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**Corporate Communication as a Key to
Corporate Success – Key Findings to be
Adapted by SMEs**

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ATINER started to publish this conference papers series in 2012. It includes only the papers submitted for publication after they were presented at one of the conferences organized by our Institute every year. The papers published in the series have not been refereed and are published as they were submitted by the author. The series serves two purposes. First, we want to disseminate the information as fast as possible. Second, by doing so, the authors can receive comments useful to revise their papers before they are considered for publication in one of ATINER's books, following our standard procedures of a blind review.

Dr. Gregory T. Papanikos
President
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Abstract

Corporate Communication is defined by Lies and Zerfaß as the management and the coordination of all internal and external communication activities (Zerfaß & Möslein, 2009). In this sense corporate communication becomes increasingly relevant. Everybody can write anything about a company in the Internet. However, this information is not always the truth. Nonetheless any information can affect share price, if relevant stakeholders read it. Many international companies started already changing their corporate communication strategies during the last years to flexibly react to external attacks and internal failures, to effectively convey information to their stakeholders and to improve the working atmosphere to motivate employees, especially in times of crisis. This paper analyzes how corporate communication drives the brand companies success and how this can be used for SMEs or if they already work in the same way. After a pre-test we carried out a survey with approximately 100 companies about their corporate communication strategies for today and tomorrow. We asked the general management concerning the significance and value of their corporate communication. Then we did a qualitative research with 14 SME managers, discussing the successful tools and approaches of the global brands, their usage for SMEs and examples, where these are already realized at SMEs. The paper will outline the key results of the survey and put it into the context of the analysis of the publication. We developed a portfolio showing brand value versus the attitude (traditional, modern and innovative) and identified 14 categories. A second outcome of the analysis is the key factors of companies' success for each of the categories. Our research shows that the three factors innovative, emotional and interactive use of communication build in general a strong brand.

Keywords:

Introduction

'The only companies, who will be successful, win the competition for trust and credibility with their stakeholders, therefore they need a communication system, that is (...) capacity peak (...) More and more companies know, that internal and external communication processes decide about profit and loss opportunities on the markets.'
(Mast, 2011, p. 1)

Communication as a success factor in innovation management titles a book already in 2009 (Zerfaß & Möslein, 2009). In the past communication management was often characterized as an appendix of marketing. Nowadays more and more one can see, that communication is a key to corporate success. Starting with the four-ears-model of Schulz von Thun it seems to be obvious, that misunderstandings occur in communication processes in marketing, sales and accounting communication on each management level, as there are four different ways how a message can be interpreted (Schulz von Thun, 1981). As each Internet user can spread messages in blogs, forums and social media networks a small message can have a huge impact as one could see it e. g. in 2008, where a person twittered, that Steve Jobs was brought to hospital. During the next two hours the share price of Apple fell by 15 % down. It took a day till the official announcements of Apple, that Steve Jobs isn't in hospital and feels good, made an impact on the share price. When Starbucks asked their customers online to create their own favourite drink and vote for the one they want to be introduced at Starbucks cafés, hundred thousands of people voted. At that time Starbucks was able to significantly increase its turnover (Ternès & Rostomyan, 2011). These are two samples of how important corporate communication is, if we talk about turnover, crisis management and the development of companies. In this paper we explore, which levers of corporate communication influence corporate success at global brand companies and whether these are or can be adapted by SMEs.

Theoretical Background

The definition of communication follows the concept of the Essen communication science by Ungeheuer (Ungeheuer, 1987). It emphasizes on the social, dialogic and semantic aspects of communication. Therefore the definition of Corporate Communication is the integrated management and coordination of all internal and external communication activities in the understanding of the company as a whole (Will, 2007; Meckel & Schmied, 2008; Zerfaß & Möslein, 2009; Mast, 2011). Its responsibilities are the organization of the design, development, control of the company brand and value, the coordination of the communication processes within the company in all areas together, behavior management communication regarding planned and unplanned perceived action (Bruhn, 2009). The goal is a financial increase.

Key sub-goals are reputation, built by trust and credibility in terms of the perceptions of relevant stakeholders (Nähter, 1993). There are many parameters and criteria one can use as a base to define corporate success. At first success means the attainment of predefined goals. The goals of companies are related to the general market research and forecasting, to the competitors, the expectations of the investors, shareholders and entrepreneurs. Success is often defined as a reach of a defined *More* and the achievement of a defined or objective, which is generally considered as desirable. One can divide the economic success into three definition approaches:

1. as an expression of one or more positive indicators that provide information on the economy in a given period information, e. g. like Norton and Kaplan propose to measure the success of a company with key performance indicators and the Balanced Scorecard (Kaplan & Norton, 1997).
2. in terms of long-term which can survive a company. These derived from systems theory approach sees success in achieving the basic goal of an organization's survival.
1. 3.in business administration success is determined according to commercial law the success of a profit or loss or according to cost accounting the operating profit (Nähter, 1993).

Corporate success is shortly defined as the attainment of popularity and profit (Bruhn, 2011; Bruhn, 2009; Bruhn, Esch & Langner, 2009; Van Riel & Fombrun, 2007). Based on this Interbrand rates the success of a company in the ranking lists of brands with 'the financial performance of the branded products or services, the role of brand in the purchase decision process and the strenght of the brand' (Interbrand, 2012, p. 68). This paper follow the definition of brand as

'a bundle of benefits with specific characteristics which ensure that this bundle of benefits differentiates sustainably over other bundles of benefits which fulfil the same needs, from the perspective of relevant target groups' (Burmam/Blinda/Nitschke, 2003, p. 3).

Looking at the most successful companies, each of them is on the top of the ranking list for global brands. A strong brand assures the long-term success of a company as the brand frequently plays a strong role in the internal and external communication like in the purchase decision process and concerning the recruitment and retention of talents (Reputation Institute, 2012; Interbrand, 2012 and 2011; Globeone, 2011). The value of a company is not only given by the tangible assets; it's also the employees potential and patents but also the intangible value of the brand. Also the positive associations among consumers increase the value (Burmam/Schallehn, 2008, p. 5-15). There are different methods to assess the value of brands, like Keller, Aaker, Nielsen, Interbrand, GfK, Sattler. Nowadays the most widely used method of calculation of brand

value is the model by Interbrand, which also follows the ISO norm 10668. Their annual evaluation is regularly published in leading publications. The performance of strong brands can be characterized by 10 factors: the internal factors are clarity, commitment, responsiveness and protection; the external factors are relevance, authenticity, differentiation, consistency, presence and understanding (Interbrand, 2012, p. 69-70). All of these factors are realized by the internal and external corporate communication.

Corporate Communication Trends to Maximize Corporate Success

If one looks at the market, there are currently three international major trends of corporate communication with the focus on branding and increasing the long-term corporate success which correspond with the factors brand measuring institutes define:

1. corporate social responsibility (CSR) as a corporate emotional culture,
2. interactive communication, e. g. personally and online and
3. communication through different and innovative channels (Ternès, 2012; Xu, 2011; Wang, 2008).

Talking about CSR, companies have started with dialogue development, corporate reputation, culture improvement and increased to internal and external networks and engagement (Fineman, 2008; Schulz von Thun, Ruppel & Stratmann, 2003; Callahan, 2000; Murray, 1964). Important topics are here e. g. sustainability, bottom-up-procedures, trust and further values (Sloan, 2011; Bruhn, 2011; Mast, 2011; Röttger, 2003). Interactive communication means less one-way-communication and more communication, where you wait for a response of the stakeholder (Ternès, 2012; Mast, 2011). Regarding communication tools a mixture gets more and more important, personal and online communication tools with intranet, storytelling and myth elements e. g. in interviews, appreciative inquiries, cafes, in social media (Callahan, 2000; Bolton, 2005; Fineman, 2000; Fineman, 2008; Huck, 2009).

Methods of the Survey

The hypothesis was, that successful brand companies are characterized by the use of corporate communication approaches and tools, which increase the success of the company and can be adapted by SMEs or are already in use by them. Therefore the goal of the questionnaire was to identify the key levers of corporate communication for the success of global brands.

1. Please choose, to which category your company belongs:
traditional, modern or innovative.

2. Which approaches and/or tools of corporate communication are used in your company?
3. Is corporate communication important for your company's success?
4. If yes, which approaches and/or tools of corporate communication are the levers in your company?
5. Which corporate communication approaches and/or tools do you consider to be relevant for your company?

For the last question we explained the categories in the way the participants of the pre-test defined them. According to what *traditional* means to emphasize established values and traditions like handcrafted since 100 years, *modern* means a mixture of a focus on tradition and values and innovative ways of communication, *innovative* is used in the meaning of being interactive, dynamic in the communication, always on a move to create new ideas and forms in the communication.

In the pre-test a group consisted of 4 managers of global brand companies filled in the questionnaire and gave their comments on this.

The questionnaire was online prepared and the link was sent to the management of the 100 best-ranked brand companies worldwide (Interbrand, 2012). Alternatively the questions were answered by call and in personal meetings. The response rate was due to the different possibilities to answer 93%. From the answers we built topic areas between brands with similar success criteria in relation to the brand ranking (e. g. Interbrand, 2011 and 2012) and in correlation to the attitude of a company, traditional, modern or innovative. For the terms of the areas we used phrases, the companies themselves used to describe their success criteria.

After the quantitative research with the top global brand companies SME managers discussed in a qualitative research the results of the questionnaire and were interviewed with the questions of the questionnaire about the corporate communication approaches and tools of SMEs in general and their own company. From 31 SME managers we asked, 14 attended the qualitative research. The expert group was divided into two groups with each 7 managers from SME's different areas, also in a balanced mixture of traditional, modern and innovative companies in the understanding mentioned above. The experts came from the following areas: IT/ITK (Tracdelight, Weareblessed), Manufacturing (Hauni, Kiener), Service (Meininger, Honigmond), Consumer goods (Xanaka, Lala Berlin), Energy/Resources (Solon, PV), Art (Feinfilm, Schultz Contemporary), Health/Beauty (Dr. Hauschka, Freshline).

Results of the Questionnaire and Analysis

91 of the 93 managers of the top global brand companies who answered the questionnaire, confirmed, that corporate communication is important for their company's success (Table 1). From the answers to the questionnaire we

figured out 14 different ways of successful corporate communication:

1. Traditional Luxury like Burberry,
2. Traditional Profligates like Shell,
3. Patriotic Family Brands like KFC,
4. Neutral Traditionalists like AXA,
5. Modern Electronics like SAP,
6. Automotive Traditionalists like Hyundai,
7. Modern Safety like VW,
8. Modern Sporty like Porsche,
9. Cool Sports like Nike,
10. Innovative Family Brands like Ikea,
11. Innovative New Media like Google,
12. Lifestyle Technically like Nokia,
13. Modern Lifestyle like H & M and
14. Modern Liquids like Coca-Cola (Figure 1a and 1b).

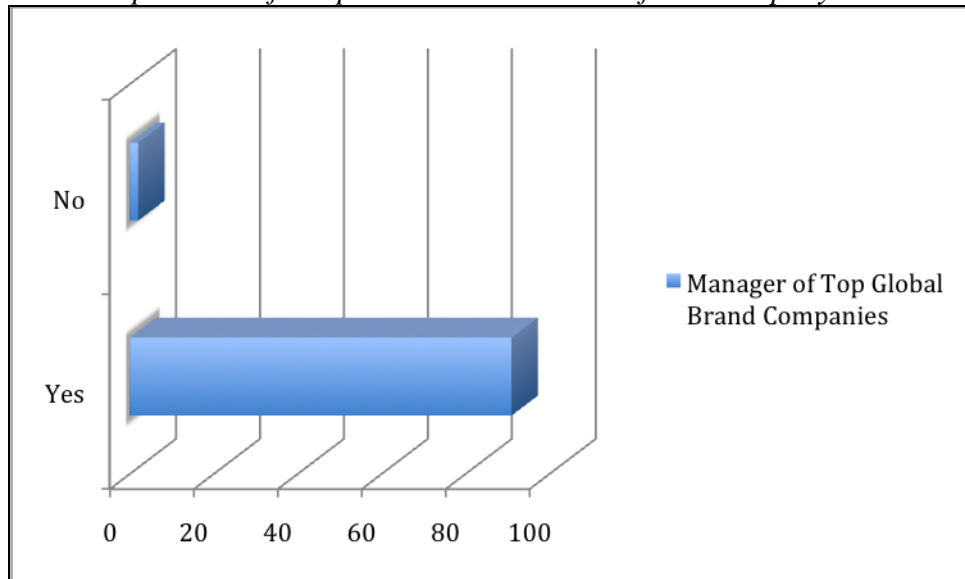
To compare the corporate communication strategies with the success of the companies, we set as the x-axis the attitude, which means the appearance of the company from an internal and external view. For the y-axis we chose the placement on the global brand ranking list and added together for each category the average of all included companies. The biggest group is the Patriotic Family Brands with 19%, e. g. Heinz, followed by the Modern Electronics with 16%, e. g. Microsoft and the Neutral Traditionalists with 10%, e. g. UPS. All of these use Internet, but not in an interactive constantly renewing way like Innovative New Media and Innovative Family Brands represented for example by Apple and Ikea. Together these are with 45% almost the half of all brands. Modern Electronics has an average, which is one of the highest ranked brand categories. Above are only Innovative Family Brands and Innovative New Media placed, each with 5%. Without having innovative corporate communication tools like special interactive social media games, they win through communicating their technical innovations. The lowest average brand value under the top 100 global brands has Traditional Luxury like Tiffany's, which is represented by 9% (Figures 1 and 2), Patriotic Family Brands, Modern Sporty like BMW and Modern Lifestyle like Zara.

Conclusion

Looking at the categories, which are in the top 20 of the Best Global Brands (Figure 1a and 1b), there's a main focus on an innovative appearance. The best-ranked category is Innovative New Media, followed by Innovative Family Brands, Modern Liquids, Modern Safety and Cool Sports, which are mainly characterized by the fact, that there is an emotional interaction with the stakeholders, an extensive use of all possible communication tools and platforms including Internet and Face to Face, the transportation of a family

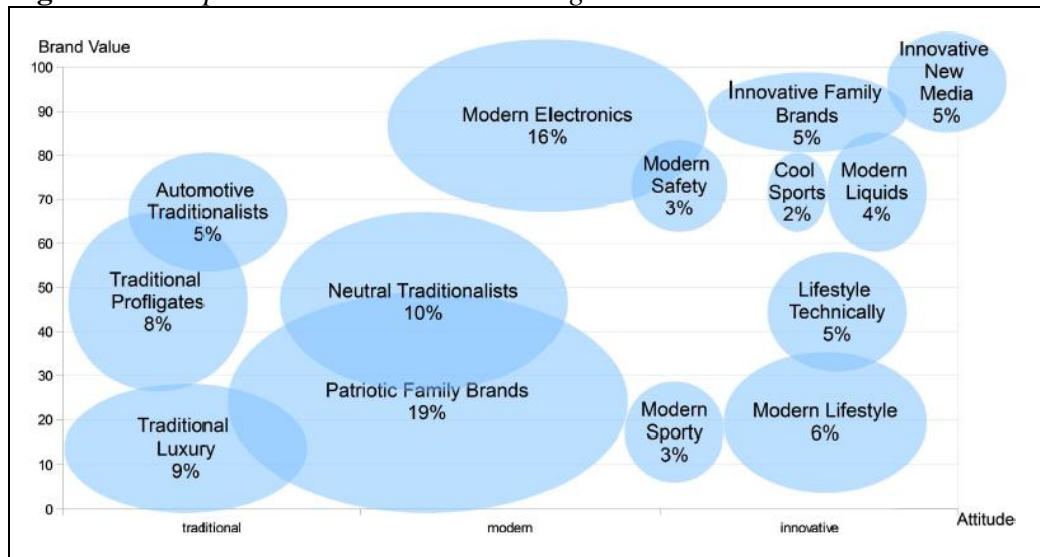
feeling and in the end a differentiated flexible controlling to measure the profit and loss (Figure 2). Modern Electronics is in the high ranked area the exception in the way of communication. Here the strong brand is formed through trustful handling of the products, e. g. the operating system from Microsoft. Trust can build here a strong emotional binding to the product. The answers show: strong usage of special corporate communication approaches and/or tools significantly influence brand value and thus contribute to financial success, e. g. due to the fact, that a company can enforce a price premium and push product innovation through attractiveness for talented employees. There are different ways for a corporate communication to position the company as a strong brand to increase the success in a long term. These success factors build in general a strong corporate brand: innovative, emotional and interactive use of communication. The discussion of these results and the interviews with the SME managers showed that these three factors are used or can be adapted by SMEs. Successful SMEs usually differentiate from their competitors through some form of innovation as they otherwise hardly can enter the marketplace. They traditionally act emotional or personal in terms of communications to attract and retain customers. Successful SMEs today sometimes already use social media to promote their products and services as these provide a relatively cost effective way of corporate communications and reach a growing number of potential customers.

Table 1. *Importance of Corporate Communication for a Company's Success?*



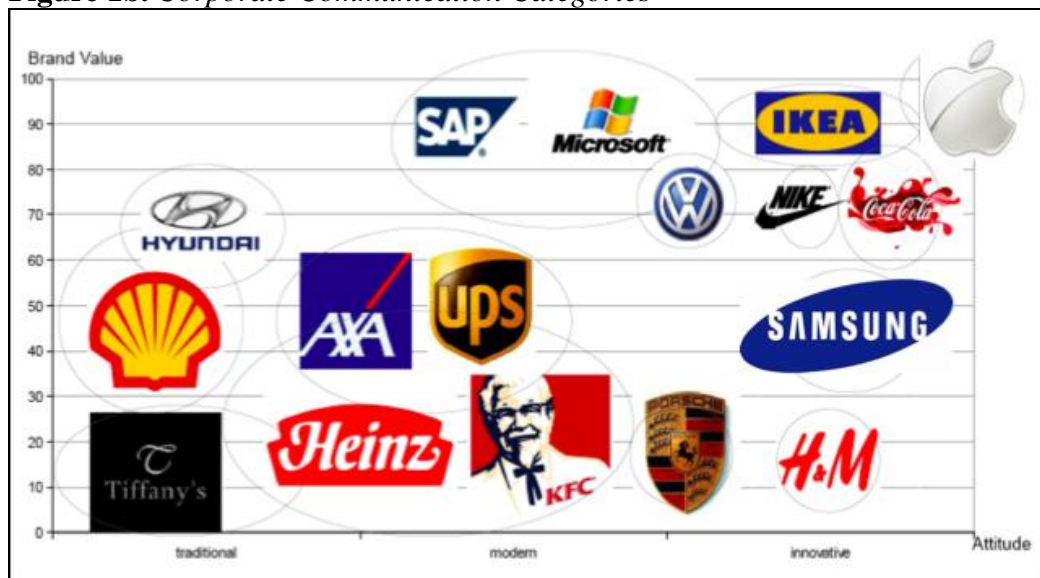
Source: Gursch/Gursch/Ternès, 2012

Figure 1a. Corporate Communication Categories



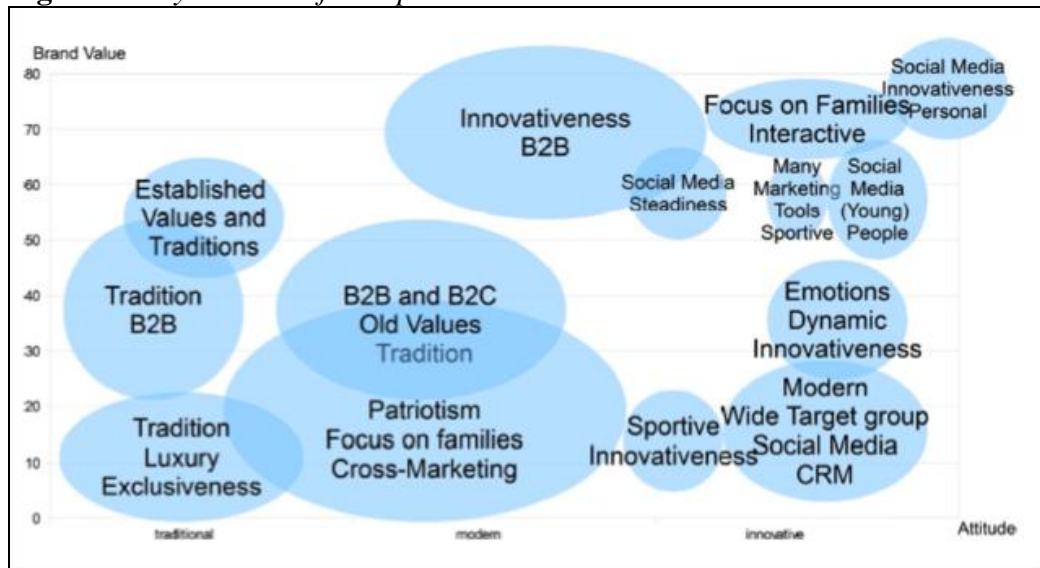
Source: Gursch/Gursch/Ternès 2012

Figure 1b. Corporate Communication Categories



Source: Gursch/Gursch/Ternès, 2012

Figure 2. Key Factors of Companies' Success



Source: Gursch/Gursch/Ternès, 2012

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