Corporate Communications and the Rise of the Network Society

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The importance of the Internet as an information exchange and communication medium has increased significantly over the past few years. Eriksson (1999) outlines that the daily lives of people are more and more affected by information technology and network-related services, and suggests talking about the rise of the network society. Compared to the prevailing term “information society”, the term “network society” pays more attention to the fact that processing information has been important for decades while networks have only recently begun to re-define notions of time and (physical) location. Eriksson argues that we are witnessing the early phases of a societal transformation that will be as dramatic as the first two industrial revolutions that are commonly associated with steam and railways, and electricity and the automobile, respectively. In analogy, networks have effects similar to those of railways whereas non-networked (but nevertheless information-processing) computers have had effects more similar to those of stationary steam engines.

With regard to branding and corporate communications management in general, it is important to note that computer networks have revolutionized the way information is disseminated and accessed. Prior to the advent of the Internet and the World Wide Web, in particular, people were more or less passive consumers of information disseminated via traditional media, such as broadcasting, television, and newspapers. Reports provided by these media along with corporate press releases and advertisements were the most significant ways (and often the only ones) people could use to inform themselves about corporations, their products, and the quality of the products.

In contrast, the Internet has enabled consumers to actively retrieve information provided by a variety of sources ranging from corporate information sources to sources provided by competitors to sources operated by disgruntled consumers or anti-corporate movements.

In this paper, we look at branding and corporate communications and their relation to information dissemination in the network society. The starting point is the claim that branding not only provides numerous benefits but may also involve certain vulnerabilities. We are interested in the role computer networks would play if this claim is correct. Given the complexity of branding, verification of the vulnerability claim itself is beyond the scope of this paper.

We proceed as follows. First, we briefly look at the benefit expected from branding. Then we outline claims that branding may involve certain vulnerabilities. Next, we discuss the role of computer networks in this context and discuss potential benefit and risks. The latter will be illustrated by a few examples of actual network-based information incidents. We then focus on these threats and discuss to what extent corporations may protect themselves against such threats. The paper concludes with an assessment of the current situation.

Strengths and Weaknesses of Branding

In general, branding is considered something positive that adds value to products and companies (e.g., Aaker 1991). Branding is “the act of differentiating a product or service or corporation with a unique name, logo, positioning, selling theme, etc.” (Lynn Upshaw quoted in Kania 2001). Brands represent “promises about what we can expect from a product, a service or a company” (Pringle and Gordon 2001). Moreover, it is assumed that branding strengthens companies as companies are able to position their products in the consumer’s mind in order to differentiate their products from competitors’ products. Downes (1999) describes branding as follows: “Advertising today looks for stronger hooks, and it finds them in association and self-identification. The concept is especially simple: find (or define) a person’s conception of self which is pleasing. Mold that conception such that the use of a product or service is essential to that conception. Imprint the idea that in order to be yourself, you need to purchase such-and-such a brand.” Downes outlines how this is used to sell products: “The product, no longer able to offer satisfaction on its own ground (a potato chip is a chip), instead offers the consumer a chance to be part of a certain ‘crowd’ or ‘scene’.”

Corporate branding is “the process of creating and maintaining a favorable reputation of the company and its constituent elements by sending signals to its target groups by managing behavior, communication and symbolism” (Einwiller and Will 2001a). The idea of corporate media is to “influence certain stakeholders’ set of beliefs (values, ideas, etc.) in such a way that they internalize a positive image of the company” (Porak et al. 2000). Porak et al.
understand those ideas and slogans as similar to memes. A meme (Dawkins 1976) is a “contagious idea that replicates like a virus, passed on from mind to mind. Memes function the same way genes and viruses do, propagating through communication networks and face-to-face contact between people.” (David Bennahum quoted in Downes 1999).

Having observed a number of changing business conditions, Einwiller and Will (2001b) argue for a change in corporate communications and demand that an integrated approach to branding is needed. Observations range from the growing importance of capital markets and shareholders to a need for added value through strong branding and to growing demands for transparency. In particular, Einwiller and Will argue that it is increasingly important for corporations to sell themselves as “products” to shareholders and customers.

Apart from providing numerous benefits, however, branding may also introduce certain vulnerabilities. The Economist (2001a), for example, outlines that “[t]he more companies promote the value of their brands, the more they will need to seem ethically robust and environmentally pure. [...] The fact remains that brands give [protesters] far more power over companies than they would have otherwise.” Klein (2000) argues in her controversial book “No Logo” that brand images are the corporate Archilles’ heel as “multinationals like Nike, Microsoft and Starbucks have sought to become the chief communicators of all that is good and cherished in our culture: art, sports, community, connection, equality.” Klein argues that the focus on brands has made these corporations the more vulnerable to attacks the more successful they are. The argument is as follows: “if brands are indeed intimately entangled with our culture and our identities, when they do wrong their crimes are dismissed as merely the misdemeanors of another corporation trying to make a buck. Instead, many of the people who inhabit their branded worlds feel complicit in their wrong, both guilty and connected. But this connection is a volatile one: it is not the old-style loyalty between life-long employee and corporate boss; rather, it is a connection more akin to the relationship of fan and celebrity: emotionally intense but shallow enough to turn on a dime.”

While Porak et al. (2000) understand memes, such as slogans and ideas, as a way to transport a positive image of a company, Downes (1999) outlines how memes can be used as a tool to attack the information flow from corporate media: “The methodology of counterattack involves inserting counter-memes into the media mainstream. It is the idea of the meme conceived as virus taken to its logical extreme.” It is in particular the network society that offers new opportunities. Downes outlines that “with increased public access to the Internet in the late 80s and early 90s, meme hacking was given a new life. While their access to mainstream media was still limited, activists could now communicate with each other in rapid, free and uncensored messages. Moreover, the Internet – and especially the World Wide Web – gave them a means of reaching directly into the mainstream consciousness, bypassing the media altogether.”

Benefits and Pitfalls in the Network Society

In this section, we look at the benefits and pitfalls of computer networks in the context of marketing and branding. From a corporate perspective, computer networks and the World Wide Web in particular have enabled novel ways to address customers and shareholders. Kania (2001) outlines that “traditionally, branding messages have been unidirectional, delivered to customers via radio, TV, magazines, and other media. In contrast, the Web allows two-way communication – a dialogue in which buyer and seller learn more about one another.” Aaker and Joachimsthaler (2000) argue that “to understand the Web, an experience-based model such as a theme park or a retail store is a better metaphor than passively received advertising.” Interaction with other people on a corporate Web site has the potential to create “a meaningful social experience involving the brand”. According to Kania (2001), “the Web has erased the limits defining how customers can experience brands”.

Apart from Web sites, the Internet offers a range of other technologies that can be used for branding and advertising. Examples range from banner advertising to email advertising to “talking up” products in chat rooms. The latter is a recent marketing approach used to promote a popular singer (White 1999). Rolfe (2001) describes three different “roles” that can be used in the context of “talking up”: official representatives, covert operatives and diligent evangelists. Exploitation of personal communication as trusted authority is the lever of this marketing technique.

Computer networks are not only enablers of new marketing techniques and brand experiences but computer networks can also be used to attack corporations and their brands. Klein (2000) describes how “techno-savvy investigative activists who are as globally minded as the corporations they track” made use of computer networks: activists who occupied part of Shell’s UK headquarters in January 1999 brought a digital camera with a cellular linkup that allowed them to broadcast their sit-in on the Web, even after Shell officials turned off the electricity and phones. Klein quotes Peter Verhille of the PR firm Entente International outlining that “one of the major strengths of pressure groups – in fact the leveling factor in their confrontation with powerful companies – is their ability exploit the instruments of the telecommunication revolution. Their agile use of global tools such as the Internet reduces the advantage that corporate budgets provided.”
An almost classical example is the designer Tommy Hilfiger being the victim of a threatening urban legend. As Ulfelder (1997) reports, the legend goes that Hilfiger appeared on the Oprah Winfrey Show and made racist comments about several groups, after which he was tossed off the set by Winfrey. In fact, Hilfiger has never appeared on or taped an episode of Winfrey’s show but the legend spread so rapidly and generated so much controversy among customers and potential customers that the company was forced to respond on the net.

In order to fully understand the threat potential it is important to know that the brand “Tommy Hilfiger” draws some of its strengths from its popularity among ghetto kids and hip-hop fans (see Klein 2000 for details).

The mobile phone company Ericsson was the victim of a hoax promising recipients free mobiles if they forward the (fake) email to at least twenty people (Park 2000). Hoaxes are false email messages with the only purpose to spread to as many people as possible. Ericsson received thousands of emails from people asking for their free phones. Park quotes an Ericsson Australia spokesman claiming that the company was aware of the email circulating for at least a couple of days and that the way it was sent makes it impossible for them to see where the email originated from.

Customers who received the hoax may start to question the company’s trustworthiness if Ericsson – being a high tech company – is not even able to stop a simple hoax spread.

Fumento (1999) reports that a little Canadian tampon manufacturer used its Web site to spread the information that products of competitors may be horrible dangerous; the company’s marketing head had been observed to be actively supporting feminists preparing a petition to start a boycott of the company’s competitors.

From a branding perspective, the very existence of such misinformation activities (and the fact that it cannot be stopped) can undermine trust in a company and its brands.

In 1999, a faked Bloomberg Web site announced that a company called ECI Telecom bought a company called PairGain Technologies Inc. (Neue Zürcher Zeitung 1999). The notice pretended to be an official notice released by Bloomberg which is a well-respected information agency and lead to an increase of the value of PairGain shares. The fake Web site had been announced Web-based message-board and interested users were guided to a faked Web site imitating the design of Bloomberg’s genuine Web site.

Again, from a branding perspective, the very existence of such a Web site (and the fact that creation of such Web sites cannot be prevented) can undermine trust in a company. Even after detection of such a fake Web site it can take considerable time to close it. Moreover, search engines like Google (URL http://www.google.com) store local images of Web pages they have indexed so that false information may still be accessed although the pages have been removed. Shutting down a Web site may also be rather difficult given that different countries have different laws.

The McSpotlight Web site (see below) is a classical example for such a site.

McSpotlight (URL http://www.mcs spotlight.org) is a Web site that is dedicated to informing people about the practices of the global fast food company McDonald’s. The Web site has its origins in McDonald’s suing green critics to silence who distributed a leaflet “What’s wrong with McDonald’s”. The site details the case in depth and has over 21,000 pages of information (Pringle and Gordon 2001). According to Michie (1998), the libel case qualifies as one of the biggest public relations disasters in recent times as the company’s most embarrassing dirty laundry was aired in the national media. McSpotlight claims that it is virtually impossible to shut down the site as the server is located in a country where the “McLibel” case took place, a number of mirror servers exists all over the world, and last but not least no particular person being responsible for the site in such a way that suing this person would endanger the site.

Computer networks offer a variety of ways to attack corporations and brands by disseminating certain information. Incidents reported in the literature can be used to illustrate some of the issues involved:

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- Customers who received the hoax email may start to question the company’s trustworthiness. Even if Ericsson, as a high tech company, was not able to stop a simple hoax spread.

- Fumento (1999) reports that a Canadian tampon manufacturer used its Web site to spread misinformation about competitors, causing them to behorrible dangerous. The company’s marketing head was observed to be actively supporting feminists preparing a petition to start a boycott of the company’s competitors.

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Apart from these and other incidents reported in the literature (see, for example, Denning 1999) it is reasonable to assume the existence of further incidents not widely known. Reasons may be that companies may not be aware of threatening information circulated online or that companies may have chosen to deliberately ignore these information. Ulfelder (1997) reports the example of the US-based car manufacturer Ford who decided not to go online to combat a certain revenge Web site as the company was afraid that anything they would do on their own Web site would validate what is described on the revenge Web site.

Information circulated online can have a strong impact on companies and their reputations. Aaker and Joachimsthaler (2000), for example, note that “[...] customers with a bad experience can reach thousands of people instantly at no cost.” This indicates that for companies there clearly is a need to be aware of potentially threatening information that is circulated online. There are even claims by PR people that companies that fail to monitor Internet traffic may be headed for a public relations disaster (Ulfelder 1997).

Companies, such as eWatch (URL http://www.ewatch.com), CyberAlert (URL http://www.cyberalert.com), and IntelliSeek (URL http://www.intelliseek.com), offer specific tools that enable companies to search the Web and other information sources to find out “what is ‘being said about [a] company and its products’, and that provide ‘a way to identify potentially damaging rumours’” (Manktelow 2001). However, it is important to realize that recognizing threatening online activities is difficult as the scope of technical means is limited when it comes to information-level Internet activities (see Lueg (2001b) for a distinction between information-level activities and network-level activities). The strengths and weaknesses of commercially available Internet surveillance tools are largely unknown. Moreover, even the technically most advanced search technology is subject to a variety of limitations.

First of all, only a limited number of electronic communication channels are publicly accessible. Among the open channels are Usenet newsgroups, parts of the World Wide Web and public mailing-lists. Contrary, email is mostly private communication, many mailing-lists are for closed user groups, and many Web servers have private areas. Also, many Web servers generate Web pages on the fly which means that scanning all the dynamically generated content is almost impossible.

Second, even in the case of the publicly accessible resources, it is impossible to monitor all traffic for resource reasons (bandwidth, storage capacity, processing power). Back in 1998, researchers found that coverage of the Web by search engines was severely limited: no single search engine they examined had indexed more than about one-third of the indexable Web (Lawrence and Giles 1998). The Web has expanded enormously since then which means that coverage can be expected to be even worse. Moreover, the Web is only one of the communication channels enabled by the Internet.

Third, even state-of-the-art filter and retrieval technology is only good at searching for known things. If people use special nick names when talking about products or companies it is hard for search technology to find out what people are talking about. Extremely simple examples observed in online discussions are “Würgerking” (a German language pun) instead of “Burgerking” or “McDooF” (another language pun) instead of “McDonald’s”.

Then, it is difficult for automatic search tools to find out what people actually do when they are talking about things. Removing discussions from their particular social contexts (“des-situating” in the words of Grudin 2001) may result in wrong interpretations. Lueg (2001a) describes members of an online community sharing information about internal quality standards set by a particular fast food company and how these quality standards are often ignored in the company’s own restaurants. These information can easily be found when using a regular search engine which means that the scope of the discussions exceeds the particular newsgroup. Without knowledge about the newsgroup, a company could interpret such discussions as hostile fast food bashing but in fact the community is a fan community consisting mostly of fast food lovers.

Finally, even if search technology detects mentions of corporations or brands, this information is already disseminated. Web sites can be closed but this process takes some time and often the pages are already scanned by search engines such as Google (URL http://www.google.com) that store copies of pages indexed. Email cannot be “removed” once disseminated and stored in personal mailboxes. Usenet articles can be deleted on some news servers but many servers do not honor cancel requests; private archives are mostly inaccessible.

Last but not least there is a discussion among privacy and free speech advocates as to whether corporations will use the new monitoring technology to suppress legitimate online dissent (Kumar 2001) which means that companies should carefully consider their public image when trying to suppress or remove information.

Discussion: information dissemination as a challenge

Threatening information circulated online is a serious issue. Aaker and Joachimsthaler (2000) propose to have employees and or their (official) surro-
gates participate in conferences or chat rooms. Posting counter statements on the Web is proposed as reaction when spotting threatening information. The problem is that there is no guarantee that such statements are believed or even read by those who read the threatening information. Pringle and Gordon (2001) suggest, among other things, to involve white hat hackers in order to test corporate security systems and to block threatening domains, such as McDeath in the case of McDonald’s. Ebbinghouse (2001) provides a lot of information on how to handle threatening situations such as cyber smear and revenge Web sites once they have been recognized. Examples discussed range from complaining to the owner to “bringing in the cavalry” which would be the relatively new Internet Fraud Complaint Center (which is located in the US and might not be too helpful in other countries) to launching a law suit. Consulting companies specialized in reputation management have emerged. However, even such specialists cannot do much except trace the roots of rumors, assist in posting clarifications and offer advice in how to deal with the situation. As outlined earlier in this article, it is not possible to completely remove information once it has entered computer networks.

The fact that not only branding and marketing but also counterattack activists make use of human characteristics by creating and manipulating memes indicates that even in this domain corporate influence is limited as long as alternative and unregulated communication channels exist. The power of meme-like activities has been demonstrated recently when MIT student Jonah Peretti managed to associate the terms “Nike” and “sweatshop”. Peretti’s email exchange with Nike when trying to order running shoes customized with the word “sweatshop” (see Peretti (2001) for details) was widely circulated on the Internet and made it into a range of more traditional media as well (e.g., MediaGuardian 2001).

Novel marketing and branding techniques such as “talking up” products can be expected to work only in certain social environments. Reports indicate that “talking up” was successful in chat rooms where IDs have a duration similar to the life span of fruit flies. The question is whether talking up works in more persistent discussion forums, such as Usenet newsgroups, where taking a discussion statement seriously requires some kind of social status on the side of the speaker. Newsgroups are known to form communities and in such social groupings statements by recognized community members (so-called regulars) typically have more weight than statements of first-timers. Becoming a recognized member, however, would take too much time for most marketing approaches. Moreover, success is unclear as becoming a recognized community member is not a deterministic process. Kania (2001) argues that users go online to find information and that the rich amount of information available online has enabled “super-empowered users”. While this clearly is an opportunity to offer brand information, customers can be expected to access independent information channels as well. It is well recognized that the Internet has enabled radically new ways for customers to share information with others but so far it seems that assessment of these alternate communication channels is based on experiences with more traditional media. We found surprisingly little discussion of potential impacts in the literature.

Einwiller and Will (2001a) argue that there is a clear tendency in corporate communication towards transparency. Reasons they identified range from increased obligations from financial markets to growing public and media interest in companies. Einwiller and Will conclude that “people are more and better educated, more demanding and more interested in the companies behind the products. They want to know, is the company trustworthy, does it act correctly, etc. Corporate reputation is already very important and will in the future become even more important.”

A similar expectation has been expressed by The Economist (2001b) stating that “[b]rands of the future will have to stand not only for product quality and a desirable image. They will also have to signal something wholesome about the company behind the brand”.

Conclusions

In the network society, information is a powerful tool beyond corporate spheres of influence. In contrast to what we found in the branding literature, we expect that the importance of this tool will increase significantly as more and more “super-empowered customers” will access online information resources to make up their minds.

In this sense, our analysis supports demands for more transparency in branding and corporate communications. Moreover, we see a clear need to better understand online information dissemination activities as we observed a strong tendency to underestimate the problems involved in becoming aware of information circulated online. Recognizing potentially threatening online activities does not mean that companies do have to respond in every case but knowing about ongoing activities is required for any kind of situation assessment.

References


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