PART II
ARTICLES

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THE IMPORTANCE OF PLACE IN CORPORATE IDENTITY
AN INVESTIGATION ON THE PRESENCE OF OLD DUTCH FIRMS ON THE INTERNET

Abstract: This paper investigates how old Dutch firms display their corporate identity on the Internet, with special attention paid to location and place. Several scholars argue that the Internet would create the ‘end-of-geography’. Current empirical investigation found that incumbent firms display a strong sense-of-place in the presentation of ‘self’ on their websites. Location is important for old firms’ images, underlining the importance of embeddedness. Location remains important when firms compete on the ‘global level’ on the Internet. This paper therefore contributes to the understanding of place and local embeddedness of firms in the ‘global internet space’.

Key words: firm behaviour, embeddedness, corporate identity, local environment, sense-of-place.

1. INTRODUCTION

This paper endeavours to contribute to the understanding of place and embeddedness of firms in the Internet era. How do firms present themselves in the worldwide market? Is there still a need for a sense-of-place, even when due to the Internet, firms can be considered to be ‘footloose’? The time-space compression debate, where frequent use of ICT is considered to lead to the end-of-geography and a redefinition of space (Mitchell, 2003), could bring the conclusion that location loses importance (Castells, 2004). Companies might even be

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unconnected to physical space (Gordon, 2008) and make the physical business location completely irrelevant (Värlander, 2007).

The focus of this paper is on old firms, for reasons which will be explained below. The study of how old firms present themselves on the Internet investigates whether location plays an important role for corporations, even in the Internet era. The Internet is a place for global marketing and therefore has become more important for entrepreneurs’ vitality. All companies that market themselves and their product over the Internet are by definition global firms (Javalgi, Radulovich, Pendleton and Scherer, 2005). The question remains how this ‘global feature’ of firms affects their embeddedness? And how does local embeddedness fit in this ‘global environment’ which is the Internet. According to Bellandi (2001) the strength of firms comes from the territories they are located in, shaped by the history of local and regional actors and the embeddedness of the firm with the local environment. Bellandi argues that the safeguarding of the local sources of trust and reciprocality that are embedded within a firm is a successful strategy. Also Värlander (2007) argues that arm’s-length transactions are in general more successful, generating a ‘market feel’ with the local customers.

E-commerce is increasingly influencing business operations, with the rapid intensification of Internet use for commercial activities since the mid-1990s. Placing corporate websites on the Internet became part of corporate strategies. Being active on the Internet enables actors to carry out their business at a world wide level (van Geenhuizen, 2004). According to Duranton (1999) there could be spatial impacts of this business transformation, for example in the value chain where physical segments might disappear from particular places such as offices, due to the rise of new ‘digital offices’. However, many of the firms investigated in this paper are foremost ‘bricks-and-mortar shops’, where the customer has to go to purchase the product or get access to the firm’s services. The Internet is mostly used as information provider for (potential) customers. This is described as ‘click and mortar strategies’ (Gulati and Garino, 2000). The Internet provides information for customers while transactions take place at a physical location, to increase and maintain trust with customers. These physical locations satisfy the customers’ need for proximity (van Geenhuizen, 2004). The results of Teerling (2007) indicate that though most customers search for product information on-line, they still purchase off-line in the more traditional brick and mortar companies. Nowadays, websites are the first introduction to firms. Therefore, websites play an increasingly important role in building and retaining relationships with customers (Ernst and Young, 2004). However, according to Teerling (2007) location in real place is still important, for customers to visit the companies. We want to see whether the attachment to location (sense-of-place) of firms has the same importance in the non-space of the Internet as it does in real space.
We chose to focus on the distinct category of old firms in an explorative interdisciplinary investigation and thus to *research to what extent old firms display their sense-of-place in corporate communications on the Internet*. This question arose from a larger research project, investigating the relationship between survival and embeddedness of firms. In this larger project the total population of old firms in the Netherlands (firms founded before 1851 and still in existence in 2003) was investigated from a geographical perspective. The outcomes of that particular research indicate that old firms in the Netherlands partly survived this long by two mechanisms: adaptation and inertia. The latter creating increased levels of reliability and trustworthiness. Tradition and path dependency create inert behaviour in old firms concerning their location, product and culture, and this keeps levels of trustworthiness high. With this, firms create a sense of belonging at a specific location (Brouwer, 2005). The embeddedness plays a significant role in the local economy, since it generates trust between the links between firms and customers. For young firms the market and the local environment seem to be inseparable (Littunen, Storhammar and Nenonen, 1998), but the importance of the reciprocal relationship between local environment and firms persists (Kilkenny, Nalbarte and Besserr, 1999), even when firms expand their market beyond the local environment.

In that larger project an emphasis was placed on the part played by continuous identity of firms in long-term survival and therefore a specific question concerning corporate identity was incorporated into the inquiry. From a telephone survey among the population of old Dutch firms, several determinants of corporate identity came forward. The managers of the firms were asked to describe their firm’s identity. This allows for categorising several identifying elements. We adopted the Strathclyde identity statement: ‘Every organization has an identity […] that can help to differentiate the organization within a competitive environment’ (van Riel and Balmer, 1997, p. 355), which corresponds well with the way the managers described their firms’ identities.

From these results subsequent issues arose: *do old firms underline this embeddedness in communication with their customers?* And; *does place play a role in on-line corporate communications?* By performing a content analysis of the old firms’ websites we investigated which determinants were used in constructing websites. Thus, it is possible to discover whether place is important in commercial communications.

The next section elaborates on the debate over sense-of-place on the Internet, followed by an overview of corporate identities and images. The fourth section will discuss the applied method and the results of the investigation. In section five, some conclusions are formulated.
2. SENSE-OF-PLACE AND THE INTERNET

Did place disappear with the time-space compression, or did it adapt in ways adequate to this era? Place certainly needs redefinition with the emergence the Internet, since the accumulation of electronic communications alters authentic sense-of-place (Mitchell, 2003).

The Internet can be perceived as a non-space. Due to large flows of people and goods those spaces are not localised sites. Castells (2001, 2004) argues that there is a global space of flows which causes the undermining of ‘local’ ways of life and place. Space becomes less significant now that communication has become more without distance. But even so, the emergence of the Internet does not entail the destruction of local uniqueness (Harvey, 1989) and there is also still interconnectedness between on-line space and off-line space (Gotved, 2002). The Internet, as a global environment, increases the importance of the local context and creates understanding of the local constructions.

A sense-of-place can provide a stable and unproblematic identity. The specificity of place needs to be reproduced to introduce places to a wider world (Massey, 1991). Castells (2001) argues that the Internet itself represents a new kind of space, but is not placeless, it re-defined space and therefore actual places get more distinct.

Over time, firms can feel that they belong to a particular place: a sense-of-place. The meaning given to a place by a firm may be so strong that it becomes a central part of the identity of the firm. A sense-of-place for a firm is a social construction. One old firm in our survey is called ‘Pelikaan’ and is located on ‘Pelikaanstraat’. The street was named after the firm, not the other way round. The firm was located there for so long, the municipality named the street after it. This can be symbolic of the ‘connection’ the firm has with this ‘place’. According to Hall (1995), putting something in a specific background, putting it in a frame, helps to shape and identify it. Identity is connected to a particular place by the feeling that you belong to that place. For firms this means embeddedness in the local environment, belonging there, and that the firm would not operate as efficiently elsewhere. Alongside the spatial structure of the organisation, this also includes the buildings and the emotional connection with a specific location or region (Lux, 1986; van Riel and Balmer, 1997). Old age can underline this sense-of-place when firms are embedded in their local environment over long periods (Kilkenny, Nalbarte and Besserr, 1999). Age and descent are important factors in determining the firm’s identity. These relate the present firm to its past. Specific ways, culture and traditions in the firm are a heritage from the firm’s past to the present identity (Lux, 1986; Marzilliano, 1998).

Why would firms display their identity on websites? They do so to create an image (image vs identity will be discussed in the next section). Firms
3. IMAGE AND IDENTITY OF FIRMS

It is necessary for firms to make a clear distinction between ‘identity’ and ‘image’. Barke and Harrop (1994, p. 94) describe this as follows:

Every individual, every business, local authority or nation has an identity. It is the projection of who you are and what you stand for, what you do and how you do it […]. Naturally, image may be strongly influenced by ‘objective’ identity and image-makers will seek to structure the perception of others but cannot finally control them.

Image and identity are thus not the same. The identity of a firm can be provisionally defined as the impression the firm has of itself (in other words, the view held by the members of the organisation) through a certain culture, product, location, and quality; these are all part of the corporate identity. The image of the firm is the way the firm is perceived by the public. This corporate image is partly determined by the corporate communications, and gets stronger over time (Marzilliano, 1998).

There is a continuous debate about how to define corporate identity. There is the objective identity, something that is fixed and needs no discussion, but
corporate identity can also be regarded as what the firm is on a more intuitive basis, what members believe its identity to be. The former way of thinking, the concept of the objective identity, has found its way into organisational theory. An organisation’s identity is seen as that what its members believe it to be – its distinctive, central and enduring characteristics (Albert and Whetten, 1985; Brown, Dacin, Pratt and Whetten, 2005).

The Strathclyde statement considers firms’ identities from the essentialists’ perspective. Firms have an essentialist identity, defined by the members of the organisation as corporate identity. It is an interrelated network of visible and invisible elements, referring to an organisation’s distinct attributes: ‘what is this organisation?’ (Puusa, 2006). The corporate identity literature is largely silent on which features an organisation will select or claim as identifying. Albert and Whetten (1985, p. 267) argue that ‘Often the issues will become important for a purpose’ and members of an organisation are capable of verbalising the specifics that identify their organisation (Brown, Dacin, Pratt and Whetten, 2005).

Identity serves the function of identification and is, in part, acquired by identification. This means that the actual identity is a description of the facts of self-classification of the firm (Albert and Whetten, 1985; Simões, Dibb, and Fisk, 2005). The identity is shared and displayed by the members of the firm. It is the firm’s ‘personality’ (Dröge, 1998; van Riel and Balmer, 1997). In line with Albert and Whetten (1985) and van Rekom (1997), the following argument can be advanced. There is a measure of facts that are important in corporate identity, represented by the results of the telephone survey, which reflect the opinions of managers about their firms. When we asked the respondents to describe their firms’ identity, actually two implicit inquiries were posed. The first: ‘what kind of firm is this?’, to be addressed in categorisations: age, commercial or non-profit, number of members, activities and location. The second: ‘who is this firm?’ must be addressed using more specific, sensitive and central characteristics such as ethical, entrepreneurial, employee-oriented, stagnating and acquisitive instincts, referring more to the attitude or position of the firm.

Images becomes important because of the various associations of recognisability, prestige and reliability (Harvey, 1989). When people come in contact with a company or its advertisements they will inevitably form an impression of the firm: the image of the firm. An image is a set of meanings by which a firm is known (Dröge, 1998). In order to increase profits and customer commitment, it can sometimes appear worthwhile to change the firm’s image, and accordingly the corporate communications. However, images are hard to change. Firms, however, can try to change it by placing more or less emphasis on certain firm characteristics in their external communications. The image is in this way a reflection of the identity, the total of the visual and non-visual artefacts that a firm uses to profile itself towards the public (Hatch and Schultz, 1997; Schlottmann and Miggelbrink, 2009). A firm’s management has an influence on
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In this investigation, we concentrate on how firms express their identities. The identity and external expectations should match to a certain level to work efficiently. The image needs to be partly integrated with the firm’s identity (Marzilliano, 1998). However, for the consumption by outsiders, firms can try to intentionally mould the image the audience keeps. In websites, this means that the management can choose to display those features of their corporate identity that can be useful in creating the proper image by its audience.

4. CONTENT ANALYSIS

In this section we will first shortly introduce the results from the telephone survey about old firms’ identities followed by our expectations for the images. From this we move forward to the applied method and the results of the content analysis of the websites.

We compare the results of our analysis at the level of the organisation. First we analyse the individual business unit (the managers that responded to a telephone survey) and then the individual firm’s website, which is analysed by means of content analysis. Brown, Dacin, Pratt and Whetten (2005) and van Rekom (1997) argue that where the manager is speaking on behalf of the organisation, this automatically assumes an organisational level of analysis.

4.1. Identity of Old Firms

How do organisations answer a question on identity and how are their answers affected by the context of the question? To try and limit the influence of the context, all the respondents were given the same request (‘Please describe your firm’s identity’) and the answers were categorised by careful content analysis by the same coder. By analysing the elaborated answers given by the managers in the telephone survey, eight different categories were constructed as determinants of identity. Following Mayring (2000), we used summarising qualitative content analyses in order to establish the categories from these answers, leading to the following eight main categories: product / activity; tradition, culture and age; location / sense-of-place; family firm; size; structure; name; and market. The survey underlined that the corporate identity of old firms is mostly represented by the nature of the product or activity of the firm. Since the firms were selected on keeping the same name and the same product range since founding, this result is due to the criteria of this investigation. Furthermore, “continuous family-
involvement’, ‘tradition, culture and age’ and ‘location’ were given as important elements in old firms’ identities. Firms’ structure, market, and size were less important as indicators of corporate identity. For location / sense-of-place examples of respondents’ answers are that the firm has known several generations of clients and employees from their region, or the firm produces a regional product, or the firm has been located somewhere so long that name and place are mentioned in one breath. Relocating out of the city or region would harm the firm’s image. This indicates that for old firms next to the product, the elements ‘name’, ‘location / sense-of-place’, and ‘tradition, culture and age’ are the most identifying elements. This finding can be supported by the results from Kilkenny, Nalbarte and Besserr (1999). They argue that small towns are likely to be places ‘where everybody knows everyone’ and therefore businesses in small places are very much integrated into the local environment, even if they participate in larger markets. Therefore, it can be argued that when participating in a global market via the Internet, the local connection must be carefully maintained, in order not to loose the ‘community support’, or at least to keep their local customers’ trust. Trust is important in creating commitment to a firm. Trust develops over time trough periods of interaction (cf. Puusa and Tolvanen, 2006).

These outcomes lead to the following expectations for old firm’s images. With the focus on websites, it is expected that the product and name of the firm will have a high score. One of the goals of websites is to make the firm’s name and product known to the public. But how important are the other identifying elements? From the literature discussed earlier, it is expected to frequently see the combination of ‘location / sense-of-place’ and ‘tradition, culture and age’ on websites. Furthermore, only firms that produce region-specific products are expected to have high scores for sense-of-place on their websites, since the firms need their specific location as a marketing element. Moreover, ‘tradition, culture and age’ will probably score high as well, exploiting the traditional quality and since… feeling, reflecting the firm’s old age. The elements ‘size’ and ‘market’ are expected to have much higher values for the image than for the identity, because these possible are of more interest for existing and potential customers. The value for ‘family firm’ is expected to be of equal importance as ‘tradition, culture and age’ for the image in some sort of ‘trust-statement’ in combination with a traditional product and a long history of continuity (Santerelli and Lotti, 2005). The value for ‘structure’ is expected to have a very low score since it is a more firm-internal matter. For this reason it is expected that this element will not be exploited as such in creating images.

4.2. Method

The goal of content analysis is to statistically describe the measure in which certain characteristics appear in the studied material and how often certain characteristics appear in relationship to other characteristics (Weber, 1990).
Content analysis is mostly applied to written text, but it can also include the meaning of visual elements, such as in the case of websites (Slater, 2004). Following Weber (1990), for this content analysis of websites, the coding scheme is as follows:

For the definition of the recording units, the choice is words and/or word-groups per sentence. Also images, such as pictures and logos are taken into consideration (Schlottmann and Miggelbrink, 2009) and one visual aid has the same weight as a single sentence. By analysing at the level of sentences, the larger context of the words is also considered.

The categories used here correspond with the eight dimensions as found for identity. Since the categories were established by a priori coding, established prior to the analyses based on either theory or previous research, we made sure the categories maximised mutual exclusivity and exhaustiveness.

On each website, everything that could be downloaded under the specific URL was studied. If by a hyperlink another server was accessed, this information was ignored. Furthermore, adverts unrelated to the firm itself, database information and other extensions were not included.

The scores were categorised into the eight categories mentioned in item 2. A word, phrase or illustration is counted as one. Since the recording unit are words and paraphrases per sentence, the overall score for an element can be higher than the total number of sentences.

The frequencies per category are counted, through which the dominant elements defining firms’ wished identities can be revealed. Since the studied websites differed in length, the measurements are normalised by the total number of sentences and pictures per website. The relative frequency is calculated per category by dividing the number of hits per category by the total of the number of sentences and visual aids on the website. Since words and phrases are both collected in this analysis, the coding unit is called a context unit which need neither be independent or separately describable: they may overlap.

See figure 1 for examples of the coding process.

By an Internet search-engine it was found which of the old firms that responded in the telephone survey had a website. 70 of the Dutch old firms that responded to the telephone survey had a website in December 2003. These 70 websites were analysed. The counting of the characteristics is based on the assumption that the more often a category is mentioned, the higher importance the category has. This assumption can only be made bearing into mind several counterpoints. Not all words used represent each element equally well, but since there are no real workable weighting procedures they are all weighted similar in this analysis. This is a limitation to be aware of. Furthermore, not all elements are equally easy to mention. Last, some words may have multiple meanings (Weber, 1990), therefore analysing the word in context can help to strengthen the validity of the inferences that are being made from the data. Therefore, following Rosenberg, Schnurr and Oxman (1990) this analysis was done by hand rather than a faster, but less discriminating, software packages (Lowe, n.d.).
In order to make sure that all websites were measured in the same way, the same person carried out the analysis. To measure the intra-rates reliability; one can measure the reliability by measuring the percent of agreement between rates. Since only one coder was involved in this analysis, this coder re-analysed ten websites two years after the original coding. The count for all categories was compared on the 10 websites and the differences for all categories were between 0% and 2% (positive or negative) compared to the first analysis. In this way ‘coder agreement’ is established (cf. Erlandson, Harris, Skipper and Allen, 1993).

4.3. Results

In figure 2, the initial results of the content analysis are displayed. It shows which identity categories were mentioned at all on the websites and therefore can be marked as an image-maker. A website got a score for the concerned category if it was mentioned at least once. When the category was not mentioned at all on the website, either in words, phrases or pictures, the website got no score. For the ‘product / activity’ and ‘name’, the score was 100%, which is not surprising since the main purpose of websites is the marketing of the name and the product of a firm to the public. The results for ‘family firm’ are quite different. As can be seen, only 40% of the websites mention this category. This can be for two reasons. Either the firm is not family owned, or this feature of the
firm is not considered an important element for the desired image. In the telephone survey we found that 90.7% of the old firms are family-owned, so the latter explanation is more likely.

However, figure 2 does not give any indication of the relative frequencies of the categories as mentioned on websites in comparison with the total of all sentences and pictures they contain. This information is given in figure 3. As can be seen, it is clear that the most important category for image is ‘product / activity’ of the firm. This is followed by ‘name’, ‘tradition, culture and age’, and ‘location / sense-of-place’. From the average relative frequencies per element some expectations are confirmed. Striking is the relatively low average frequency for ‘name’. This element was expected to be as prominent as ‘product / activity’. This much lower score can be explained by the fact that the name of the company, very often in combination with the firm’s logo, was prominently shown on the home page of the firm’s website, but not much mentioned after this first page. Also, the average frequencies for ‘market’ and ‘size’ are much lower than expected. Apparently, those are not such important image-creators as anticipated. This can partly be explained by the fact that some information concerning these categories could be found in links on the website.
The results for ‘family firm’ are as expected, although this result might be better explained by figure 2. The analysis showed that when ‘family firm’ was mentioned on the website, then quite often these individual websites had quite high relative scores. If indeed the firm uses ‘family firm’, they seem to have a tendency to use it as an element underlining continuity and creating trustworthiness. This consistency of authenticity is best emphasised when the identifying element remain constant over longish periods of time (Santarelli and Lotti, 2005). ‘Structure’ had the expected low relative frequency. The exercise indicated that only very large firms – registered on the stock exchange – give some attention to the firm’s ‘structure’ on their website. ‘Tradition, culture and age’ and ‘location / sense-of-place’ scored relatively high averages. For the first this was expected since all firms where founded before 1851.

Nevertheless, large differences are found between the relative frequencies per website varying from 0 to high scores such as 0.471. Firms with a particularly high score had dedicated parts of their websites describing the history of their firm, and very often these were also the firms that had ‘since 18xx’ incorporated in their name, logo or slogan. The relatively high average frequency for ‘location / sense-of-place’ is higher than expected. From figure 2 it can be seen that 97% of the investigated websites mentioned this element at least once. Note that in this content analysis the mentioning of the location in the address information
was not taken as a hit. It was expected that only firms that produce a regional product would score high on this category. This assumption is thus rejected, since place was mentioned on almost all the investigated websites. Among these, there were many firms that do not produce a specific regional product.

5. CONCLUSIONS AND DISCUSSION

From the results, it can be underlined that identity and image relate very much, also for location / sense-of-place. Most old firms underline their continuity and use ‘expressions that connote the local and that aim to make customers feel “at home”’ (Värlander, 2007, p. 411). Van den Bosch and De Jong (2005), who investigated the supporting value of visual identities for reputation, also find that authenticity is very important; those firms that do use visual identities are seen as real, genuine, accurate, reliable and trustworthy. This consistency of authenticity is best emphasised when the identifying categories remain constant over longer periods of time and revalues the intrinsic significance of the local (cf. Värlander, 2007).

The main purpose of this paper was to see whether old firms display a sense-of-place on the Internet. The results indicate that the identity categories as described by the firms in the telephone survey were also used to construct their images. Furthermore, by means of a content analysis of the websites, it was found that the most important of these categories in presenting firms’ images on websites is ‘product / activity’, followed by ‘name’, ‘tradition, culture and age’ and ‘location / sense-of-place’. Overall, this exercise emphasised the strong connection old firms have with their location and history. Clearly, location / sense-of-place and history are important for old firms. It emphasises the embeddedness of old firms in their location. The weight that old firms put on using this in the corporate communications underlines this. The results found in this exercise are also backed up by previous research done in related fields. Also Javalgi, Radulovich, Pendleton and Scherer (2005) and Bellandi (2001) argue strongly for retaining relationships with customers in the local environment. It is argued that firms on the Internet must recognise that a presence of trust in brick-and-mortar locations is crucial. Placing emphasis on the existence of the actual brick-and-mortar shop on the websites might lead to higher levels of trust. Gulati and Garino (2000) and Teerling (2007) underline the same argument, customers use websites to search for available products, but most of them prefer to purchase in the physical store, having greater trust in brick-and-mortar stores.

It can be argued that mentioning a sense-of-place on a website can be beneficial in two ways. First, it creates a sense-of-belonging with long-term customers
and creates trust and loyalty. Second, since brick-and-mortar shops still prevail for actual purchases, it can attract those customers that do find information on the Internet, but prefer to do the actual shopping in physical locations. Future research in this field should focus on the exact moment in the firm life-cycle when the identification process starts to be determined by age and place – this is probably much earlier than after 150 years or more as investigated in this particular paper. Results from that kind of research might be very valuable for policy-makers and for marketing purposes.

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