

Building Corporate Identity in the Economic Crisis Time¹

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Abstract

Corporate Identity (CI) represents a strategic tool how to audit corporate strategies, goals and other important aspects of the day-to-day corporate processes as well as long-time actions. Financial crisis is exactly the time when all corporations and companies are passing the evaluation and strategic decision-making processes concerning the corporate goals. Some of the corporation just answer on the impulses from the environment and react and some of them are proactive companies that thanks to the clear corporate self-understanding can still be successful.

Key words

Corporate Identity, strategy, economic crisis

JEL Classification: F23, F44, M31

Introduction

The strategy is what leads the company to achieve its goals. To be certain what is the current situation of company strategy and what are all the aspects and effects of internal and external being of the company, the tool can be used called Corporate Identity (CI) analyse. CI represents an overall view of the company and includes the effects of external environment on the company and its reactions, and also the internal environment and relationships that are created within the company. This complex is composed of following elements: Corporate Design (CD), Corporate Communication (CCOM), Corporate Culture (CC), Corporate Image (CIM) and naturally products and services the company produces. Each of these elements has its function, role and contributes to the overall creation and building of CI of the company (Zorkociova, 2007).

The current economic crisis called also recession is a part of macroeconomic cycle, which occurs after a certain period and they repeat. The on-going recession impacts are little similar to the great depression of 1930, when all governments all over the world were taking stringent measures to counter recession at the macroeconomic level. These days crisis had several geographical influence, when it started in the USA

¹ The article is referred as a part of the research project VEGA no. 1/1185/12 (KMO, Faculty of Commerce EU): "Changes in consumer trends influenced by impact of the financial-economic (social) crisis, their reflection in modifications of businesses marketing programs with effort to maintain their competitiveness in international markets (with application to EU conditions, with emphasis on Slovak republic)" – supervisor doc. Ing. Oľívia Zorkóciová, PhD. - in the scope of the JEL classification F23 and M31 and partly of a scientific research project VEGA no. 1/1057/12 (KMO, Faculty of Commerce EU): "Solving the debt crisis in the monetary (not fiscal) union and the factors of future deepening of the crisis in Europe and in Slovakia" – supervisor Ing. Edmund Fífek, PhD.- in the scope of the JEL classification F44.

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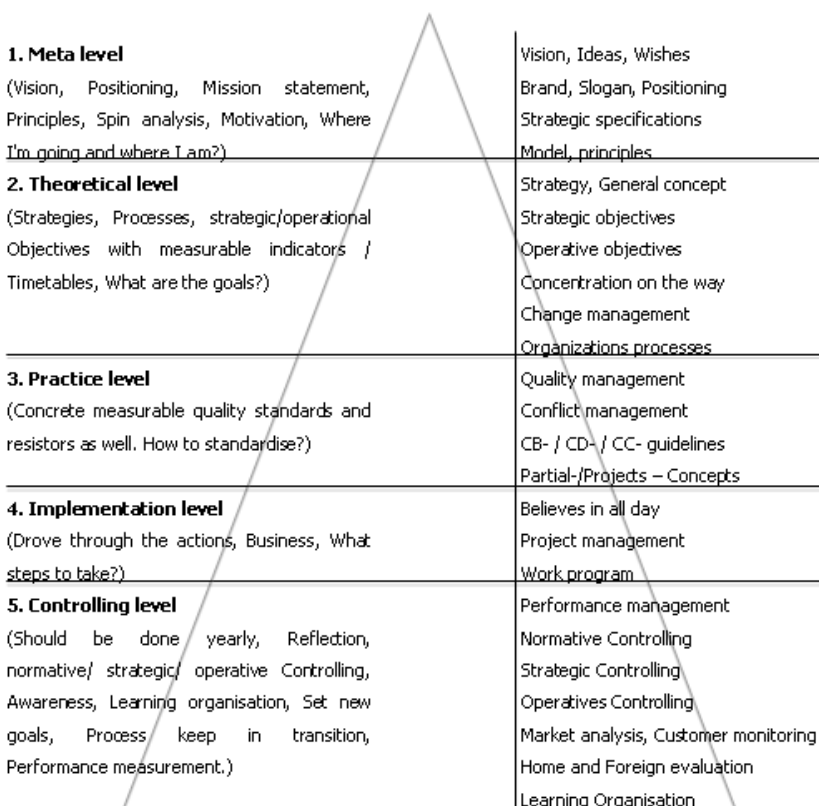
and continued spreading all over the world. Nowadays the crisis is spilled over to the European Union and its banking system has to deal with its impacts so strong than the other countries.

The objective of the article is to describe the trends in building the elements of the CI and what is the possible future development in this field according to the impacts of current economic crisis.

1 Corporate Identity

An important milestone in the development of CI was the expansion of virtual and Internet environment, globalization and related activities of MNC. On one hand companies began to globalize their activities in a manner applicable across the world but on the other hand, they wanted to differentiate their activities to beat competitors and to create competitive advantage difficult to follow (Baláž, 2011). According to these reasons the MNC started to use CI manuals and to monitor all elements of CI. This process can be lead through the CI – Pyramid showed below.

Figure 1 CI – Pyramid

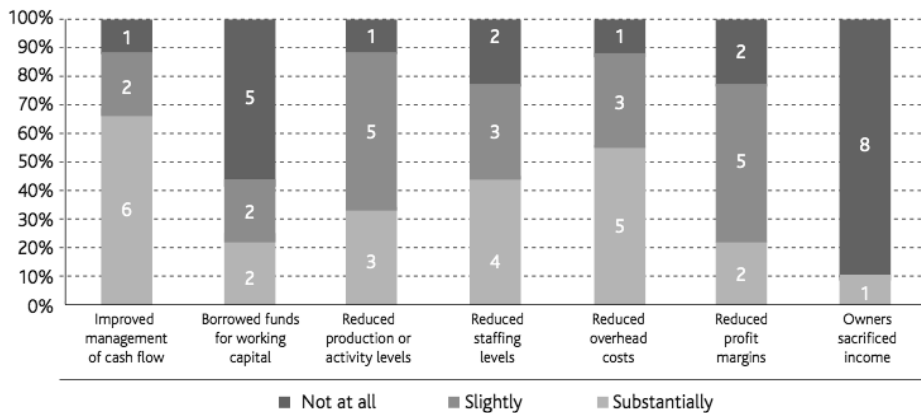


Source: Regenthal, G. (2009). Ganzheitliche Corporate Identity: Profilierung von Identität und Image. Wiesbaden: Gaber. p. 67.

CI is more than just the uniform appearance (CD) for recognition. CI is also more than only about developing communication and marketing strategies from holistic company management but today is a strategic and conceptual thinking about self-understanding its own identity - to develop confidentiality and complement of structure and concepts of strategic measures to establish specific profile. The networking and identity bring the success and process creates sustainability. Through the integrative approach, with all areas connected and allows the synergy effects to create credible image (Regenthal, 2009).

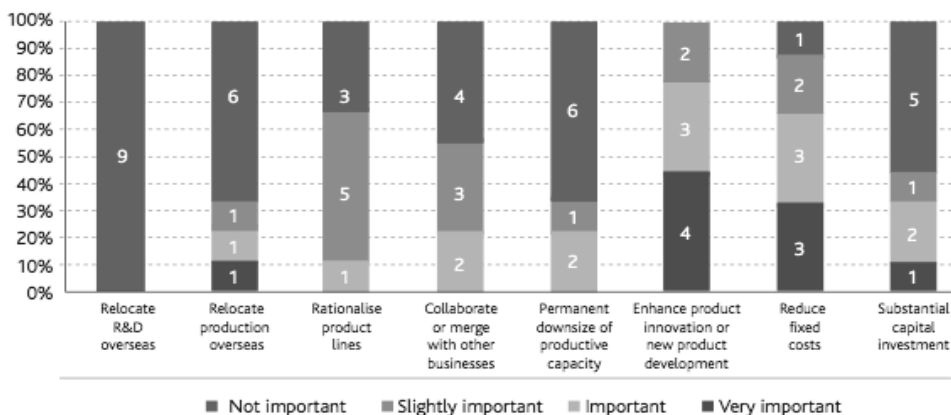
Due to the economic crisis were selected by the corporations several initiative steps to prevent harmful consequences. The most used step in the UK companies was improvements in the cash flow management, reduction in: overhead costs, staff and production processes. It is very interesting that the owners did not have sacrificed their incomes even in the examples of downsizing.

Graph 1 Initiative steps in economic crisis



Source: Lowth, G., Prowle, M. & Zhang, M. (2010). *The impact of economic recessions on business strategy planning in UK companies*. London: Nottingham Trent University, p. 10.

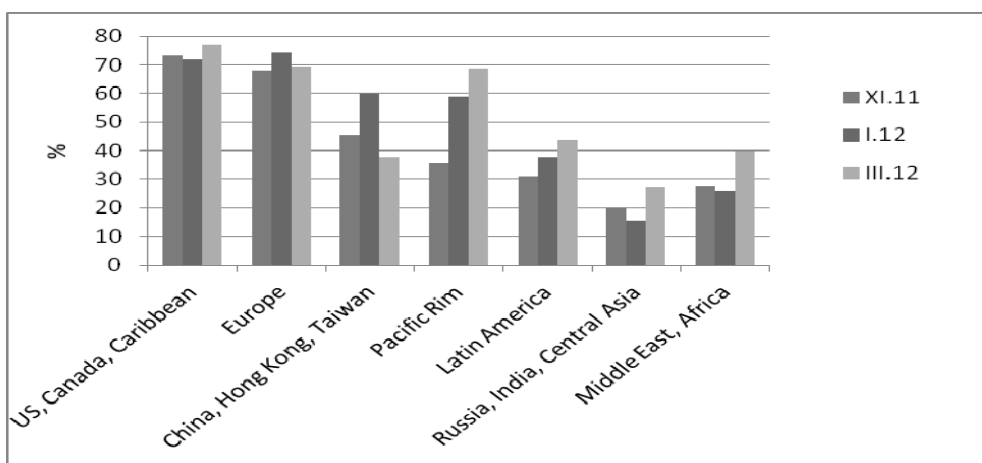
Graph 2 Changes in Corporate strategies due to the economic recession



Source: Lowth, G., Prowle, M. & Zhang, M. (2010). *The impact of economic recessions on business strategy planning in UK companies*. London: Nottingham Trent University, p. 10.

The economic environment is constantly unsurprisingly changing. The uncertainty about future drives all analysts around the world to believe that local economies are not expected to improve while the likelihood of another global recession in the coming year differs. According to the Euromonitor survey (Euromonitor international) almost half of European respondents thought that there would be another global recession or economic downturn in the coming year. Analysts in China, Hong Kong and Taiwan predicted that the effect of the global recession would have a large or extremely large effect on country economy. Growing optimism is visible in Russia, India and Central Asia (followed by Middle East and Africa), while four in five analysts from these countries believed that the country economy stay immune (see graph 3).

Graph 3 Predicted Effect of Global Recession on Country Economy, November 2011 to March 2012⁴

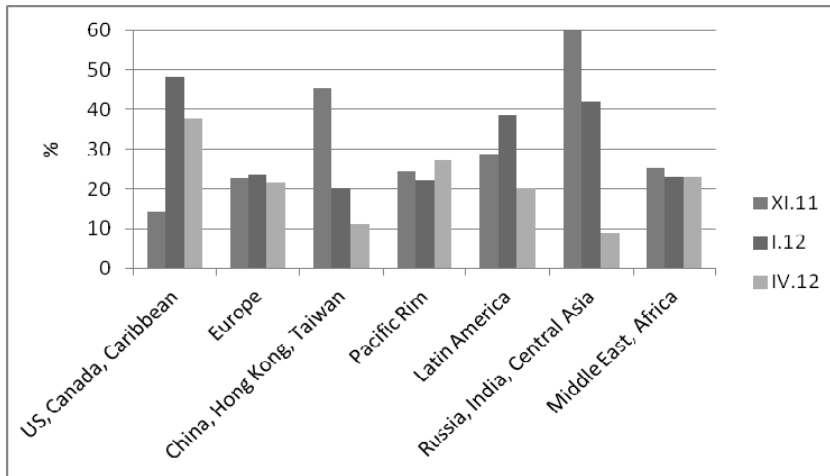


Source: Euromonitor International. (2012). *Quick Pulse: Analyst Economic Outlook (11.2011 to 4.2012)*. p. 8. Retrieved from <http://www.portal.euromonitor.com>

From the short-term point of view the next development of the economies is not very promising, but on the contrary analysts expect improvement in the long term. The split of analyst’s expectations declares the pessimism in Europe – almost 40% predict the unchanged economy, almost 40% is expecting it to weaken. The majority analysts in such regions as US, Canadian, and Caribbean think that their local economies will remain the same in the next year. Close to 60% of analysts in Russia, India, and Central Asia, and just under half in China, Hong Kong, and Taiwan had the opinion that their country’s economy would grow stronger in the next year (see graph 4) (Euromonitor International, 2012).

⁴ Percentage of people who think a global recession would have a large or extremely large impact on their country’s economy

Graph 4 Expectations for Stronger Country Economies, by Region, November 2011 to April 2012⁵



Source: Euromonitor International. (2012). *Quick Pulse: Analyst Economic Outlook (11.2011 to 4.2012)*. p. 8. Retrieved from <http://www.portal.euromonitor.com>

1.1 Corporate Design

The CD is captured in the so-called CD manual. It is a guide, which sets out the standards to be followed and what mistakes to avoid. It is essential that everyone who presents a public product of the company-bound manual, worked in accordance with the rules contained in the manual. Note that manual is not a definitive set of rules. CD should be simple, coherent and truthful. Should reflect established corporate strategy and practice the values that the company declares, while not for-getting to adapt to the needs of its customers (Zorkóciová, 2007).

CD as other components of the corporate DNA changes over the years. The traditional concept of offices was shift to open office structure and is still moving to more flexible and motivating environment. Branding—expressing organizational personality, culture, and vision through design—takes centre stage, so the visual cues, colours, materials, and textures that work for one kind of company. The offices become more “cozy” by appearance. The overall trend is mobile working. The employees are choosing still more working from the comfort of home to improve work/life balance and the advantage of the corporation is reduction in real estate costs. With today’s mobile gadgetry and a workforce increasingly geared toward using it, remote work has become increasingly and intuitively productive—even within the confines of the physical office. The working place passes from the types of functional spaces to the multi-ethnic, multigenerational workforces. It is appreciated from employees to feel local and community-centred so not only corporate slogans, colours and uniformity.

There are always building not individual spaces but the focus is aimed on the collective spaces. Work is less desk-focused and more collaborative. The new worker is a ‘thinker’ who feeds off of interaction with people (Busch, 2010). Workplace is becom-

⁵ Percentage of people who believe their country’s economy will grow stronger over the next 12 months.

ing to closer to the ordinary household. People go to work there but they also go to socialize there. There are living rooms, family rooms; and everybody ends up in the kitchen. Collaboration areas are reflecting these residential spaces like at home, with lounge seating or big tables around which colleagues can gather, while private offices are like bedrooms; they are more quiet and confidential.

The energy efficiency in lighting will be the next great frontier in sustainability in the workplace based on LED technology.

1.2 Corporate Communication

CD is the visual aspect of the company and CCOM is verbal. These two areas have been largely working with the environment to meet the internationally active companies with great opportunities and threats. It should be borne in mind the proper use of language, verbal and nonverbal expressions representing the employees' dress code in business meetings, use of humour and familiar phrases, adherence to the distances between people and various other dimensions that are distinct in that country.

The overall CCOM is divided into internal and external communication. Internal communication is used to exchange information within the company, which serve to ensure the functioning of the processes of the company. This communication ensures involvement of all employees and staff, departments and branches through various means of communication used by employees for interactive communication as a messenger, blogs, bringing in technical communication and elements of corporate culture. More complex requirements are placed on internal communication in companies operating in international markets. To maintain the effectiveness of the work of international teams, companies create and use a single corporate language that would ensure cultural diversity of the country. External communication is a communication of the company to external environment. "It is a process of transmitting messages that would cause some kind of reaction" (Szarková, 2007) in case of CCOM should follow the act of buying and selling. The basic communication tool of external communication include: advertising, sales promotion, public relations, personal selling as elements of the traditional communication mix, fairs and exhibitions, sponsorship, direct marketing as specific elements and emerging as the more recent trends such as event marketing, social media, etc. The company also provides a strategy for external communication, which plays a key role in building positive CIM. Companies use different elements of communication mix in communication with various partners and stakeholders.

Shareholders for example, despite the mandatory publications: Ad-hoc releases, Reporting of voting rights, Other legal issues, Directors' Dealings, Annual Reports, Interim Reports, Further Mandatory Publications which are launched more times per year, can be informed about performance of the company through development of the value and volume of shares.

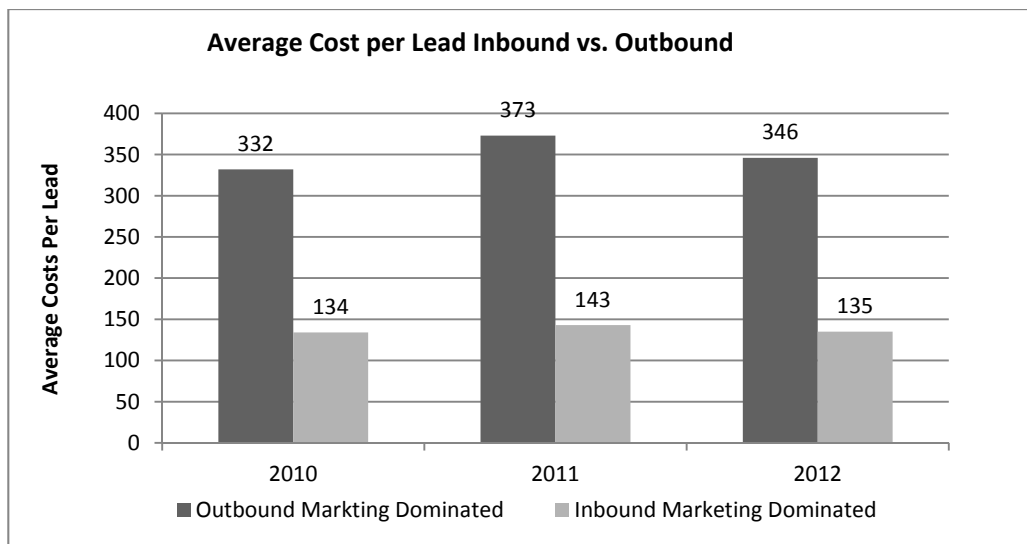
In the future the places filled with details, heavy text blocks, dark colour palettes and picture after picture began to see their decline as people begin to opt for much cleaner and minimal pages and a better use of the diagramming without saturating the pages with irrelevant information. A new trend was launched to use strength and that's utilizing big and bold fonts with the exclusive intention of grab the surfer's attention.

With the present need of designing for mobile devices such as iPhone and Android, so there is no more space for massive resolution and the grid is introduced for commands so easy to operate. With this reduction in sizes, one of the best ways of save space is by reducing the space of words and characters to the minimal values. So it's now often to find really tight menu elements, which are easy to read. Difficult work is to create web elements such as icons, buttons, menus that look as good in mobile device as in big screen TV. The pastel tones and lighter shadows are welcomed with wood textures (Sarmiento, 2011).

Introducing the high resolution still brought the possibility to not only attract visual senses by wonderful colours, but also audio senses by animating webpages with sound effects.

Mainly due to the worsening economic situation, the consumers of the developed world increasingly geared to the purchases of goods and services on the Internet hence to lower prices and more choice. It is related to the on-line activity of traders who in various ways promote its goods and services - an annual increase of 10% or more sales, but also investment in online advertising is proof regrouping of forces in the area of electronic commerce plus the costs on the inbound and outbound marketing is much lower (see graph 5).

Graph 5 Comparison of the inbound and outbound marketing costs in US Dollars



Source: Bušovský, B. *Inovácie v marketingu*. Retrieved October 15, 2012 from <http://www.slideshare.net/busho/trendy-v-marketingu-2012-mash-up/download>

While the outbound marketing is using print advertisements, television advertisements, calling, trade shows and emails, the inbound marketing tools are blogs, ebooks, white papers, viral YouTube videos, search engine optimization, webinars and Feeds and RSS. Using the inbound marketing the new trend arises so called SoLoMo targeting. SoLoMo is abbreviation from Social-Local-Mobile. It represents the growing trend of targeting consumers based on their current location and is typically designed to be shared via social networks. Businesses with 100 or more social media fans see

8% higher click-through rate and 125% higher conversion rates and one in five searches has local intent and 80% of mobile internet users prefer ads locally relevant to them. 70% of all mobile searches result in action within one hour. By the year 2015, local search volume via smartphones and tablets will have exceeded that from desktops (Robbins, 2012).

Blogs are very increasing media. Corporations, individuals and other members of the Internet society use it. In the blog survey Blogosphere 2011 can be seen who bloggers, what their education are and how can corporations influence consumer behavior.

1.3 Corporate Culture

Every company has its own specific culture. CC is not only all the external features, which will appear outside the company such as clothing of employees, company cars, colours, message boards, buildings, but culture is something much more complex, invisible as the company vision, values, relationships within the company but also outside it. The concept of CC began to develop in the early 20th century. Companies tend to be more homogeneous in terms of beliefs, values and behaviour patterns than society as a whole. In addition, these shared values and norms are relatively constant over time, so the company creates so called "personality" (Knapik & Zorkociova, 2006).

Traditionally optimistic even in tough times, people are losing their sunny disposition. Customers look for fairness before they trust business. To win customers loyalty, corporate needs to behave ethically and demonstrate fairness consistently.

Families are changing as fewer people follow a traditional life plan of going to school, getting a job, marrying and having kids. College is unaffordable, jobs are unavailable and 40% of children are now born to single mothers. Some pundits dubbed the recent recession a "mancecession" as men were thrown out of work in greater proportions than women. As a result, old rules about men's roles at work and at home are changing. 77% of men say they're comfortable with their wives earning more than they do; 72% claim to be OK staying home and taking care of the children so the corporate culture should not use stereotypes about women and men (Lesonsky, 2012).

Employees today know that no job is for life, but don't mistake mobility for a lack of loyalty. Beyond a paycheck and competitive benefits, workers are looking for intangibles that motivate and inspire them. They are willing to work hard, but they want to know that a company values them as people, not just workers. Today, that job of rediscovering and strengthening CC is falling to a cross-functional mix of human resources departments, corporate communications and staff focused on corporate responsibility and sustainability (Mohin, 2012).

Collaboration in the field of corporations social responsibility (CSR) programs means collaboration and competition at the same time. The numerous CSR ratings, together with data from the Reputation Institute's 2011 "Pulse Survey," which indicate that CSR is responsible for more than 40% of a company's reputation, lay the basis for CSR competition. On the other hand, there are a plethora of associations and multi stakeholder networks that foster collaboration on CSR topics (Mohin, 2012).

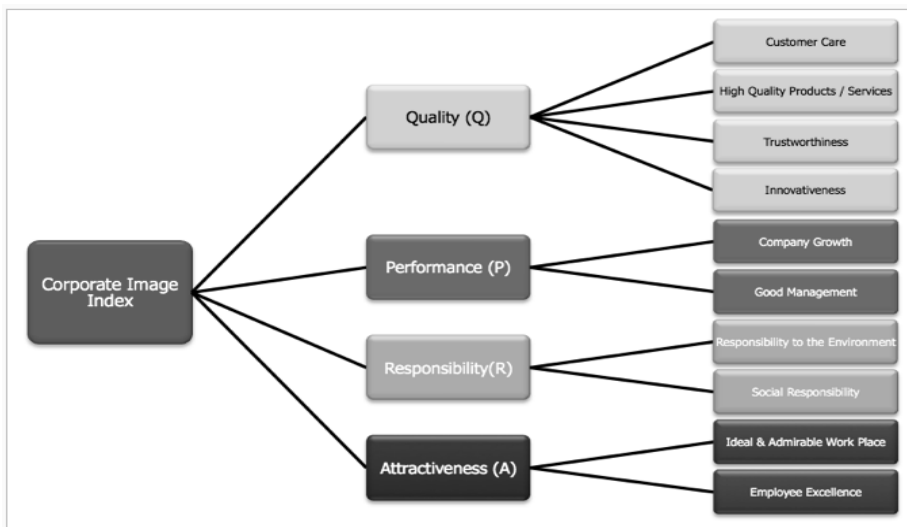
1.4 Corporate Image

In business environment is very important the form how the company presents its results and signals to the external environment. It is necessary to monitor these signals and opinions of the stakeholders that form the CIM. CI is a strategic concept, which is scheduled in the corporate philosophy and long-term corporate objectives. CI is shaped through the CC, personality and CD. CIM presents a public image of CI. CIM is the result of individual parts of CI, creating a vision about the company in the minds of stakeholders, whether in a positive but also in negative way (Horáková, Stejskalová & Škapová, 2000).

A positive CIM is very valuable to the company as a competitive advantage, increasing confidence in the eyes of all stakeholders, reinforces the importance of company in the market, improving the internal business environment, optimize the structure of jobs and today helps to overcome crises (Zorkóciová, 2007).

Corporations are competing in many fields in sales, customer satisfaction, marketing innovations, product innovations, costs etc. All the parts mentioned above are forming the CIM, which at the end is a result of all efforts of the company. To evaluate the CIM the Frontier Consulting Group launched the mechanism (see figure 2).

Figure 2 Measurements of CIM



Source: *The importance of Corporate Image*. Retrieved October 17, 2012 from <http://imacaward.com/about/>.

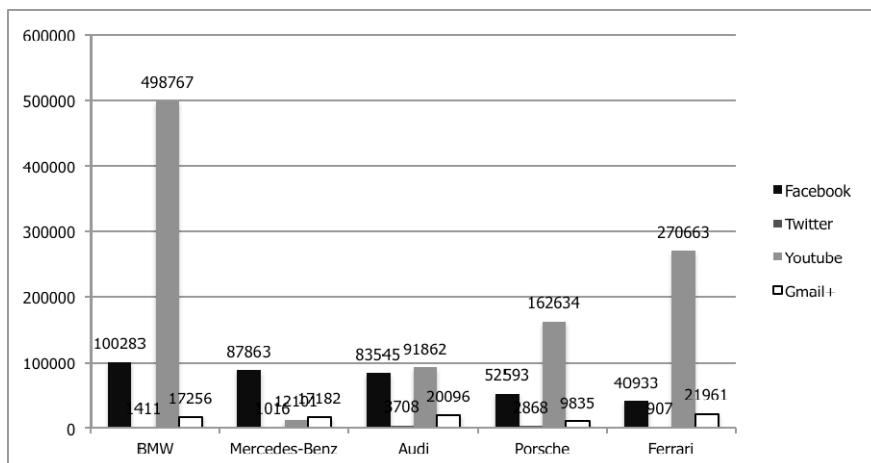
There are rising activities in creating the CIM awards to the corporations that a positive impact on consumer’s preferences on product and services have. Studies on CIM confirms that consumer’s attitude towards consumer behaviour are affected by CIM. In contemplation and procurement of information, consumers tend to consider between attitude towards a product and CIM.

2 Case study on automobile industry

Compared to the 2011 results, the global automobile market grew in the first three quarters by some 7%. Individual markets continued to develop heterogeneously in the third quarter 2012. The US economy continued to recovery through positive developments in the employment market, consolidation on the property market and a rising need for replacement vehicles on the road, the US car market grew overall by 15% compared to the same period one year earlier. European car market still filling the economic recession failed to match the 2011 year’s performance. The only country to rising was Great Britain which registered growth of approximately 4%. At approximately 39%, the Japanese car market recorded an extremely strong growth rate for the first nine months of the year, driven in part by the catch-up effect after the natural catastrophe the previous year. The car market in China was some 8% up on the previous year’s nine-month period. Russia also continued to register strong growth, with sales up by 14% during the same period. In Brazil, demand for cars from January to September edged up by just over 2%. In India, the car market grew by around 11% (BMW, 2012).

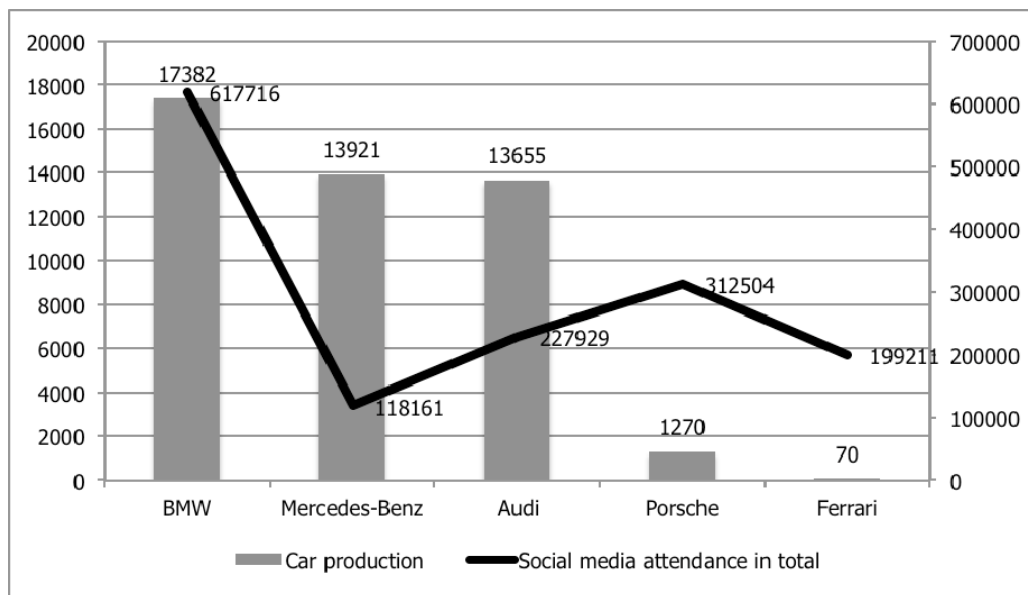
Automotive industry is in the field of Corporate Communication very active. There can be seen the big amount of activity on the social media pages. (see graph 6)

Graph 6 Activity of top 5 car producers on social media (number of fans in thousands)



Source: own proceedings according to Social media statistics. Retrieved October 12, 2012 from <http://www.socialbakers.com/facebook-pages/brands/global/type/automobiles-and-parts/>

Graph 7 Activity of top 5 car producers on social media (number of fans in thousands and car production in real numbers)



Source: own proceedings according to Social media statistics. Retrieved October 12, 2012 from <http://www.socialbakers.com/facebook-pages/brands/global/type/automobiles-and-parts/>

As can be seen on the graph 6 and 7 the most used social media that is followed by consumers is the YouTube channel, followed by the Facebook webpage. Twitter as the first known social media web page is not so used, neither the newest social media webpage Gmail+. The 5 car producers were chosen due to the highest amount of consumer attendance.

Conclusion

The objective of the article was to describe the trends in building the elements of the CI and what is the possible future development in this field according to the impacts of current economic crisis. The content of CI elements presents an overview of the company and includes the characteristics of the external environment but also the internal environment and relationships. There are many steps corporations had taken to prevent the crisis impacts for example: improving cash flow management, reducing overhead costs, reducing staff, reducing production and so on. But the strategic changes with long-term duration were: enhance product innovation or new product development, reduction fixed costs, capital investment, relocation of production overseas. According to individual elements of CI there can be seen a shift in CD from the open office schema to more flexible and motivating environment with structure similar to the flat or house. There can be found the more people spaces with cosy corners which stimulate to be creative. On the other hand still more home office is preferred. CCOM is also changed in many aspects. Consumers are using always more and more smartphones and tablets and are 24 hours online. CCOM is shifted to internet world

with blogs, social media, not only to be captured by sight but also by hearing, smell and other senses and the advertisements and all CCOM is full of life and movements and emphasizes the inbound marketing. In CC due to the crisis the unhappiness is feeling and people have the impression to have the job not for whole life and women are normally working mothers with all responsibilities. CC is full of social responsibility and sustainability, where corporations often compete but also cooperate. All the elements are influencing the CIM, which is also in the centre of the consumer behaviour. People due to the economic crisis are always seeking more and more fairness, responsibility and lower prices. These are the trends that are valid not only for the multinational corporations but also for medium and small enterprises in the world as well as in Slovakia.

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