

Publishing Date: October 1992. © 1992. All rights reserved. Copyright rests with the author. No part of this article may be reproduced without written permission from the author.

Corporate Image Research / 2

Corporate image and its measurement

Chuck Chakrapani

Behaviour as a function of image

Image is not necessarily confined to the favourable-unfavourable dimension. It might be related to the perception of a company's type of business. For instance, Canadian Tire had an advertising campaign a few years ago aimed at erasing the close association between Canadian Tire outlets and automotive products. The campaign presented the company as much more broad-based. Incorrect image may be detrimental to a company, even if such an image is not necessarily unfavourable.

What constitutes corporate image?

What exactly is corporate image as understood by the general public? Respondents from different countries provide different answers to this question; the answers also are influenced by the current social and political climate. But some of the factors that are frequently mentioned across different countries and different time periods include:

- quality of products/services offered by a company;
- good customer relations;
- honesty and integrity of the company;
- efficiency of the company;
- prices that are competitive and fair;
- good management;
- supporting the community;
- caring for the environment;
- making money for shareholders.

Creating a favourable image

In the last article, we discussed the link between familiarity and favourableness. This seems to be a fairly consistent relationship. Favourable ratings increase as one or more of the following criteria are met:

- seeing an advertisement by the company;
- heard about the company or read a news item about the company;
- know an employee of the company; and
- heard positive things about the company from the employee.

The list is ordered in an increasing scale of favourableness. For instance, a company in the news is rated even more favourably than a company that just took out an advertisement.

Credibility of the source

The ordering described above correlates with the credibility of the source. Thus, knowing an employee personally ranks higher than an impersonal news item which, in turn, ranks higher than an advertisement which is paid for by the company.

The first two rules

These findings provide the first two rules for creating a positive corporate image:

1. Increase the general public's awareness of the company (familiarity factor); and
2. Whenever possible, increase awareness using the most credible source available. For instance, when there is a

choice between spending on corporate advertising and creating a news item for the company, creating a news item is likely to increase favourable ratings more than advertisements.

Two basic rules of corporate image enhancement

1. Increase the general public's awareness of the company (familiarity factor); and
2. Whenever possible, increase awareness using the most credible source available.

Corporate advertising

Many corporations advertise on a regular basis solely for the purpose of creating a favourable corporate image. Such advertisements have several purposes such as:

- Changing the image of the company and its business;
- Creating and maintaining a positive image of the company among the general public; and
- Countering the negative publicity created by something that the company actually did or is assumed to have done.

Changing the image of the company and its business-when the image is based on factual information, as in the case of Canadian Tire-is relatively straightforward. It is simply a question of reaching your target audience and making sure that they receive the message often enough so they remember and act upon it in the future.

Creating and maintaining a positive image can be easy or difficult depending upon a number of factors:

- It's easier to create an image for a company that has no particular image than to change the image of a company with an existing/identifiable image. This may appear fairly obvious. But it is important to realize that it is considerably more difficult to change a well entrenched image than is generally recognized.
- It is even more difficult to change a negative image into a positive image.
- The greatest impediment to image change is the incompatibility between current perceptions and the new message. Any corporation that desires to change a well entrenched image may have to concentrate on dissonance inducing techniques as part of their image modification programme.

Some major objectives of corporate communication programmes

- Changing the image of a company and its business;
- Creating and maintaining a positive image of the company among the general public; and
- Countering negative publicity created by something that the company actually did or is assumed to have done.

The above comments apply even more if the objective of corporate advertising is to change a negative image into a positive one. There are basically two techniques available to accomplish this. The first method is presenting facts that are incompatible with the old image. The second technique is successive approximations.

Presenting incompatible facts is a dissonance creating technique. Suppose a corporation is not perceived to be a good corporate citizen. Advertisements which factually present activities that show good corporate citizenship will tend to create a dissonance between the old image and the facts. When such dissonance is created, people will reduce the dissonance by (for example) revising their image of the corporation. However, there is no guarantee about the way in which a person will reduce the dissonance. Some people may choose to reduce dissonance by simply interpreting the facts they see as a blatant attempt by the company to buy an image of good corporate citizenship.

The second method of changing a negative image into a positive image is known as the successive approximation technique. The technique consists of presenting positive facts in a gradual fashion over a period of time. Unlike the dissonance induction technique described above, the *successive approximation technique* does not challenge the recipient to reconcile new facts with the old image. Thus it is less risky. But it works in a less dramatic fashion and takes a longer period of time.

Measuring corporate image

Corporate image can be measured using conventional research and analytic techniques. The first priority is to delineate the objective of measurement. Such objectives could include the following:

i. *'Benchmarking'* the corporate image. If a corporation is rated 8 on a 10-point scale on an attribute, is it good or bad? Corporate image research shows that the average rating varies from industry to industry. A rating of 8 would make sense only in the context of related firms. Even if a corporation does not compare itself to others in a particular group, it is still important to have a benchmark to measure changes in its own image.

Techniques: Techniques for benchmarking could be a standard questionnaire, followed by perceptual mapping of competing firms. Benchmarking studies should be carried out under 'normal' circumstance. For example, benchmarking should not be carried out when the climate for an industry is temporarily hostile or friendly as a result of negative or positive publicity.

ii. *Communication effectiveness.* As we saw in the previous section, corporate communications may have different objectives. Consequently, research should specifically address how well the communication objectives were met. For example, if the corporation is using the successive approximation technique, is there a gradual shift in perception among the general public? If not why?

Techniques: Standard quantitative and qualitative methods are both useful in this context. Quantitative surveys that aim to measure communication effectiveness should follow the benchmarking scales closely. Focus group techniques can be used to probe for reasons when the communication programme does not seem to be working in the expected direction. Overall perceptions change only gradually. So frequent surveys are not necessarily effective in this case.

iii. *Understanding different audiences.* As we saw in the last article, corporate image programs can be directed to a number of groups such as shareholders, employees, consumers and the general public.

Techniques: In general, questionnaires are designed for each group, with some core questions that are common to all groups.

Design considerations

While standard research techniques can be used to measure corporate image, many factors need to be taken into account in designing and analysing corporate image studies.

- *Relevance.* The attributes measured should be relevant to some objective set out by the corporation. For instance, is it important for the corporation to be perceived as 'large'? If so why?
- *Meaningfulness.* This is a subtle point. While a corporation may be rated consistently well on an attribute, it may have no meaning to the consumer in terms of his or her behaviour. For instance, a large bank may be consistently rated as 'safe'. While 'safety' may be an important attribute, people feel that practically all banks are 'safe'. In this case the attribute 'safety' offers no leverage and therefore is a neutral construct. Only its absence will have any meaning to the public. The attribute is relevant but not meaningful in that it does not have any leverage and adds nothing to the company's image.
- *Non-redundancy.* A mistake which often happens in measuring corporate image is the use of redundant attributes. When many apparently different attributes measure more or less the same underlying attribute, an illusion is created of being ahead on several desirable attributes. To guard against this, one may want to carry out a benchmarking study. Then the attributes can be grouped using a technique such as factor analysis. This, in effect, will identify redundant attributes. We can then choose a few independent attributes to form the basis of future measurement.

Implementation considerations

The aim of corporate image research should be to permit the company to take corrective action, if necessary. However, when design considerations such as the ones discussed above are not followed, the results-and thus the action taken-are not likely to be very effective.

Even more important, problems can be created if the corporation takes action in an automatic or unthinking way. Corporate image is subject to more variation than product image. This means that, over a period of time, one can expect more ups and downs in the image of a corporation than in the image of a product. For instance, the image of the company in the eyes of shareholders may be very negative when the company has lost money during a given year. Yet, if the company is on the right track, this perception is likely to be temporary.

Before any action is taken on the basis of corporate image tracking, it is important to identify the sources of variations. If they came from 'common causes' (normal variations that are to be expected) any action taken will only worsen the situation. On the other hand, if they came from 'special causes', action taken may likely enhance the image of the company. (For more detailed explanation of common cause and special cause variations, see Identifying Common Cause and Special Cause Variations, Imprints, December 1991).

Dr Chuck Chakrapani is President of Standard Research Systems Inc., and editor-in-chief of the Canadian Journal of Marketing Research. He is also past president and fellow of the Professional Marketing Research Society.

© 1992. All rights reserved. Copyright rests with the author. No part of this article may be reproduced without written permission from the author.