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## Digital economy and structural change



### Blogs: The new magic formula for corporate communications?

- Opinion is divided on what to think of blogs. As in the days of internet hype the spectrum of views ranges from their being irrelevant to their heralding a new era of communication. A blog is a website in the form of a **diary with pithy, frequently updated entries**.
- In the USA, corporate blogs have become a popular **tool for external communication**. In Germany, they have not yet become established as an integral part of corporate communications.
- **Blogs have to be monitored** in order to know what they are, what they achieve, and what they jeopardise. Blogs **need to be used where they are suitable for developing value-added**.
- We believe there is **scope** – even if limited – **for using corporate blogs**. For example, a company could keep a **customer relationship blog** as a forum for discussing products. **CEO blogs** can be used as an instrument for business agenda-setting or image-building.
- Before a corporate blog is established the responsible parties must address various strategic issues in order to decide on the practicality of the tool:
  1. **Is a blog a good fit for the company, its targets and its culture?** As blogs can sometimes be very provocative, they may not be compatible with a company's image.
  2. **As regards content, limitations arise** – especially for listed companies. The content of a blog has to comply with legal and regulatory standards. From the reader's standpoint, this substantially dims the attractiveness of CEO blogs in particular.
- Even if companies decide against running a corporate blog, the topic should stay on their agenda with a view to developments going forward. Companies should keep track of how their image fares in the **"blogosphere", the new communications arena**. This is underpinned by the argument that substantial **reputational risks** can emerge if the companies misjudge the rapidly formed opinions in the blogosphere.
- In companies employees will inevitably start blogging as private individuals one day. For this reason, **companies require a clear blogging policy**. Besides setting guidelines for employees blogging privately, it should also set out rules saying how employees are allowed to blog on behalf of the company.
- One **area suited to the use of blogs is internal communication**, e.g. for dialogue between board members and company employees. Via internal blogs the responsible parties can respond quickly, pointedly and appropriately to topics raised, as long as the company has an open culture that provides the proper framework.



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## Blogs: The new magic formula for corporate communications?

The debate that has flared up recently over the significance of weblogs in corporate communications conjures up memories from the days of internet hype. Back then people saw signs – triggered by the increasingly widespread use of the internet – of a revolution in communication and business models. Now opinion is divided once again, over blogs: the spectrum of views ranges from their being irrelevant to their heralding a new communication channel for business. How, and where, can blogs be deployed in companies? What risks arise when blogs are used? What measures should companies take to ensure they are equipped to deal with the increase in blogging?

### Rapidly growing number of blogs

A **weblog**, or **blog**, a combination of “web” and “logbook”, is a website in the form of a diary with pithy, frequently updated entries that are posted regularly. Additionally, they often contain links to other websites and blogs so the reader can quickly find blocks of news, information and opinions on a specific topic. A blog can be kept by an individual or by a group of people. All weblogs taken together make up the blogosphere.

The communication form represented by blogs is, fundamentally, nothing new. But unlike chatrooms or newsgroups, blogs are showing booming growth rates and are in the process of becoming a mass medium. Their main element: a very personal style. Readers see the blog as a point of reference in a flood of information. Blogs put news items – agency reports for instance – into context, as they are commented, interpreted and assessed, but often in a biased fashion. In the USA, blogs are considered to be a new form of grassroots journalism that provides counterpublicity to the mainstream media, which are felt to be biased. The US presidential election campaign in 2004 accelerated the spread of blogs in America, for example. Authors are usually freelancers who work in internet-related professions or keep a blog as a hobby. In a very few exceptional cases, a blog is fully financed through advertisements. The commercialisation of blogs is regarded with criticism in the blog scene, since this undermines the credibility of the author.

The blogosphere originated from private internet diaries, and they still make up the largest of its elements today. The content varies widely and often has no particular relevance for the public at large. At the same time, there has been rapid growth in the segment of specialised and expert blogs where technological and political topics predominate. Reliable statistics on the spread of blogs are rare. Technorati, currently the best-known search engine for blogs worldwide, counted a total of over 13 million in July 2005. This figure doubles about every 5 months at present. Most of the blogs are found in the USA and Japan; in Europe, France is the leader. The share of blog readers among US internet users rose from 11% in spring 2003 to 27% in November 2004. Blogstats, operated by Germany's leading webhost, blogg.de, reported there were over 60,000 German-language weblogs in June 2005, of which 20,000 are updated regularly (see chart). The average blog reader is relatively young at less than 30 years of age.

### Blogs: Pronounced network effect

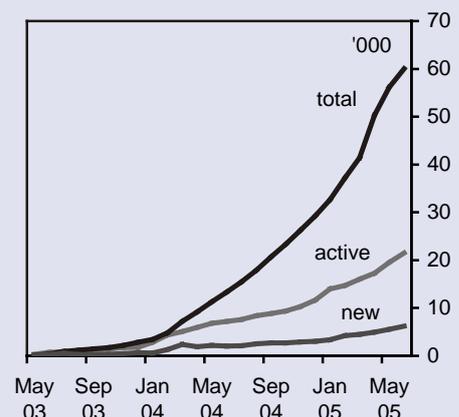
Worldwide, a new blog is set up every 6 seconds. What makes blogs so attractive for initiators and users? Why do blog postings reach a broad readership so quickly?

### Handling

Visitors to a blog are usually given the chance to comment on individual postings. A function called **trackback** enables blogs to exchange information with each other about responses and comments through an automatic notification system. The trackback articles are displayed at the end of a blog posting along with the related comments. In academic journals the trackback could be compared with a service which automatically notifies a primary source when it is quoted in other literature sources or in secondary literature.

Some software has been designed especially to help update blogs simply and easily, as is sometimes done several times a day, even if the user is not familiar with HTML. This software enables you to (1) add content chronologically, (2) link from and to other websites and blogs, and (3) distribute the contents automatically, e.g. via RSS feeds etc.

### Number of blogs on the rise, Germany



Source: Blogstats, 2005

Blogs achieve a mass-media effect through:

- the high degree of networking in the blogosphere, in which news spreads very rapidly (blog swarm), and
- pronounced search engine friendliness that ensures blogs are displayed near the top of results lists.
- Moreover, journalists from conventional media frequently use blogs as a research source.

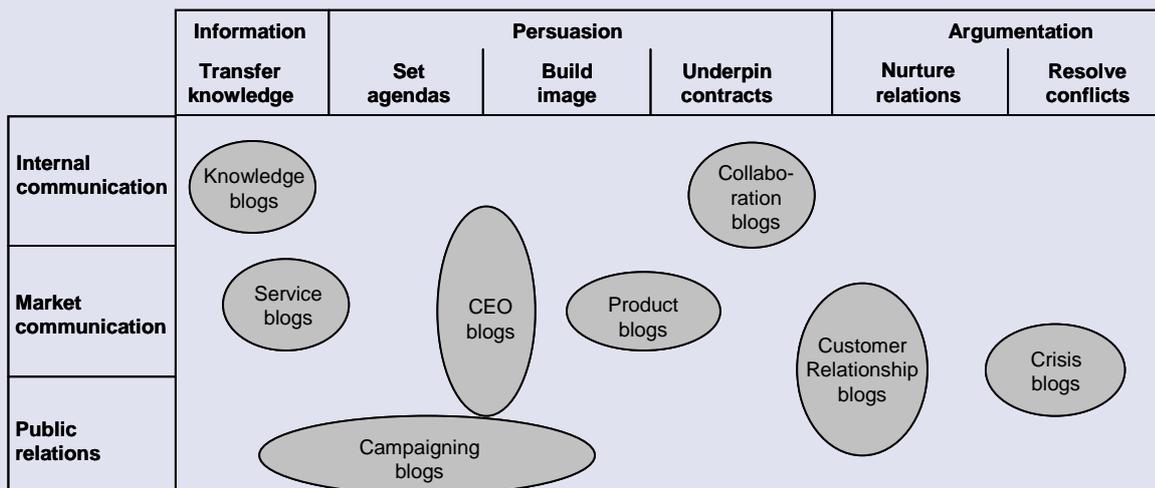
The pronounced network effect that is generated through these mechanisms enables individuals to reach a broad public and, ideally, the traditional mass media – a channel that so far has been reserved mainly for journalists and public figures. From the viewpoint of companies, too, blogs offer a technically inexpensive way of obtaining direct access to a specific target group and responding quickly to news reports. The comment function makes blogs a dialogue-based medium with personal character (unfiltered communication). So blogs help to change the underlying conditions in communications between parties.

### Corporate blogs still in their infancy

For corporate communication management, blogs fall into three different levels of significance:

1. The blogosphere offers a new **communications arena** and can influence public opinion on the company.
2. **Customers, experts** (e.g. software developers) and aficionados of certain products are among those who seek publicity as bloggers. **Company employees** also use private blogs and may possibly voice opinions in them on company-specific issues.
3. Companies can use blogs as a communication tool (**corporate blogs**).

### Deployment possibilities for corporate blogs



Sources: Zerfaß (2005), DB Research

Corporate blogs are still in their infancy. Their number is estimated to total 5,000 in the USA. The trend is booming, though. Traditional media, such as newspapers or television, have begun to integrate blogs in their websites. Companies are assigning employees or external authors to deploy blogs as a public-relations tool or as a way to disseminate product information.

What scope is there for corporate blogs? Depending on the people addressed and the given aim, the two main forms that have emerged to date are CEO blogs and service or customer relationship (CR) blogs (see chart, page 4). Platforms for senior management are called **CEO blogs**. Being well known generally helps a blogger get more visitor "hits". Managing directors can explain to a broad public what, for example, the company's strategy looks like or they can comment on sector issues. CEO blogs can also be used for agenda-setting early on. Selected employees can pass on product information to customers or help with problems via **service or CR blogs**. Thanks to the comment function, they can also obtain tips from customers about the development potential of the products offered. In this context, blogs serve as a platform for specialised knowledge. After all, there are sufficient examples of communities of product lovers or software developers who swap stories about their experiences.

There is, however, a risk that these modified blogs – as opposed to the original personal internet diaries – will not be accepted by the traditional blog public. The farther the blog is removed from the character of a personal diary and the closer it resembles product tips or press releases, the greater this risk. Besides a lack of credibility, modified blogs often suffer from their monotonous language. By contrast, blogs in their original form are interesting precisely because of their pointedly written, polarising style.

## Strategic issues: Monitoring, policies and corporate blogs

What issues are set to confront companies with the increasing spread of blogs?

### 1. Monitoring the blogosphere – the new communications arena

In principle, companies should track their image in the blogosphere just as closely as they do in the established media landscape. This is underpinned by the argument that substantial reputational risks can emerge if companies pay no heed to or misjudge the rapidly forming opinions in the blogosphere (see box: Substantial reputational risks). Monitoring offers them a way to catch wind of the opinion-making process at an early stage and, if necessary, to respond to it. To do so, the company-relevant opinion-makers and multipliers have to be identified. Finally, from the aspect of scouting for trends, blogs should be actively integrated into the monitoring of company-related issues and products. The pure monitoring aspect immediately raises the question as to whether, and how, employees should give comments in the form of blogs on the company's behalf.

### 2. Employee blogging

In companies employees will inevitably start blogging as private individuals one day. In the USA there have already been several highly publicised cases of termination without notice after employees expressed views on company-related topics in an unacceptable way in private blogs. However, neither Germany nor the USA currently has unambiguous labour laws providing suitable sanctions for such matters. For this reason, companies require a clear blogging policy (see box).

### Substantial reputational risks

The record shows that if blogs are ignored or if responses to bloggers' statements take the wrong approach an entity's reputation might be put at risk. The risks will grow with the increasing use of blogs. In the USA, bloggers have already triggered several real scandals. For example, CBS anchorman Dan Rather was compelled to step down by the blogging community because he ran a report based on false documents. A maker of bicycle locks suffered a massive blow to its image when it had to recall products with a total value of USD 10m. The company did not take action until after a video on one of its locks was circulated in the blogosphere. In Germany, a leading blog published a critical article about the business practices of a company that sells ringtones. Subsequently, the company's employees anonymously posted positive comments about the oppugned business model. When their actions were "brought to light", there was an avalanche of blog postings that resulted in the regular media taking up the issue and the company's founders having to justify their business practices.\*

\*[http://klauseck.typepad.com/prblogger/2005/02/pr\\_auf\\_der\\_zusc.html](http://klauseck.typepad.com/prblogger/2005/02/pr_auf_der_zusc.html)

### Corporate blogging policy – an extract from IBM's blogging policy and guidelines

1. Know and follow IBM's Business Conduct Guidelines.
2. Blogs, wikis and other forms of online discourse are individual interactions, not corporate communications. IBMers are personally responsible for their posts. [...]
3. Identify yourself [...] when you blog about IBM or IBM-related matters. [...] You must make it clear that you are speaking for yourself and not on behalf of IBM.
4. If you publish a blog or post to a blog and it has something to do with work you do [...], use a disclaimer [...].
5. Respect copyright, fair use and financial disclosure laws.
6. Don't provide [...] confidential or other proprietary information.
7. Don't cite or reference clients, partners or suppliers without their approval.
8. Respect your audience. [...].
9. Find out who else is blogging on the topic, and cite them.
10. Don't pick fights [...].
11. Try to add value. [...].

Source: Snell, James (2005). Blogging@IBM. May 16, 2005. [http://www-128.ibm.com/developerworks/blogs/dw\\_blog.jspa?blog=351&roll=-2#1328](http://www-128.ibm.com/developerworks/blogs/dw_blog.jspa?blog=351&roll=-2#1328).

### 3. Blogs for internal communication

One area suited to the use of blogs is internal communication, e.g. for dialogue between board members and company employees. Via internal blogs the responsible parties can respond rapidly, pointedly and appropriately to relevant topics. However, this is only possible if an open corporate culture creates the proper framework and a transparent dialogue is desired. Blogging is already being used by some investment banks to pass on know-how internally, e.g. in order to allow exchanges of information between dealers and sales staff. Internal blogs can also be used as a test for external blogs to gather experience with this medium.

### 4. Are corporate blogs useful for external communication?

The significance of blogs as a means of corporate communication is a matter of public controversy. In the USA, though, corporate blogs are becoming increasingly popular as a public-relations tool. Blogs really do allow direct, interactive and technically inexpensive communication with customers and/or suppliers. Even though only about 25% of American internet users are familiar with blogs – and the percentage is still much smaller in Germany – a few blogs, e.g. those of General Motors and Sun Microsystems CIO Jonathan Schwartz, attract 200,000 – 300,000 visitors per month. Before a corporate blog is established those responsible must address various strategic and operational issues:

- **Is a blog a good fit for the company and its culture?** Will potential adjustments to the format damage the credibility of the medium? As blogs can sometimes be very provocative, they may not be compatible with a company's image. Some of the big US companies that have taken up the issue as pioneers have already dismissed the first round of their bloggers since the typical blog style could not be reconciled with common business practices and standards. Risks that are hard to control lie mainly in the **content and tone of comments**, which ultimately can only be censored to a very limited degree.
- The **targets** to be achieved with the establishment of a corporate blog have to be precisely defined and coordinated with the company's aims. If, for example, employees and external developers set up a blog on the subject of software development, this gives rise to a knowledge pool that is of considerable use to a software company itself. This direct congruence of aims may not exist at companies from other sectors, though.
- Another point to decide is the **form** of the blog. Two areas in which they might conceivably be deployed, for example, are **CR blogs** and **CEO blogs**. While the former – depending on the target group – could cover discussions with customers on products, service and industry-specific issues, the latter could be deployed as a public-relations tool for business agenda-setting, image-building or communications in crisis management. For reasons of authenticity and acceptance, it ought to be noted that **ghostwriters should not be used for blogging**.
- As regards **content**, limitations arise – especially for listed companies. Content has to comply with legal and regulatory requirements. Listed companies, especially, have to bear in mind that market-relevant information must be made available to all investors at the same time. Therefore, it is **essential that the blog postings in question are signed off first by compliance and the legal department**. However, such procedures severely reduce the attractiveness of CEO blogs from a reader's standpoint and to a certain extent they contradict the nature of the blog.

- Blogs demand substantial **editorial input**. This includes regular updates, once or several times per day, and timely responses to comments and e-mails. Besides, having to fine-tune postings with experts is a cost factor. The amount of maintenance effort has to be assessed in relation to the size and strategic significance of the target groups to be addressed.
- **Referring to websites** of third parties harbours the risk that the views expressed there either do not reflect the company's own opinions or are even diametrically opposed to them.
- Finally, it is necessary to define a **blogging policy** which, besides setting guidelines for private employee comments, also sets out the rules according to which employees are allowed to blog on behalf of the company or express views in the blog of a third party. Internal guidelines and blogging policies can help ensure that the employees involved are abreast of the special practices required by this form of communication and are able to bridge the gap between authentic expressions of opinion and overarching company goals.<sup>1</sup> Such a policy should not only take account of legal and compliance requirements, the timeliness factor and the appropriate style, but also clearly state the conditions for possible censorship of any comments.

Basically, **it is only possible to deploy corporate blogs in corporate communications management within narrowly defined limits**. The crucial factor is whether blogs can be positioned credibly in the communications strategy. With CR blogs this may be the case if, for example, there is close congruence between company targets and those of the blogging community. CEO blogs may also be successful if they are placed and run by businesses with the right kind of corporate culture. Authenticity of the author, credibility of content and style, and a transparent approach to handling critical comments are the basic prerequisites. However, a "fake blog" that merely recycles press releases and product advertisements is likely to be given a cool reception.

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<sup>1</sup> Zerfaß, Ansgar (2005). Corporate Blogs: Einsatzmöglichkeiten und Herausforderungen, [www.bloginitiativegermany.de](http://www.bloginitiativegermany.de), p. 6 f.

## Epilogue

### Asking for trouble?

Anyone fearing a blog attack had better steer clear. Watch out: they're here. The blogs. The new kids on the block. They are imaginative, clever, aggressive. They tempt you to imitate them, to strike back. They shake you out of your comfort zone – they rock the boat.

Two questions are possible (and both must be answered!). The first (the one I would ask): "So what?"; and the second (which is typically German): "And now?"

As for: "So what?"

Aren't we all longing for reform, a breath of fresh air, some change finally? Aren't we aware that, in the face of a globalised world and our ageing ("Old World"), all resources have to be tapped in masterly fashion if we don't want to fall hopelessly behind? And aren't we witnessing how open-source models are replacing "windows" everywhere? So what should we do? Get going! Be bold. Activate, access, act rather than react, create rather than repair. Set the agenda rather than having it set for you. Be a motivator, not a censor. Consider blogging to be a mindset, a philosophy of life. Be an entrepreneur, not a taskmaster. Let the genie out of the bottle. Alas: Mere mention raises visions of Faust ... and spirits summoned.

As for: "And now?"

When our customers blog about us, when our employees start blogging, and when no longer just the traditional media but also the public launch volleys at us, what else will be in store? How will we then rid ourselves of the unleashed spirits? Or how shall we tame them? Nice questions. Wrong questions. Unanswerable questions. Let's face it – without experience in the blog swarm we won't accomplish anything. If we don't skilfully exploit the opportunities and carefully avoid the pitfalls of the new medium, we will be lost. We need to develop a blog culture (just as we need to develop an e-mail culture and a mobile culture, because both are sorely lacking).

We need all our creative energies to develop and market our products as they are constantly reinvented – for internal as well as external use. Feedback culture must become second nature to us, while due respect is paid to rules and regulations, feelings and expectations. Good examples in practice are just as important as a corporate blogging guide. Let's get blogging!

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