

MANAGEMENT BLOGGING AS AN INNOVATIVE STRATEGIC TOOL WITHIN GENERAL MOTORS

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Abstract: *The rapid growth in popularity of digital communications has led to numerous industrial enterprises adopting online channels as their preferred method to communicate management information effectively with employees and customers. Digital communication has benefits for large enterprises because management can disseminate the information quickly to a large audience. It is also argued that the communication allows senior management to connect directly with their employees and customers, acting as an effective motivational and customer relationship tool. One such innovative technique is the use of management blogs as a means of communication. The management blog is an innovative management tool within the automotive sector because enterprises operate globally and the communication medium provides a unique opportunity for enterprises to communicate with employees and customers. The paper will study the current management communication practices by assessing the techniques adopted by General Motors (GM). The objective is to draw upon existing communication, relationship management and behavioural theory to develop an innovative model of communication applicable to the wider automotive sector. As a result the paper will highlight benefits and problems of adopting management blogging as a communication tool in the automotive sector within the Slovak Republic and global enterprises.*

Keywords: *innovative communication, management, internet solutions, business strategies, management blogging*

1. INTRODUCTION

The growth of digital communications has led to many multinational organisations adopting practices allowing the innovative communication of management with the enterprises key stakeholders including employees and customers. This issue is of critical importance within the automotive sector because the enterprises operate globally and it is necessary for management to communicate with employees and customers in a timely and low cost manner. One recent trend within global industrial enterprises has been the growth of the management or corporate ‘blog’ as a method of communication. The global blogging phenomenon as a whole is growing rapidly with 69.9 million blogs currently in existence and 30% of internet users having visited a blog [1].

Until now it is argued that many companies have failed to fully utilise the internet as a two-way medium, using websites primarily to push unimaginative advertising messages to customers [1]. In recent years organisations have developed a new tool, in the form of online corporate ‘blogs’ (‘weblogs’) as a means of creating meaningful and authentic two-way

communications with their customers. A corporate ‘blog’ is a regularly updated online diary, published and managed to achieve specific goals. Corporate blogs serve a number of different purposes including employee communication, PR, customer services, promotion and brand building, thus acting as a potentially powerful and flexible tool. The author of a blog originates from within an organisation and can vary from rank-and-file employees up to company CEO’s [1]. Numerous large corporations such as General Motors and Microsoft have embraced the new medium as an opportunity to engage with customers. The rise of corporate blogging has signalled a debate amongst academics and practitioners regarding the benefits of the activity. Whilst some argue it is an effective Customer Relationship Management tool [2, 3], offering many potential benefits, others maintain that ‘blogging’ is a high risk activity and is facilitating the loss of corporate control to the individual.

2. AIMS AND OBJECTIVES

In this paper the author will explore the phenomenon of corporate blogging to evaluate the benefits and the potential problems of this innovative communication tool within the global automotive sector. Empirical evidence and theory will be drawn upon from the areas of Customer Relationship Management (CRM) and Consumer Behaviour and applied to the study of current blogging practice within General Motors (GM). The paper will address the problem that apart from GM, very few automotive companies are adopting these innovative practices. In doing so, the aim is to develop an updated model relevant to management blogging and suggest recommendations for automotive enterprises wishing to adopt an innovative blogging strategy.

3. THE MANAGEMENT BLOGGING PHENOMONON

Much of the literature surrounding ‘corporate blogging’ reports a plethora of potential benefits reflecting the ‘buzz’ surrounding the new medium. Belch [4] refers to blogging as an ‘indispensable tool’ citing the benefits of delivering better customer service, promoting new brands and replacing existing focus groups. Others claim that blogs provide an opportunity for CEO’s to communicate at a personal level with employees and customers for the first time [1] while the ease of use and cost effectiveness associated with the online environment are more obvious valuable benefits [3].

4. THE HUMAN FACE OF RELATIONSHIP MANAGEMENT (RM)

Numerous academics have taken a theoretical approach to the study of management communications, arguing that the origins can be traced back to Relationship Management (RM) and Customer Relationship Management (CRM) [2]. This is a logical argument as the core concept of CRM has always been the creation of superior value [5]. The notion of blogging can be supported by the value theory [5] in that the greater the perceived value of a product the more likely a consumer is to demand it. Therefore it can be concluded that if a blog provides relevant and updated information, it can enhance the consumer's propensity to buy the product or service. Dwyer [2] takes the argument further by saying that while some CRM practices are merely monitoring tools, in contrast blogging succeeds by presenting a human face to CRM practices. The benefits of blogging can be explored by applying the key Relationship Marketing (RM) drivers of trust, commitment, a perceived need for closeness and risk [5].

Firstly, if we assess the driver of trust, Holtz [3] argues that the rationale for blogging is that the nature of the customer-supplier relationship has changed and companies are failing to interact as they have in the past. The lack of interaction has led to stakeholders becoming sceptical of companies and reducing their level of trust. Blogging therefore provides an opportunity to build communities and re-engage in transparent and open dialogue [6]. Secondly, if commitment is considered, the speed and ease at which authors can update their blog and respond to comments [6], enables the author to appear dedicated to the blog and to foster a relationship with the reader [3]. Thirdly, the driver of a perceived need for closeness can be achieved by blogging as Dwyer [2] states that blogs can 'activate personally relevant knowledge', arguing that due to the ability within blogs for readers to ask questions and gain a response from the author, the blogging environment provides the opportunity for customers to suit their needs and interact more closely. Finally, risk is important within the blogging environment because the ability to engage in a close relationship will subsequently lower the level of risk when dealing with the enterprise [5].

5. A BEHAVIOURAL PERSPECTIVE

Some academics have attempted to assess 'blogging' from a consumer behaviour perspective. Solomon [7] does so by assessing the various elements of the communications process. The traditional communication model is depicted by Solomon [7] as a one-way communications process consisting of the source, message, medium and the consumers, with a loop to enable feedback. Solomon [7] highlights that not dissimilar to traditional communications; emphasis with digital media is placed upon the source credibility and the message content. It can be argued that the source should be perceived as credible and attractive as it will result in the consumer making a positive association.

Boyle [6], states that in a recent survey the most credible source of company information was regarded as 'a person like me', rather than being a CEO. This conclusion can be explained by the Balance Theory [7] which suggests that consumers strive to form a positive triad between themselves, the object and another person. Therefore if companies use an authentic spokesperson, consumers are likely to positively relate to the individual. The popular usage of company executives by firms can be explained by the Value Theory [7], whereby the customers would perceive added value through developing a relationship with an authority figure. Thirdly, Cognitive Dissonance Theory [7] can be applied to explain why customers respond positively to blogging. It is argued that as consumers strive for cognitive consistency, they will search for information to reassure them when considering a purchase. Subsequently the ability to ask specific questions to executives in the blogging environment will help to reduce uncertainty and lower the consumers risk associated with the purchase.

6. A MOVE TOWARDS EMPLOYEE AND CUSTOMER EMPOWERMENT

In contrast to the academics who place the theoretical origins of blogging in RM and Consumer Behaviour, others argue that many firms avoid blogging as they are worried about the danger blogging representing a form of individual empowerment and a potential loss of control for the company [1]. Several academics have made the link between blogging and the notion of the 'Public Sphere' [8]. They argue that online blogs form a public place where individuals come together to share ideas and form a consensus, thus facilitating the realisation of a modern day 'Public Sphere' originally conceived by Habermas in the 18th century [8]. This argument develops the idea that the world would eventually become a 'global village' whereby everyone is connected. The arguments of Thompson [8] can be fully realised by the advent of blogging which enables everyone to becoming a publisher and voice their opinions online [3]. Understandably blogging can pose serious risks to corporations providing a forum for disgruntled employees, customers or competitors to post disparaging remarks. As a result, some companies have stopped allowing readers to comment or ceased to operate blogs altogether [4]. Moreover, Lee et al [1] concluded that blogs are still largely uncommon amongst high ranking CEO's because of the 'Transparency Paradox' [1] whereby top-managers face a dilemma of wishing to be honest and transparent but also worrying about the legal ramifications of their actions.

7. THE INTERACTIVE COMMUNICATIONS MODEL

Academics who have assessed the traditional communications model with respect to the modern online environment have argued that in the age of interactive communications the traditional model is now obsolete, and an updated model should be suggest as shown below [7].

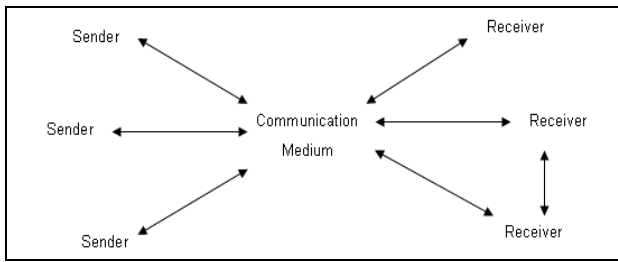


Fig 1. The Interactive Communication Model [7]

The model differs from the traditional model because it represents communications as a two-way interactive process. This is a more relevant representation of communication within the online environment as both senders and receivers are able to contribute. The model shows interaction between receivers to signify the message. The new model in many ways offers a more accurate depiction of online communications, but some limitations still exist. The emphasis on the 'message' is removed which is not strictly the case in corporate blogging because the 'message' is still critical and should be represented in the model.

The message also continues to be formulated for the specific goals set out by the sender. From reviewing the current literature it is evident that the theory is incomplete and does not link the theory with blogging activities. The author will illustrate that the linkages can be clearly defined. Secondly, the current literature does not present a framework to accurately illustrate communication within the corporate blogging environment. The generic 'interactive communication model' [7] gives an insight, but no attempt to distinguish the practice of blogging from using the internet generally as a communications medium.

8. CORPORATE BLOGGING AT GENERAL MOTORS

The management practice adopted by US based automotive company; General Motors (GM) can be assessed to determine the linkages between the RM Drivers, Consumer Behaviour and the GM blogging activities. GM, the world's largest car company established their corporate blog known as 'fast lane' (<http://fastlane.gmblogs.com>) in January 2005, as a means of connecting executives from the company more closely with their customers. The 'star of the blog is GM vice chairman, Bob Lutz who is rumoured to have refused the help of PR experts when writing his regular columns [3].

8.1 Trust and Commitment

Firstly, if the RM driver of trust and commitment is considered, the blog is regularly updated by several company executives including Bob Lutz and Larry Burns, VP of Research and Development. If the Balance Theory is applied, the personal dialogue with high ranking individuals within the organisation will clearly increase consumers trust and form a positive association between the company and customers. The informal and nature of the blog, also enables the reader to perceive the blog as credible with a 'human' author who is in touch

with the audience. In the case of GM the blog is updated several times a week and the frequency of the updates clearly signals to the consumers that the GM executives are committed to the blog and their readers.

8.2 Perceived Closeness and Risk

Secondly, if the CRM driver of perceived need for closeness is assessed, customers often require a need to be close to the company when considering a high value, high involvement purchase like a car. The level of closeness helps to reduce customer cognitive dissonance and provides reassurance regarding the purchase. This is evident from the GM blog because it provides the opportunity for readers to post comments and then receive direct responses from management. This presents a unique opportunity for customers to have a one-to-one discussion with the GM executives.

8.3 Perceived Risk

Lastly, it is evident that the GM blog can simultaneously help to reduce perceived risk. The ability to gain a direct response to questions through the 'comments' facility provides a mechanism to reduce the levels of cognitive risk and also provide a one-to-one personal dialogue with customers. The use of corporate blogging at GM has also been a cause of conflict in the organisation. Bob Lutz is keen to write the blog himself [3], but it is argued that in order to ensure the maximum effectiveness the content needs to be monitored and adapted by PR experts [3], this underlines the Transparency Paradox [1], indicating that the effectiveness of blogs is reduced by the reluctance of companies to allow employees to publish their views.

9. RESEARCH FINDINGS

9.1 Relationship management and communications at GM

A summary of the linkages between RM Drivers, Consumer Behaviour Theory and the blogging activities at GM, is shown below:

Relationship Management (RM)	Behavioural Theory (BT)	GM blogging activity
Trust and Commitment	Balance Theory Value Theory	Input from 'credible' high-level executives, a person like me
Need for Closeness	Cognitive Dissonance Value Theory	Direct response to specific customer comments/questions Sharing of 'insider' and 'exclusive' content
Risk	Cognitive Dissonance Value Theory	Direct response to specific customer comments/questions

Tab 1. Links between RM and BT at General Motors

10. RECOMMENDATIONS

The recommendations indicate how the problem can be resolved by establishing a framework of best practice:

11.1 Determine the objectives of the blog

The first important point to consider when producing a blog is to determine the objectives. Blogging can be used for a variety of purposes; however it is argued that

the nature of the blog should be determined by the corporate objectives. Lee et al [1] argue that customer service blogs should be managed by lower level employees, to take advantage of faster response times, where promotional blogs would benefit from a high-ranking CEO.

11.2 Determining the message content

Secondly, it is important to manage the message content; if the value proposition is assessed within GM, it is evident that the content is regularly updated and 'exclusive' in its nature, giving the impression that the customer is receiving added value from reading the blog. Boyle [6] argues that strict guidelines need to be drawn up to ensure that all employees understand the risks.

11.3 Build source credibility and engage the audience

It is evident from the updated communications model that credibility of the source is dependent upon the CRM drivers, therefore a company looking to build up the credibility of a blog should ensure that the blog is regularly updated and questions responded to promptly by the author.

11.4 Monitor the blog content

A further implication when adopting blogging is to create authenticity, a certain level of control must be given to the individual. It is argued by some that the most effective blogs are produced by PR experts with some input from executives [9]. This level of control raises an argument over whether they are perceived to be authentic. In the case of GM it is clear that the high-ranking executives feel that they should produce the content themselves [6].

11.5 Monitor the wider online environment

One advantage for companies using blogging is to monitor the wider blogging environment. Holtz [3] argues that for large companies blogging means that negative publicity is inevitable. Therefore rather than avoiding blogging instead companies need to monitor the internet to ensure negative comments are recognised and actions taken. It is evident from the case of GM, that blogging provides an innovative opportunity for solving the problem of effective communication stakeholders.

The use of blogs both increases the motivation and satisfaction of employees and increases the trust and loyalty of customers. The limitations of the paper is its reliance upon secondary research, as a result the next stage is to build upon the research findings to conduct a rigorous study of the current practice and future implementation of blogging. As management blogging has been adopted by several large organisations it is largely avoided both in the automotive sector indicating that companies are missing opportunities for communication.

11. CONCLUSIONS

The problem identified in the paper is that blogging is not currently being used effectively by organisations in the automotive industry and companies are missing

opportunities to communicate effectively. Following analysis a new model of communication can be established (Fig.2).

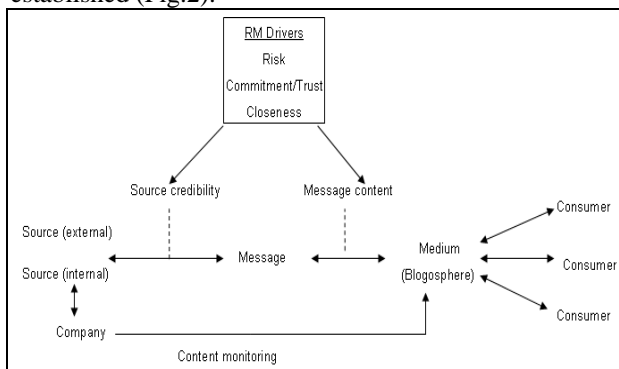


Fig 2: New integrated model of communication innovation

Following a review of the literature and assessing the activities at GM, the problem can be solved by developing a new model of communication to establish a framework of best practice for automotive enterprises. As a result blogging can be successfully implemented as a management tool to influence employees and customers positively. After assessing the traditional communications model and the attempts at proposing an updated model, it can be concluded that blogging represents an adaptation from the existing communications model because it enables communications to become a two-way process. As a result the author developed a new communications model (Fig 2) which takes into account the RM drivers, the impact upon consumers and the communications process.

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