ENTERPRISE VALUE

USING COMMUNICATIONS TO DRIVE TANGIBLE BUSINESS OUTCOMES
GAINING CONFIDENCE

Communications’ role in helping brands boost their value on multiple levels has become more evident and appreciated. Industry leaders joined Gideon Fidelzeid in New York City for this FTI Consulting-hosted roundtable to discuss how PR can impact market leadership, stock price, and other key business factors that help stakeholders feel more assured.

Clockwise from top left: Joanne Hvala, associate dean, marketing and external relations, NYU Stern School of Business; Bob Knott, senior MD, FTI Consulting; Cynara Charles-Pierre, director of communications, JetBlue; Alberto Canal, VP of corporate communications, Verizon; Amy Binder, CEO, RF|Binder; Krista Conte, director of corporate relations, Allstate; Alex Stanton, CEO, Stanton Public Relations & Marketing

Market leadership

Gideon Fidelzeid (PRWeek): How can communications help a company gain or maintain top status in its sector?

Cynara Charles-Pierre (JetBlue): Our stakeholders include customers, shareholders, and, perhaps most importantly, our crewmembers – we use that term as opposed to employees. In communicating with them, we focus on what makes us unique. Why should you fly JetBlue? With all the recent M&As, the market has tightened for airlines, so we need to be that differentiator.

Fifteen years ago, our product was very different, from offering TV on our flights to our customer service. In recent years, a lot of airlines have followed suit. So how do we continue telling that story in a compelling way? And how do we convince Wall Street there is a viable third model besides being a legacy or a low-cost carrier?

Thought leadership. We always seek to strategically place our leaders on platforms where they can talk about who we are. We make sure crewmembers feel engaged so they can be walking ambassadors. And we constantly articulate our business strategy. That’s the three-pronged approach to bring your narrative to stakeholders.

Amy Binder (RF|Binder): For client Dunkin’ Donuts, our challenge has been how to convince people it’s not just about doughnuts, but it’s also about coffee, just as Starbucks is. We had to find instances that would bring the story to life. One of those was when JetBlue put Dunkin’ on its flights. It’s about finding the story that differentiated Dunkin’ from Starbucks. The latter is about a place where you can sit, talk, and have Wi-Fi. Dunkin’ is about value and great coffee.

Even more interesting: communications can sometimes benefit you if you’re not perceived as number one in your market. Avis built an entire campaign around being number two. Communications is crucial for increasing market share, which leads to market leadership.
Bob Knott (FTI Consulting): There is ample evidence to demonstrate it’s not enough to have a good or even exceptional product or service. Expectations of companies today are higher and more diverse. Many would argue the notion of Milton Friedman is quite dead. [Editor’s note: Friedman was an American economist who famously opined that a company’s only responsibility is to increase profits for itself and its shareholders.]

Companies have certain inherent responsibilities and they must communicate about them. A company’s business and social obligations are often intertwined and its commitment to social issues may result in an increased license to operate and, thus, increased profit potential.

Krista Conte (Allstate): Differentiation is so key in communications, but it’s a real challenge in a highly regulated industry such as insurance. Allstate has evolved to where our agents are not just quoting, but also providing advice. We provide other services than just insurance. That said, it starts with the internal story. Of course, we have a challenge there, too, in that agency owners are not employees, they are contractors. We have to work even harder to inspire them, but communications then becomes even more important to mobilize them.

A key message for us is promoting the fact we offer a compelling customer value proposition in an industry that is threatened by commoditization. This puts our agency owners at the center of long-term strategy. It gets them to think differently about customer relationships. Communications is the tool that helps inspire them.

Joanne Hvala (NYU Stern School of Business): NYU Stern’s business is knowledge creation and dissemination. Our research reports establish the school in the business community. The numerous elements we need to promote are all underpinned by communications and storytelling.

So many brands today talk about how they have had to become media companies. With all the channels available through which to share content, the same applies for Stern. It’s a vital tool in establishing market leadership.

Alex Stanton (Stanton Public Relations & Marketing): The challenge many bigger brands face is making their companies interesting. Market-leading companies will get attention and a certain amount of market share, but they are competing with newer startup brands that are, by nature, interesting. They are delivering products in different ways. They are using digital technology in innovative ways. Younger people are more engaged with them.

It’s not about making products better for bigger brands. That’s assumed. It’s making the company an interesting place to write about for media, to work at for staff, and to be engaged with for customers. It’s a challenge. It can’t be done easily with advertising. Social media can help, but you can’t control it. Communications is the key.

Alberto Canal (Verizon): The line of business we serve is the home connection, which is very easy to overlook except for the 12 times a year your bill is due or if something goes wrong. Creating that constant relevance with customers is huge.

You can have the most effective marketing plan, but if employees don’t feel and see it, it’s a major issue. Whether it’s a call-center rep answering a customer’s questions or a technician going into a person’s home to hook up their connections, those are your greatest ambassadors. If you’re not careful, they could be your greatest detractors.

Think about the latter. They are in a customer’s home. That’s a powerful medium that deals directly with your customer as possible. You better communicate effectively with those technicians and make sure you reach them at the right time with the right messages. Equally vital, you must listen to them as you would listen to your investors. You can’t establish market leadership without that.

Support staff
Fidelzeid (PRWeek): What role does communications play in attracting and retaining industry-leading talent? What are some of the bigger challenges in this regard?

Stanton (Stanton): An interesting element in this equation is the growing number of companies that have essentially outsourced their employee base. In certain cases, the relationship of the staffer is not direct.

The challenge is engaging such employees in your company’s mission. Traditional employee-relations solutions don’t perform very well in this environment because there isn’t the stickiness in the relationship. Moreover, most staffers will not have two or three jobs in their career, but rather 10 or 12, so the loyalty isn’t the same. They don’t buy into your vision or focus as readily. Communications has to adjust to this economic and global reality.

Hvala (NYU Stern): You’re also dealing with a Millennial mindset. These employees want to be inspired or, at least, interested. How do you make your company and your mission interesting to them? Our graduates really value this. They want to do something important. They want to create value for their companies. They want to feel a personal engagement and be socially relevant.
Binder (RF|Binder): They expect authenticity, too, which challenges communicators because this generation can see through inauthentic messaging. Particularly when it comes to employees, though, a company must have an authentic vision with which it engages people.

On the positive side, if you have that vision and communicate it the proper way, you build a different kind of loyalty. Young people will move around from job to job, but they are very much attracted to mission-driven organizations. In terms of attracting that talent, communications has perhaps the most important role.

Charles-Pierre (JetBlue): The issue for us is not attracting talent. Our challenge is articulating what our culture is like to work for. A key area of focus now is creating a crewmember value proposition.

People may enjoy the service they receive as a JetBlue customer, but that does not mean they will want to offer that same experience to others. We expect a certain level of altruism in employees. To communicate that to both current and potential staffers, you must be very specific with your language on all channels. That is at the heart of how communications helps attract and retain top talent.

Knott (FTI): Culture counts, but confidence counts at least as much, if not more. Employees must have real confidence in the company’s future direction and communications holds such a vital role. They want to know what the five- and 10-year vision is, how the company is performing financially, and how they will do a better job than the competition of meeting customers’ needs.

If you look at the likelihood of a staffer recommending their company as a possible landing spot for someone else, our research shows confidence is 48% stronger a predictor of that behavior than reputation alone. Reputation counts. It’s a foundational attribute. However, most staffers deem where they work to be a badge of pride. If they are proud to work at a company, they will champion it. So establishing employee confidence is essential.

Charles-Pierre (JetBlue): More broadly speaking, you need to establish who you are internally to do so externally. Our internal communications team is twice the size of the media relations team. That’s how dedicated you must be to help your staff stay connected to the mission.

Conte (Allstate): Culture attracts employees, but confidence is what retains them. Is their work meaningful? Will they be empowered to solve problems and bring that forward? Is the long-term direction worthy of confidence? Communications can best answer those questions.

Canal (Verizon): We understandably focus on external issues, such as the quality of our connections, but also recognizing the personal importance that our products have to stakeholders’ lives, including employees. A key part of your job is identifying the values of your brand and then finding authentic ways of telling those stories.

Knott (FTI): A challenge for all communicators is when to make ourselves not the headline, but the proof point.

This is important because people are increasingly savvy and discriminating consumers of news and information. They know corporate propaganda when they see it.

The New Yorker took Anheuser-Busch to the woodshed because it issued statements following the domestic violence scandals affecting the NFL. The company said the league’s actions were contrary to their cultural values. It was a case of over-reaching. It wanted to make itself the headline, not the proof point. And it was taken to task for it.

Canal (Verizon): Verizon has a long history of domestic-violence prevention in the workplace, 20 years. When our CEO was asked about the NFL, he took a different tack. He said it’s not about sponsorship nor the league. It’s about this big issue that’s in every workplace, home, community, company, and it has a bottom-line impact.

Don’t get distracted by the day’s shiny topic. Go to the issue that’s behind closed doors that people like to sweep under the rug. It’s about having leaders who believe in what they do and say. When an opportunity arises, don’t take a pot shot. Rise above and focus on the key matter.

Going back to Millennials. They want to work for companies that make a difference and have actually helped us refocus our efforts on the values part of our business.

Conte (Allstate): Companies commit to people, people commit to a purpose. Is anyone better suited to position both those things than those who run strategic communications? We position the executives, define the purpose, and unify people behind the purpose.

Binder (RF|Binder): You cannot talk about confidence, culture, or authenticity unless your leader truly espouses it all. We’ve all worked with CEOs who just want to do business. They don’t really want to communicate. Guess what? That’s part of what a CEO must do. In the past five to six years, it’s become a bigger part.

“YOU NEED TO ESTABLISH WHO YOU ARE INTERNALLY TO DO SO EXTERNALLY. YOU MUST HELP YOUR STAFF STAY CONNECTED TO THE MISSION”
Brands want consumer patronage, Wall Street investment, proud and passionate employees, and support from the communities in which they operate. The key is establishing and building confidence with all those stakeholders, something communications is uniquely positioned to impact.

“Confidence has an appreciably stronger correlation with stakeholder behaviors than reputation,” says Bob Knott, senior MD at FTI Consulting. “Reputation is still essential because it is foundational. A company can’t achieve confidence with stakeholders unless and until it establishes a good reputation. However, confidence is how that company can motivate stakeholders to buy more products, services, or stock, advocate for a public policy position, or join the company.”

FTI Consulting’s 2014 Enterprise Value Study surveyed 107 institutional investors from January 23 to February 20 and 4,226 other respondents representing employees (1,815), b-to-b customers (312), and public influencers (2,099) from July 24 to August 6.

Survey data underscores the factors that are most relevant to making audiences feel more assured in a company and how those elements manifest themselves into stakeholder action. Select findings are shared here. For the full data, visit www.fticonsulting.com/EnterpriseValue

Getting down to business

What drives investment decisions?

Study respondents were presented with seven factors that are often deemed most important to making an investment decision. The following data indicates the criteria that ranked in the top three among all respondents

- Company’s record of financial performance
- Confidence in the company
- Whether industry conditions are favorable
- Trust in leadership to make future decisions
- The overall reputation of the company
- How much you agree with the company’s past decisions
- The reputation of the company as an employer

Building blocks of confidence

Four distinct stakeholder groups were asked what areas help build confidence. The following indicates the top three answers for each group

Confidence vs. reputation

Both help companies achieve desired stakeholder behavior, but the advantage of stakeholder confidence in attaining these actions is often greater than that of a good reputation

Employees

B-to-b customers

Investors

Public influencers

Note:
Advantage is calculated as the ratio of the probability of achieving the behavior if the stakeholder is confident in the company to the probability of achieving the behavior if the stakeholder rated the company as having a good reputation.
People have confidence not in something abstract such as a company. They have confidence in people. Unless there is somebody willing to step out there and be visible, it is very hard to build confidence, culture, or be a mission-driven organization.

Knott (FTI): Our research has also revealed that word-of-mouth communications has never been more important, which is perhaps ironic in today's digital age. And no person's is more important than the CEO. It has the biggest influence on people's confidence in a company and, correspondingly, the behavior of its stakeholders.

Hvala (NYU Stern): One of our accounting professors researches the value of intangibles, things not on the balance sheet. He deems organization capital to be the most vital. A CEO establishes it, mainly through communications.

I had the privilege of working for [former Loral Corporation CEO] Bernard Schwartz, a phenomenal communicator who endowed the Communications Institute at Baruch College. He was able to acquire almost a company a year, integrate it, tell the story of how it was integrated, and then do it again. You can't overestimate the value of a CEO who can really communicate.

Stanton (Stanton): Larger organizations today are probably in the most difficult vortex they've been in a long time. First, there is cynicism and lack of trust if you're a large entity. Second, the media targets big companies because you get more attention writing about them.

It's almost incumbent on large organizations to rethink the way they communicate. And a major challenge is communicating confidence without hubris. You have to be confident, but in a way that doesn't present you as egotistical and a little distracted from the real world.

Tackling naysayers

Fidelzeid (PRWeek): How can communications help reduce legislative, regulatory, and activist opposition?

Knott (FTI): Confidence has an absolute spillover effect with lawmakers and regulators. It explains why so many brands are increasingly focused on DC. It’s not just for public affairs anymore. There is an unequal concentration of media there, both domestic and international. There’s an unequal concentration of third-party and opinion influencers, as well as NGOs. Policy centers, think tanks, and, of course, our national government is based there.

Corporations have become increasingly attentive to communications in the areas of healthcare and financial services legislation. I’m not talking about government outreach or lobbying. The focus on communicating in DC now includes reputation and factors that build confidence in companies that they will do the right thing, not simply what they are obligated to do by law or statute.

Binder (RF|Binder): Communications in this area must be handled carefully or it can cause problems. Recently, Publix put out a press release looking for a firm to help it if it had a data breach. My reaction: “You don’t already have something in place to deal with that problem?”

It likely seemed a good idea in light of high-visibility data-breach instances with The Home Depot and Target. Publix likely felt it wise to let its customers know they would take care of a data breach if one occurred. However, the broad reaction was surprise that it would basically publicize the fact it didn’t have a data breach. Why even put it out there? Not all communication is good for risk mitigation. Sometimes it can cause a problem.

Knott (FTI): People are forever espousing the virtues of transparency, but did having a 24/7 live camera on the floor of the Gulf of Mexico really benefit BP?

Stanton (Stanton): Another changing dynamic is the fact businesses such as Airbnb and Uber are evolving into significant enterprises. In turn, the disruptors are starting to face regulatory challenges, a scenario with which they have little experience. Will their customers step up and help them on the regulatory front in the same manner larger enterprises are able to rally their patrons? Similarly, it will be interesting to see how these companies handle the process and how the system deals with them.

And they can’t simply take a page out of larger enterprises’ playbooks. Those companies are well networked in both DC and, specifically, the regulatory community. Moreover, does the reputation or confidence brands such as Uber or Airbnb have built up change the way regulatory audiences deal with them? That script is still to be written.

Hvala (NYU Stern): You can see the difficulties Airbnb is having with local housing regulators even as it began to run its first global ad campaign that sought to focus on making friendships through renting parts of your house.

Stanton (Stanton): These disruptor companies have to realize existing brands are not going to lay down. There...
are many audiences beyond customers who have a vested interest in what they’re doing. You can’t just come into a market with a great product that people will love and expect regulators to overlook potential problems on that front.

Charles-Pierre (JetBlue): The airline industry is very highly regulated, so we are mindful to play by the rules. Of course, our messaging to customers highlights us being somewhat of a renegade airline. Sometimes in underscoring fun and humanity we don’t fully focus on the important regulatory aspects of who we are as an entity.

A key to communicating on such regulatory matters is relationships. It helps to have partners on the Hill and a seat at the table when regulations are up for discussion.

On issues such as taxes or fees on top of ticket prices, it is key to be transparent about the charges and where the money goes. Not having an antagonistic relationship on the Hill is helpful in those kinds of conversations.

Stanton (Stanton): We’re talking about risk, but given the gridlock in DC, the real issue is headline risk, not just regulatory. You want to avoid being the poster child who gets the lion’s share of negative attention. Once you get trapped in that, it could be years before it changes your business environment from a regulatory point of view.

And while the spotlight is on you, other companies hide. They aren’t inclined to jump up and say their industry is being demonized on the back of one company’s behavior.

Binder (RF|Binder): It is an opportunity for communicators to be bold when thinking through or trying to get ahead of what legislators, regulators, or activists might be coming up against. It’s a chance to be creative and think outside the box, especially if you have the dollars and the support to do something that’s not branded. You can create a coalition and present something where nobody will know your company is behind it, but people will support what it stands for. It’s a strong formula to help your side have a louder voice than your opposition.

Conte (Allstate): Without the shackles of brand, you needn’t worry quite as much about what the legal department or executives might say. They can get behind or create a coalition, put them out in front, and think boldly. As communicators, it’s some of the best work we do because we can just be creative from a political perspective.

Stanton (Stanton): Essentially it is taking a page out of the activist’s playbook. They are very effective at creating a group and gaining credibility. And journalists who want to write the interesting story can do so from the perspective of these people who represent a point of view.

Knott (FTI): Issues themselves have become quite partisan. Moreover, there is a simultaneous disgust of and appeasement for this sort of partisanship, these warring factions. It makes for good copy.

Binder (RF|Binder): That’s a real problem and challenge. I know Republicans who will only watch Fox. They won’t watch any channel they deem too liberal. There are so many channels out there that you can just go hear like-minded people and never look at an opposing perspective. In the past, with fewer options, people tended to want to hear from those with an opposing point of view. It would actually help them craft an argument.

Hvala (NYU Stern): This trend is sped up through SEO because what you seek determines what you get. It is like an endless echo chamber, so you must make a point of stepping out of that to find broader information.

Binder (RF|Binder): And when you add social media to the equation, it becomes even more fascinating. Take ISIS, which created YouTube videos to show its side. The US government responded by creating some videos to represent its side. Social media does offer you more than one perspective. However, with news media, there are some controls at least. There are editors and producers with a system they must go through. Social media is uncontrolled in that way. You can shape your own story and put it out there. The challenge this creates for communicators, especially in terms of battling opposition, is obvious.

Canal (Verizon): This all highlights the importance of strategically communicating what is most relevant to your audience. Going back to regulators, you certainly need a multi-channel, multi-layered approach to reach them. They want to do the right thing, but they’re so busy and are looking at 85 different things at one time. It’s our job as communicators to educate them and their staffers on what we’re doing.

Stanton (Stanton): Sometimes we have to convince management that the role of communications in clouding the issue is a win. Management teams will say, “We must tell our story. People have to understand why we do this and why we’re better.” Sometimes, though, clouding an issue facilitates discussion and debate in cases where regulators aren’t making moves. That can be a victory.
Canal (Verizon): With some of the network modernization Verizon is doing, it’s the right thing and everybody agrees with it, but change is painful. People don’t inherently love change and we have to deal with that. How? By articulating why it needs to happen. Within that, you can underscore why regulators should be helping you do it. It’s a two-way street. Establishing those relationships Cynara [Charles-Pierre] spoke about is crucial.

Moreover, this can’t just be done in a briefing session or a tour. Humans’ attention span is really short. We have to say things many times in many ways to make sure the message touches the people you care about. But it has to be the same message, too. You have to be consistent with it. And when it comes to communicating, regulators are no different than other audiences in this regard.

Price points
Fidelzeid (PRWeek): Can communications impact a company’s share price?

Knott (FTI): There are four tenets to enterprise value as we define them – engaged leadership and committed workforce; market or reputational leadership; an enhanced license to operate, regulatory or social; and optimal evaluation. We asked institutional investors the extent to which each individual tenet has a material bearing on a stock’s value. Eighty-one percent said an engaged leadership and committed workforce, 80% said a company’s market or reputational leadership, 66% noted enhanced license to operate, and 80% said the way a company interacts with the Street, namely communications, has material impact on the stock price. In looking at these tenets – and communications’ key role in them – it’s fair to say if you get them right, it will enhance your stock price.

Binder (RF|Binder): If you don’t communicate, there are some things investors will never know. They will know your numbers and what your 10-K says. But there are new organizations such as the Sustainability Accounting Standards Board that are working to highlight what companies are doing on the sustainability front. These are the types of things investors don’t necessarily know unless they are communicated. But they certainly have a material impact on a company’s ability to do business. Having that information, therefore, is fundamental to the investment community. Numbers don’t tell the whole story to investors. Communications needs to step in.

Charles-Pierre (JetBlue): The key in communicating to investors goes back to a well-articulated business strategy that’s understood. The key word being understood. Wall Street might look at us and say we’re not getting the same returns as rival airlines. Well, we haven’t merged with anyone. We’re still a growth airline, as opposed to a legacy one. Our models are different, so the way we need to be evaluated is different. The Street is having a hard time doing that, but we are also struggling to communicate the financial aspects that will help people understand our growth plan and how to compare us to other airlines with different strategies. Simply put, we need to keep communicating, but in a way Wall Street can understand.

“SOMETIMES CLOUDING AN ISSUE FACILITATES DEBATE IN CASES WHERE REGULATORS AREN’T MAKING MOVES. THAT CAN BE A VICTORY”
Alex Stanton, Stanton Public Relations & Marketing

Prior to the roundtable, Sujeet Indap, Financial Times Lex columnist, spoke with PRWeek managing editor Gideon Fidelzeid. Here are excerpts from that conversation that highlight how a CEO’s communications acuity can directly impact a company’s value. For the Q&A with Indap, visit prweek.com/roundtables

John Legere, CEO of T-Mobile
“He is very aggressive. He is a prolific tweeter who, unlike most in his role, will say controversial things about other companies. But it has helped T-Mobile be very open, very confident, and very proud of who it is”
(Editor’s note: Recent research indicates that Legere’s social media acuity is having a direct business impact)

Elon Musk, CEO of Tesla and SpaceX, chairman of SolarCity
“His thought leadership and vision have lifted the share price of his company. By the sheer strength of who he is, Musk has made his companies much more compelling and, in turn, much more publicized”

Jeff Immelt, CEO of GE
“He has been central to GE’s efforts to reorient the business and devise metrics that will measure how the company does so. So with every corporate action, there is always a clear reference to what its strategy is, what its goals are, and how they are being achieved. And the stock has done well”
Hvala (NYU Stern): There are so many intangibles that aren’t tracked – the organizational structure, the value of talent, and value of leadership. So much goes into the valuation of a company that is absolutely not numerical. Communications teams play a huge role in telling those stories to the investment community.

Charles-Pierre (JetBlue): Here’s another potential factor that impacts investors greatly: we’re going through a CEO transition right now from David Barger, who will leave in February, to Robin Hayes, our current president. Communications plays a big role in making sure things stay consistent – and that Wall Street sees that. And the key was we got way ahead of this story and were very purposeful in our communications months in advance.

Stanton (Stanton): There’s a reality we haven’t spoken about yet. Ten years ago, you had this cluster of institutional investors who would take a position in a stock and be relatively long lived. So much of the trading that takes place today is controlled by quantitative trading software and hedge funds who are looking to arbitrage small price inefficiencies. And then you have the activist investors who can swoop in and make a compelling argument – perhaps not always totally backed by facts – about a company being inefficient or not delivering value.

When you think about how communications can affect the share price, you have to realize a lot of your outreach to the Street is separate from how the stock might trade. You could also argue that differentiation puts you in an advantageous position with investors. Take the airline sector. If fuel prices go up, analysts might downgrade the whole sector. However, an airline that effectively communicates differentiation from rival air carriers can convince analysts and media they can outperform.

Knott (FTI): We’re seeing evidence of activism on the part of NGOs, but their tactic is different. They will buy a block of shares and threaten to buy more so that their purposeful in our communications can create the narrative and write it. It is a consistent storyline. There’s continuity, which cultivates confidence for sure. And what pushes a stock price up more than confidence?

When we invested in fiber optics years ago, our stock took a huge hit. People thought we were nuts to get into that. Today, we get asked when we will build more. But it took a long time to get there. What helped was that along the way, the communications team was creating all these proof points, which helped create the narrative of a company that is two steps ahead of some of its competitors, particularly in the cable industry. Aggressive communications can really help shape a narrative and inform investors’ opinions.

Knott (FTI): We represented a rather large company – very widely held stock. They came to us and said, “The Street doesn’t get us.” When we looked at their annual reports over a multi-year period, we found fundamentally inconsistent messaging. They would go from a four-point growth strategy to an eight-point one. The metaphors, language, and symbolism they emphasize changed every year. It’s always tempting to rewrite or recast things, but unless there is reason to do so, it’s better to stick to the script and report consistently so people can follow that narrative. The Street doesn’t like change and won’t support a stock if it can’t understand its growth narrative.

Conte (Allstate): The enterprise value tenets Bob [Knott] introduced really intersect, so the awareness – and advocacy-building that communications excels at plays a huge role here, as well. Whether it’s staffers or outside influencers, those are people who can cultivate confidence in a company, its strategy, and, in turn, its share price.

Allstate’s communications strategy is evolving from awareness to understanding to alignment to advocacy. And I can hear the storyline to the Street as we tell it and write it. It is a consistent storyline. There’s continuity, which cultivates confidence for sure. And what pushes a stock price up more than confidence?
Uncharted territory

Fidelzeid (PRWeek): Whether a foreign company entering the US or an American company embarking on new regions, what are the keys to communicating value to unfamiliar audiences?

Hvala (NYU Stern): Consistency and repetition. Basic, simple to understand, but not necessarily easy to execute because people are always tempted to change the message. When you’re going to a new market, identifying strategic principles and sticking to them in your messaging is vital.

Stanton (Stanton): Bigger brands can take some lessons from smaller startups. One of the things they have done well is present a simple message. It certainly helps that they can do that because they don’t have the history that can complicate their message. If you have a new Web app, for example, you can say what you want as long as it’s compelling enough to generate interest in business.

Smaller entities are far less likely to get questions about how green or socially responsible a company they are. So it’s a bit easier for them, but a simple and pointed message is so powerful. If you enter a new market and you don’t have all that clutter that can often make communications more complicated, you can present your value proposition in a very simple, straightforward way.

Binder (RF|Binder): Another factor to be very sensitive about with communications is that when a brand enters a new market, the desire is often to localize the messaging and make sure it’s relevant to the people who live there. However, the Web makes all communications global. So you could do something that really works in a local market, but maybe it offends someone in another market that is still important to your business.

Knott (FTI): Another scenario is M&A activity. One company buys another and enhances its footprints in such a way that it is now operating in a market where a year before it wasn’t. You can’t just put your flag on a building in a local market and think all will be well with regulators, consumers, and the people in that new market who give you the license to operate there.

As such, the notion of someone unilaterally making all communications decisions from headquarters doesn’t quite work. Certainly there needs to be some centrality in shaping the message, but there must be relative autonomy in individual markets. Proximity counts mightily and the people on the ground have the respect, knowledge, and connectivity with local stakeholders.

Canal (Verizon): That’s equally true for the different regions in the US. We provide services across the nation, but every market is different. New York wants to become Silicon Valley, but maybe Tampa doesn’t. You need to have that consistency of message, but it must be authentic or at least relevant to people in every specific market.

Conte (Allstate): Allstate views itself as a network of small local businesses. Each must understand the characteristics of their community. Regulations differ from state to state. So one communicator at headquarters crafting messaging for local entities won’t work. We have custom communications handled by decentralized communicators. And it enables agency owners to send out localized messages based on what’s of particular importance to that market.

A few years ago in Fairport, New York, five teens died in a car accident. It was believed that texting or some other in-vehicle distraction was the cause. For many years, we wanted to invest in the community with safe-driving programs and the like, but emotions were still too raw. Our local agency owners knew the families and the community. They understood when the right time would be for such programs to be introduced and how to best position communications in a manner that was sensitive. It took about five years for the town to be ready to accept the dollars and education for safe-driving programs. Understanding each market’s or community’s unique history is a vital factor in effective and sensitive messaging.

Charles-Pierre (JetBlue): What does authenticity mean or look like on a local level? As an airline, you would think issues such as safety, caring, integrity, passion, and fun would all translate to any market. What we discovered, however, going into Latin America and the Caribbean were some cultural nuances that created real issues with how our messaging and brand was received.

For example, we don’t overbook. However, we didn’t really articulate that. In a market such as the Dominican Republic, where people often bum rush the counter to ensure a seat because people get bumped off flights so frequently, that simple message to ensure people understood their seat was secure would work well. That underscores what our brand is in a manner that makes sense and resonates with consumers in that particular market.

When a brand enters another market, it is essential to understand those consumers’ pain points and to communicate how your offering is a salve for them. That messaging is authentic to your brand, it’s transparent, but, above all, it’s relevant to the market.

“Understanding each market’s or community’s unique history is a vital factor in effective and sensitive messaging”

Krista Conte, Allstate