



# AntennaGate: tepid reception

## Apple's recent antenna woes have highlighted how corporate performance is tightly bound to corporate personality

Life often presents us with challenging moments; ones which test us, give us pause to reassess and to focus on what's truly important. Companies have the same kind of moments. Apple just had one, jokingly dubbed "AntennaGate"; but the potential impact on brand value is no laughing matter. AntennaGate struck at the core of brand value and its resolution rose from the core of the company: its personality.

### The other intangible

Brand value is a complex and emotional mixture of how a company presents itself (eg, products, marketing) and how that presentation is perceived by the public. Product sales and corporate valuations flow as much from brand as from technology. For Apple, as for many other companies, its brand is deeply wound up in, and reflects, the corporate culture: a corporate personality of sorts. Personality defines how a company acts, which can help or hinder brand value. For decades, Apple has benefited from its corporate personality – seen as hip, high-tech, decidedly non-establishment and, perhaps above all else, in tune with its customers. These perceptions manifest themselves in very tangible ways, driving both product sales and stock price in a positive direction. But just as easily, public perception can swing in the opposite direction, evincing a surprising fragility. So, how does corporate personality help realise, or frustrate, resolution of these challenging situations and impact on brand value?

### Intel: PR miscalculation

In Autumn 1994 Intel perpetrated the grandfather of all techno-PR debacles. It knowingly distributed microprocessors containing an algorithm causing (albeit purportedly rarely) an error in floating point calculations. A minor issue and a moment in time to ensure that it stayed minor. Unfortunately, that moment slipped away. At the time, Intel possessed a

corporate personality much like that of a stereotypical engineer: data-driven, perhaps slightly deficient in social skills. No doubt this pocket-protector mentality contributed mightily to its rise as a technology company. Yet here, that same personality operated against it. Despite a rising tide of public outcry and bad press, a condescending and wholly unrepentant Intel effectively told its customers that they didn't know what was important to them. Only the discontent of huge original equipment manufacturers such as IBM, which halted shipments of computers containing the affected chips, eventually compelled Intel to take action. After a protracted PR nightmare – largely its own making – the scattered debris included lost sales and stock price impact estimated at 2% of corporate value. To add insult to injury, the eventual resolution was something that Intel could (and should) have done from the very beginning: replace the offending chips.

### Unfamiliar territory

Apple faced a similar moment as reports surfaced in June 2010 about reception issues with its newly released iPhone 4. Apple was largely silent until a formal press release in July, making the same first move that Intel had made back in 1994: denial. Apple pointed to (coincidentally) an algorithm problem causing the phone to display too few reception bars. As with Intel's situation, the public was not so easily dismissed. *Consumer Reports* pointed to hardware issues, not a software algorithm, as the culprit, and later refused to endorse the phone. In unfamiliar territory, Apple found public perception turning against it. Within two weeks of *Consumer Reports'* visible non-endorsement, Apple's stock had fallen 3% in a market that was generally up by more than 1%. Again, intangibles wreaked visible and tangible havoc with brand value. Perhaps here, Apple's corporate personality finally came to its rescue. Traditionally in touch with its customers, Apple realised that it needed to address the reception issue head-on, and do so before PR inertia

rendered course correction even more difficult and costly. So less than two weeks after its algorithm denial, Apple held a press conference to describe the problem openly and to announce a solution (free bumper cases).

### Improved reception

Santayana once wrote: "Those who cannot remember the past are condemned to repeat it." But it can't be that simple. History is replete with examples of companies repeating the past: dodging a straightforward fix and skidding sideways into a costly PR nightmare – evidenced by Intel and, most recently, by Toyota and BP. However, the test of a company is how it deals with adversity. Apple seems to have recovered more quickly, deftly and completely than the others. What is the secret to this recovery? Well, it's not free bumper cases.

Apple has consistently evinced not just an understanding, but also an appreciation of the entire eco-system in which it operates. Look at iTunes, which is necessarily a broad eco-system play that embraces homegrown and complementary technology, users, content providers, marketing and so on. This intimate co-existence makes Apple keenly aware of public perception's power – and its capricious fragility. Perhaps that latter realisation prompted an introspective moment and an early course correction – something that the other companies were never really able to do. Perhaps surprisingly, in the end, it wasn't technology or products that distinguished Apple from the others in adversity; it was its personality.

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