



SPECIAL REPORT

# From input to impact: The three key goals of communication's digital transformation

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1. ACCOUNTABILITY FOR A STRATEGIC ROLE
2. FROM INPUT TO IMPACT. BEYOND THE DIGITAL WORLD

AUTHORS

## 1. ACCOUNTABILITY FOR A STRATEGIC ROLE

The digital world we live in has established that corporate success lies in achieving a balance between building trust and lasting differentiation.

The cornerstones for building trust and differentiation have changed radically in a short period. In the past, trust was purely a legal matter, and differentiation was based on objective quality of products and services. Now, however, it is the careful management of intangible resources and assets to build and maintain positive patterns among stakeholders that is the key factor for strengthening and protecting value creation and business while minimizing strategic risks.

### THE STRATEGIC ROLE OF COMMUNICATION

We are, therefore, in the midst of a new economic and social cycle that could be called the “economy of reputation and intangibles.” This new model suggests that global digitalization continuously raises the value of brands as the generators of unique differentiators; reputation should be leveraged to manage trust; and communication must take a strategic role.

Communication enables organizations to bloom, adding value and creating stories based on the assets — tangible and intangible — that nurture their business models. But communication can only be effective if it is completely integrated into the company’s business strategy and global vision.

We must understand the essence of communication lies in changing behavior. It is a necessary method to transform what companies do well into positive attitudes and behaviors among their stakeholders. Without communication, a company’s brand or good reputation will not build or protect its value; Communication is an essential tool for influencing the opinions and attitudes of stakeholders, encouraging them to develop positive behaviors toward the organization.

Communication has a strategic nature, integrating every operational area of the company, its channels and its internal and external stakeholders. One could say that communication is even the business activity with the greatest impact<sup>1</sup>:

- Developing the basis of an organization’s strategy helps break down interdepartmental barriers

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<sup>1</sup> Fontán, (2016) *Propuesta de modelo para la construcción de la estrategia de narrativa corporativa* (Proposed model for the creation of a corporate narrative strategy). Doctoral thesis, Complutense University of Madrid

**"It is part of the organization's DNA. It defines and comprises it. It is the vehicle through which connections are established. Organizations cannot survive without it"**

- (Aaker, 2008; Ind, 2007; Gregory & Willis, 2013; Alloza, 2015; Arthur W. Page Society, 2016).
- It is part of an organization's DNA. It defines and comprises it. It is the vehicle through which connections are established. Organizations cannot survive without it. Everything an organization does or ceases to do conveys and determines who it is and how it will be perceived and judged (Gregory & Willis, 2013).
  - It aids strategic development by taking the perspectives and expectations of all stakeholders into account (Argenti, 2014; Alloza, 2015).
  - It underpins the implementation of the organization's strategy and contributes to establishing a unique position in the minds of its stakeholders (Cornelissen, 2011).
  - It supports and clarifies the entire organization during the process of creating and expressing the company's key ideas (Hatch & Shultz, 2010).
  - It allows companies to understand the business environment and their stakeholders' expectations and interests, facilitating good decision-making (Van Riel, 1997, 2012; Corporate Excellence & Van Riel, 2013; Recalde Viana & Gutiérrez-García, 2015).
  - It enables companies to boost their value—tangible and intangible—to continue differentiating themselves and building trust. This, in turn, leads to favorable behaviors from all stakeholders (Alloza, 2014, 2015).
  - It makes it possible to align all company employees, bringing them into a single system of shared values and beliefs—a system that determines the organization's behavior and nature, with a direct, positive impact on the trust built with other stakeholders (García & Dolan, 1997; Arthur W. Page Society, 2007, 2012; Van Riel, 2012; Corporate Excellence, 2013; Boria-Reverter et al., 2013).
  - It enables companies to create positive overall perceptions in the long-term (Van Riel, 1997; Fombrun & Van Riel, 1997, 2004; Fombrun, 1996).

#### THE NEED FOR AND URGENCY OF ACCOUNTABILITY

Communication managers are assuming strategic roles, which urgently requires that more influential and prestigious managerial functions adopt the same levels of accountability,

rigor and standardization in their metrics and key indicators (which have already been used for a long time).

This is why major initiatives are appearing throughout the world to further an intensive and extensive consolidation of the metrics and indicators accepted by all involved, including the other executive functions within the organization, service providers, investors and regulators.

Some particularly noteworthy activities include those of the International Association for Measurement and Evaluation of Communication (AMEC), the Global Alliance for Public Relations and Communication Management, EACD, the Arthur W. Page Society, the European Public Relations Education and Research Association (EUPRERA) and, in Spain, the Corporate Excellence Center for Reputation Leadership, Dircom, Adecec and Aedemo.

To illustrate the current advances being consolidated, it is useful to analyze the results of the European Communication Monitor over the past 10 years. This analysis shows the success of a communications manager and their entire team lies in boosting their level of influence as an executive function and the impact of their suggestions on the decisions made by senior management.

The instruments communication managers use to achieve this level of influence are the metrics that allow them to show the impact of their management efforts in the form of outcomes and outflows. This terminology refers to the aspects most important and relevant to any organization: the role of communications, which affects and changes perceptions, judgments, attitudes and behaviors of stakeholders, thereby increasing the brand's differentiating power and strengthening its corporate reputation.

Organizations that have established advanced corporate communication departments use intangible indicators in their dashboards to define their business strategy and model in conjunction with traditional financial indicators, tying them directly to senior managers' compensation and remuneration policies: reputation indicators, brand strength, employee commitment and alignment and tendency to recommend products and services to third parties. These are the truly relevant outcomes and outflows of strategic communications.

## 2. FROM INPUT TO IMPACT. BEYOND THE DIGITAL WORLD

We have never had to deal with such an enormous amount of data when evaluating

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communications around a corporate, commercial or personal brand. We have also never faced the need for a new thought framework to evaluate our work as communicators. These are just two of the clearest and most pressing consequences of the digital transformation of communication<sup>2</sup>.

This document provides a basis for converting this information flow into a source of intelligence for professionals in the fields of communication, marketing and public affairs and is based on the AMEC (Association of Measurement and Evaluation of Communication) Integrated Evaluation Framework<sup>3</sup>.

It has always been said that communication is strategic, but the current digitalization of society has truly confirmed this idea.

Since the mid-1980s, as individuals gained power through the internet, the stakeholder theory has also become increasingly important to boards of directors<sup>4</sup>. People interacting with each other online based on the values they shared with the company began to lead to strategic plans and results reports. The population has ceased to operate merely as

mass consumers of products, subject to countless one-directional impacts from brands through the media.

As a result, the former public relations principles have transformed from accessory instruments of marketing into essential methods for the sustainability paradigm currently guiding the future of organizational management.

In practical terms, the input of communication—more accurately, of its process—is the company's strategy, which is shaped by the goals and resources available for increasing long-term value. The impact—the result obtained in part or entirely due to communication—translates into increased capital for the company, as defined by a number of frameworks, including <IR> integrated framework<sup>5</sup>: financial, industrial, natural, human, intellectual, and relational or social.

## GOALS AND METRICS

However, to achieve these strategic objectives, we must overcome the challenges involved in the digital transformation of communication, which was

<sup>2</sup> Cortés, Sergio and Pino, Iván (2016): Towards the Digital Transformation of Communication. Developing Ideas. <http://www.developing-ideas.com/2016/03/29/towards-the-digital-transformation-of-communication/>

<sup>3</sup> AMEC Framework, available at: <http://amecorg.com/amecframework/>

<sup>4</sup> R. Edward Freeman published *Strategic Management: A Stakeholder Approach* in 1984. In 1981, the TCP/IP protocol and the word "Internet" were defined.

<sup>5</sup> The <IR> integrated reporting framework is available at <http://integratedreporting.org/>

**"In an infoxicated setting, brands must compete in a vastly larger conversation area in which narratives have a strong ability to attract and retain interest"**

defined by the authors of *The Cluetrain Manifesto*<sup>6</sup> in 1999: infoxication (information overload), personalization and hypertransparency.

#### Output: Relevance

The first challenge of digital transformation is infoxication, or information overload on public communication channels, which are often saturated by the noise created by "prosumers" in new digital mediums. In this context, competing for stakeholders' attention and time is the initial goal to drive long-term value.

This is where a **brand's relevance** represents the output of communication, defined by AMEC as what is distributed and received by audiences. In an infoxicated setting, brands must compete in a vastly larger **conversation area** in which narratives have a strong ability to attract and retain interest.<sup>7</sup> For this reason, a company's narrative must be implemented through a **storytelling** plan worthy of legitimate brand stories<sup>8</sup> and launched through

an effective content platform: **narrative formats** (of brand entertainment and journalism).<sup>9</sup>

In this context, relevance can be measured in terms of the **visibility (reach) of the content** distributed by the company using the platform's analytical tools in a specific conversion area and, if possible, in comparison with other competitors, controlling for time spent in the same conversation area.

#### Outtake: Influence

The second challenge of digital transformation involves **empowering** people in public communication through brand identity in media and social media. This reality drives the economy of interpersonal **recommendations** to help create shared value for businesses.

This aspect covers the personal **influence** of an organization's allies in social media as the outtake, which AMEC defines as "what audiences do with and obtain from communication." What they do with and obtain

<sup>6</sup> *The Cluetrain Manifesto* is available at: <http://www.cluetrain.com/>

<sup>7</sup> Corujo, Adolfo; González Natal, David; and Pino, Iván: *Territories and Communities, New Communication Barriers* (2016). Developing Ideas. Available at: <http://www.developing-ideas.com/2016/01/28/territories-and-communities-new-communication-barriers/>

<sup>8</sup> Panadero, Goyo and González Natal, David: *The 6+1 Commandments of Storytelling* (2015). Developing Ideas. Available at: <http://www.developing-ideas.com/2015/11/05/the-61-commandments-of-storytelling/>

<sup>9</sup> Tascón, Mario and Pino, Iván: *Brand Journalism and Corporate Reputation* (2014). Developing Ideas. Available at: <http://www.developing-ideas.com/2014/02/27/brand-journalism-and-corporate-reputation/>

## **“Company activities are now constantly monitored by stakeholders in social media and other online platforms”**

from communication is a result of influence, in the form of stakeholders' expressive (comments) and executive (conversations) actions. The allies within these stakeholder groups are, firstly, executives, employees, partners, suppliers, shareholders, investors and loyal customers.

To gain influence, brands must research the **communities** that have similar ideals in a certain conversation area.<sup>10</sup> This research should then be used to plan interactive "**storydoing**" initiatives with community leaders based on the use of reciprocal value experiences, which then lead to a sequence of continued interactions over time through various **interactive channels** (in-person or virtual).

Influence, defined in this manner, can be measured by the **interaction (engagement) of a community's influencers** with the brand's allies, compared, where possible, to other competitors in terms of influencer recommendations in the community.

### **Outcome: Beliefs**

The third challenge of digital transformation lies in the **hypertransparency**. Company activities are now constantly monitored by stakeholders in social media and other online platforms. This circumstance

positions **reputation economy** as the key element for creating long-term value.

In fact, **the beliefs shared by stakeholders** can have a positive or negative effect on a company's results in terms of customer loyalty, sales, ability to attract investment or talent, public opinion, etc. As a result, reputation is the definitive outcome of communication, which AMEC defines as "the effect on audiences." What brands do (*storydoing*) and say (*storytelling*) cause emotional opinions that influence whether they act or not, in favor or against.

To improve these beliefs, brands must investigate the **context** in which they are positioned by stakeholders to shape their own opinions—always in comparison to other benchmarks. Once this is established, the next step is to carry out a **listening** plan across all the organizations' mediums (digital and analog) available to a company's stakeholders. With a more efficient methodological foundation, **intelligence** reports can be prepared to help leaders make better decisions on content and interactions.

Belief metrics are made up of **evaluation** measurements (between positive and negative) obtained from opinion surveys or semantic analysis of opinions in monitoring platforms.

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<sup>10</sup> Pino, Iván: *La Rebelión de las Redes* (The Rebellion of Networks, 2016). Medium. Available at: <https://medium.com/@ivanpinozas/la-rebeli%C3%B3n-de-las-redes-12cb9b152748#.qtmnx44ah>

**Table 1. Goals of the digital transformation of communication\***

<b>1. INPUT: STRATEGY</b>	Objectives and resources used to increase value in the long term
	Challenge: Infoxication (information overload) Value: Attention
<b>2. OUTPUT: RELEVANCE OF THE BRAND CONTENT</b>	Activities: • Investigation: Territory • Planning: Storytelling • Production: Content  Metrics: Visibility ( <i>Reach</i> )
	Challenge: Personalization Value: Recommendation
<b>3. OUTTAKE: INFLUENCE OF THE BRAND ALLIES</b>	Activities: • Investigation: Community • Planning: Storydoing • Production: Relationships  Metrics: Interaction ( <i>Engagement</i> )
	Challenge: Hypertransparency Value: Reputation
<b>4. OUTCOME: STAKEHOLDER BELIEFS</b>	Activities: • Investigation: Context • Planning: Listening • Production: Intelligence  Metrics: Evaluation ( <i>Sentiment</i> )
	Social and relational Human Intellectual Industrial Natural Financial
<b>5. IMPACT: CAPITAL</b>	

\* Based on the AMEC (Association of Measurement and Evaluation of Communication) Integrated Evaluation Framework.

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