Designing e-logos in corporate identity strategy

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Abstract

The rise of the Internet as a primary means of corporate communication has led to two parallel developments: the proliferation of competing firms that exist virtually, and the proliferation of visuals by these firms. Given this, the paper argues why firms ought to review their corporate identity, especially in terms of design. This argument is illustrated by empirically appraising the e-logos of firms drawn from the information technology industry. It is found that perceived attractiveness of a corporate e-logo is associated with greater complexity and with greater use of symbols rather than just more letters, but not with more use of colour. From these results a summary model is put forward.

INTRODUCTION

The effective communication of corporate identity is one major source for creating competitive advantage.1 Intuitively, even without the Internet to compete for human attention, a suitably and attractively designed corporate logo is a most useful tool; a visual tool for communicating positively about a product or company. For example, the triangular Mercedes logo for the German vehicle manufacturer communicates both stability (triangular symbol enveloped in a circle) and status (the upper tip of the triangle implies an apex). Such a statement is arguably more valid in the Internet, screen-based, global environment than in mainly printed-page means of communicating the product or company in the old economy (notwithstanding radio and television).

More importantly in the cluttered realm of the Internet, a corporate e-logo is essential to communicate a sense of the corporation or firm being present out there to surfers. The cheap, easy, immediate availability of the Internet is turning top management to focus more on the design2 aspects of corporate identity — for example, on how people respond to their corporate e-logos seen off the computer screen. Aesthetics3 grows to become an essential component in the strategic aspects of corporate marketing.

Growing emphasis on the design aspects of corporate identity does not mean less emphasis is to be put on the operational significance of identity building, for example, on impacts among staff internally.4 Issues such as the goodness of internal fit5 remain on the agenda. However, what is im-
immediately more pressing is for the firm not to be overwhelmed by the flood of information. The task at hand is one of selling to the outside world the presence of an independent entity: a firm or corporation generating products with a distinct identity.

With the Internet as part of the business landscape, it may be too premature to herald the arrival of any definitive model of corporate identity management process. But in the era of the Internet substantial weight has to be given to the visual aspects of corporate identity. As argued here, some empirical testing of any given corporate e-logo design should become an integral part of the process of developing any Internet-based corporate strategy.

One revolutionary impact of the Internet is in the enhanced impact of visuals on people. As the Internet becomes increasingly the medium for corporate communications — whether it be business to business (B2B) or business to customer (B2C) — the distinctiveness of corporate e-logos as against those liable to be confused with others will be valued as intellectual assets. This may lead to more firms reviewing their current corporate logos. In the past one often-cited reason for changes to the corporate logo was a change of corporate leadership (other reasons would include takeovers or joint ventures). Changes at the top often lead to a revamp of identity: ‘A change of the CEO often leads to a revamped organizational identity. A new logo may even be introduced as a symbolic act to signal a change at the pinnacle of the organization’. Now, with easy and immediate access to the websites of competitors, sheer competitive pressure is likely to drive CEOs to re-look more often than ever before at the aesthetics of their corporate identity.

Corporate identity, especially when manifest in a symbol, gives tangibility to the communications strategy adopted by a corporation. The name of the game in identity-building programmes for the Internet is turning surfers into settlers. The art of identity building is defined here as expertise in shaping an Internet presence of identity through visuals — words, symbols (as in graphic images) and colours. The particular interest is in corporate e-logos.

A THEORY OF CORPORATE E-IDENTITY

One can begin by asking simply: ‘What constitutes a corporate e-logo?’ One approach is to deconstruct the corporate e-logo. A corporate e-logo on the Internet may be deconstructed (or disaggregated) to its main elements of words, motifs, figures, designs and colours. A corporate e-logo with these constituents has to compete with a multitude of visuals and images seeking human attention.

The idea is to register a presence in the minds of those who surf the Internet. All the time available may be just a few split-seconds. There is growing realisation even among the smaller Asian corporations that corporate identity is becoming an issue that ought to be reckoned with as part of the process of corporate strategy. Such an impetus may be explained in part by the growing Asian governmental readiness to protect intellectual property rights.

In theory, powerfully and especially attractively designed corporate e-logos may be expected to attract the atten-
tion of potential customers. If powerfully attractive, these corporate e-logos are invaluable and ought to be seen as highly prized assets, being tools to be used in vying for customers on the Internet. This is assumed to be particularly true for young, upcoming corporations or firms that are marketing technology products (such as information technology(IT)). These firms ought to be or are becoming interested in identity building as part of their corporate Internet strategy because, unlike other businesses, a technology-savvy customer is more likely to comb the Internet before purchasing any technology product.

Many of these technology corporations (as in this study), like the corporate e-logos created to represent them, are a recent phenomenon. They are creatures spawned by the sudden presence of the Internet as part of the business scene. With government support in Singapore, many a budding technopreneur has entered the fray to found a technology firm. To the technopreneur, the Internet is truly a dream come true in enabling limitless reach to customers globally. That competitive edge, however, avails to every technopreneur alike. This is where the challenge of corporate e-identity building in the new environment of the Internet lies: 'How to exert a presence in the cluttered jungle of the Internet?'

The art of corporate identity building through the use of the corporate e-logo is thus accentuated. Particularly true of the Internet environment, the visual corporate e-logo is more probably than not the first signalling of a corporate presence. It manifests the birth of a new technopreneur and of a legally independent identity on the Net. That triggers the search for answers to several questions.

- What makes a corporate e-logo immediately attractive?
- Is a complex corporate e-logo (in terms of its design) unattractive?
- Is an attractive corporate e-logo necessarily also perceived as being creative?

These led to further questions.

- Is professional impact influenced by the corporate e-logo being perceived as attractive?
- Is attractiveness of a corporate e-logo also informative — eg in conveying the nature of business?

Then there are questions revolving around the elements of the design embedded in a given corporate e-logo:

- Does the number of colours, letters or symbols embedded in a corporate e-logo enhance its attractiveness?

These series of questions formed the basis of this enquiry into building corporate identity through the design of e-logos.

SAMPLE, DATA AND METHODOLOGY

The researchers chose to study corporate identity building of IT firms for a specific reason. These are the firms, it is argued, which are more likely than many to be aware of the utility of corporate e-logos — differentiable from print use — for making their presence felt on the Internet. Also, being firms in the IT industry they are
more likely than many others to want to render their corporate e-logo as attractive as possible on the Internet so as to be effective in competing online for customers.

Despite initial simple random sampling of corporations, it was later decided to search as comprehensively and extensively as possible on the Internet so as to include as many Singapore-based technology-related corporations as possible. These efforts resulted in a reasonably sized yet manageable sample of 52 corporations (the detailed list of corporations is available from the author).

These are IT corporations which had in the year 1999 already employed an e-logo on the Internet as part of their corporate identity. Using the concept of deconstruction as described (colours, letters and symbols), the researchers then set up a scheme for a simple counting of these elements as embedded in each e-logo. For ease of reference a specific number was assigned to identify each of these corporate e-logos (No. 1 to No. 52).

Next the researchers selected as respondents those who are likely to become customers of technology-based corporations. Early adopters of new technology products are often from the younger generation, aged between early teens and late 20s. This study decided to capture the perceptions of up to 50 young respondents, aged between 16 and 27 years. Since it is possible that gender may influence perceptions the researchers ensured a more or less even split between male (56 per cent) and female (44 per cent) respondents. Their educational levels ranged from those with only secondary education to junior college, undergraduates and graduates.

Their spontaneous responses were captured to questions on perceptual attributes such as attractiveness, complexity and creativity for each of the 52 corporate e-logos in turn. Measures of these attributes were scaled as 1 for the lowest possible score and 5 for the highest. Professional impact and reminder of industry (IT in this instance) were scaled dichotomously as yes or no.

These responses were solicited through direct face-to-face interviews with guiding questions.

— Attractiveness: how attractive do you find the logo design?
— Complexity: how complex do you find the design?
— Creativity: do you find the design creative?
— Professional impact: do you feel that this logo will give the company a professional image (yes or no)?
— Reminder of IT: does looking at this logo remind you of an IT firm (yes or no)?

All interviews were individually arranged. Each respondent was expected to rate the logos as displayed one after another on a showcard. Thus, if there were any ambiguities, these could be clarified immediately.

The empirical analyses employ both parametric (for their detective power) and non-parametric (given the rating scales are not truly equidistant) tests of statistical significance of correlations, namely the application of Pearson’s r, Spearman’s rho and Kendall’s tau. These tests are easily performed with the use of SPSS (Statistical Package for Social Sciences).

In addition the paper exhibits visually the underlying correlations
between attractiveness and the attributes of complexity, creativity, letters, symbols and colours. This is followed by graphical displays. The pattern of correlations between professional impact and reminder of IT industry are related to perceived attractiveness of the corporate e-logo (ie for firm X, what percentage of respondents say it has a professional image and how it is scored in terms of attractiveness).

**EMPIRICAL TESTS**

**Correlation between attractiveness and complexity**

There is a positive linear relationship between attractiveness and complexity (Figure 1). In other words, some degree of complexity is associated with perceptions of attractiveness. Pearson’s r is 0.87 (significant to the 0.01 level), which signifies a strong positive relationship.

This is reinforced by Kendall’s tau value of 0.69 (significant to the 0.01 level) and Spearman’s rho value of 0.87 (significant to the 0.01 level). From the above results the attractiveness of the logo seems to be enhanced by complexity, and vice versa.

**Correlation between attractiveness and creativity**

Pearson’s r value for this chart (Figure 2) is higher at 0.92 (significant to the 0.01 level). In other words, there is a stronger relationship between perceptions of attractiveness and those for creativity. Again the other measures of correlation are consistently higher. Kendall’s tau value of 0.77 (significant at 0.01 level) and Spearman’s rho value of 0.91 (also significant at 0.01 level). This implies that there is a closer relationship between attractiveness and creativity.

Thus a creative design is more likely to be perceived as attractive than one that is merely complex. These results are reassuring, for the general expectation is for most people
to be attracted to what is creatively designed.

**Correlation between attractiveness and number of letters**

In contrast to symbols, letters in the English alphabet may easily be read. Pearson’s $r$ value is 0.48, which is statistically significant at the 0.01 level (Figure 3). This score implies there is some relationship between attractiveness and the number of letters in a logo. The strength of the correlation, however, is rather modest, as may be seen also in Kendall’s $tau$ value of 0.33 (significant at 0.01 level), while Spearman’s $rho$ stands at 0.45 (also
significant at 0.01 level). Such a quantifiable measure is useful as an anchor to compare with the other elements of a logo, as is the number of symbols.

**Correlation between attractiveness and number of symbols**

There is an interesting finding here. The use of more symbols is more likely than the use of letters to enhance the perceived attractiveness of a corporate logo (Figure 4). The correlation as measured by Pearson’s product moment correlation is almost 25 per cent stronger. Pearson’s $r$ value is 0.61 (significant at 0.01 level), with Kendall’s $\tau$ value of 0.49 (significant at 0.01 level) and Spearman’s $\rho$ of 0.59 (significant at 0.01 level) — also consistently higher. It should be noted that there is little variance in the data — most firms use none or only one symbol. Besides the use of letters and symbols, another design element is in the number of colours used.

**Correlation between attractiveness and number of colours**

It is rather surprising to find a lack of any statistically significant correlation between attractiveness and the number of colours as reflected in a corporate logo (Figure 5). The rainbow, for example, is attractive precisely because of the range of colours present. Pearson’s $r$ value is only 0.26, with Kendall’s $\tau$ at 0.19 and Spearman’s $\rho$ value at 0.26. All these values are not statistically significant.

From Figure 5, it may be observed that although the points tended to concentrate along the column where two colours are evident in the logo, the spread within this column is wide. The spread of points is fairly wide within other columns too, which explains why the relationship between the two variables is weak.
Correlation between professional impact and attractiveness

Most points clustered close to the best-fit, positively inclining line (Figure 6). There is thus a strong positive correlation between perceptions of corporate professionalism and perceptions of the logo being attractive. Pearson’s r value is high at 0.85 (significant at the 0.01 level), with Kendall’s tau at 0.68 and Spearman’s rho at 0.86 (both significant at the 0.01 level). This has wide implications for corporations that provide services. An attractive logo enhances corporate professional image.

Another aspect related to professionalism is in the informative content of a corporate logo. Does the corporate logo reflect the nature of business? For this reason too, the sample was controlled to include only IT firms.

Correlation between reminder of IT and attractiveness

From the plot (Figure 7), the points are somewhat dispersed yet they hover around the best-fit line, which is positively sloped. This suggests a modestly strong relationship between a reminder of IT as being the nature of the business of the firm (IT) and attractiveness. Pearson’s r value is at 0.65 (significant at 0.01 level), with Kendall’s tau at 0.50 (significant at 0.01 level) and Spearman’s rho at 0.67. Perhaps potential customers perceive attractiveness not simply in terms of pure aesthetics (as, say, in the case of a work of art), but also for its utilitarian value in conveying the nature of the business.

The discussion now turns to the broader implications.

CORPORATE INTERNET STRATEGY

These findings demonstrate the utility of empirically testing corporate e-logos. In other words, if a choice is to be made from many alternative logo designs, the institution of a process for e-logo testing may yield early and useful insights.

Empirical testing, based on the con-
ceptual approach shown in Figure 8, may yield some rather useful practical insights.

For a corporate logo to attract it should also be perceived as powerfully creative. This can be gauged by asking customers to assess the creative aspects of e-logo design.

Contrary to what was expected, complexity of a corporate logo does not necessarily distract. Indeed, when complexity is properly blended into the design for a corporate logo it may help the design to be seen as attractive by
potential customers. This may be truer for the younger, more sophisticated and technologically savvy customers of IT firms.

— It is surprising that the attractiveness of a corporate e-logo is hardly dependent on the number of colours used. The secret lies perhaps more in the way colour is used, such as in varying the tone, splash, dash or stroke of the chosen colour.

— The attractiveness of a corporate e-logo is very relevant to a corporation involved in the rendering of professional services, say in consulting, accounting, legal or medical services. The corporate logo speaks directly to potential customers about how professional the firm is. In other words, there are direct payoffs from spending on the design of corporate logos for use on the Internet.

— Also from a design perspective, it is pertinent for some clues to be incorporated in the corporate logo so as to reflect the nature of the firm’s business: it enhances attractiveness.

Given the above, corporations should consider instituting an appropriate process for the empirical testing of their corporate e-logo as part of the process of formulating and implementing their corporate Internet strategy. A firm may unknowingly implement a newly designed but inappropriate corporate e-logo. The corporate e-logo may put off customers — there might be too many colours or the design might be too abstract to inform.

The global nature of Internet access reinforces arguments for more coordinated testing of graphic design at the core of corporate visual identity systems. For example, is a particular corporate e-logo cross-culturally attractive? Perhaps the presence of the Internet, spelling global reach, is one underlying factor behind why so many UK companies
are motivated to relook at their corporate identities.

However, there is danger in blindly rushing to be visual on the Net. It may well be a case of the proverbial more haste, less presence (instead of speed). Many firms in Singapore are out to stamp their corporate faces — their e-identities — on the Internet (with webpages, sites and portals). But, an owner of a new firm may wrongly assume that being on the Net is the same as having a presence. Such owners may neglect the much more difficult hurdle of realising corporate presence — despite easily available methods. These results suggest that besides the technological considerations (such as using many servers), there are also design factors explaining why some firms may achieve presence while others simply fail to do so.

This programme of research is being extended in various ways.

— This set of procedures may easily be used for benchmarking corporate e-logos in any given industry. Indeed, the researchers are able to produce rankings, on a relative basis, of the attractiveness of corporate e-logos for these technology-based IT firms. Perhaps such work ought to be done in collaboration with corporate identity consulting firms to work out a programme to build upon the model shown in Figure 8.

— It is planned to replicate this work using a very different and contrasting sample — say of corporations less technologically driven, for example, old, larger, better-established firms drawn from services or manufacturing. The pool of customers is likely to be very different from those involving technology-related products.

It is hoped to replicate the study through collaboration with other research workers who operate within a different culture. Ethnocentrism is one dimension that corporate identity designers ought to contend with in the future. It is hoped that replication of this work in different cultural contexts would produce deeper insights. Perhaps again the results may be altogether different. The role of colours, for example, may be perceived very differently across the globe. This is especially relevant as, in principle, the Internet is about global reach.

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