014, more than 20 percent of the value of the S&P 500 could be attributed to reputation.³⁰

Reputation also can help companies weather crises more effectively. For example, strong reputations helped Johnson & Johnson (J&J) survive the Tylenol cyanide tampering crisis in the early 1980s and its recent quality control problems (see Chapter 10 for more on J&J's handling of the Tylenol crisis) and allowed Apple to weather its 2012 FoxConn labor scandal without measurable long-term damage to the company.

The changing environment for business, as discussed in Chapter 1, has implications for reputation. The proliferation of media and information, the demand for increased transparency, and the increasing attention paid to social responsibility (see Chapter 5) all speak to a greater focus by organizations on building and maintaining strong reputations. According to a recent Burston-Marsteller study, the vast majority of business leaders feel that it has become much more difficult to manage reputation as a result of digital and social media. The resulting rapid dissemination of information requires quick responses and internal alignment from companies.³¹ Public confidence in business is low, and public scrutiny of business is high. The collapse of the energy giant Enron in 2001 dragged its auditor, Arthur Andersen,

²⁶ Ibid.

²⁷ 2010 Hill & Knowlton Corporate Reputation Watch.

²⁸ 2013 Annual RQ Summary Report, Harris Interactive, <http://www.harrisinteractive.com>.

²⁹ David A. Aaker, *Building Strong Brands* (New York: The Free Press, 1996), p. 51.

³⁰ The Holmes Report, May 25, 2014, <http://www.holmesreport.com/expertknowledge-info/14999/More-Than-20-Percent-Of-SP-500-Value-Attributable-To-Reputation.aspx>

³¹ "Managing Corporate Reputation in the Digital Age," Burston-Marsteller, November 2011.

down with it in an accounting scandal that not only irreparably damaged both firms' reputations (and indeed their chances for survival) but also heightened public mistrust of large corporations in general—particularly those with complex accounting—and of the entire accounting profession. This negative public sentiment toward business was then aggravated by the subprime mortgage credit crisis and the controversial U.S. government bailouts of banks, insurance companies, and U.S. automobile manufacturers.

With this recent history, organizations are increasingly appreciating the importance of a strong reputation. How does an organization know where it stands? Because reputation is formed by the perceptions of constituencies, organizations must first uncover what those perceptions are and then examine whether they coincide with the company's identity and values. Only when perceptions and identity are in alignment will a strong reputation result.

Measuring and Managing Reputation

In assessing its reputation, an organization must examine the perceptions of *all* its constituencies. As mentioned earlier, many PR firms have developed diagnostics for helping companies conduct this research. Although one size does not fit all when it comes to measurement programs, all of them require constituency research.

Employees can be a good starting point, as they need to understand the company's vision and values and conduct themselves in every customer interaction with those in mind. An organization runs into trouble when it does not practice the values it promotes. 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 Misled.'" Clearly, employees did not feel that IBM was true to its own values, and this disillusionment caused IBM's reputation to suffer.³² However, the company took this to heart and made a subsequent turnaround after internal initiatives targeted employees and implored them for help in reversing this value misalignment. One such initiative, dubbed the "ValueJam," drew more than 57,000 employees online to post ideas about how IBM's values could be applied to improve its operations, workforce policies, and relationships.³³

Customer perceptions of an organization also must align with the organization's identity, vision, and values. In the late 1990s, Burberry learned what can happen to corporate reputation when this is *not* happening, and how the reputation can be saved by taking aggressive steps to restore these connections.

When Rose Marie Bravo became CEO of Burberry in 1997, the company was facing a number of challenges. Profits were plummeting, and although some of it could be explained by the Asian economic crisis of the mid-1990s (by 1996, Asian consumers—at home and abroad—generated two-thirds of the company's revenues, causing the downturn to dramatically affect Burberry's sales),³⁴ internal

³² Mary Jo Hatch and Majken Schultz, "Are the Strategic Stars Aligned for Your Corporate Brand?" *Harvard Business Review*, February 2001, pp. 129–134.

³³ "Gone to (Google) Hell: Resurrecting a Reputation When the Devil's in the Digital," *PR News*, June 11, 2007.

³⁴ Lauren Goldstein, "Dressing Up an Old Brand," *Fortune*, November 9, 1998, pp. 154–56.

factors were also at work. For one, prior to Bravo's arrival, instead of maintaining a cohesive Burberry brand across the globe, the company allowed each country's management team to develop the brand as it desired in the local market and allowed extensive licensing. As a result, when customers thought of Burberry, what came to mind depended on their geographic location. In the United States, it meant \$900 raincoats and \$200 scarves; in Korea it meant whiskey; and in Switzerland it meant watches. Bravo explained that, before her arrival, "[Burberry] had a disparate network of licensees marketing Burberry around the globe. It wasn't a coherent business. Each country was representing its own version of Burberry. Demand slowed. The business needed a clean up. The brand was over-exposed and over-distributed."³⁵

Not only was the company having trouble deciding what it was selling, but it was also struggling with how it was positioning its products. Burberry's inability to decide whether it was targeting upper or lower-end consumers in Asia, for example, led to its products being sold in bulk to discount retailers. This decision undermined the image the exclusive, high-end Burberry boutiques were trying to generate in that same market. Bravo realized that Burberry had to sharpen its focus and concentrate exclusively on high-end retailing to send a consistent message to consumers. Additionally, she recognized that by speaking primarily to older males as a high-end men's raincoat retailer, the company was not catering to a key consumer constituency—women—as effectively as it could.

Recognizing that the Burberry store portfolio needed to reflect the high-end focus of the brand, Bravo upgraded the flagship store in London and doubled the size of the New York store. Even more important, Burberry began to rein in its detached network of franchises to allow the company greater control over consistency of product and identity. The most visible turning point was a print advertising campaign featuring supermodel Kate Moss in a Burberry plaid bikini. These ads pushed Burberry's sales up dramatically and the average age of its customer down considerably by putting a fresh, playful face on a venerable fashion brand that, though esteemed for its nearly 150-year heritage, was looked upon by younger constituencies as stodgy and by many women as "not for me."

In many ways, Burberry's late-1990s refresh was so stunning that the brand became a victim of its own success. Estimated to be the world's most copied fashion logo, Burberry's grasp on the luxury market slipped, partly due to its own ubiquitousness. Under the leadership of Rose Marie Bravo's successor, Angela Ahrendts, Burberry once again aggressively sought to realign its brand. After taking the reins in 2006, Ahrendts focused on centralizing design and reviving core heritage products. Her efforts, from store renovations to a more unified product focus across all franchises, not only boosted company performance (sales more than doubled during her tenure), but helped to create a cohesive brand image and secure Burberry as a luxury brand, greatly enhancing its reputation around the world.³⁶

³⁵ Quoted in Nigel Cope, "Stars and Stripes," *Independent*, June 6, 2001, Online Lexis-Nexis Academic, August 2001.

³⁶ "Burberry's CEO on Turning an Aging British Icon into a Global Luxury Brand," *HBR*, January–February 2013, www.hbr.org.

Corporate Philanthropy

Every organization today needs to consider corporate philanthropy and social responsibility when thinking about its reputation. We will discuss corporate responsibility in much more detail in Chapter 5. The 2013 Cone Communications Social Impact Study results revealed that only 7 percent of the U.S. population believes that corporations only need to be concerned with their bottom line. More than nine in ten look to companies to support social or environmental issues in some capacity, and 88 percent are eager to hear from companies about those efforts.³⁷ Many customers factor philanthropy and social responsibility in when deciding where to purchase goods and services. The Shell and ExxonMobil example earlier in this chapter provides an example.

Despite these findings, corporate philanthropy is not without its perils. As we saw in Chapter 1, trust in business is low, and efforts to publicly “do good” can be perceived as self-serving, particularly in the case of “strategic giving,” in which the charitable activity relates directly to the business the company is in. Alternatively, when companies are too silent about what they are doing for the community or the environment, they face criticism for being apathetic.

Philip Morris provides a good example of the former. The company’s advertising campaign touting its charitable activities met with skepticism from the public, many of whom viewed these ads as an attempt by Philip Morris to “undo” its negative image as a big tobacco company rather than as a manifestation of true concern for the community. Despite continued spending on promoting its philanthropic activities, the company fell out of the top 60 in the 2011, 2012, and 2013 Harris Interactive RQ Surveys. Philip Morris had been ranked 56 out of 60 in 2006.

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 a Harris Interactive-Reputation Institute survey of doing “absolutely nothing to help.”³⁸ P&G had consciously taken a low-profile approach to avoid being seen as “capitalizing on disaster,” and that approach backfired.

How can companies reconcile the public’s desire for them to do good things for the community and the environment with the public’s equally strong skepticism about corporate motives? Why do some companies’ efforts to make their good deeds known meet with approval and others’ with disdain? First, corporate philanthropy and social responsibility programs should be consistent with a company’s vision to be perceived as credible, rather than as simply “check-the-box” activities or attempts to burnish a tarnished image.

Second, the means by which a company demonstrates its caring for the community should be carefully considered, using the communication framework provided in Chapter 2. If the company understands each of its constituencies—what

³⁷ 2013 Cone Cause Evolution Study, http://www.conecomm.com/stuff/contentmgr/files/0/e3d2eec1e15e858867a5c2b1a22c4c4b/files/2013_cone_comm_social_impact_study.pdf.

³⁸ Ibid.

the constituency members are concerned about, what is important to them, and what they already think about the company—it will be well positioned to structure the right kinds of programs and choose the right *channels* through which to communicate them. For instance, it may decide to describe its community outreach or environmental activities in its annual report or on its website rather than through advertising. It may decide that sponsoring a program that allows and encourages employees to volunteer their time in the community will be more effective than giving money to a local charity.

In the changing environment for business, corporate philanthropy and social responsibility are gaining visibility and importance in the eyes of many constituencies. A company that has a good understanding of its own constituencies and what is important to each group, and that gives thought to how to tie corporate responsibility programs into its corporate vision, will be well positioned to create programs that will enhance its reputation. As mentioned, Chapter 5 covers this topic in more detail.

What Is Corporate Advertising?

Now that we have an understanding of image, identity, and reputation, we see how corporate advertising can be employed to shape an organization's image.

Corporate advertising can be defined as the paid use of media that seeks to benefit the image of the corporation as a whole rather than its products or services alone. Because all of a company's advertising contributes to its reputation, 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. Costs are usually associated with a specific product or service. 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.

Corporate advertising should present a clear identity for the organization based on a careful assessment of its overall communication strategy (see Chapter 2), and it generally falls into three broad categories: image advertising, financial advertising, and issue advocacy. Let's take a closer look at each of the three categories to understand what corporate advertising is all about.

Advertising to Reinforce Identity or Enhance Image

Many companies use corporate advertising to strengthen their identities following structural changes. As companies merge and enter new businesses, they need to explain their new vision, organization, and strategy to constituents who may have known them well in an earlier incarnation but are struggling to understand the new organization. These typically larger organizations often need to simplify their image to unify a group of disparate activities.

Tyco used corporate advertising to rehabilitate its image in the wake of corporate fraud by former CEO Dennis Kozlowski and former CFO Mark Swartz. Under Kozlowski, Tyco had become a confusing conglomerate of business units built by aggressive acquisitions. Even the company's own employees were unsure what businesses Tyco was in. Following operational improvements, new CEO Ed Breen hired Jim Harman from General Electric as Vice President of Corporate Advertising and Branding. Harman, who had overseen GE's "We bring good things to life" campaign, was tasked with demonstrating the breadth of Tyco's businesses, products, and services. Tyco used the tagline "a vital part of your world" in several print ads that portrayed the company's products and services as integral to daily life. The ads featured a background of more than 6,500 words listing Tyco products and services. The words formed a picture, such as a baby or a firefighter, demonstrating the importance and vitality of Tyco's offering. In 2005, Tyco won an award for best corporate advertising from *IR Magazine*.³⁹

As discussed earlier in this chapter, identity audits are one way for organizations to manage their identity, image, and reputation with a variety of constituencies. When companies analyze their image with constituencies, they can then apply these findings to their corporate advertising strategy. If an organization's identity is very different from how it is perceived externally, for instance, it can use corporate advertising to close that gap. We saw how Burberry used both iconic and fresh British faces to star in its print advertising campaigns as a means of influencing consumers' perception that the brand was not for women and stiff and stodgy. Corporate advertising can be an efficient mechanism for changing impressions about organizations if changes have really taken place. At Burberry, CEOs Rose Marie Bravo and Angela Ahrendts were indeed expanding Burberry's women's clothing and accessory lines and working to raise Burberry's profile when the new ads appeared in print.

Effective image advertising also allows companies to differentiate themselves from rivals. For example, Nintendo won *Advertising Age* magazine's Marketer of the Year award in 2007 after a blitzkrieg of corporate advertising around its new product, the Nintendo Wii. After years of languishing behind competitors like Sony's PlayStation and Microsoft's Xbox, the company depended on this product to boost sales and reinstate the brand as a leader in the video gaming industry. In November 2006, with \$200 million in marketing support, Nintendo's advertising campaign incorporated traditional media with word-of-mouth marketing and digital communications platforms. It appealed to nontraditional audiences, such as mothers, and empowered these groups by making them official Wii Ambassadors. The complementary TV and print ads (crafted by Leo Burnett USA, Chicago) all featured the signature phrase, "Wii would like to play." However, most important to the success of the marketing effort was its application of strategy (by looking toward audiences that represented the future success of the company) and its consistent messaging.

According to NPD Group analyst Anita Frazier, "Marketing played a huge role in the success of the Wii and DS, and I think the power of having a focused message

³⁹ Suzanne Vranica, "Tyco Aims to Put Its Woes Behind It," *The Wall Street Journal*, June 15, 2004.

executed throughout all the elements of the marketing campaign is evident. It's sort of like Marketing 101, but too many marketers forget that having a solid positioning and messaging is the most important thing to do before you spend the first dollar on executing the campaign."⁴⁰

The campaign's success can also be attributed to the public relations (PR) behind it. As marketing/advertising and PR functions become increasingly integrated in many organizations, PR becomes a key partner in corporate advertising strategies.

"In our PR, we've always done outreach, but in this case, when we noticed something interesting happening online—like the weight loss using Wii Sports—we would draw it to the media's attention," said George Harrison, former senior VP, marketing and corporate communication, Nintendo North America, in *Advertising Age*. "The little things that kept showing up were picked up and blown out in marketing. . . . When we saw what people were doing or how they were getting creative, we would move on it."⁴¹

Advertising to Attract Investment

In Chapter 8, we will look at the importance of a strong investor relations function. One of the tools that companies use to enhance their images in the financial community is financial-relations corporate advertising. This kind of corporate advertising can stimulate interest in a company's stock among potential investors as well as buy-side and sell-side analysts (see Chapter 8 for more on analysts). Given the hundreds of companies that analysts cover, a good corporate advertising campaign can stimulate their interest to take a closer look at a particular one.

Although analysts focus heavily on company financials, in a recent Ernst & Young survey of more than 150 global institutional investors, two-thirds of respondents ranked nonfinancial performance as playing a pivotal role in the decision to invest, as did the appearance of poor governance and lack of strategy. Additionally, investors were more likely to value information that came directly from company leadership itself rather than from third-party sources.⁴² Analysts place a high value on CEOs who express a coherent vision for their organizations. For these reasons, companies' CEOs are often featured in corporate advertisements targeted at the financial community.

Some corporate advertisers assert that a strong, financially oriented corporate advertising campaign can actually increase the price of a company's stock. A W.R. Grace campaign that ran in the early 1980s is often cited as evidence. The television campaign, which ran as the company's "Look into Grace" series, highlighted the company's financial and business attributes and then asked, "Shouldn't you look into Grace?" Attitude and awareness studies of the ad campaign in test markets showed that its awareness and approval ratings were much higher after this campaign ran. In addition, the company's stock price increased

⁴⁰ http://www.iabcfortworth.com/emma_news/October_2007/nintendo_marketer2.html.

⁴¹ Ibid.

⁴² E&Y Institutional Investor Survey, "Tomorrow's Investment Rules," September 2013.

significantly during the test campaign, though it did not go any higher with later campaigns. Corporate advertising expert Thomas Garbett, writing in the *Harvard Business Review*, stated that

I interpret the relationship between corporate campaigns and stock pricing this way: advertising cannot drive up the price of a reasonably priced stock and, indeed, doing so might not be entirely legal; it can, however, work to ensure that a company's shares are not overlooked or undervalued.⁴³

Professors at UCLA Anderson studied this trend using an econometric analysis of the link between corporate advertising and shareholder value. They evaluated the long-term effects of advertising spending on product market response and investor response. Their study determined that, indeed, advertising can have a direct effect on sales, stock price, and, in the long run, a company's market capitalization.⁴⁴

The implications of this study, if true, are exciting for companies. Even a one-point increase in the stock price can translate to the tens or hundreds of millions of dollars for large companies with many shares of stock outstanding. In addition, an improvement in stock price that improves the company's price-to-earnings ratio can present opportunities for stock options and dividends for employees, improving talent acquisition and retention.

Advertising to Influence Opinions

This kind of advertising often is called *issue* or *advocacy advertising* and is used by companies to respond to external threats from either government or special interest groups. Issue advertising typically deals with controversial subjects; it is a way for companies to respond to those who challenge the status quo.

Many companies started using issue advertising in the late 1970s and early 1980s to meet the challenges of what was perceived as the antibusiness media. By taking issues directly to the consumer, companies can compete with journalists for a share of the reader's mind. As a result, issue advertisements often are purposely placed on op-ed pages in prominent newspapers such as *The New York Times*, *The Wall Street Journal*, and *The Washington Post*. Perhaps the most famous example of this kind of advertising was Mobil Oil's series of issue advertisements, which ran for more than 20 years. What began as a dialogue about the oil embargo in the early 1970s expanded to become a sort of bully pulpit for this powerful organization as it advocated positions on a wide variety of topics.

Many other organizations also have adopted the op-ed style for their advocacy ads, including another oil giant, BP, discussed earlier in the chapter. The advertising campaign BP ran following the 2010 Gulf of Mexico oil spill typifies the more positive approach used by companies dealing with environmental issues. In April 2010, BP's Deepwater Horizon rig exploded, killing 11 people and pouring an estimated 4.9 million barrels of oil into the Gulf of Mexico. BP went into crisis response mode

⁴³ Thomas F. Garbett, "When to Advertise Your Company," *Harvard Business Review*, March–April 1982, p. 104.

⁴⁴ A. Joshi and D.M. Hanssens, "The Direct and Indirect Effects of Advertising Spending on Firm Value," *Journal of Marketing*, January 2010.

and ran a series of multichannel ads positioning itself as a community partner, if not an environmental leader. The campaign focused on local residents who also happened to be BP employees, like Iris Cross, BP's Director of Community Outreach. A life-long Gulf area resident, Ms. Cross's tone in one of the ads conveys compassion and responsibility: "We haven't always been perfect, but we will be here until the oil is gone and the people and businesses are back to normal." Another famous example is McDonald's response to the film, *Super Size Me*. McDonald's ran an ad agreeing with the film's premise that eating too much and doing too little is bad for you, while attempting to dispel the notion that the McDonald's menu is to blame for unhealthy eating. To support its claims, the ad listed several healthy food choices the restaurant had recently added to its menu, such as fruit cups and salads.

BP's campaign reveals the problem, however, with much of issue advertising. As David Kelley pointed out in an essay on the subject of issue advertising in the *Harvard Business Review*, most companies "pay too much attention to the form and too little to the content of the message." The community partner ads and those featuring BP CEO Tony Hayward exclaiming "[We will] do everything we can so this never happens again. We will get this done. We will make this right" only underscored the impossibility of BP's situation and promise. Indeed, in the final report issued by the National Commission on the Deepwater Horizon Oil Spill, commissioners revealed that the root causes of the spill were systemic and that the catastrophe could have been avoided. Many branding experts argued that BP's ads played directly into the hands of critics, who charged the company with environmental negligence.

In BP's case, transparency in advertising would have gone a long way toward positioning the company as an ally to local residents and a capable leader. Rather, their ads were labeled propaganda and failed to live up to the company's brand promise of being "Beyond Petroleum." Arguably, it is extremely difficult for a large corporation to take on a crisis issue in the marketplace without offending someone. When companies try to please everyone, they ultimately dilute the power of their own messages. When companies decide to pursue an advocacy campaign, they must proceed with extreme caution and with a full understanding of its inherent risks.

Who Uses Corporate Advertising and Why?

According to recent studies, more than half of the largest industrial and nonindustrial companies in the United States have corporate advertising programs of one sort or another. Usually, a direct correlation exists between size and the use of corporate advertising: the bigger the company, the more likely it is to have a corporate advertising program. Because large corporations tend to have more discretionary income, this correlation makes sense. In addition, larger companies tend to be more diversified and thus have a greater need to establish a coherent identity for a variety of activities, products, and services.

Corporate advertising also is used heavily by companies within more "controversial" industries: cigarette companies, oil companies, pharmaceuticals, and other large industrial companies all have image problems to deal with, from concerns about health to drug recalls to pollution. Overall, heavy industry

spends more on corporate advertising than consumer packaged-goods firms, which lead all other industries in product advertising. This ranking may be related to the presence in consumer product companies of a strong marketing focus that concentrates more on the four Ps of product, price, promotion, and place (distribution) than on developing a strong corporate image. Interestingly, recent government and public focus on the nutritional content of fast foods and snack foods is already leading to more corporate advertising from companies such as PepsiCo and McDonalds that are looking to show their companies in a more positive and healthy light.

A good corporate advertising program can clarify and enhance a company's image, and the absence of one can actually damage a company's reputation. Toms is a good example of a company that combines product and corporate advertising. In one of its shoe ads the company states that, "For each pair you purchase, we will send one to a child in need." This ad represents the best of how philanthropic efforts can be used to foster goodwill with constituencies. Let's now take a closer look at some of the reasons companies invest in corporate advertising campaigns.

Increase Sales

The relationship between corporate advertising and sales is less clear than that between product advertising and sales, because corporate advertising is meant to do things that *eventually* boost sales but likely won't directly or immediately do so. This purpose creates a problem for managers trying to introduce corporate advertising into companies that have a heavy financial orientation. The numbers-oriented manager often will cite the lack of a direct connection between corporate advertising and sales as the best reason not to use corporate advertising.

Even so, there are growing efforts to identify a closer relationship between corporate advertising and sales. As a senior vice president of the Association of National Advertisers (ANA) remarked, "As has been seen in other marketing communications areas, corporate advertising managers are becoming more concerned with determining the Return-on-Investment [ROI] of their efforts."⁴⁵

Although measuring the ROI for individual marketing disciplines began 75 years ago with the monitoring of results from direct-mail campaigns, attempts to determine the ROI from integrated marketing campaigns are more recent. Several agencies, including Grey Global Group, McCann-Erickson WorldGroup, and J. Walter Thompson, are using new tools to better quantify results for clients, including measures such as cost per sale or cost per lead.⁴⁶ This sort of analysis can help companies make a stronger case for advertising budgets in difficult economic times and also may aid with their financial projections. The rise of the Internet has made it increasingly easy to measure newer forms of advertising, such as advertising banners placed on websites and in e-mail advertisements.

⁴⁵ Association of National Advertisers' website, http://www.ana.net/news/1998/04_01_98.cfm.

⁴⁶ Laura Q. Hughes, "Measuring Up," *Advertising Age*, February 5, 2001, p. 1.

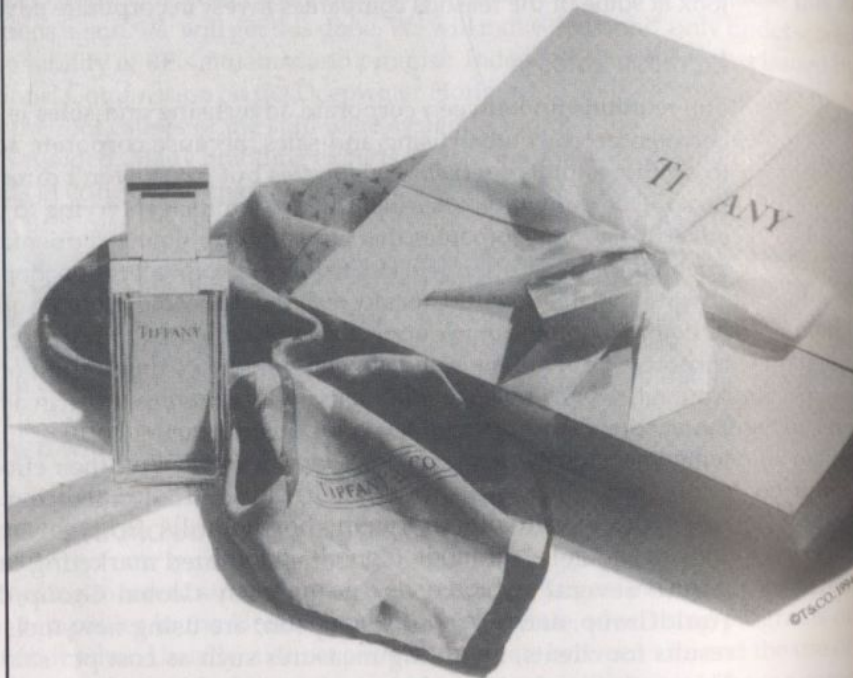
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This is an example of how Tiffany combined product and corporate advertising. It represents the best of how philanthropic efforts can be used to foster goodwill with constituencies. Tiffany and Company Advertisement with The Susan G. Komen Breast Cancer Foundation. Photo credit: Tiffany and Company. Permission granted by Tiffany & Company.

In the future, "Advertising won't be treated as an expense, but as a strategic investment".⁴⁷ Through corporate advertising, companies can draw out features about themselves that they think will appeal to the public and, as a result, make consumers want to buy products from them. For instance, S.C. Johnson & Son, a company established in 1886 and the maker of such brands as Glade, Pledge, Windex, and Ziploc, learned that 80 percent of consumers believed family-owned companies made products they could trust, versus only 43 percent who said the same of publicly owned companies. In response, the company rolled out a \$450 million campaign highlighting the family heritage of S.C. Johnson, with the tagline, "S.C. Johnson—a Family Company."⁴⁸

Create a Stronger Reputation

We have talked about the importance of reputation throughout this chapter. The best corporate advertising creates goodwill and enhances reputation by letting constituents in on what the organization is all about, particularly if the company does beneficial things that not everyone is aware of.

Amoco Chemical Company, acquired by BP in 1998, created a campaign that won an award from *BusinessWeek* in the late 1990s and is a classic example of this sort of advertising. One of the print ads for this campaign showed an airplane landing at night with the headline "Amoco Helps Make Coming Home a Little Safer." The ad went on to explain that the lighting masts use durable resin compounds based on material from Amoco Chemical. Although the advertisement was visually appealing, another reason that this campaign made it into *BusinessWeek's* "most memorable" list that year was the concept that chemicals are used for things most people don't even think about that make our lives better. The tagline, also memorable, read, "The Chemistry Is Right at Amoco." Learning more about the good things that come out of Amoco shifted some people's perceptions away from thinking of Amoco as another "big oil" company and a producer of environmental pollutants.

Companies also look to build credibility and enhance reputation by using endorsements from third-party organizations (TPOs).⁴⁹ Just as individuals rely on the *Zagat Survey* to confirm their choice in restaurants, many find this type of "seal-of-approval" advertising helpful in assessing companies, particularly lesser-known ones. An endorsement by a trusted and recognized TPO can inspire confidence in the consumer. Third parties can provide ratings or rankings of a company or its services, or they can be used as the subject of a story that illustrates how the company provided a service to them. Increasingly, the aggregated opinions of other consumers, as viewed on sites such as Amazon or Yelp, are serving as trusted third-party reviews. This presents interesting opportunities for companies to connect directly with the dedicated and respected customers

⁴⁷ Kathleen Sampey, "AT&T: Ads Are Investment; Shops Must Project ROI," *Adweek*, July 31, 2000, p. 6.

⁴⁸ Jack Neff, "S.C. Johnson Ads to Stress 'Family Owned,'" *Advertising Age*, November 13, 2001, p. 3.

⁴⁹ Dwane Hal Dean and Abhijit Biswas, "Third-Party Organization Endorsement of Products: An Advertising Cue Affecting Consumer Prepurchase Evaluation of Goods," *Journal of Advertising*, January 1, 2002, pp. 41–58.

that Malcolm Gladwell refers to as “mavens” in his book *The Tipping Point*. It also represents real risk for companies because nonexpert reviewers can share negative opinions that are based on misunderstanding and user error with millions of potential customers.

When companies receive positive reviews from a trusted TPO, they should consider referencing the endorsement in corporate advertisements. An example of this is the advertisement for a Van Kampen mutual fund that mentions the fund's five-star rating by the Morningstar investment guide. An example of a company that used TPOs to give it credibility for its lesser-known offerings is the campaign that Xerox Corp. launched for its consulting and operations services. One of these ads shows the Xerox name in large print with a car key sitting on top of it. The copy reads, “Enterprise Rent-A-Car wanted to reduce operational costs. Xerox found the key to success by moving 1.7 million documents onto their intranet every month.” Another ad talks about how the company helped Honeywell lower its operational costs by millions of dollars. Although Xerox already had the name recognition that many smaller companies using TPO advertising do not, it was largely for photocopying equipment. This series of ads, with the tagline “There's a New Way to Look at It,” revealed a much broader set of capabilities. Being able to talk about projects it had undertaken for large, well-known companies provided Xerox with more credibility as it attempted to boost its image as a more comprehensive service provider.

Corporate advertising also is widely used by companies to publicize their philanthropic activities, which, as discussed earlier in this chapter, also can lead to an enhanced reputation. These advertisements can create bizarre associations between otherwise diametrically opposed sectors of society, such as cigarette manufacturers and the arts (The Altria Group, formerly Philip Morris), opera and oil (Texaco), and supertanker manufacturers and blue whales (Samsung).

Organizations using corporate advertising to enhance their reputations must be prepared for their opponents to respond negatively to what they may perceive as the company's attempt to smooth over a history of corporate wrongdoing or to apply a “quick fix” to a serious image problem.

As mentioned earlier in this chapter, Philip Morris, now Altria, has struggled to improve its reputation, despite allocating significant funds to the effort. The company's aggressive image advertising campaign touting its philanthropic activities, coupled with its identity program, actually worked to alienate critics further. Many viewed both as attempts to mask the company's true identity as a cigarette manufacturer responsible for thousands of cancer deaths. In fact, at Philip Morris's 2002 shareholder meeting, demonstrators waved a giant canvas banner depicting a skeletal Marlboro Man in a bandana marked “Altria.”⁵⁰

It is important, then, when using corporate advertising to enhance reputation that it be credible. Corporate advertising risks being perceived as not credible if, for instance, it ties closely to corporate vision, but that vision has not been properly communicated to the organization's constituencies through other channels as

⁵⁰ “Philip Morris Annual Meeting Draws Most Extensive Protest in Corporation's History,” *PR Newswire*, April 25, 2002. Online Lexis-Nexis Academic, April 2002.

well. This requirement highlights the point made earlier that corporate advertising must be strategic and closely aligned with a company's overall communication strategy. In isolation, it will not have the power to change perceptions about the organization.

Recruit and Retain Employees

One of the most critical communication activities for any company is communicating with employees (see Chapter 7). If a corporate advertising campaign succeeds in explaining in simple terms what a large, complex organization is all about, it can be as helpful to employees as it is to the outside world. Corporate advertising is also an indirect way of building morale among employees. Trying to quantify this is very difficult, however. Thomas Garbett writes that

Putting a dollar figure on the savings attained by reducing employee turnover is difficult. Some say you should add recruitment and training costs, next multiply by the turnover rate, and then estimate the percentage of employees who might be persuaded to stay if they felt more positively about the company. Whatever the real figure, if corporate advertising can effect even a modest reduction in turnover, the savings to a large corporation is well worth the expense and effort of a campaign.⁵¹

Such advertising also helps companies attract the best and the brightest both at the entry level and for senior positions. A good corporate advertising campaign can create excitement among both potential and current employees. In 2002, GE launched a corporate print advertising campaign with four employee-related themes: diversity in leadership, the GE Fund, the GE Mentoring program, and volunteerism at the company. Many of the ads show photographs of current GE employees as children. In one ad, a girl is pictured holding a globe; the text reads, "Introducing Eugenia Salinas who has traveled throughout the world as GE's General Manager, Americas Marketing for GE Medical Systems. She's part of the group of minority and women leaders across GE responsible for over \$30 billion in annual revenues."⁵²

Other ads include photos of GE employees who are involved in mentoring through the company-sponsored program or who participate in volunteer projects, along with members of their local community. Many such ads, ostensibly focused on employees, enhance a company's image with nonemployee constituencies as well. Consumers, for instance, may be impressed with GE's social responsibility programs or the caliber of its employees, which they read about in these print ads.

Conclusion

As we've seen in this chapter, identity, image, and reputation are integral to an organization's success and credibility, and using corporate advertising successfully can help with all three. Most managers who have not thought about corporate reputation tend to underestimate its value. This error is partly due to a lack of understanding about what corporate image, identity, and reputation are all about

⁵¹ Thomas F. Garbett, *Corporate Advertising* (New York: McGraw-Hill, 1981), p. 120.

⁵² GE company website, <http://www.ge.com/campaign.htm>.

and what they do for an organization, but skeptics also should understand that an inappropriate or outdated identity can be as damaging to a firm as weak financial performance. Individuals seek consistency, and if perceptions about a corporation fail to mesh with reality, constituents take their business elsewhere.

Executives, then, need to be fully aware of the tremendous impact of identity, image, and reputation and must learn how to manage these critical resources. One way to do this, as illustrated by GE and Nintendo, is through corporate advertising. The decision to run a campaign should be based, above all else, on a firm's overall communication strategy. Whether the company is changing its image, is suffering from erroneous perceptions in the marketplace, or simply wants to continue a successful, well-received campaign that solidifies its identity, corporate advertising can be a tremendous resource in positioning the organization for future success.

No matter the strategy, an organization with a clear corporate identity that represents its underlying reality and is aligned with the images held by all of its constituencies will be rewarded with a strong reputation. Reputational success, in turn, matures into pride and commitment—among employees, consumers, and the general public—and these qualities are irreplaceable assets in an intensely competitive global business environment.

Case 4-1

JetBlue Airways: Regaining Altitude

New York-based JetBlue Airways had started 2007 on a roll; growth, in terms of both destinations and fleet size, was far outpacing even the most ambitious industry projections. And more important, the airline continued to enjoy a cult-like following among its loyal customers, thanks in large part to uncommonly attentive service, generous legroom, free satellite television feeds in every leather seat, and, of course, the company's signature Terra Blues potato chips. In fact, JetBlue ranked highest in customer satisfaction among low-cost airlines in 2006 and among all major airlines in the United States in 2005.¹

Yet as a winter nor'easter barreled toward the New York metropolitan region on February 14, 2007, JetBlue's leaders were blissfully unaware that the next seven days would be by far the most trying in the company's eight-year history. Within five days, the company would have cancelled more than 1,000 flights, incurring tens of millions of dollars in losses in the process and tarnishing JetBlue's sterling reputation, thanks to a combination of bad luck, flawed decision making, and multiple systemic failures.

JetBlue founder and CEO David Neeleman encouraged his executive team to search for bold and inventive solutions to restore the company's public image, win back customers, and reassure employees and investors. If that meant parting with convention, then so be it, Neeleman said.

JETBLUE TAKES OFF

The 1999 launch of Jet Blue Airways was never supposed to work. After all, of the 58 startup

jet airlines that had commenced operations since the U.S. government deregulated the industry in 1978, only two survived. "It is a business whose margins are so razor thin that a couple of passengers on each plane can spell the difference between profit and loss and where a 1-cent rise in the price of jet fuel can cost the industry an added \$180 million a year," wrote industry expert Barbara Peterson in 2004.²

Industry behemoths like Eastern Air Lines, Trans World Airlines, United Airlines, American Airlines, Braniff International Airways, Northwest Airlines, and Delta Air Lines reaped enormous profits and ruled the skies until Congress and President Jimmy Carter passed the Airline Deregulation Act of 1978. The primary purpose of the act was to eliminate government control over commercial aviation and encourage market forces to shape the industry's development.

Although the cut-throat competitive tactics used by the legacy airlines in the 1980s and 1990s caused most new companies to fail, competition persisted, and airfares dropped significantly into the twenty-first century, leading to the rise of low-cost carriers such as AirTran Airways, Southwest Airlines, and JetBlue Airways.

JetBlue was the brainchild of David Neeleman, an industry visionary who promised to "bring humanity back to air travel."³ Neeleman, who was born in Brazil but grew up in Utah as part of a large Mormon family, was no stranger to startup airlines. He helped to build Morris Air, a Utah-based airline that Southwest acquired in 1993 for \$129 million.

¹ B. Peterson, *Bluestreak: Inside JetBlue, the Upstart That Rocked an Industry* (New York: Portfolio, 2004).

² Ibid.

³ Ibid.

Neeleman leveraged his industry experience and connections to create a company that would boast a fleet of brand new airplanes, low fares, and a host of customer-friendly embellishments that legacy carriers and start-ups alike would be hard pressed to match. Neeleman envisioned treating JetBlue's customers—never referred to as passengers—to comfy leather seats, paperless ticketing, and exceptional service by flight crew members. Every seat would come equipped with a television that featured dozens of free channels provided by satellite signal. Finally, to keep costs down, JetBlue would offer a virtually unlimited supply of appealing in-flight snacks instead of soggy meals that no one really wanted.⁴

Backed by an impressive capital reserve, Neeleman's plan worked far sooner than even the most optimistic industry observers predicted. With flights to and from previously underserved markets, JetBlue quickly shot to the top of J.D. Power and Associates' customer satisfaction surveys.⁵ Based out of New York's John F. Kennedy International Airport, the startup soon expanded operations to Los Angeles, southern Florida, and a host of smaller markets, such as Buffalo, New York.

JetBlue's launch was particularly well timed. Despite frequent pricing skirmishes resulting from increased competition, the domestic commercial aviation industry started 2001 as the beneficiary of 24 consecutive quarters of profitability.⁶ Passenger volume had risen at an average annual rate of 3.6 percent over the previous decade, and net profits for the industry totaled \$7.9 billion in 2000.⁷ Then the unthinkable happened.

The terrorist hijacking and downing of four U.S. jetliners in New York City, Washington, D.C., and rural Pennsylvania on September 11, 2001, crippled the industry. Consumer confidence in the safety and security of air travel plummeted, sending booking rates down by 70 percent when flights resumed after 9/11.⁸ The industry, which generated 11 million jobs and constituted 9 percent of the U.S. gross domestic product, saw more than 80,000 jobs eliminated during the two months immediately following the attacks.⁹ In fact, only three airlines managed to turn a profit in 2001—the low-cost carriers Southwest, AirTran, and JetBlue.¹⁰

Due in large part to its size and flexibility, JetBlue continued to impress in the years that followed. In 2002, *Advertising Age* crowned JetBlue the "Marketer of the Year," claiming that the company's branding efforts gave it a singular identity in a crowded and often confusing marketplace.¹¹ JetBlue flights were among the most on-time in the industry in 2003, the same year the airline filled most of its available seats on planes—two feats that rarely go hand-in-hand. By mid-2004, the company had turned a profit for more than 16 consecutive quarters.¹²

Although JetBlue reported a net loss of \$1 million in 2006, primarily due to soaring jet fuel expenses, the company's operating revenue totaled \$2.36 billion, which constituted growth of nearly 39 percent over the 2005 fiscal year.¹³ By 2007, the airline's growing fleet of jets

⁴ M. Cohn, "JetBlue Woes May Spur Wider Changes," *The Baltimore Sun*, February 20, 2007, p. A1.

⁵ J. Bailey, "Long Delays Hurt Image of JetBlue," *The New York Times*, February 17, 2007, p. C1.

⁶ S. Blunk, D. Clark, and J. McGibany, "Evaluating the Long-Run Impacts of the 9/11 Terrorist Attacks on U.S. Domestic Airline Travel," *Applied Economics* 38 (2006), pp. 363–70, see p. 363.

⁷ Ibid.

⁸ H. Kim and Z. Gu, "Impact of the 9/11 Terrorist Attacks on the Return and Risk of Airline Stocks," *Tourism and Hospitality Research* 5, no. 2 (2004), pp. 150–63, see p. 151.

⁹ Ibid.

¹⁰ T. Flouris and T. Walker, "The Financial Performance of Low-Cost and Full-Service Airlines in Times of Crisis," *Canadian Journal of Administrative Sciences* 22, no. 1 (2005), pp. 3–20.

¹¹ B. Tsui, "JetBlue Soars in First Months," *Advertising Age* 71, no. 38 (September 11, 2000). Retrieved November 10, 2007, from Business Source Premier database.

¹² Peterson, *Bluestreak*.

¹³ "JetBlue Announces Fourth Quarter and Full Year 2006 Results," January 30, 2007, http://investor.jetblue.com/phoenix.zhtml?c=131045&p=irol-newsArticle_Print&id=955585&highlight=

served 52 destinations with more than 575 daily flights.¹⁴ Even though an increasing number of critics forecasted growing pains for JetBlue after its meteoric rise, the love affair between the upstart airline and its faithful customers appeared to be as strong as ever.

THE PERFECT STORM

Valentine's Day 2007 got off to an inauspicious start in the New York metropolitan area. Bleak, gray skies blanketed the region, and weather forecasters warned of a wintry mix of precipitation. JetBlue officials at JFK International Airport gambled that temperatures would warm up enough to change the snowfall and icy slush into rain. Six JetBlue planes—four bound for domestic destinations, one headed for Aruba, and another for Cancun, Mexico—were loaded early in the day with passengers, luggage, and cargo. The planes pushed back from their respective gates and waited for word of a break in the storm. Meanwhile, several inbound flights landed, taxied, and filled most of the airline's dedicated gates.

With no end to the freezing rain in sight, JetBlue and airport officials hatched a plan to allow planes stranded on the tarmac to ferry back and forth to the few remaining open gates for offloading. This strategy failed, however, when the runway equipment used to tow the planes froze to the ground. As a JetBlue spokesperson would explain to a local newspaper: "We had planes on the runways, planes arriving, and planes at all our gates. . . . We ended up with gridlock."¹⁵

Meanwhile, almost all of the other airlines operating at JFK had called off their flights earlier in the day. Scores of JetBlue passengers in the terminal waited in vain to board flights that would inevitably be cancelled. "We thought

there would be these windows of opportunities to get planes off the ground, and we were relying on those weather forecasts," said Sebastian White, a Corporate Communications Manager at JetBlue.¹⁶ Freezing rain continued to fall, entombing hundreds of passengers inside JetBlue planes that were stranded on the runways at JFK. The worst, however, was yet to come.

ON THIN ICE

Deteriorating weather conditions at JFK and flaring tempers both inside JetBlue's terminal and aboard its planes exacerbated the company's crisis. Nine of the airline's jets sat idle on the tarmac for more than six hours before passengers were successfully offloaded and taken to the terminal.¹⁷ Passengers aboard one JetBlue flight that landed at the airport were trapped inside the plane for a full nine hours.

Tensions inside the planes ran high during the seemingly interminable ground delays. The airline's pilots tried to provide frequent updates and apologies, while crew members in the cabins did their best to appease restless customers with snacks and beverages. It was not until 3:00 p.m. on Valentine's Day that JetBlue officials at JFK finally called the Port Authority of New York and New Jersey to request buses that the airline could use to shuttle passengers from the stranded planes back to the terminal.¹⁸

The crisis took a particularly troubling turn at Newark Liberty International Airport on February 15. Several passengers became unruly upon learning of additional flight cancellations, prompting JetBlue ticketing personnel to call in the police for protection.¹⁹

¹⁴ S. White, personal interview, November 29, 2007.

¹⁵ J. Bailey, "Long Delays Hurt Image of JetBlue," *The New York Times*, February 17, 2007, p. C1.

¹⁶ J. Chung and A. Strickler, "A Labyrinth of Luggage as Travelers Search through Mounds of Baggage; JetBlue Cancels Hundreds of Weekend Flights," *Newsday*, February 18, 2007, p. A3.

¹⁷ J. Lee, "JetBlue Flight Snarls Continue," *The New York Times*, February 16, 2007, p. 7.

¹⁸ "JetBlue Airways Names Dave Barger President and Chief Executive Officer," May 10, 2007, <http://investor.jetblue.com/phoenix.zhtml?c=131045&p=irol-newsArticle&ID=998672&high-light=>

¹⁹ A. Strickler, "Stormy Weather: Waiting til They're Blue; JetBlue Passengers Stranded on Planes for Hours Amid Icy Snarl at JFK Gates," *New York Newsday*, February 15, 2007, p. A5.

JetBlue customers found little solace by calling the airline's reservations hotline or visiting JetBlue.com. By Friday, February 16, many callers who dialed the company's telephone number were greeted by a recorded voice that said, "We are experiencing extremely high call volume. . . . We are unable to take your call." Additionally, JetBlue's website listed flights as on schedule for departure, when the carrier had already cancelled many of those flights.²⁰ Widespread instances of lost baggage would only further infuriate JetBlue customers whose travel plans were disrupted by the Valentine's Day storm.

JetBlue soon discovered that many of its planes and flight crews scattered across the rest of the country were out of place due to the disruptions at its New York hub. The carrier was forced to cancel more than 250 of its 505 daily flights scheduled for Valentine's Day.²¹ JetBlue called off 217 of its 562 scheduled departures for February 15 as well.²²

"We had a problem matching aircraft with flight crews," said Jenny Dervin, JetBlue's Director of Corporate Communications.²³ Company leaders quickly settled upon a strategy designed to "reset" the airline's operations. "Sometime in the afternoon [of February 16], it just fell apart," said Dervin.²⁴ "The folks running the operation [were] just exhausted. We said, 'Let's stop the madness.'" The plan to reset operations came at a steep price: JetBlue was forced to cancel approximately 1,200 flights between February 14 and February 19.

David Neeleman cited multiple operational failures that compounded the crisis. Among the primary culprits: inadequate communication

protocols to direct the company's 11,000 pilots and flight attendants about where to go and when; an overwhelmed reservation system; and a lack of cross-trained employees who could work outside their primary area of expertise during an emergency.²⁵

"We had so many people in the company who wanted to help who weren't trained to help," Neeleman said.²⁶ "We had an emergency control center full of people who didn't know what to do. I had flight attendants sitting in hotel rooms for three days who couldn't get a hold of us. I had pilots e-mailing me saying, 'I'm available, what do I do?'"

The cancellations during the five-day period cost the airline an estimated \$20 million in revenue and an additional \$24 million in flight vouchers given to customers who were impacted by the disruptions.²⁷ Within days of the storm, JetBlue lowered its operating margin forecast for the fiscal quarter and the year; investors immediately responded by selling off their shares of Jet Blue stock.²⁸ As the losses mounted, Neeleman became obsessed with finding a way to restore JetBlue's sterling reputation and winning back disillusioned customers.

MISERY LOVES COVERAGE

"Call it the perfect storm, the imperfect storm, the Valentine's Day Massacre," said one JetBlue Vice President.²⁹ Regardless of the label that the public affixed to the crisis, JetBlue officials knew the media interest in the story would be sky high. The company's corporate communications department fielded roughly 5,000 telephone

²⁰ M. Daly, "How Two Pilots Put Silver Lining in JetBlue Clouds," *New York Daily News*, February 18, 2007, p. 12.

²¹ Bailey, "Long Delays Hurt Image of JetBlue."

²² Strickler, "Stormy Weather."

²³ Lee, "JetBlue Flight Snarls Continue."

²⁴ J. Bailey, "JetBlue Cancels More Flights, Leading to Passenger Discord," *The New York Times*, February 18, 2007, p. A31.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

²⁸ P. Korkki, "Investors Mostly Glum in a Short Trading Week," *The New York Times*, February 27, 2007, p. C10.

²⁹ B. Capps, "Management's Misjudgment Gives JetBlue a Black Eye," *Advertising Age* 78, no. 18 (April 30, 2007). Retrieved November 10, 2007, from Business Source Premier database.

inquires from the media between February 14 and February 19.³⁰

JetBlue's reputation as a successful and offbeat upstart airline only seemed to invite sensational newspaper headlines during the crisis. The *New York Post* published an article under the banner "Air Refugees in New JFKaos; Hordes Camp Overnight Before JetBlue Says: 'Tough Luck, No Flights.'" A *New York Times* story entitled "Long Delays Hurt Image of JetBlue" similarly predicted reputational damage for the carrier as a result of the crisis. The headline of a *Newsday* article asked the question virtually every industry observer wanted to know: "Can JetBlue Recover?". For their part, angry JetBlue customers provided plenty of material to reporters in search of a sound bite.

CONGRESS COMES CALLING

Just days after JetBlue's operational meltdown at JFK, members of Congress began calling for legislation designed to prevent air travelers from being held captive inside grounded airplanes for excessive amounts of time. Many suggested that the implementation of an industry-wide passenger bill of rights would be necessary to spur major airlines to action. Legislators argued that a bill of rights would entitle passengers to receive standardized compensation from carriers that fail to meet certain service levels, such as a flight that remains on the runway for hours after pushing back for departure.

With all eyes on the embattled company, JetBlue leaders knew they had to choose their public relations battles carefully. Leaders recognized that the company was at a crossroads. One option was to place a greater emphasis on the winter storm's role in the operational problems at JFK and across the country. The strategy of redirecting blame had certainly

worked for other airlines in the past; after all, the public generally accepted that weather was a frequent cause of air travel disruptions. The corporate communications team at JetBlue's Queens-based headquarters also debated whether to put David Neeleman on the television news and talk show circuit, in addition to the YouTube mea culpa he had already issued.

But the biggest decision facing JetBlue's leadership team was a proposal set forth by Neeleman himself just days earlier. For JetBlue to regain its former prestige, Neeleman said that the airline had to do something novel, something impressive, something no competitor had ever done before to make amends to its customers. "I can flap my lips all I want," Neeleman said.³¹ "Talk is cheap. Watch us."

Neeleman suggested a gambit that was likely to garner much needed positive attention for the beleaguered airline but would also commit the company indefinitely to millions of dollars in potential losses. Neeleman's idea was a JetBlue Airways Customer Bill of Rights that would specify in no uncertain terms how passengers would be compensated if the company failed to meet certain performance standards.

For example, customers would receive vouchers good toward future travel if their flight sat on the tarmac after landing for more than a certain number of minutes. The value of these credits would escalate the longer the passengers were forced to wait on board the plane. In essence, JetBlue would be putting its money in place of its mouth.

Members of Neeleman's executive team met the idea with skepticism. The ongoing costs associated with such a groundbreaking program would be unpredictable at best and staggering at worst. As the weekend progressed, Neeleman faced countless questions and staunch objections from the heads of Jet Blue's legal, finance, flight operations, government

³⁰ J. Elsasser, "True Blue: After a Customer Relations Crisis, Lessons Learned at JetBlue," *Public Relations Strategist* 13, no. 3 (2007), pp. 14-19.

³¹ J. Bailey, "Chief 'Mortified' by JetBlue Crisis," *The New York Times*, February 19, 2007, p. A11.

affairs, and marketing teams, to name a few.³² No other airline has ever committed to something like this, they argued.

CONCLUSION

Neeleman, who was known for personally answering every customer letter or e-mail he received, viewed the Customer Bill of Rights as absolutely vital to restoring JetBlue's image. He contended that the bill of rights would reaffirm the public's perception that JetBlue viewed air travelers as human beings, not cattle to be shipped from Point A to Point B. "This is going to be a different company because of this," Neeleman said. "It's going to be expensive. But what's more important is to win back people's confidence."³³

In numerous interviews over the weekend, Neeleman promised that he would reveal JetBlue's redemption plan to the world by Monday, February 19. If a customer bill of rights was going to be part of that plan, the CEO still had to convince many influential people inside the company.

CASE QUESTIONS

1. How could JetBlue have better communicated with its internal stakeholders across the country on Valentine's Day and during the days that followed to enhance its image with customers?
2. Should the corporate communications team at JetBlue have arranged for CEO David Neeleman to appear on the national television news and talk show circuit following the crisis? What might be the potential benefits and risks to the company's reputation?
3. Would you recommend a corporate advertising program for JetBlue?
4. If implemented, how would you market the JetBlue Airways Customer Bill of Rights to external and internal stakeholders? How would this affect JetBlue's reputation?

Source: This case was developed by Greg Efthimiou, a corporate communications executive and graduate of the University of Richmond and University of North Carolina at Chapel Hill. It was awarded first place in the Arthur W. Page Society's annual Case Study Competition in 2008. Reprinted with permission.

³² White, personal interview.

³³ Bailey, "Chief 'Mortified.'"

Corporate Responsibility

In the previous chapter, we discussed the importance of corporate reputation—the sum of an organization’s constituency perceptions built up over time. An increasingly significant contributor to corporate reputation is the notion of corporate responsibility (CR), which is a corporation’s social and environmental obligations to its constituencies and greater society. This new lens is increasingly being used by constituencies ranging from the general public to investors to analyze and critique modern-day corporate behavior. In fact, some companies are fundamentally changing the way they conduct their operations to include responsible practices, and groups such as B Corporation and ISO 26000 are providing frameworks and guidelines on how companies can better manage their relationships with society.

When did society’s expectations of corporations shift to include responsible and accountable behavior in addition to profit making? As recently as two decades ago, the general public viewed “do-gooding” as the primary domain of nonprofit organizations and good Samaritans. At the time, many considered businesses to be purely self-interested entities. Positioned in a corner directly opposite charities, the purpose of a corporation was profit maximization, with any efforts to give back to the community limited to check-writing and philanthropy at an arm’s length. Milton Friedman, a University of Chicago economist, embodied the belief that businesses should be strictly economic, whereas governments and nonprofits should handle social and environmental issues. In the 1970s, Friedman’s doctrines became famous through his *New York Times Magazine* article, “The Social Responsibility of Business Is to Increase Its Profits,” in which he declared: “What does it mean to say that ‘business’ has responsibilities? Only people can have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but ‘business’ as a whole cannot be said to have responsibilities, even in this vague sense.”¹

In the 1970s, society began to more actively question the means by which corporations generate profits, acknowledging for the first time that corporate practices and society’s well-being are closely linked.² Corporations became more

¹ Milton Friedman, “The Social Responsibility of Business Is to Increase Its Profits,” *The New York Times Magazine*, September 13, 1970.

² Joshua Daniel Margolis and James Patrick Walsh, *People and Profits? The Search for a Link between a Company’s Social and Financial Performance* (London: Lawrence Erlbaum Associates, 2001).