

## Lundquist Research Series: February 2009

### Executive Summary

# Management offline at a time of crisis

Research on corporate online communications during the global financial crisis

### Our Research

Over the month of October, we monitored the English language versions of the corporate websites of 52 of the world's most important financial companies. We based our selection on leading banks and some insurance companies from Europe, the US and Japan.

We analysed their websites as the crisis reached a peak in the wake of the bankruptcy of Lehman Brothers, paying particular attention to companies that needed state intervention in France, Iceland, the UK and Switzerland. We also looked at the biggest Italian banks, such as UniCredit, Banca Intesa, UBI Banca, Mediobanca, etc.

Our research sought to answer the following questions:

- Did management use the company website as a means of getting their message across?
- Was information on the financial crisis available and easy to find on the corporate website?
- Was the company website updated to reflect breaking news events in real time?
- Did the company provide background information on the crisis or explain its situation given the rapidly changing market environment?
- Did the company seek to initiate a dialogue with customers about their concerns? Was it available to answer questions online?

### Key findings

- The general standard of online corporate communications as the financial crisis unfolded in October 2008 was **very poor, unresponsive and limited to formal disclosure**, with only a handful of exceptions
- Of the 52 companies surveyed
  - only **30% produced a management statement** about the crisis on their corporate site
  - **64% avoided direct reference to the crisis** on their website or did not mention it at all
  - only **27% created web pages** specifically focusing on issues related to the crisis
- Overall, the online communications of financial institutions gave the impression of **'business as usual'** despite the exceptional nature of the circumstances
- The best companies **confronted the crisis head-on and were proactive online**: they published comprehensive information, explaining how they were affected (or not affected) by the crisis, and gave their views on the extraordinary market conditions
  - Companies in our survey that successfully did this included New York Life, Danske Bank, BNP Paribas and Swedbank

*"In an environment where the credibility of financial institutions was quickly eroding, companies risked long-term damage to their reputations through failing to put their message online, even though many people were looking to the web for clarification" – Joakim Lundquist, director of the research*

## The background of the research

- Over the course of the financial crisis, stock markets around the world have crashed (in Italy alone the major banks have lost between 30% and 60% of their value since the beginning of the year) and the failure of many financial companies over the last few months has led to a climate of confusion and fear
- As a result, demand for information about the finance industry and financial institutions has surged; naturally, a lot of this demand comes through online channels
  - Google Trends shows clear spikes in the number of people searching for information on the crisis online, coinciding with major news events
- During a crisis, the demand for information on companies goes beyond investors and journalists, who are interested in the company on a day-to-day basis, extending to depositors and the general public, who are worried about the possible failure of banks and the consequences for the general economy
- In this situation, companies have a responsibility to be proactive in communicating with stakeholders and the public, informing them about the crisis and how the company is being affected
  - Doing this effectively can help the company avoid some of the damage being caused to the reputations of financial corporations across the globe - and in a crisis characterised by an atmosphere of mistrust reputation is an important asset
- For effective communication, the corporate website plays a crucial role: it is one of the public faces of a company and a primary source of authoritative information

## Results

1. Management has not shown leadership online
2. Companies failed to draw attention to major breaking news
3. Online corporate communications did not respond quickly to news
4. Few companies sought to explain the crisis and how it affected them
5. Companies have not sought to engage stakeholders online
6. Italian banks performed poorly in our survey, providing a limited amount of information on the crisis. Nevertheless, Italian banks performed no worse than the average of our global sample.

## About Lundquist Srl

Lundquist Srl is an international strategic communications consultancy, based in Milan, Italy. The company specialises in online corporate communications. This report forms part of the Lundquist research series that examines how companies can best take advantage of new trends in web communications.