

STRATEGY COMMUNICATION

A missed opportunity?

Consistent and successful strategies are essential for any corporation. They determine the course and direction of business activities as well as the firms' purpose and its attractiveness for investors and stakeholders. The article outlines quality criteria for strategy communication and shows how listed companies in three global markets are performing in this field.

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Stakeholders – especially from the financial community – often demand transparent and comprehensive insights into corporate strategies, business strategies, or even functional strategies. This helps investors and analysts to evaluate the company's course, which is often difficult to assess from the outside. Shareholders will only invest in listed corporations if they trust their future development. And this is strongly influenced by confidence in the communicated visions and plans.

Strategy communication is therefore of central importance for corporations. It contributes to the realization of strategies through messaging and listening on all channels, and this in turn helps to achieve organizational goals and serves value creation of the corporation. At the same time, a coherent story is helpful to gain legitimacy from stakeholders – i.e. the "licence to operate".

However, surprisingly little is known about the status quo of strategy communication in the professional field. A recent study by the University of Leipzig tried to close this gap. It has examined how companies communicate publicly about their strategies, and it has identified success factors for strategy communication on the web.

Corporate websites as an important source of information

Previous studies have shown that a large proportion of investors use online channels to learn about companies they may want to invest in. Especially corporate websites are often the first point of contact and allow communication managers to present the company as well as its visions and strategies in a varied, appealing, and recognizable way. More importantly, strategies can not only be explained, but also interpreted and framed in a suitable way.

Key findings of the benchmark study

The study used a content analysis to assess the practice of strategy communication on corporate websites of listed companies in Germany, the United Kingdom and the United States. The sample included the 20 companies with the highest annual turnover in each country, e.g. those listed in the DAX, FTSE 100 and Dow Jones Industrial Average. Surprisingly, some of the 60 largest listed companies in the three large industrial nations do not provide any information about their corporate strategy on their websites (13.3 percent). Another noteworthy result of the study is the different intensity of communication about different strategy levels (corporate strategies vs. business strategies vs. functional strategies). The relationship between these levels – thus the big picture, the strategic story – was rarely communicated well (by 19.2 percent).

Rank	Company	Country	Sub-score Content (max. 17)	Sub-score Online Design (max. 17)	Totalscore Benchmark (max. 34)
1	Volkswagen	Germany	15.50	13.66	29.16
2	Deutsche Post	Germany	15.50	12.83	28.33
3	Henkel	Germany	14.50	10.00	24.50
4	BP	UK	13.50	10.83	24.33
5	Continental	Germany	13.00	11.00	24.00

Ranking of strategy communication on corporate websites (score in points)

ABOUT THE STUDY

The study used a generic category model with 94 dimensions for the codebook to examine the thematic field in a comprehensive way. Descriptive and analytical statistics were used to evaluate the data. A benchmark analysis identified best practices. Key results have been made available in the paper "Communicating the Corporate Strategy: An International Benchmark Study in the United Kingdom, the United States and Germany" by Karolin Köhler and Ansgar Zerfass, to be presented at the Annual Congress of the European Public Relations Education and Research Association (EUPRERA), Aarhus, Denmark, September 2018.

As a CCR corporate member, you can order the complete study about strategy communication on corporate websites by e-mail at info@corporate-reporting.com



Key takeaways for practitioners

The study has identified quality criteria for professional strategy communication based on findings from a review of the literature and previous studies. Those criteria were supplemented and expanded in the empirical research. As an overall result, 13 quality criteria can be derived for professional strategy communication on corporate websites.

Content quality criteria for professional strategy communication

- High level of detail: communication about the strategy elements
 - Target hierarchies: vision, mission, objectives, and values
 - Strategy levels: corporate, business, and functional strategy
- Linking strategic objectives with KPIs
- Defining a time frame for the achievement of objectives
- Derivation of the strategy from the business environment
- Using a differentiated stakeholder approach
- Personalization through CEO messages
- Naming the strategy
- Naming the strategy elements

Design quality criteria for professional online strategy communication

- Connections among the strategy elements
 - Clear navigation structure
 - Presentation in one website area
- Multimedia presentation
 - Use of pictures, videos, interactive graphics, strategy-related documents, etc.
- Quick retrievability
- Link to other topics
 - Use of hyperlinks
- Link to social media apps and platforms

These quality criteria provide practitioners with a checklist for strategy communication on the web. Reviewing those dimensions as well as best practices helps to leverage the full potential of corporate communications from a business point of view.