

The Communications Journal

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Editorial

Dear Reader,

We proudly present you our new Communications Journal, the third edition presented as an electronic newsletter.

A good reputation is critical for a company's sustainable business success and the media play a key role in this regard through their continual reporting and independent analysis of companies. In this function they serve as an interface between specialists and the general public. It is therefore even more important for companies and individuals to cultivate a constructive and cooperative relationship with the media, in accordance with the motto from Warren Buffet: "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."



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Love-hate relationship creates a spark

Financial and business journalism has become increasingly important in the course of the past 10 years. The media's role in informing the public and forming public opinion is growing all the time. In that process, journalists rely on the cooperation of company representatives. How do journalists rate cooperation with corporate media relations staff and what are the criteria for effective cooperation? Beat Balzli, Handelszeitung Editor-in-Chief, comments on the love-hate relationship between media relations staff and journalists in this interview.



IRF: Mr Balzli, you have been Editor-in-Chief of Handelszeitung since October 2010. Handelszeitung has become punchier and harder-hitting under your leadership. How has the readership responded to this change of direction?

Beat Balzli: Our readers are happy with our newspaper's higher profile. Feedback on the change of direction has been overwhelmingly positive. Handelszeitung is attracting much more attention than it used to. You can see it, for instance, in the fact that rival media are citing our stories pretty often these days. What's more, Handelszeitung readers are now getting more background information on breaking news, which helps them in forming opinions and provides a frame of reference for their thoughts and take on things. The Handelszeitung principle is to provide an explanation for the forest rather than count the trees, and that's more important nowadays than ever before.

IRF: The media are playing an increasingly significant role in finance and business issues. How do you rate the media relations work of industry today? From the point of view of a journalist, what are the criteria for effective media relations?

Beat Balzli: The basis for effective media relations is a cooperative approach toward journalists on the part of those in the company responsible for communication. Media relations people help journalists to explore themes by providing adequate background information.

It's important not to have a knee-jerk negative attitude that sees withholding information as an end in itself. This only produces unsatisfactory results for both parties. It's easier if the two sides accommodate each other and the media relations people give journalists as much help as they can. Cooperation is important on controversial stories too. You have to stand by the facts, even if they're unpalatable. In many cases, the journalist will already know the story. In a situation like that, instead of refusing to comment, the company spokesperson should allow the media to sort out the facts more clearly and allow journalists to write an article that has substance. After all, it's better for both sides if stories – even sensitive ones that involve inconvenient or unpleasant facts – can be put in a broader context on the basis of adequate background information.

IRF: How do you assess the media relations work of Swiss companies overall? Are there differences between industries?

Beat Balzli: It's hard to see differences between industries. Differences tend to depend on the personalities of the people in charge of the corporate communications departments. The styles vary greatly. As I've said before, responses from some companies tend to be uncooperative on sensitive issues in particular, and their approach is to try and fob journalists off. Against that, you have media relations people in other companies who are very cooperative even in response to hard-hitting questions, and who are very effective and swift in their responses. On the whole, corporate media relations has become extremely professionalized compared with 20 years ago.

IRF: Many people see cooperation between corporate communications people and journalists as a kind of love-

hate relationship. How does that manifest itself on a day-to-day basis? Where do you see potential for improvement?

Beat Balzli: I don't actually know if there is any potential for improvement. A love-hate relationship between the two camps is probably in the nature of things. Journalists would prefer to know more rather than less, and corporate media relations people tend to want to hold back information, especially if the content puts their employer in a negative light. For that reason, there will never be the perfect match between these two interest groups. And that's how things should be. It gives the relationship a certain spark.

IRF: You spent a long time working for "Spiegel" magazine in Germany. How do German and Swiss companies differ in their media relations work?

Beat Balzli: You won't find any big differences at the corporate level; it's more of a culture thing. In Germany, the approach to things is more outspoken and straightforward and the tone during interpersonal interaction tends to be more brusque. In Switzerland, people tend to be more reserved, and that tends to be reflected in media relations work too. However, let's not forget that standards everywhere are starting to converge as a result of globalization and the cross-border business activities pursued by Swiss companies. As a result, the differences between large corporations from Germany, Switzerland, France and the United States are negligible today. Media relations in multinationals is centralized and works according to pretty much the same principle everywhere.

IRF: What trends and developments are you seeing in media relations activities? What is the role of social media?

Beat Balzli: Social media is an exciting area, especially for a business newspaper like ours. It's a marketing tool that enables us to connect with a younger target group. Print media have an above-average age readership these days; an older audience, so to speak. Handelszeitung is fortunate enough to have exceptionally young readers. Nonetheless, Handelszeitung is keen to attract and retain more young readers aged 20 and up. Social media like Facebook and others are a good means of reaching that target group.

Emancipation of Swiss business media

IRF Communications asked Dr Matthias Künzler, senior teaching and research associate at the Institute for Mass Communications and Media Research at the University of Zurich (IPMZ), for his thoughts on the latest developments within the Swiss business media landscape.

The relentless forces of consolidation have also taken hold of the business media in Switzerland. Axel Springer, tamedia and Ringier have grabbed the specialized publications. The two latter of these companies also own the largest and most influential daily newspapers and they are coordinating the reporting activities for their business sections. Despite this process of consolidation, business and finance news is being reported through a variety of media channels targeting different audiences. A steady stream of new and innovative formats for reporting financial and business news is being developed, now as in the past. The media researcher Matthias Künzler has set up four theses on these developments.

1st point: A process of consolidation has also engulfed the business media

Even the business media has not been spared from the forces of consolidation: Large media companies have bought up smaller daily newspapers and centralized their editorial staff. Now, for instance, the Landbote produces the main news sections for all regional newspapers that belong to tamedia in the region of Zürich (Zürichsee-Zeitung, Zürcher Oberländer, Zürcher Unterländer). Fewer reporters are thus covering larger markets. For companies and PR profis, this development brings both risks and opportunities: They have fewer contacts in the media industry to address and maintain, yet they cannot turn to a different journalist or a different media channel as easily as they could before. And even if they can, the ownership structures behind the Swiss business and finance journals are just as simple and straightforward as in the mainstream media: Axel Springer Schweiz publishes Bilanz, Handelszeitung and Stocks, tamedia Finanz und Wirtschaft, Ringier cash.

2nd point: Variety despite consolidation

Despite growing concentration in the media industry, financial and business news in Switzerland is being reported through a variety of different media channels targeting different audiences. Most of the daily newspapers have their own teams of reporters for business and economics news. Public and private television broadcasters have their own programs covering the stock market and the economy (SF: Eco, SF Börse; TeleZüri: Börsentrend). Then there are the specialized trade journals, for instance, Bilanz, the glossy business magazine, Finanz und Wirtschaft, with in-depth information for financial market specialists, or Stocks, featuring practical tips for retail investors. There is even a daily business newspaper French-speaking Switzerland (Agefi).

3rd point: The business media has repeatedly been successful in creating innovation

There are numerous examples of successful innovation in the business and economics media. Take Cash, for instance: When this newspaper was launched by Ringier in 1989, it was targeting new readers who had not been attracted to the traditional specialized media publications by using a more personal reporting style and offering a beefed-up services section as well as other features. In 2007 Cash became a first-mover when it announced that it would stop publishing a printed product and became an exclusively online media outlet. Other newspapers have yet to follow in its footsteps. The model used at 20 Minuten is interesting. Its entire business section is written by Swisscontent, an external company.

4th point: More personalized reporting about companies, fewer articles about macroeconomic issues

Various scientific studies show that articles in the business sections of daily media products (printed and broadcast) are more likely to be written about individual companies and industries than macroeconomic topics. Broadly speaking, business and finance reporting has taken on a more personalized tone. Interviews with company executives and entrepreneurs are common, particularly in daily newspapers. There is a strategy that is being pursued here: The Tages-Anzeiger, for example, is doing this in an attempt to raise women's and younger people's interest in business stories.



About the author

Dr. Matthias Künzler is a senior teaching and research associate at the Institute of Mass Communication and Media Research at the University of Zurich (IPMZ). His areas of specialty are the Swiss media system, media policies, and international media systems from a comparative perspective. Matthias Künzler wrote his doctoral dissertation on the liberalization of radio and television broadcasting in Switzerland, Austria and Ireland.

Distinct views counts

Media coverage is less about sheer size than about who has clever views. That is especially true in the world of banking and finance, where numerous players, some small, some big, fight for a fair share of voice in the media. And that is why small, specialised firms are on even ground with the elephants in the zoo.



But some elephants can dance. Remaining alert and responding quickly if needed is one of the mantras of media relations. Be ready for the opportunity, which will present itself sooner or later.

Take advantage of new opportunities

Not every big company retains such an entrepreneurial spirit when growing quickly. BlackRock has. The independent firm combining vast competencies in both active and passive asset management has emerged even stronger from the financial crisis. Its Swiss franchise has grown substantially and it now offers mutual funds to banks and intermediaries, as well as the iShares branded ETFs to the broad public and tailor-made mandates to pension funds and other institutional clients.

Yet, while being well respected, the company’s actual standing for the Swiss market – it is the most important shareholder of corporate Switzerland – is not yet mirrored in its media presence. One of the reasons for this is that BlackRock’s brand has a relatively short history in Switzerland. It plans to change this perception. Experts of BlackRock have distinct views on how to invest best in the financial markets, on how to put money aside for retirement. They show that distinct views can live well aside sheer size. That is the key to BlackRock’s success in media relations.

IRF Communications is supporting BlackRock (www.blackrock.ch), formerly known as Merrill Lynch Investment Managers, formerly known as Mercury Asset Manager, in Swiss media relations since 1998. BlackRock, with assets of USD 3.65 trillion, has become the world’s leading independent asset manager.

How does one become the expert?

The media world is a self-referential system. Stars and starlets sell copies of themselves, and stars and starlets are also created by the media themselves. What applies to glamour and tabloid newspapers applies to the world of finance and economic media, too.



Financial dailies and weeklies, once a dry "metier", have become personalized over the past decade: CEOs make cover pages and headlines, experts in colourful pictures provide framework and background. Not only in the US, also in Switzerland.

Consistency, continuity, simplicity

Many people, many consultants are clever and knowledgeable. Just a handful of them are selected to comment on today's hot topics in mainstream media, on TV. Stephan Hostettler is one of them. True, he is specialised in one of today's "unfinished stories", executive pay, a field where emotions run high and true competence is rare. He managed to get his view into the media by focusing on one single point of view: The compensation system that works best is the one that puts the interests of long-term shareholders first. What is good for them is good for the company. Consistency pays off.

As for pay-offs: Dividends in media relations are reaped by those who go the extra mile for a journalist writing up a story. Providing useful inputs rather than seeking direct coverage will be rewarded. Continuity pays off. And simplicity. Someone who can describe a complex remuneration system on TV by comparing it to how football players are offered incentives to make it to the final at the World Championships will come across better than a PowerPoint geek brandishing lots of spreadsheets. Spreadsheets and PowerPoint slides are not attractive on TV.

Last but not least, media relations is about personalities. Distinct views make headlines, dull me-too opinions don't. Nevertheless, distinct views must be well founded. That is what makes an expert.

IRF Communications has supported Stephan Hostettler and his team in media relations since 2006. As of 2011, he merged his company with a German executive pay specialist to form Hostettler, Kramarsch & Partner (www.hkp.com), based in Zurich and Frankfurt. Recently, www.hkp.com entered a transatlantic strategic alliance in incentive design and executive compensation consulting with the US-based consultancy Pay Governance.

Business media today – faster, more personalized and international

Nowadays, everybody is talking about business. There are company reports and specific business topics that receive considerable public scrutiny, e.g. company results – profits and losses. The same applies to the business conduct of companies involved in a crisis, such as Tepco or Transocean. Given this new interest, what are the current trends characterizing today's business media?

Electronic media have grown in importance. Ever more people of all ages, in particular the younger generations, use electronic media as a permanent tool to help them organize their daily life. New electronic platforms have emerged alongside the classical newspapers and social media has established themselves as life style symbols. Today, online pages from daily newspapers and special business information systems are frequently visited thousands of times a day via personal and tablet computers as well as smart phones. To ensure that relevant news is delivered immediately, many users of electronic media set push alerts with selected search criteria that deliver them links to stories as they unfold.

A second major trend builds on the rule that each organization and project is closely connected to a specific face. In order to give a story a dis-

tinct profile within the endless flow of information, it has become necessary to link it to a specific person, to an opinion leader who stands for and supports the key messages. A third trend shows a stronger international view. Globalization does not stop before the media. A glance at the business sections, e.g. of Neue Zürcher Zeitung or Finanz und Wirtschaft draws a clear picture. Whereas the news on foreign markets and companies claimed little space a decade ago, such reports have grown significantly in recent years and are now similar in style and format to the ones of comparable Swiss mid and large cap companies, including key figure tables and recommendations on share price valuation. As a result, investing in foreign stocks is today a common, widely spread activity that is also supported by easy to operate electronic trade platforms.

In order to meet the needs of all stakeholders, smart communication experts consistently use their communication platforms and tools. What can we learn from the developments described above? A few ideas on how to respond to these trends are:

Growing importance of electronic media

- Feed newswires key comments about your company's news, tailor-made to their needs
- Provide podcast interviews and quotes downloadable from the website – in addition to the classical media release
- Extend your monitoring activities to electronic platforms and blogs.

On-going personalization of news stories

- Focus on one or a few figureheads
- Allow the person to act authentically – don't squeeze the figurehead into a corset
- Offer Q&A and media trainings – test your team in simulated special situations.

Continued internationalization

- If necessary, ensure monitoring and reaction capabilities around the clock
- Provide background information on business practices in other countries
- Evaluate the use of social networks in order to reach an international audience.

