



New perspectives on communication of change in corporate identity

Seema Gupta *

Marketing, Indian Institute of Management Bangalore, Bangalore, Karnataka, India

Received 6 December 2013; revised 20 November 2014; accepted 1 April 2016; available online 25 April 2016

KEYWORDS

Corporate identity;
Corporate communication;
Brand identity;
Strategic communication;
Brand migration;
Corporate advertising;
Product advertising

Abstract This paper addresses a gap in the literature on communication of change in corporate identity (CI) by investigating the brand migration of Bosch in India. Based on an in-depth case study of Bosch in India, this paper develops seven propositions and conceptualises a framework for strategic communication of change in CI. The key propositions centre around strategic orientation, a constituency focussed approach, dual branding as an intermediate stage, integrating product messages with corporate messages, having a long time horizon to prevent loss of continuity, measuring effectiveness with a hierarchy of effects, and harnessing reciprocity of advertising and public relations. © 2016 Production and hosting by Elsevier Ltd on behalf of Indian Institute of Management Bangalore. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Change in corporate identity (CI) reflects the dynamic nature of markets and could be caused by a variety of reasons. The reasons include (1) change in ownership structure—through mergers and acquisitions, change in parent–subsidiary shareholding structures; (2) change in corporate strategy—through diversification, internationalisation; (3) change in competitive position—due to outdated image, reputation problems, and so on; and (4) change in external environment—caused by legal obligation or major crisis (Olins, 1996). Change in CI is thus an indispensable part of business. While change in CI signals a break from the past, it also signals intended changes in strategy, operations, product offerings, and so on. Change in CI can be a powerful outward manifestation of concurrent change within the organisation (Lomax & Mador, 2006).

Generally, the market reacts positively to change in CI and believes that the firm will carry out the promised changes (Kilic & Dursun, 2006), but sometimes change in CI leads to loss of goodwill accumulated over the years and an inward shift of the demand curve. The nature of the effect depends upon the effectiveness of the communication strategy (Muzellec & Lambkin, 2006). Communication of change in CI is thus a strategic imperative for organisations.

Corporate identity literature is complex, with many cross currents; nevertheless, a few broad themes emerge. One stream is rooted in organisational behaviour and perceives the organisation as an organism concerned with distinct features and core traits (culture, strategy, and core competencies) that give the organisation its specificity, stability, and coherence (Cornelissen & Elving, 2003). The second stream is concerned with aligning corporate identity, corporate image, and corporate strategy, highlighting the multidisciplinary nature of fields related to identity (Balmer & Greyser, 2002; Gylling & Lindberg-Repo, 2006; Schultz, Hatch, & Larsen, 2000). The third stream is rooted in branding and communications literature, which focus on symbolic outward

* Indian Institute of Management Bangalore (IIM-B), B. G. Road, Bangalore 560076, India. Tel.: +91 80 26993469; fax: 91 80 26584050. E-mail address: seemag@iimb.ernet.in.

Peer-review under responsibility of Indian Institute of Management Bangalore.

<http://dx.doi.org/10.1016/j.iimb.2016.04.001>

0970-3896 © 2016 Production and hosting by Elsevier Ltd on behalf of Indian Institute of Management Bangalore. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

manifestations of the company using various techniques (Van Riel & Balmer, 1997). From a communications perspective, CI has been defined as the strategic development of a distinct and coherent image that is consistently communicated to stakeholders through symbolism, planned communications, and behaviour (Cornelissen & Elving, 2003). This stream mainly focusses on communicating and branding current CI. Otubanjo and Amujo (2012) investigated how expression of informal identity through employee behaviour can adversely impact the corporate identity communication process. An interesting piece of research by Burghausen and Balmer (2014) dealt with the relevance of corporate heritage identity for the purpose of CI management. Anteby and Molnár (2012) studied identity change and showed how repeated omission of contradictory elements in a firm's past sustains its identity. Thus, CI literature either deals with change in CI or communication of CI, but does not deal adequately with the issues and challenges of communicating a change in CI. Change in CI is far more complex than simple corporate branding; it involves issues such as—to what extent can the image be transferred from the old brand to the new brand; is de-identification with the old brand a necessary condition for successful identification with the new brand; should the communication campaign be run intensively over a short time period or should it be spread over a longer time horizon. Academic literature on communicating change in CI, as well as empirical research on the subject, is scant. The field has hence made little theoretical and empirical headway.

This paper contributes to the literature on communicating change in CI by identifying research propositions based on a holistic and in-depth case study (Gupta, 2013), which is a multifaceted examination of a situation. The approach reflects the call by scholars such as Christensen and Carlile (2009) for more emphasis to be placed on developing new theories from case-based empirical data, rather than relying on essentially quantitative, deductive, theory-testing research paradigms. Grunig, Grunig, and Dozier (2002) and Cornelissen, Van Bekkum, and Van Ruler (2006) have also acknowledged the need for more in-depth qualitative research to help understand deeper issues facing corporate communications. Case studies provide a microscopic view, because of which even single case studies are a potent research technique. They bring out the interrelatedness between several complex variables and hence promote a holistic understanding of the phenomena under investigation (Flyvbjerg, 2006; Yin, 2009). This approach to research engages in humanistic inquiry in which the researcher's understanding arises from direct personal experience and immersion (Hirschman, 1986). According to Hirschman (1986), "The aim of humanistic inquiry should be the development of an idiographic body of knowledge consisting of tentative statements about a particular phenomenon" (p. 238).

This research uses the case study of Bosch India (see box). The change in corporate identity from MICO to Bosch is a powerful and interesting narrative of complexity in communication characterised by multiplicity of audiences, messages, business divisions, and mediums, making the task of coherence in communications particularly arduous. In selecting Bosch India as the primary vehicle for drawing lessons in communication strategy for change in CI, this research brings forth the challenges that a global brand faces when the old local brand has a strong emotional affinity among audiences. To validate the choice of Bosch India as a case study, I also analyse quantitative metrics to gauge the performance of Bosch after the campaign. In 2009 (post-brand migration), the revenues of Bosch increased but profit declined. This was largely due to the global economic recession. In 2010, the revenues of Bosch increased by 39% and profit-after-tax increased by 45% over the previous year. The change in corporate identity hence did not adversely impact the financial performance; rather, it improved significantly (Table 1).

Robert Bosch GmbH with revenues of 47 billion Euros in 2010 was founded in Stuttgart in Germany in 1886. It comprised about 300 subsidiaries and regional companies located across 60 countries. It was in automotive, consumer goods and industrial technology but automotive was the flagship business of the group. It manufactured various critical components for automobiles and was Original Equipment Manufacturer (OEM) for most leading automobile brands in the world. Robert Bosch GmbH started its operations in India in 1951 as Motor Industries Co. Ltd (MICO). Over the years, MICO became synonymous with quality and reliability and emerged as India's largest automotive component manufacturer. The case describes the brand migration from "MICO" to "Bosch" in India.

The change in corporate identity was carried out in a gradual manner from year 2004 to 2008. Apart from rebranding, another objective was to build the brand Bosch. The case elaborates the integrated communication strategy for change in corporate identity (CI), which includes advertising, public relations, and media strategy. It details the communication strategy adopted for different stakeholders—employees, opinion leaders, aftermarket, and OEMs. The case provides metrics for measurement of effectiveness of communication strategy allowing for a rich analysis of the extent to which brand migration can lead to transfer of equity.

Reference: Gupta (2013), Bosch in India, hbsp.harvard.edu, IIMB 409

Apart from outcome variables, I also examined intermediate variables such as awareness and attitude. There was

Table 1 Financial performance of Bosch India (Rs millions).

Particulars	2004	2005	2006	2007	2008	2009	2010
Sales	23277	29775	37837	42796	45416	47498	66300
Profit before tax	5635	5290	7983	8560	8566	7934	12030
Profit after tax	3748	3431	5480	6092	6339	5906	8590

Source: MICO and Bosch India annual reports, 2004 to 2010.

Download English Version:

<https://daneshyari.com/en/article/1016480>

Download Persian Version:

<https://daneshyari.com/article/1016480>

[Daneshyari.com](https://daneshyari.com)