

Virgin Group
Corporate Communication Functions

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Virgin

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Executive Summary

Aim of this report is to demonstrate the corporate communication ways that Virgin Group uses in order to have stable and a strong communication relations internally and externally. Report also discusses Sir Richard Branson's positive effect on every area of communication of the Virgin Group relating to its employees, customers, stakeholders and partner organizations.

Main findings of this report are;

- Virgin Group, an umbrella company for all its branches that varies from spaceship industry to TV service provider, aims to have a more energetic and distinctive approach than its competitors for the sectors that it operates.
- Internally, Virgin Group has a decentralized decision making process and increased employee engagement by encouraging senior management to go "walkabouts" that enabled Virgin Group to effectively communicate internally
- Whether external or internal Sir Richard Branson has an absolute impact on Virgin Group's corporate communications
- Communication is the Virgin Group's most powerful strength and company used this power to create a rebellious and maverick perception for the company
- This energetic and distinctive perception is created by its vibrant-red handwritten logo, Sir Richard Branson's unorthodox techniques of public communication and ideologies of managing the company and Virgin Group's consistent search providing for high quality service in each sector it operates.
- Recommendations discusses the risk of being inordinately diverse and negative effects of decentralized decision making operation and gives recommendations how to fix them by giving cost estimates.

1. Brief Overview of the Organization

Virgin Group was founded and established by Sir Richard Branson in 1970 as a mail-order record business and that developed into giant \$24bn company by 2016 (Virgin, 2016a). The present company president and director Sir Richard Branson’s innovative, open-minded, and entrepreneurship-driven soul has established a multi-diversified company under the name of Virgin Group in 45 years (Virgin, 2016a).

As seen in the near Figure 1A Virgin Group has grown into a multinational giant with over 90 percent recognition rate in the countries that company focuses mainly. Company mainly focuses on five core businesses. These are travel & leisure, telecoms & media, music & entertainment, financial services, health & wellness (Wachman, 2012). Company significantly spend its resources in order to establish a welcoming, friend-like corporate communication ways internally and externally. The most Important part of the Virgin Group’s success comes from its’ maverick founder Sir Richard Branson’s “have fun while you can” attitude (Fernandez, 2004). This motto gave company a special place in the perception of the customer because, wherever possible, company communicates with a friendly and a fun approach rather than being formal. See Figure 1B.



Figure 1A (Virgin, 2016b)

Sir Richard Branson plays very important role in terms of corporate communication activities within the company and externally for the mass media and public. President of the company know with its unusual techniques of always keeping Virgin Group on top of the

news (Fernandez, 2004). Corporate communication has been the greatest strength of Virgin Group and company is powerful with internal branding, marketing communications, external branding and positioning and most importantly a strong reputation in the perception of consumers. Company's internal communication methods is as strong as the external communication. Sir Richard Branson is a supporter of employee happiness comes first, customer second and shareholder third approach (Schurenberg, 2016). In his book called Like a Virgin, he mentions the term "going walkabout" means basically going out from the office and walk around the business area and talk with employees and ask them how are they doing (Branson, 2013). This is a critical way of improving internal communication. Company's corporate communication externally, like mentioned before, takes a friendly and a fun approach. Virgin group builds its external communication functions using its outstanding logo, corporate responsibility activities, communication tools and products and branding & positioning itself where customer of the company would not feel pressure while communicating with the company back. See figure 1C



Figure 1B: Stafford Station, Drink for Dogs (Dogukan, 2016)

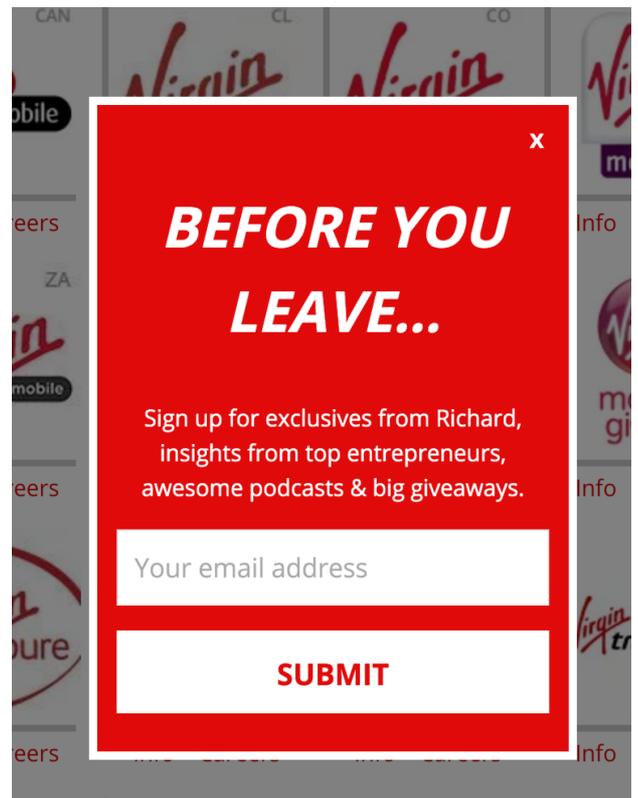


Figure 1C: The friendly pop-up before leaving the virgin.com website (Virgin, 2016c)

2. Corporate identity, image and reputation

Organizational goals, identity, image and reputation which built up until now for Virgin Group cannot be dissociated with those of Sir Richard Branson (UkEssays, 2015). Company puts significant importance to create a vibrant image and reputation. As Argenti (2012) mentions an organization's identity, image, and reputation strategy is the most critical part of any corporate communication function. Chairman Sir Richard Branson is aware of this fact. Thus, he first created the corporate personality and moved to identity and image. Figure 2B shows the elements of corporate identity.

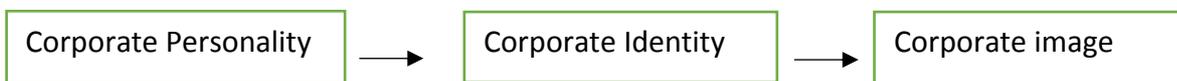


Figure 2A (Abratt & Shee, 1989)

Virgin Group has been implementing feelings into their communication strategy to create a personality to their brand. One of Sir Richard Branson's motto, "have fun while you can" triggered the company strategies to engage with customer making them feel like their friends. Company's core values, beliefs and strategy process are the essential parts of creating corporate personality (Fill, 2015). Virgin Group is famous for being a challenger brand, the cheeky upstart that shakes up industries to provide something different and better. Virgin Group's intention is to change the business for good and redefining the relationship between staff, customers, communities, environment and shareholders (Virgin, 2016c). Richard Branson's innovative ideas such as dressing as an air stewardess (see Figure 2B) in Virgin AirAsia or riding an elephant to draw attention to Virgin Atlantic Jumbo (Fernandez, 2004) played significant role for brand reputation and image.



Figure 2B: Sir Richard Branson dresses as an air stewardess (Legge, 2013)

3. Internal Communications

It is not only customer service that matters to Virgin Brand. Also, Virgin Group is one of the few company that puts its staff first (Schurenberg, 2016). Sir Richard Branson's open and people focused leadership style plays a key role here but what more important is that company's five strategies for great employee engagement (Roberts, 2015). These are consisting of culture, passion, people, freedom and learning. Virgin Group gives value to employees to get back value and perfect customer experience. It is a win-win relationship.

3.1 The Sir Richard Branson factor in internal communication

One of the golden rules of Sir Richard Branson is “treat your staff how you would like to be treated” (Branson, 2016). Argenti (2012) mentions in his book that today’s employees do want high-tech and sophisticated communications, but they also want personal contact with their managers and understanding this fact is the cornerstone of an effective internal communication program. Mr Branson seems to be applying this approach to his communication to his employees from top to bottom. One of the examples to that he encourages his senior executives to “go walkabouts” around the office and try to meet colleagues from every level of the organization they are working (Branson, 2013). By doing this he aims to improve the communication through the company. Another example is that with Virgin Management company. Branson has blocked employees of this company to access their emails for two hours every Wednesday to increase face-to-face & walking meetings and brainstorm in person (Goldhill, 2016). If Sir Richard Branson travelling by Virgin Atlantic, he walks around the plane, meet the cabin crew and customers. He writes down their ideas, feedbacks and their personal emails to his notebook and replies them in the next day (Echarte, 2013). The company president suggests that first rule of communication starts with listening (Branson, 2013). CEOs and president of the company should be the person who is most involved with both developing the overall communication strategy and delivering messages (Argenti, 2012). Branson’s fun and stress-free attitude has a significant influence on internal communication in Virgin Group. Beliefs and values of the founder has profound effect on company’s organizational culture.

3.2 Internal Branding

Building an internal branding is crucial because it triggers morale and creates a workplace where employees are engaged with their jobs (Argenti, 2012). Virgin Group puts its employees in the first place as mentioned before. The reason for this Virgin Group understood it all starts with employee. Company involved the employees, get and worked on their feedback while enlarging the Virgin name. Branson made sure that his employees are free to take decisions based on their intuition by reducing the command of control.

Treated them like adults, not like a staff (UkEssays, 2015). Engaging culture of Virgin is what attracts people to work and serve in the company. In one of the interviews (Roberts, 2016) made with Sir Richard Branson, he stated that “If you ask candidates what attracted them to ant Virgin company- “culture” would probably be high in their list”. Importance of internal branding also reflects positive on the financial sheets. According to Branson (2014), when company provides tools and products and decentralizes decision process to the employee, staff would feel they are involved in company success and are able to provide better service. Moreover, as much as internal branding is important, internal marketing communication plays a great role in Virgin Group too. Fill (2005) discussed that internal marketing communications are necessary in order that internal members are motivated and involved with the brand. Branson involved his employees to much that he created the brand Virgin Bride upon the idea of one of the Virgin Atlantic employee who was appalled at the inadequacies of bridal shops within the UK (Grant, 2002). Promotion of Virgin Bride featured Sir Richards Branson. See figure 3A.



Figure 3A: Sir Richard Branson wearing wedding dress to promote opening of Virgin Bride (Businesspundit, 2011)

3.3 Internal Communication SWOT Analysis

Virgin Group gives freedom to its employees and this approach enables them to create a decentralized decision making process which leads to better customer service. One of the strength of Virgin Group's internal communication is that with the employee interaction, company can able to communicate with the customer better. Branson has put a strict rule in Virgin Group which is listening employees. This in turn makes his employees both proud of and loyal to their company (Jones, no date). Listening to employees creates the opportunity of feedback and new ideas coming from them. In one of the Virgin Atlantic flight Branson got a feedback about serving hot towels on scorching Las Vegas day is unnecessary. So, he worked on that feedback and changed the policy to serve cold towels on hot days (Feloni, 2015). This kind of moves improves the customer service quality while increasing opportunity to get more feedback by making employees engaged with the brand. However, Virgin Group's internal decentralization of decision making process brings weaknesses to the table. One weakness is that under decentralization, it is not possible to follow uniformed policies and standardised procedures (YourArticleLibrary, 2014). So, employees will be acting upon their talent and mood on each customer. This creates danger of inconsistency upon customer service quality on some level. Freedom of speech and decentralization of decision making may create respect issues between the levels of organizations of Virgin Group companies and there could be a threat of who is in charge question when things do not go right as planned.

4. External Communication

4.1 Sir Richard Branson Factor on External Communication

The president of corporation has a very important role in each of Virgin brand in terms of communication with public. Sir Richard Branson takes this role one or two steps further than a typical president. He is a master and student of communication (Gallo, 2015). He has his own ways of communicating and promoting his brands. For example, driving a tank down Fifth Avenue in New York to introduce Virgin Cola to the United States (see

Figure 4A), risking his life in high-profile hot air balloon adventures or portraying a drowning victim on TV (Rifkin, 1998).

Branson hates the traditional and conventional ways of doing things and his way usually brings success to his business. He explains in his book how he created the Virgin Group and its image in his positive visionary and wanted company to reflect his personality to public (Branson, 2007). Branson were able to produce very strong and positive bonds between every part of his business: employees, customers, stakeholders and shareholders. His entrepreneur soul let the company to be perceived as when Virgin Group gets into an industry, it changes business for good. Being different and unique is Sir Richard Branson's philosophy that is in the centre of Virgin brand and ethos (Ankeny, 2012)



Figure 4A: Richard Branson Driving a Tank in Promotion of Virgin Cola (Kurtz, 2013)

4.2 Logo, Branding and Positioning

Logo of Virgin Group takes its shape from the vision of Sir Richard Branson. He loves and prefers handwriting over putting his fingers on the keyboard (Felsoni, 2014). The iconic logo was designed by an anonymous young designer in mid 70s and Branson explains the

logo as its lovable for its –in your face- simplicity, attitude and high energy (Goodman, 2014). Virgin logo reflects the energetic and fun side of the company while displaying quality and professional attitude for the public displays. As the logo positions itself, Virgin brand prefers to be associated with the terms; rebellious, maverick, value for money, innovative, quality, brilliant customer service that combined with a sense of fun and appreciation of pleasure. As research by Kim, Han and Park (2006) discuss recognizable, sharp, friendly, clear and characteristic personality ensure brand loyalty and a distinctive recognition for every part of business environments (see Figure 4A) The way that Virgin Group positions itself with communication techniques, thanks to its president, creates a brand personality that relates to customers (Staplehurst & Charoenwongse, 2012) more distinctive than other brands in the same sector. The successful integration of internal and external values lets Virgin Group to increase its reputation in the markets it exists. However, in the different markets, the opportunity of 60 different service under the umbrella company affects each other in a positive way when customer gets loyal to one Virgin brand.

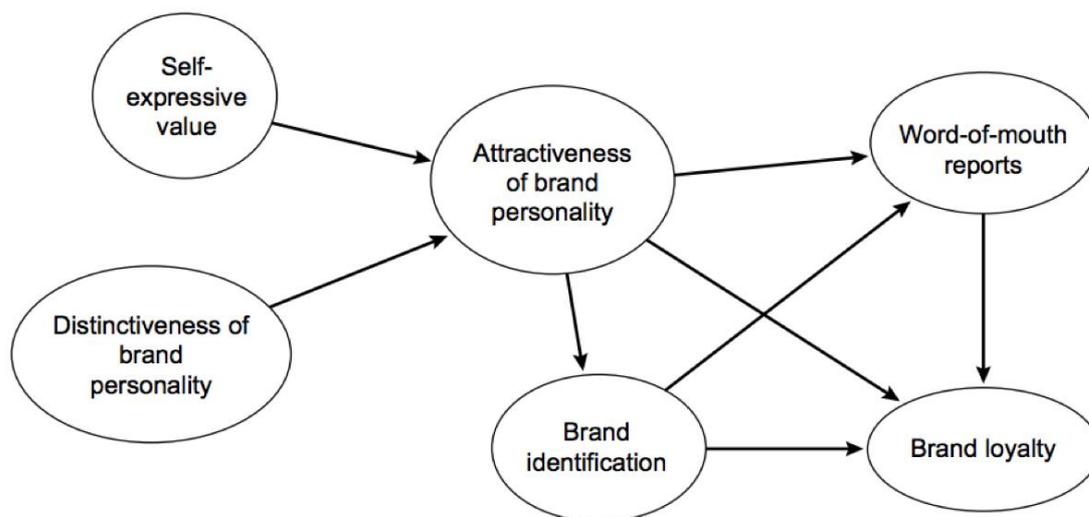


Figure 4B (Kim, Han & Park 2006)

4.3 Crisis Communication

Virgin Group had a fatal spaceship crash in 2014 with its company Virgin Galactic when co-pilot unlocked the craft's tail wing breaking system early, which led ship to pass the speed of sound and crash in one the test flights which led death of co-pilot (Zolfagharifard,

Gray, and Prigg, 2015). Virgin Galactic had a very good crisis communication plan explained in three words; timeliness, ownership and consistency (Lee, 2014) When crash happened, by giving no chance to negative rumour, Virgin's website immediately displayed the relevant information about the crash as much as possible. Sir Richard Branson used his powerful social media accounts to display his sadness about the accident and person died (See Figure 4C). This quick reaction enabled company to be the only and the first source for media and public while maintaining full control of corporate communication. Second step; Richard Branson headed to accident location. As Branson explains in his book (Branson, 2014) he took the full responsibility to set the tone in crisis times especially for customers and employees. His tone for crash was ownership, action and continued passion (Lee, 2014). Third step was being consistent. Sir Richard Branson knew in times of crisis, being clear and consistent about the messages reduces that chance of negative public opinions to fly around in news and social media. On the far side of handling the crisis very well, Virgin Galactic and Branson stayed strong about the company's future. (See Figure 4D)



Figure 4C (Twitter, 2014)



Figure 4D (Twitter, 2014)

5. Recommendations

Communication is always the first thing comes in to mind when Virgin name is recalled. Company has always been successful with communication it establishes about the important topics relating internal and external parts of stakeholders. Sir Richards Branson has a significant effect on every part of the company's communication. Even though the name of "Virgin" gives each of the company a great recognition for public, one of the risk that Virgin Group carries, it has a very diverse business portfolio (Virgin, 2016; See Figure 5A) that holds the risk of all the companies with the name "Virgin" being effected negatively when one of the Virgin company creates a bad reputation (see Crisis Communication). Creating different brand portfolios for different sectors may overcome this challenge. When it is taken consideration that Virgin Group spend £10m in Virgin Atlantic advertising campaign to position it in 2010 (Clark, 2010), it would be wise to spend some amount not lower than £8m-£10m for extra positioning and branding for other Virgin companies.

Virgin Group tends to follow a very simple and decentralized control of decision making (Branson, 2014) internally which may lead company's service quality to be inconsistent in each branch. Giving employees a high-standard training that covers the fundamental customer needs will standardize the quality of service in each brand will rise the reputation of the company and have a positive effect in corporate communications. According to 2014 Training Industry Report in US, approximately \$1200 spent per employee (Taylor, 2016). With the tax and inflation (%1.4) increase (US Inflation rates, 2016), \$1200 should rise around \$1250 by now. \$1250 is the cost of giving each employee training in order to be consistent with service quality.



Figure 5A: Companies of Virgin Group in UK (Virgin, 2016d)

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