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CORPORATE IMAGE AND CORPORATE IDENTITY STRATEGY IN MALAYSIA

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CORPORATE IMAGE AND CORPORATE IDENTITY STRATEGY

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ABSTRACT

The main aim of this study is to study the Corporate Image and Corporate Identity Strategy in Malaysia.

A survey was conducted amongst personal investors, corporate executives, directors, senior managers, bankers and institutional professionals from various companies. The data was collected by personal interviews with thirty respondents.

The findings indicated that corporate image and corporate identity both are vital for success of a company. The test results also shown that visual identity was directly influenced by public perception, it was a dependent variable to the visual identity. Furthermore, the visual identity was indirectly influenced by the media, which means that the media was an independent variable. Lastly, the findings shown that the effectiveness of a Corporate Image and Corporate Identity can help to increase awareness of the company in line with the company's objectives, for instance, to raise the stock price in the share market, to boot up the sales, and to encourage more investment.

(iii)

Based on this finding, a model as described in Graph 2 is proposed to hypothesise the relationship between Corporate Image and Corporate Identity. In this study, some implications and some prescriptive recommendations are made about how the companies can enhance their projected image and the corporate identity.

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CHAPTER 1

INTRODUCTION

1.1   __INTRODUCTION__

This study was conducted to examine Corporate Image and Corporate Identity Strategies in Malaysia.

Today, the role of Corporate Image and Corporate Identity have become increasingly important, and its presence is almost limitless in our everyday lives. Everywhere we go, we come across, either names, logos, symbols, colours, typeface, buildings or interior designs, and etc. that communicate messages to people, such as regulators, customers, suppliers, bankers, employees, competitors, investors, partners, analysts, and etc.. The organisation uses Corporate Image and Corporate Identity to distinguish itself, its brands, its constituent companies, its products and services. At one level, they encapsulate and make vivid a collective sense of belonging and purpose. At another level, they represent consistent standards of quality and therefore encourage consumer loyalty.

Many factors contribute towards the Corporate Image and Corporate Identity of an organisation - what we see in the advertisements, hear from people, and experience through the physical environment of a building or an office. If a organisation is astute it will recognise the importance of ensuring that these messages communicate a consistent image; and one that helps fulfil corporate goals.

1.1.1 DEFINITION OF TERMINOLOGY

What is Corporate Image ?

What is Corporate Identity ?

Is Corporate Image and Corporate Identity the same ?

Although some studies have been done on Corporate Image and Corporate Identity in the past, there appears to be a misunderstanding of terminology on these subjects. In some studies done, Corporate Image means Corporate Identity. To a large extent, Corporate Image is not the same as Corporate Identity - Corporate Image embody much more. Many CEOs and their management teams have been misled by image consultants into believing that a change of their company's visual identity will change the company's desired image.

In order to answer these questions, refer to the previous studies on this topic will help to clarify the definitions of Corporate Image and Corporate Identity.

1.1.1.1 - Definition of Corporate Image

Davies (June 1988), Image, therefore, is the code word for becoming closer to the client, to understand what his needs and requirements are. Corporate image is in the eye of the receiver. The corporate image is simply the picture that an audience has of an organisation through the accumulation of all received messages.

Dichter (1985) described an image as the total impression an entity makes on the minds of people.

Reynolds (1965) proposed that images are formed by a number of processes. Two of these being halo effects and simple inference. The halo effect occurs when a person forms an overall image of a company (or object) by generalising their impressions about attributes they are familiar with to those they know little or nothing about. Simple inference occurs when people feel that certain attributes of a company "go together," e.g., big is powerful.

MacInnis and Price (1987) argued that "imagery" is a distinct type of processing mode used by individuals to integrate information about an object (or event) into a gestalt. They suggested that information is not stored as images but, rather, knowledge structures are

activated, and mental images are formed in response to some stimuli (e.g., a visit from a salesperson). To measure a corporate image, we need a procedure that incorporates beliefs, affect the process by which these are transformed into mental images and a representation of these overall images.

Kennedy (1977) and Dowling (1986) suggested that person determined factors (e.g., personality, feelings) and company determined factors (e.g., advertising, product quality) combine to form a set of meanings by which a person describes, remembers, and relates to a company. Because an organisation serves multiple publics that have a different type of interaction with the company, then each of these groups is likely to have a different image of a particular company. Hence, company does not have an image; it will have multiple images.

In short Corporate Image is the way in which a company is perceived by the public, and organisation use Corporate Image as a powerful marketing tool to convey messages to people.

1.1.1.2 - <u>Definition of Corporate Identity</u>

Townsend (1989), Corporate identity is a power tool in the corporate tool kit, which enables you to communicate change, it enables you to communicate direction and it enables you to communicate your point of difference. And why that is valuable is because of everything you do in business, communications is probably the hardest thing.'

Nicholas (1990), Corporate Identity is the term most commonly used to define the program of communication and change that a company undertakes in conjunction with an external consultancy.

A corporate identity is its sense of self, much like our own individual sense of identity. Identity is formed by an corporate's history, its beliefs and philosophy, the nature of its technology, its ownership, its people, the personality of its leaders, its ethical and cultural values and its strategies.

There are three schools of thought on corporate identity. The first two schools emphasise on the importance of visual identity. The third school has more in common with mainstream management. It can be seen as comprising the philosophy, personality and culture of an organisation.

The first school holds that a new visual style can bring about change on its own.

'... the logo must not only express what the company is but what it will become...',

Kirby T. (12 February, 1987), A New Twist To The Logo Notion, Marketing Week.

The second school believes that a new visual style should reflect inner reality. It should act as a summation of the organisation's personality.

'Organisations have to communicate their philosophy through a corporate identity program which comprises a planned assembly of visual cues', Abratt R. Sept, 1989, A New Approach To The Corporate Image Management Process', Journal Of Marketing Management, Vol. 5 No. 1 pp 63-76.

The third school places less emphasis on design and sees corporate identity as being more an organic process. Corporate identity is seen to be of strategic importance and marketing-based.

'It's the public's total perception of the total organisation - Its products and/or services, its employees, its management, its attitude and work climate and its citizenship, to name the major criteria', J. Shennan (23 November 1980) quoted by Northart L., Corporate Identity Is Not A Design Problem, Public Relations Journal.

Nicholas (1990), Corporate Identity is concerned with four major areas of activity :

Product / Services. What you make or sell ?

Environments. Where you make or sell it, the place or physical context ?

Information. How you describe and publicise what you do ?

Behaviour . How people within the organisation behave to each other and to outsiders ?

All of these communicate ideas about the company and help to build the company's image.

Thus, Corporate Identity is a form of communication to the Company. It is expressed in the names, symbols, logos, and colour scheme. In addition to these, the company's building, office decor, signage, stationery, uniforms, cars and trucks can all play a part to identify the organisation.

1.1.2 CORPORATE IMAGE VERSUS CORPORATE IDENTITY

Napoles (1988), corporations are like people - they have individual characteristics, cultural impressions, and philosophies. A trademark, the visible part of the corporate identity program, helps to "humanise" a company by presenting a face, a personality, in the form of a symbol. The symbol reflects the company's identity and helps to mould its image in a positive way.

The corporate image is the way in which a company is perceived by the public - consumers, competitors, suppliers, the government, and the general public. Corporate identity, on the other hand, is a symbol that reflects the way in which the company wants to be perceived. It is the ideal situation, and can be created; whereas image is always earned.

Corporate identity is the visual counterpart of corporate image. It consists of the symbolic mark that reflects a desired image. Understanding the difference between the concepts of corporate image and corporate identity is the first step toward closing the gap between the two.

1.1.2.1 - <u>Characteristics Or Response Of Corporate Image</u>

Strong Emotional Response. The strength of this response increase in direct proportion to the length of time that a particular image has been in use. Well-established images can withstand considerable pressure, and, due to the emotional responses they elicit, they are nurtured and treated lovingly by consumers. Once a positive image is established, it is supported by those inside and outside the company alike.

Appearance of power. Consumers want to feel the power and strength of a corporation through association with its commodities or services. Customers want to feel that they are dealing with an organisation that is stable and reliable when they are buying its services or investing in the company.

Sense of experience, confidence, and tradition. When a company has established these characteristics, it is able to launch new products based on its past performance. A company with an established image has a greater advantage over a company without one when it comes to take-over bids, tenders, or environmental issues, as it can stand on its past achievements.

Slow process. The image-building process is a slow one; and change is not effective until it is accepted by the observer. A sound image will have been built only after a fairly lengthy period of consistent operations has occurred.

1.1.2.2 - <u>Characteristics Or Response Of Corporate Identity</u>

Symbolism tends to strengthen simple associations. Simplicity is fundamental to a good brand-package-symbol identification combination.

A strong visual trigger. A substantial portion of a symbol's power lies in its ability to trigger a response to a product or company. An entire program is built around the identification symbol. Whenever a member of the public encounters the company, it should be in the same symbolic terms. If a symbol is effective, a consumer need only think of the industry, or product involved, and the company's identifier will come to mind.

Identity as a promotional tool. Corporation symbolism is almost exclusively a promotional tool - active rather than passive. Advertising campaigns usually last a season; identity is more permanent and should last twenty years or more.

The corporate identity must be memorable. The basic difference between a successful and unsuccessful corporate identity program is that a successful identification has two important qualities : suggestiveness and recall. When a potential customer wants to buy a product and a particular company's brand name comes to mind, this is *suggestion*. When the same individual comes into contact with the identifier and relates it back to the company it represents, this process is known as *recall*.

1.2 **PROBLEM STATEMENT**

Through personal observation and discussion with people in the industry, the following assumptions were being used to describe the problem statement of the study :

Many corporations in Malaysia have ignored the importance of Corporate Image and Corporate Identity to the success of the company.

Furthermore, the existing Corporate Identity has failed to retain the desired image.

Lastly, we can easily find a lot of out dated Corporate Image and Corporate Identity which are not in line with the rapid changes of the business environment.

Generally, there were very little materials written in the advertising media and local press. Although this was a limitation, it also represented an opportunity to conduct some original research on this topic and its relationship to business strategy in Malaysia.

Also, there seems to have been no systematic analysis of the way corporate image and corporate identity works or is managed.

Corporate identity tends to be regarded as fundamentally a design-based discipline rather than as an area of management based on the marketing mix. Thus, corporate identity is perceived as being concerned with questions of design rather than questions of corporate strategy.

There was also a lack of consensus among writers as to the basis of corporate identity (Balmer & Wilkinson , 1991).

A central difficulty is terminology. There is a lack of consensus regarding the precise definition and relationships in the various descriptive labels in use. These labels may be identified as Corporate Identity, Corporate Image, Corporate Personality, Corporate Culture, House Style, Corporate Philosophy, Visual Image. These labels are often used interchangeably. This list can be extended to encompass questions of Brand Identity and Brand Personality (John M. T Balmer, Dr Adrian Wilkinson 1991).

1.3 **OBJECTIVES**

The general objective of this study is to examine how a corporate image and corporate identity can help a company to gain and sustain competitive advantage.

The specific objectives of the study are :

(i) to explore the relationships between corporate image and corporate identity,

(ii) to define functional variables that are determinants visual identity and image,

(iii) to define Corporate Image and Corporate Identity business strategy in Malaysia.

1.4 ORGANISATION STRUCTURE OF THE STUDY

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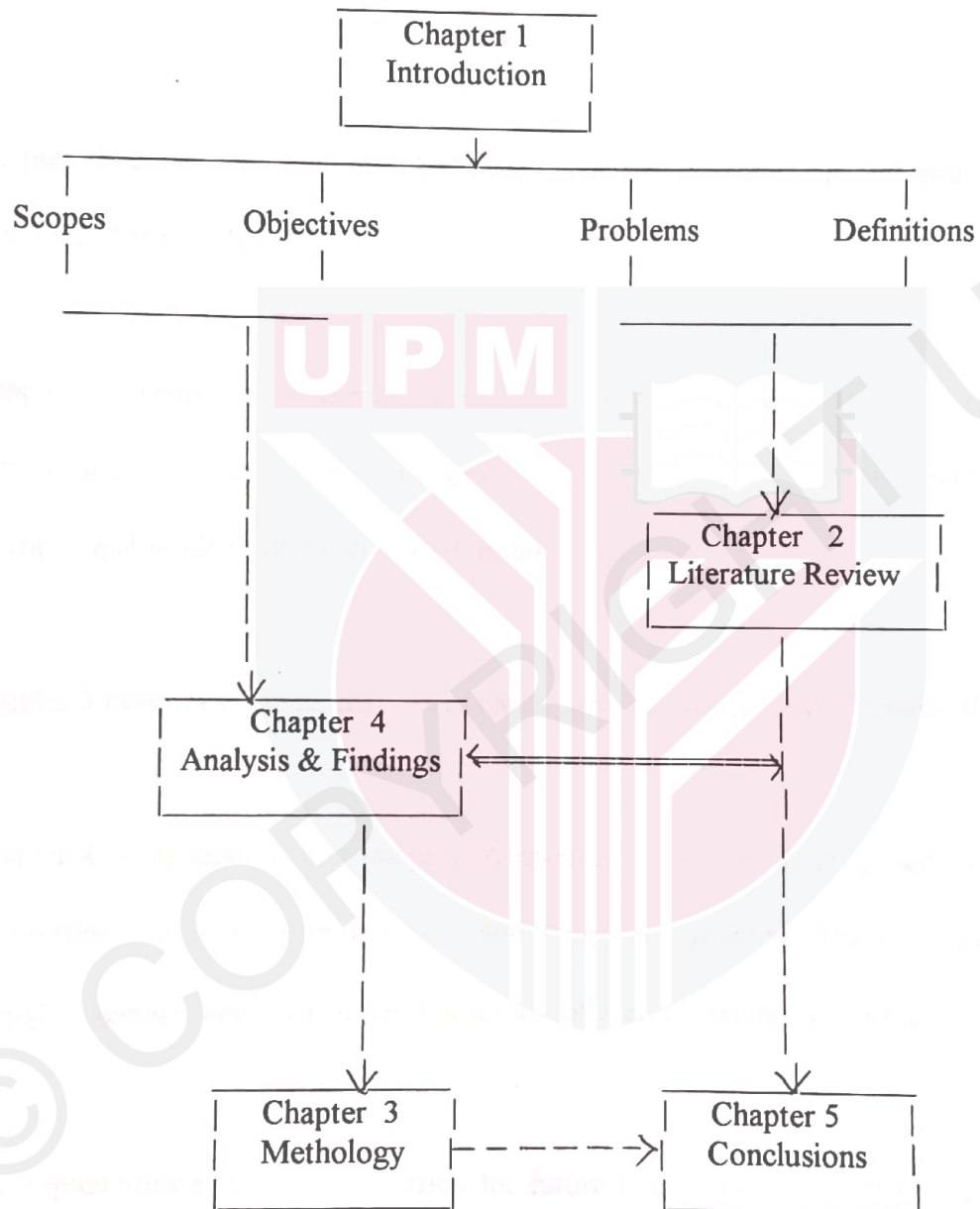
FIGURE 1 : ORGANISATION STRUCTURE OF THE STUDY

As was mentioned earlier, The purpose of this study is to examine how a Corporate Image and Corporate Identity of a company to gain competitive advantage in the market. This study focuses on developing Corporate Image and Corporate Identity strategy in Malaysia and researching related topic in this field.

Chapter 1 gives introduction, objectives, problem statement, scope and organisation structure of the study.

Chapter 2 includes more specifics on these subjects provided under the literature review section, such as competitive advantages, corporate image and corporate identity program. Theories and models will be disclosed in this chapter too.

Chapter 3 describes source, method of data collection, sample and variables of the study.

Chapter 4 is the analysis and findings. A research framework is proposed to describe the relationship within Corporate Image and Corporate Identity. These subjects are then brought together, and a set of hypotheses are offered for empirical testing.

The implications and recommendation for future research compose the latter part of this study.

1.5 SCOPE OF THE STUDY

This study is limited by the following factors :

First, focus on medium-large companies in Malaysia.

Second, the areas covered are the companies in Wilayah Persekutuan, and Selangor Darul Ehsan.

Third, target on personal investors, corporate executives, directors, bankers, top management team and institutional professional in various companies.

Fourth, variables determinants that are linked the success of Corporate Image and Corporate Identity in this study are media, and public relation.

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