What is ”Corporate Image” and “Corporate Identity” – and why do people talk so much about it?

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Image, identity and culture are concepts occupying the minds of companies and organizations of our time, because things must be connected in a world where every institution’s or person’s role and place are renegotiated almost everyday.

Companies’ increasing concern about their image, identity and culture must be seen in relation to a number of changes that influence their roles and opportunities. Today, the information we receive is no longer scarce; actually the amount of information is drowning us. This abundance has created much confusion. Demand and supply for information are disoriented and, thus, become increasingly dependent on the guidelines and criteria for sorting information in order to reduce confusion. Orientation is less and less a matter of gathering information and more and more a matter of sorting and connecting. The company’s consumers, stakeholders and employees are all influenced by this development.

Further, more and more people are now concerned about things other than material goods. For example, what we eat and how we should handle waste have become central issues for consumers and employees. The ecological concern and political consumption make the news. At the beginning of the new millennium, the most fundamental motive for consumption is changing in the affluent part of the world: For the single individual it is to a still lesser degree a matter of satisfying basic needs or achieving material advantages and more and more a matter of being able to act in line with his or her deeper values and to gain greater independence, manage one’s own time, and to sort between all the opportunities the new technologies offer.

The technological development that has made it possible to offer numerous and differentiated solutions and products blurs supply. Now – with all the diversity of choice and the raising risks for quick obsolescence - more is required in order to stay oriented about what is good for oneself as a consumer. Further, a result of the technological development is a differentiation of the companies’ activities. What the companies offer is less anchored in the past and more dependent on present technological options. This means that the consumers have difficulties in keeping up. The audience can be less informed about what the companies stand for or they are confused about their product mixes.

The change in mentality has caused former types to become obsolete. Previously, for example, you could market the founder of the company: The great inventor or the great entrepreneur. Today, it is common knowledge that management consists of hired people who might move to another company. So what is it that characterizes the specific company? It is not the people who work there right now, but the culture, the principles and values they use as basis for their work.

Internationalization and globalization have made it clear to companies that simultaneously it has become more difficult and more important to differ. All competitors, and even non-competitors, may disturb one’s position. Incidents concerning others may hit one hard.

The increasing power of the financial world has also drawn companies’ attention to the importance of identity. Like nations appealed to patriotism in war time, some companies now seek to appeal to solidarity and loyalty among shareholders, politicians and the public.

An important factor is also the competition for getting and keeping the best employees. It is no longer wages alone that attract people. The culture and identity of the company is mentioned more frequently when students discuss where they want to get a job. I hear this every day at the universities and business schools around the world, when I travel to cultivate my department’s image and identity. But what is the essence of this?

**Company and market**

As always, when the issue is organizations and human relations it is impossible to limit or cut the different ties
whereby society hangs together – each conceptual construction must serve the understanding, and coherence and action. That is why crude simplifications and problematic differentiations should be avoided.

If, for example, one chooses to distinguish between the company and the market in order to focus on the company as sender and the market as receiver, it becomes easier to forget that the company is always part of the market. The company does not only supply the market with goods and services, it decodes the market as good as it can. The company has to draw inspiration from the market. More than this, the company mirrors itself in the market. Small companies as well as the large gather identity from the market. The furniture dealer is proud of being recognized in town. The global company gathers its self-perception and motivation by its everywhere presence in the market. To put it differently, a company’s (organization’s) identity and image are not comparable to a heart in a body. Identity and image have more in common with blood than the heart. Their being is in connecting. It is the streams that are interesting, not the pump, as there is no independent pump in market streams.

It therefore seems unnatural to create artificial separations like the separation between sender and receiver of a company’s communication. Actually, it is not possible to distinguish between sender and receiver, and there is always so much noise on the line that it is never for certain what is communicated. For example, other companies, other advertisements all influence the company as well as the market.

Likewise, it is problematic to make oneself believe that it is possible to clearly distinguish between what happens internally and externally in the company. The company is part of the market and cannot detach from it. Identity and image therefore are always linked to the market streams. Here, as in any other system, feedback processes occur. It is important to be aware of these. For example, just like the furniture dealer is the first to pay attention to his own ad, the employees of the global company also are the first to notice their ads. The employees, in fact, constitute a significant audience of the company’s so-called “external communication.” The regions, nations, cultures, segments, departments; in all various perceptions exist. The same brand might, for example, be perceived differently (again also internally in the company).

Image identity and culture

With the above in mind, an easy way to distinguish between the concepts of identity and culture may be the following:

- The concept Corporate Image should draw the company’s attention to the way in which it is perceived in the market. The market— as mentioned— contains the company itself. Of course, the companies are chiefly interested in what image their most important audience have of them. No matter how much or how well the company seeks to influence this, its image on the market usually never corresponds with the ideal as the managers want it to be and as the employees perceive it. Therefore, the following concept might be useful. As mentioned, it can be difficult to group the various perceptions.

- The concept of Corporate Identity should draw the company’s attention to the way it perceives itself. And—as mentioned— it can be misleading to stick to limits that are too rigid between management, employees, shareholders and suppliers. The issue, when it comes to corporate identity, is to define how the company intends to present itself. Therefore, it is more a matter of an ideal, but because this is dealt with consciously, an assessment of one’s own behavior should be aimed at. To be able to perceive oneself better—one’s limits and potentials—the concept of corporate culture could be useful.

- The concept of Corporate Culture should draw the company’s attention to the less conscious perceptions and procedures. Like an individual can have a personal identity without trying to define what he or she bases it on, a company can have a self-perception (identity) without paying attention to it. The concept of culture refers to the obvious; the implicit elements that identity is based on and that the analyst or the self-conscious organization seek to question in order to better manage the codes it builds on. A code is a collection of symbols with their manuals. Codes
cannot be called a row of descriptions as they are neither successive nor written. Often, even the organizations are not aware of them, but to break a code has consequences. Thus, it is the conceptual opposites (dichotomies) that provide the basis for the values and priorities that one should focus on in order to get an impression of the corporate culture. In other words, if we want to understand a corporate culture we have to pay attention to the fundamental concepts and principles of differentiation in use, to the ways the actors in the organizations cut up the world, divide and classify their surroundings and build differences within and outside of the organization.

• Organizations do not gather concepts randomly. Often, it is necessary to refer to broader cultural concepts than those of the companies. On the other hand, in order to examine a nation’s, a region’s, or a trade’s culture, one must start with smaller cultural entities such as organizations, institutions and persons, as each system consists of its elements: the actors and their types of interactions breathe life into the culture that they gain life from. Quickly it appears that most codes stem from a broader culture, but they can be examined with the company as a point of departure. But again, it is not certain that the company should be regarded as a limited whole. It could be that it is necessary to distinguish between, for example, the culture in the marketing department, and the culture that exists among the engineers. And this despite the present importance of ensuring that production, organization and marketing are linked.

With this distinction it is important to notice that image, identity and culture cannot be regarded as things that can be objectively described from the outside. No distinction is made between true and false perceptions, when it comes either to image, identity or culture. Depiction is not what is most important, maintaining coherence is. It is the interplays across the imaginary boarders that are in focus. What is decisive is to be aware of relevant connections for management. Understanding furthers leadership.

**Similarities with a person’s identity**

Even though there is no simple way to compare individual identity with what organizations call identity today, there are some interesting similarities with the way psychology relates to the concepts when it deals with a person’s identity. Often a distinction is made among factual identity, value identity, and ascribed identity. It can be seen that the first two concepts correspond to the two before-mentioned aspects of the concept of corporate identity and the last concept corresponds to corporate image.

• “Factual identity” is an assessment of one’s own behavior. The subject does not have to – it actually cannot – be objective in its observations. But some assessment of ones own behavior takes place, and it is used for nourishing a self perception and is related to the ideals of how one wants to see oneself.

• The claim of own ideal image is called “value identity”. The creation of factual identity is fully dependent on the establishment of value identity. Actually, the shaping of factual value is accomplished by the subject’s relating to its own ideal image, but the perception other people have of us only rarely corresponds with our factual or value identities.

• “Ascribed identity” refers to the confrontation that takes place with the other’s expectations. This confrontation happens because individuals are dependent on other people’s perceptions of themselves, just like companies are dependent on the market. The subjects primarily aim at maintaining their value identity.

An individual’s identity, like a company’s, is always in a process of change and negotiation. It is never given once and for all. The processes of change and negotiation are called identity strategies because the logic within them is governed by a striving for generating a positive image of oneself. It is not an analytic, objective logic that is predominant, but a very subjective and con amore logic. To put it differently, the way whereby the subject ascribes qualities to itself and creates its reality is anchored in and connected with the way in which the same subject gives itself value in relation to an “ideal I”. Thus, “factual identity” is inseparable from the negotiation about a “value identity” that a subject has to maintain.

**The identity processes**

When today executives are interested in what could be called “the identity processes of the companies”, it is of course due to the fact that they have become aware of the importance of what could be called “the cultural factor”. This cultural factor not only refers to internal processes in the company, but to everything that happens when today society’s actors create meaning. Today almost everybody knows that products and services can be perceived in different ways by potential consumers and that the company’s success is greatly dependent on these varied perceptions. Therefore, it is crucial to take control of - or at least to achieve an understanding of – these identity processes that not only results in the market’s perception of what the company has to offer, but also the company’s perception of itself. Having in mind the cultural factor,
executives may choose to focus on different parts of the processes, as shown in the table below:

Table 1: Corporate Management

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<th>Frame</th>
<th>Form of identity</th>
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<td>Ascribed identity</td>
<td>Goodwill</td>
<td>Segments</td>
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<td>Factual identity</td>
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<td>Which fundamental code</td>
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Corporate Management

The foundation of a company is its culture. Leaning on its identity, it seeks to influence its image as much as possible. The right column of the table shows the most frequently used fields, and the most central problem that occurs depending on the focus. Thus, it is important to be aware of the various perceptions on the market. This is why I have written the word "segments", but also I could have written "fragments", since today’s groupings are not that easy to define as before. Yet, this is another issue. The term "consistence" refers to the fact that because the company’s image can vary much in the market, it is important that the part of the corporate communication that is intended to be communicated externally – and internally - appears as steadfast, identifiable, and recognizable. This is not easy, not least because the consistence is decided by the cultural codes. These change as soon as you cross a cultural boarder. What is consistent in Denmark might be inconsistent in Italy. What “hangs together” to a piercer might be absurd to a yuppie. Some companies, for example, are very concerned about creating consistence in details that their audiences are indifferent about, but they forget to take into account the cultural differences that determine what they, as managers, consider being consistent, and the many different perceptions and images within the different cultures. Therefore, the question is always: Is the form of consistence cultivated relevant to the receiver and not just the sender?

What is central to this strategy is the realization of the importance of the brand which might force management to think of the compatibility of the products and services the company offers; maybe one
of those does not match the brand; the brand that should encapsulate the identity of the company (or part of the identity of the company – Procter™, for example, markets many products). In that way one can speak of “brand management,” as the importance of the brand has become so obviously central compared to times when the focus mainly was on how the producers could get rid of their products. Marketing got most of its inspiration from the field of economics then. Today, psychology, sociology, anthropology and semiotics have added new insights to it. The part of marketing that refers to “brand management” is occupied by:

- drawing attention
- cultivating the image
- inspiring trust
- creating recognition
- making a difference
- raising milestones and totems

The company has difficulties in keeping informed about the market, but likewise the market has difficulties in relating to the countless impressions it is confronted with: actually, it is drowning in information. The decisive change on the market; the transition from scarce information to abundance of information changes the company’s relationship to and role in the market. Thus, brand management is also about:

- offering points of orientation on a saturated market
- eliminating uncertainty for disoriented consumers
- collecting information of interest for potential consumers
- securing stability in a quickly changing market
- linking the various activities of the company (products, services, departments, staff policy, corporate ethics, etc.)
- keeping alive the best elements by sloughing.

“Brand management” is also a matter of image construction and image cultivation. Naturally, at all times the management must keep an eye on the company’s image on the market. Further, the executives of the company – that are well established on the market – be even keener on the inner strength of the company. The essential inspiration should come from what is perceived as corporate identity from what the company bases its representation on, because it is by mobilizing all its internal “personal” resources (all what is its specific traits) that the company can distinguish itself from its competitors. Today, somehow, marketing has a tendency of focusing mainly on the company in the same way that previously the tendency was to focus so much on the products that the company could offer so that it often did not catch the changes and new opportunities in the market. The difference is that it is no longer the products alone that are in focus, but all the internal resources. What now is searched for inside the company is its complex ability to link to the market. Attention is turned inwards, yes, but in order to find possible lasting links to the market without loosing continuity in the change. And as already mentioned: the identity of the company basically rests on its culture. Marketing and organization – as disciplines and departments – must indeed cooperate in order to create a culture-conscious and, thereby, market-conscious organization.

The culture conscious organization

Many managers have a biased relationship to the corporate culture of their company. On the one hand, they refer to their corporate culture as if it was a fact. But what they refer to often is an ideal. On the other hand, they want this ideal to become reality. In other words, they mix reality and dreams as well as confusing definitions with understanding (or decisions). A corporate culture cannot be and should not be defined; it defines itself! But it should be decided, that is, analysed and made known. A corporate culture defines:

- what is proper behavior
- field of vision
- how information should be interpreted
- what makes a difference.

Managers will, of course, like to maintain the connection with their corporate culture. It is commendable and reasonable, but they must not forget that it actually is the culture that secures connection. The culture of the company connects:

- the individuals
- the individuals and the organization
- the organization and the surroundings
- past, present and future.

This is why management must pay attention to the cultural factor. It is of great importance for interpretation and inspiration. Culture is a tool for interpretation. It is in culture you gather:

- the norms and values
- principles for filtering and screening information.

It is in the culture you find inspiration for:

- strategy and plan of action
- adaptation, adjustment, renewal.

This does not imply that inspiration and tools for interpretation cannot be gathered from the outside, but eventually what is gathered from the outside only works if it finds its place in the culture in which it is used.
Corporate culture need not be conscious, and is not necessarily attained. Often it is not under control. The only way whereby a company can be under control is if the corporate culture – and not least the culture in which it inscribes itself – allows it. In other words, it happens when the corporate culture knows itself.

The company that is aware of its culture:

- interprets its way of interpreting
- communicates about its way of communicating
- is attentive to how it creates meaning.

**Identity or Market Communications**

Today, communicating with the market is, first and foremost, to communicate with oneself. This is because the same goes for a company’s identity as well as an individual’s: The more it is under control, the easier it is to manage one’s relationship with the surrounding world. Market communication today is increasingly about performing and talking about oneself (understood as company). Market communication becomes the organizations’ discourses about themselves and no longer just about the products and services they offer. Companies talk about their identity, their culture, their personality, their values, their traditions, what they perceive as being legitimate, the principles they work from, the projects they breathe life into, their achievements, their way of creating and offering meaning.

One can specify the term “corporate identity” and look at its strategic implications by distinguishing between its different aspects. In this way it is possible to get a clearer impression of how image relates to identity.

- **Familiarity**: Is the company actually known?

Different parts of the company do not need to be equally known (to obtain the same degree of authenticity). Conflicts may arise, for example, between the parent company and its subsidiary. For example, Citroën™ and Peugeot™ each have their own communication, but how many customers know that they have belonged to the same company since 1974? Many factors come into play when companies relate to their image. Various market logics, cultural differences, historical background, etc., must be taken into consideration. Sometimes a company sacrifices a well established brand. Now, in the European countries, Philips™ sells its products under the name Whirlpool™, despite the fact that the brand name Philips™ is much better known.

- **Identity**: Is corporate identity perceived “properly”?

Many companies still are known for something they are no longer occupied with. Many have not succeeded in drawing attention to their newest and most promising activities. Rarely, neither the public, nor the customers have an adequate image of the company’s activities. Likewise, their perception of what the company really stands for rarely reflects reality or what the company would like to be. Here, also, the issue for the managers is to find out whether it is important that their customers, for example, are not aware of all the company’s activities or its basic values. Companies engaged in trading in arms and mass communication tools may, in the mass market, prefer to be known for these activities the least. A newspaper conducts its ascribed identity in different ways towards its readers and its advertisers, and it may have an interest in profiling better as offering services. Further multiplicity is not necessarily a problem. On the contrary, to conduct corporate identity is also a matter of defining how multiplicity and the many types of relations and connections that can exist between a company and its audience can be played with strategically. Thus, some companies appear with “different identities” in different connections.

- **Attractive force**: Does the company seem appealing? Does it differ much from the others on the market?

A company can be very well known, possess a clear identity in the market without being particularly attractive. Here again, it must be noticed that it is not just a question of being attractive to potential customers. The company must also be able to attract relevant manpower, motivate the employees, and appear reliable to existing or future collaborators. It also goes for a nation that it must maintain itself internationally in many different areas with regard to, for example, business issues, politics, education, technology, finance, etc. Lately, in some countries and in some markets Denmark has, for example, lost recognition in the area of education, but advanced in the economic field. Companies that are highly valued for their products may have a very bad social image. Many companies that have been known producing high quality products now have to fight against their negative image concerning the environment. As shown, there are many directions and criteria that managements have to take into consideration. It seems an immense task. Nevertheless, despite the complexity, it is crucial for the companies to gain insight and overview, and seek to communicate with the market (that, let it be stressed once more, includes the company).

One can also specify what problems marketing communication and identity communication encounter by distinguishing between different aspects.

**Identity communication must:**
• Identify and name:
The company must assure that its surroundings are aware of its existence. Symbols must represent and establish the company’s identity on the market. What should be considered are the dimensions of the company that should be conveyed? In some cases buildings and trucks are as important as the logo and notepaper.

• Position:
The company must find its place on the market. It must position itself. It must differentiate from its competitors. How does it want to be perceived in the market? What elements of its identity does it want to expose and depend on? Here the company must build on its factual identity as well as its ideal identity, but also take its image into consideration. Here the tools are distinctive language, physical appearance, and style of communication.

• Legitimize:
It is also significant to explain why one’s actions are important and proper. The company must show that it inscribes itself in society and the world and respects the values in these contexts, that it is trustworthy.

• Improve the comprehensibility (intelligibility, readability, understanding):
Something must be done so that those who should be informed about the company’s existence and activities can gain access to the information that is made available. Therefore, many efforts are made to create transparency in the messages that the company sends.

• Fortify
It is clear that the company must assure that everything is employed that can have a positive impact on its image. Actions and events influence internally as well as externally.

• Mobilize
Auto-communication becomes more and more conscious. The companies seek to motivate the employees by, for example, anchoring values and affiliations.

• Connect
Last but not least, what is central is to secure and show that one is important in the market and is connected to it, so that the audience and the employees want to breathe new life into this connection. Here it is not only a matter of acceptance, but also about legitimacy. It is central to show how the company contributes to the common universe of meaning in which employees as well as customers participate. It is a matter of offering opportunities for identification in an ever-changing market.

Short bibliography:

“Identity and image have more in common with blood than the heart. Their being is in connecting. It is the streams that are interesting, not the pump, as there is no independent pump in market streams.”
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