Editorial Introduction

Why Communications Matter for Media Management?

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This issue’s focus theme in the International Journal on Media Management is “Corporate Communications Management”. For some readers, this might be a surprise in the first place: Media management is the management of media industries – including, of course, new digital media – while Corporate Communications is public relations, media relations or simply the press office. Obviously, communications are important for any corporation and its management. Thus, why does communications matter especially for media corporations and their management? This is the key question for our focus theme.

I.

A few preconditions must be reflected for the answer: First of all, there is much more to Corporate Communications than just press or media relations. As a management function, Corporate Communications Management conceptually designs, develops and structures – according to the St. Gallen Management Concept – the entire communications process for the corporate level (see: Will, 2000: Why communications management?). This communications process contains logo, slogan, sponsoring, and advertising for the corporation itself. But furthermore, it relates to journalists, analysts, lobbyists and also to employees. This is common view amongst most researchers such as, for example, Argenti, 1998: Corporate Communication or Van Riel, 1995: Principles of Corporate Communication.

While the integration of instruments is more or less common sense, the key success element for the communications concept must always be to link strategic management decisions to the positioning of the entire corporation. Therefore, Corporate Communications Management should combine both the integration of instruments with the holistic view of including communications into management. Only then, one can enrich strategy discussions by including feedback systems and control mechanisms from the various groups, which are related to the corporation. By such an approach, communications could play a pivotal role in well-established views on strategy such as Porter’s market based view. Rindova/Fombrun, 1999: Constructing Competitive Advantage have enlarged the original Porter approach by analyzing not only competitive actions, but also their human interpretations.

Some authors use the term brand or branding for such a positioning strategy. This is sometimes irritating. Brand management differs from Communications management in two ways: Firstly, brand management is usually linked to products and not to the corporate level; secondly, communications management is more broadly and includes level of relationships with press, analysts, and lobbyists, which are normally omitted in brand perspectives. Even though these perspectives differ, they come close in the case of Corporate Branding. This is, because all target and interest groups, which have relations and/or interests to and/or with a corporation, should always know, what the corporate strategy is and how it is linked to the corporate brand. In a nutshell: Branding on the corporate level, i.e. Corporate Branding, is being jointly undertaken by Marketing, Corporate Communications, Employee Communications etc. Thus, it requires a simple management function for the process: Corporate Communications Management!

In academia Corporate Branding is a young view on positioning and communicating the entire corporation with the help of marketing strategies and instruments, but also with financial communications and employee communications or press relations (see: Einwiller/Will 2001, but also Aaker/Joachimstaler, 1999). Some researchers even use the term Corporate Reputation instead of Corporate Branding (see: Fombrun, 1996). Finally, there has been an ongoing discussion, whether it is only a new way of doing marketing or whether it is sophisticated public relations. (see: Tomczak/ Will et al., 2001).

All in all, various techniques, knowledge, instruments, markets and multipliers must be taken into consideration for communicating the corporate brand. This does not necessarily require that Corporate Communications must be the ultimate reporting unit for all these communicative fields. However, it means that Corporate Communications Management integrates, harmonizes and manages both content and cooperation of these fields for the corporation. What does a corporation stand for? How is it perceived? What are the corporation’s image, identity and (market) valuation. Which of the product brands should be permitted or omitted to use the corporate brand etc. vice versa?

It is questionable, whether those researchers should be followed, who promote a new economic theory – the economics of attention. But nevertheless
capturing attention is certainly a big topic for all corporations. If attention is the economic shortage factor, it seems to be important to view targets not single minded: A customer could also be a shareholder and/or an employee perhaps also a customer.

It is obvious that the above is true for all corporations and not only for media corporations. Only recently, DaimlerChrysler, a sponsoring partner of the =mcm center for Corporate Communications, launched a new corporate image campaign, which states a long list of all their product brands (from Mercedes to Jeep) in one word (!) and simply puts underneath the alternative statement: “Just call us DaimlerChrysler”. For the first time, DaimlerChrysler’s brand management has allowed all products and the corporate brand to be mentioned in one ad. It seems that the integration is finally on its way and will produce synergies. However, if one would have asked Mercedes Benz brand managers, whether or not they would like the idea of having Mercedes and, for example, Jeep in one context, what would have been the answer? The DaimlerChrysler example demonstrates perfectly, why there has to be a meta-level of a corporate communications management.

II.

There are, however, special peculiarities for media corporations: Media and Communications management are somewhat the two sides of one coin. It is rather a combination of one strategic management approach. For most management aspects, Media and Communications Management belong together: Employees do not join a product, but rather a company of talented people; shareholders do not invest solely in a service, but also in a company with a strong reputation and people; and even consumers do not only select content, but also select trustful publishing houses.

Creative people – journalists, writers, singers, designers, authors, etc. – form trustful and credible brands and reputation not only vis-à-vis readers etc., but also in various markets. Their products are not just cars, but communication – be it entertainment or news information. Therefore, creative people live their brands. Sometimes they even become brands themselves. In financial markets the megastars have already started to use their personal brands for raising capital. In the 90s, David Bowie issued a bond, the so called Bowie-Bond, to raise capital for a new production, paying the interests on the principle via fees for his music out of the production. And in the internet world, others have moved on to distribute their music themselves. Just look at Madonna.

If media corporations can not succeed to offer knowledge, services, and, say, guidance to keep these creative people under their umbrella, reputation will suffer both ways: lesser talented people will join and fewer investors will come and stay. Then, both sorts of capital would be at risk: the financial and the human capital. Here, the ultimate importance of the corporate brand becomes obvious: people and money do not look just for products, but also for management and organizations.

This could develop into a devil’s circle: If the megastars leave the circle, lesser revenues come in and subsequently lesser profits occur. They draw lesser talented people – both on the creative and the production as well as the distribution and/or promotion side. Such a media corporation could not compensate their talented managers, scouts and/or directors anymore and, finally, markets capitalisation would suffer. Brands on the corporate level have anyway only few proofs of success, but they come all together in one calculation: the capitalisation of the brand – usually testified by the financial markets. Example: The people, who convinced author J. K. Rowling to sell the rights of Harry Potter to AOL Time Warner’s Warner Brothers, are likely to create a significant stock rise, based on about 2 billion US-Dollar revenues.

This has all become even more important, since media management must harmonize on-line and off-line media. Content brands are extended into services, communities offer links to other brands, games, chats or groups. Some one has to manage the process why some content may find its way into other services or distributors. The integration of brands is an internal and external communications issue. As a Silicon Valley saying goes: “Content is King, but distribution is King Kong.” It means that media corporations require both: the production of content and the distribution of content to customers. As long as a media brand offers added value in such a king kong sense, the writers, singers, authors and managers will stay.

III.

This focus theme is not about communication as distribution of information via on- or off-line media. It is rather about the role of the communications process for media in a brand connotation. For a long time, brands have been managed under the ownership of marketing experts. Media companies are faced increasingly with the challenges communicating their brand portfolio – i.e. consumer, service, and content brands. Though in our view, more and more the brand portfolio is no longer limited only these brands only, but also to the meta-level of the corporate brand. (Eppler/Will, 2001)

It is fair to say that Corporate Communications Management is somewhat rather a top-down than a bottom-up approach: If investors decide for the one or the other stock of media companies, they want to know how the conglomerate of brands fits together. If recruiters target talented people, they must give them the “big picture” and select the best spot for the them.
The corporate brand becomes more obvious, necessary and, subsequently, visible, the more the corporation is interpreted not only by readers and other consumers, but also by analysts, shareholders, journalists and others, who are looking at the entire company. Though the hype of the internet saga at the stock markets did also demonstrate that it is not a risk free business. It is very important to communicate fair, but not maximum value.

Bertelsmann, another partner at the =mcm center for corporate communications, only recently announced that an Initial Public Offering of the GBL-Equity-Swap is at least an option for the years to come. Consequently and logically, Bertelsmann has started to position the covering brand of the group under the tagline media worldwide. This has been initiated to provide a cornerstone for its communications with others than just customers.

There are two major aspects to the issue of corporate communications management for media corporations and their management: On the one hand, it circles around the horizontal management of content, services/distribution as well as customers. On the other hand, it implies an integrated view to the communications process (corporate branding) with the respective value creator, driver and transformer (value reporting). (Will/Wolters, 2001)

- The first aspect implies that various brands on product and service level must be viewed with an integrated approach. Obviously, the internet has speeded up the necessity of such a horizontal view of the value chain – including issues, which touch customers relationship models as well as cascades of brands. If customer needs are somewhat different from a specific product brand, the CRM-model must guide this particular customer through the brand dschungel. Or even better: the brand dschungel must open up for the customer, who could pick his needs like flowers in a nice english garden.

- This leads directly to the second aspect, which must take these business strategies and transfer the value drivers and the value chain into a reporting system, which makes the importance of the various brands, i.e. drivers in the chain absolutely clear.

- Which brands are the content provider, at which costs, knowledge and/or with which human resources?

- Which services and platforms are going to distribute this content to which kind of customers and/or communities?

Subsequently, this is not a transformation process which could be limited to finance and controlling, because it requires all constituencies of a company: human and financial capital, customers access and knowledge etc. It combines value based management with communications management.

IV.

This special issue will demonstrate that all belong to one integrated approach: A corporate communications management for media companies. The articles in this issue reflect a variety of research:

- The first article on “Strategic Communication Capital as an Intangible Asset” discusses the quality of strategic communication as an intangible asset itself. If the fourth article takes the communication in the focus of the analysis, the latter one looks at the model itself. Only corporations, which apply to a model for their strategic communications, will gain substantial competitive advantage.

- The second article “Typology of Entrepreneurial Communicators” discusses findings from an empirical study. It is one thing to look at content – services – customer – chains, but it is another important thing to look at communicators themselves. Communication strategies can only succeed, if both process and people apply and/or follow the requirements.

- The third article “Corporate Communications and Rise of the Network Society” stresses the importance of brands as trustful sources in information dissemination. The author states that the ways and means of information dissemination in the network society can offer additional value (“like a magnifying glass”). While the first article focuses on the consumer side, this one clearly stresses the service side.

- The fourth article “Strategic Responses to Free Distribution Daily Newspapers” looks into the break up of the traditional newspaper distribution model. Four strategic options are presented, which range from a protectionist one to a co-existence one. This article elaborates on whether or not business models must be applied.

- The fifth article “Information Markets to Improve Information Value and Utilization” discusses the non-optimal situation for suppliers and buyers of information. Neither side could be happy with the fact that Internet and Intranet reduces costs of information sharing, but not information reading. This is an article, which looks particularly into the consumer end of the content – service – customer – chain, but also into the service angle of the value and utilization problem. Therefore, these five articles cover model, process and people, who and which are to include in Corporate Communications Management. Additionally, some articles focus on brands, trustful sources and the communicative value chain.
In the introduction, the question was posed: Why does communications especially matter for media corporations and their management? These pages have given an answer: Corporations are more than just products, service is more than just production, information and entertainment are different than industrial goods, and financial markets look at human capital in the first place, in order to derive financial value and capital. But, finally, it is very simple: Because media management is people business, and people do communicate – to A as in analyst or author all through the alphabet!

References


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