

CIO as Brand Master

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Introduction

Brand value is a tangible asset on any corporation's balance sheet. According to Interbrand's 2009 rankings,¹ the top five companies in terms of brand value are Coca-Cola (\$68.7 billion), IBM (\$60.2 billion), Microsoft (\$56.6 billion), GE (\$47.7 billion), and Nokia (\$34.8 billion).

The public's perception of a company's brand can have an immediate impact on business, particularly as more people flock to social networking sites such as YouTube, Twitter, Facebook, and Yelp to share their opinions—good and bad—about the company. Mobile devices have made it even easier to spread the word. More than 70 million people in the United States alone will access the Internet from their mobile phones in 2009, according to research firm eMarketer, enabling opinions about a company's brand to be shared at warp speed.

Let's look at some of the negative impacts cyberspace can have on a brand, and how CIOs can help protect their companies from such "vandalism." Some employees, for example, use social networking channels to post their displeasure with their jobs and share sensitive corporate information. Others simply want to defame their employer. In April 2009, Domino's Pizza employees delivered a blow to the brand by posting a YouTube video showing them allegedly contaminating customers' food. Images of food defilement cross restaurant borders and can potentially put other brands at risk. Domino's responded with a massive number of Twitter postings and produced a YouTube video of the company's president apologizing for the incident. The story exploded online; it will take the Domino's brand some time to recover.

Even if issues and opinions about a company's brand do not start in cyberspace, their viral nature allows false or damaging information to spread quickly. With so much at stake, the CIO's role in protecting the company's brand from public attacks is increasing. How can CIOs ensure that social networking channels are used to the company's advantage—not its detriment—while helping grow the business?

Brand at Risk Across Company Functions

The effects of engaging in social networking continue to instill fear in companies when it comes to damaging the brand—and rightly so. Social networking poses risks to many functional areas of the enterprise, not just marketing. Supply chain, finance, human resources, information technology, and other departments are all vulnerable. Stories flood the Internet, and other media outlets, with reports of network and cell phone breaches,



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product tampering, unfair labor practices—the list goes on. There are many real-world examples of social networking behavior that can negatively impact the brand:

Human Resources

Best Buy acted quickly after racist comments were posted to its Facebook page in response to what Best Buy thought was an innocent question: "What do you think about offering Bestbuy.com in Spanish?"² Best Buy quickly took down the site in an effort to avoid any association with these opinions.

Supply Chain

Allegations of wrongful labor practices spread throughout cyberspace after Coca-Cola China Industries Ltd., a major bottling plant in China, was accused of poor working conditions for dispatch workers, following reports by students from several mainland Chinese universities.³ The company, which is perceived as a "foreign" corporation in China, regularly combats such stories, online and offline.

Information Technology

A computer hacker who accessed corporate and personnel documents of Twitter sent more than 300 documents to weblog TechCrunch, ranging from executive meeting notes, partner agreements, and financial projections to the meal preferences, calendars, and phone logs of various Twitter employees.⁴ TechCrunch posted a handful of them on its site. Not only does the network breach send customers the message that Twitter cannot protect its data, it also raises questions about the validity of TechCrunch's brand. One tweeter posted this question on TechCrunch's site: "Is TechCrunch not damaging its own brand with this juvenile attempt at journalism?"

Marketing

Email fraud also taints a company's brand. Some of the largest brands are often abused by scammers who use the brand to add credibility to their email messages, tricking consumers out of money. In 2008, Microsoft customers received emails that they had won a prize in the "The Microsoft Lottery." The lottery did not exist. Microsoft is working with other companies whose brands and services are abused by lottery fraud to stop these crimes from occurring.⁵

Control Is an Issue

CIOs have only so much control when it comes to protecting the company's brand. As hard as they try, someone may infiltrate the firewall, regardless of the latest network security measures. Any breach will send a negative message about the company and hurt the brand. All CIOs should protect their networks from hackers through continued use of network security software. At the same time, CIOs should turn their strategies inward, using network access control software that monitors word proximity and associations for inappropriate or unexpected usage patterns inside the company.

What CIOs cannot control is keeping employees and the general public from talking about the company, whether posting videos or chatting with others on social networking sites. Stopping employees from using the Internet or keeping consumers from accessing the company's external website is not the best strategy. CIOs should, however, work with external parties that can scan online sites to see who is talking about the brand. These

applications detect negative or positive connotations. Scanning services look for proximity associations to certain words and will bring them to the company's attention.

The Best Defense Is a Good Offense

It is clear that consumers have become a major driving force in the future of commerce, as a large majority now use social networking tools to talk to one another about various brands before they buy products or services. In 2008, 62 percent of all shoppers in the United Kingdom alone consulted online communities before making purchases, according to Quidco, an online cash-back cooperative based in the United Kingdom.

Being on the offensive is one of the best ways a company can protect its brand. The sooner a company sends positive messages to the general public, the better its chances of stopping malicious comments about the brand. CIOs can do their part by investing in IT that supports two-way communication between the public and the company. Many businesses have online communities on Facebook (59 percent of the top U.S. retailers)⁶ or maintain a social networking page (49 percent of e-retailers)⁷ that includes people who like the brand. Here is where the company has a chance to post positive information about what it is doing for the environment, how it is enhancing the customer experience, and so on. By being proactive, these communities may come to a company's defense in the event its brand is disparaged in any way.

Know Thy Brand

Truly understanding the company's brand is another way for CIOs to further their role in protecting their brand. Sitting on corporate boards or taking a more proactive role in driving business strategy will help bring CIOs closer to the brand. This is imperative because technology fundamentally drives the business. The more familiar CIOs are with their brand, the more they can marshal and allocate IT resources to impact the brand positively. If the brand represents food, for example, the company must be rigorous when it comes to quality and safety. CIOs should focus on IT systems that can test and track the food supply chain, regardless of whether the business units ask for these resources.

Wal-Mart Stores, Inc., is one company that took its brand message all the way to the IT department. The company's brand equates to "low-cost provider." Wal-Mart knows this and does not claim to be a boutique retailer. As a result, Wal-Mart invests heavily in its global supply chain to minimize costs.

Being cognizant of what the brand stands for, the systems that help deliver on the brand's promise, and how to implement those systems will enable CIOs to improve the business and protect the brand.

Go Green

A company's environmental philosophy and practices have a major impact on its brand. CIOs, through intelligent use of technology, can send a positive message to customers and investors. The IT department, for example, can use virtualization tools to reduce the amount of technology and power consumed by the data center, various parts of the supply chain, or other parts of the company.

An IT platform that supports multiple telepresence units, web-based conferencing systems, and/or collaboration solutions enables employees to reduce travel, helping companies reduce their carbon footprints—a great brand message—and costs. Using its own TelePresence technology, Cisco has significantly cut its greenhouse gas emissions from business operations and lowered travel costs. TelePresence was introduced at the end of Q1FY07. As of September 2009, Cisco has saved nearly 173,000 metric tons in carbon emissions and \$320 million in travel costs. In fiscal year 2009, Cisco reduced travel per employee by 60 percent compared to fiscal year 2006, prior to launching TelePresence and other remote collaboration solutions.⁸

Conclusion

In today's era of technologically enabled consumers, CIOs can play a major role in both protecting and promoting the brand. Whether defending the network against attacks, scanning the web for malicious social networking activities, or promoting the brand through intelligent use of technology and green solutions, the CIO can be as much a “brand master” as the marketing department or sales ambassador.

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Endnotes

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