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State of the Sector

The definitive survey of the
Employee Engagement and
Internal Communication landscape

Volume 10
2018





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Introduction

State of the Sector is proud to celebrate 10 editions, and this year's is the most global and comprehensive report to date, with over 650 responses from practitioners all over the world.

When it first launched in 2008, our profession was very immature, with few resources dedicated to internal communication. We established State of the Sector as an annual census to gain a better understanding of IC practices, channels and challenges.

Over the years, State of the Sector has evolved to cover the full spectrum of internal communications. As the profession moved from a 'broadcast' model, to one of engagement, we increasingly broadened its focus to cover planning, listening strategies, feedback channels, measurement

and technology.

A decade later, the research has allowed us to gather a considerable amount of benchmark data and to paint a fascinating picture of the changing IC landscape and the progress we are making as professionals. What started as an experiment has grown to become a significant benchmark for in-house internal communicators, and we like to think that in its own small way, it has contributed to driving the internal communication profession forward.

As the landscape of our internal communications continues to evolve, so do we. From the day we founded Gatehouse, we have always had big ambitions and in December 2017, we excitedly announced that we were joining forces with Gallagher

Communication, the world-class experts in reward, benefits and HR communications.

Our vision as a combined business is to inspire the people behind the world's leading businesses. With a 65 strong team and a global footprint spanning 33 countries, we now have the perfect springboard for creating the world's leading communication consultancy!



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Who responded?

Role

A majority of respondents (57%) identify themselves as internal communication specialists, a 5% decrease from 2017. Other roles fulfilled by respondents included PR and external communication.

Location

Just over half of this year's respondents (57%) resided in the UK. North American respondents increased dramatically in 2018 coming in at 20%, while other respondents were based in mainland Europe (13%) and Asia-Pacific (7%).

Sector

In 2018, over 25 different industry sectors were represented. As in 2017, Financial

Services (12%) topped the industry sectors represented. This was followed by Government and Public Administration (9%), Health and Social Care (8%), Engineering and Manufacturing (7%) as well as Professional Services (6%).

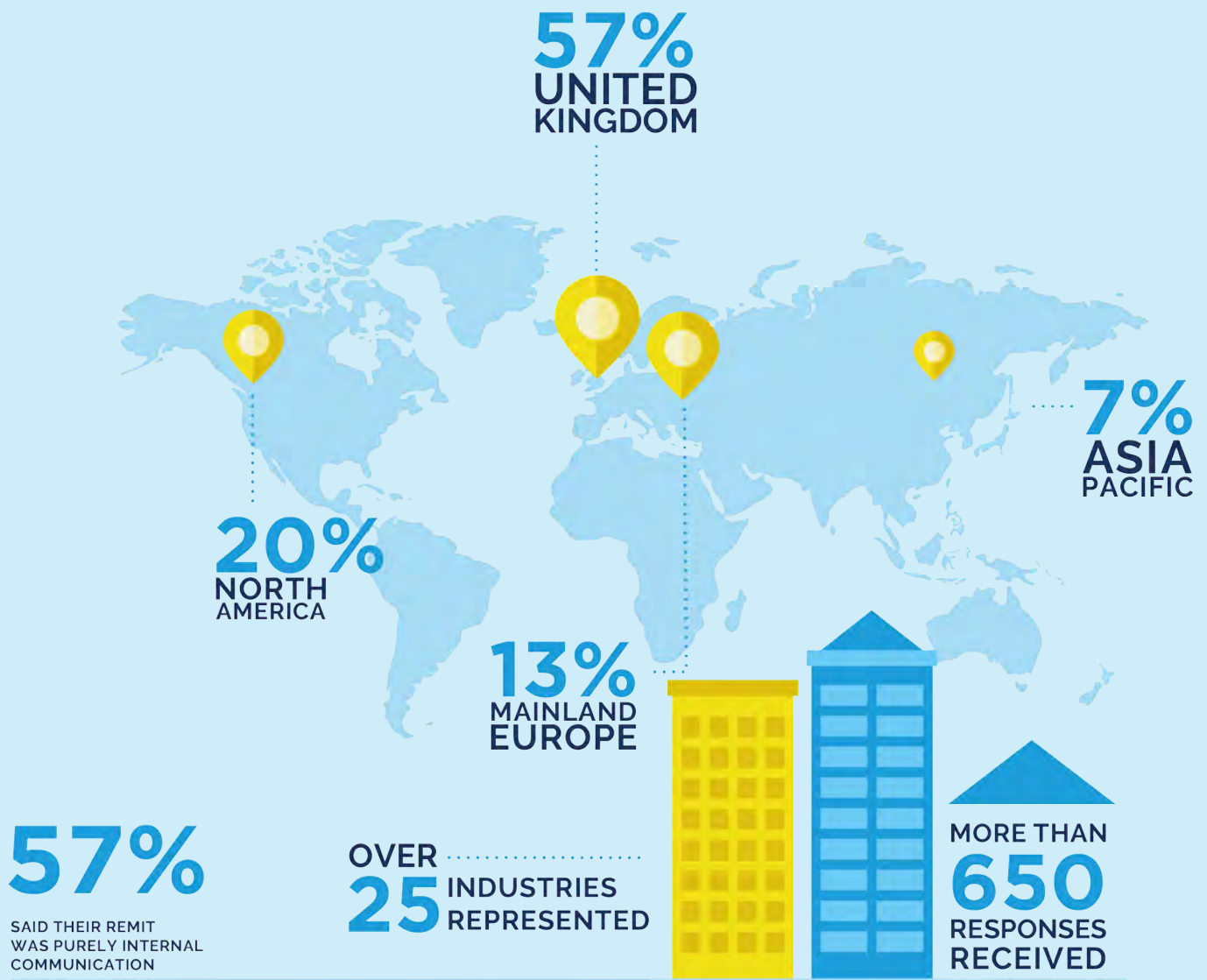
Positioning of the IC team

2018 sees the confirmation of a five-year trend towards the development and consolidation of joined-up communication teams, with nearly half of respondents saying that internal communication sits within an integrated Corporate Communications / PR / Corporate Affairs team – a proportion which has grown from 43% last year and just 30% back in 2015. Only 10% of respondents said that the function is managed by a dedicated Internal Communication team (compared

to 14% last year). The proportion of respondents reporting into HR (17%) or Marketing (11%) has remained steady over the past few years. Only a small minority said they are part of a Business unit (4%) or report directly to the CEO (3%).

Size of Organisation

Around 30% of respondents represented organisations with fewer than 1,000 employees. A quarter reported 1,000 to 5,000 employees. This left nearly half of respondents working for much larger organisations, including nearly a quarter (23%) for 10,000 to 50,000 employees and 9% for over 50,000 employees.



Purpose, priorities and challenges

The IC function

Our research first investigated respondents' primary activities, priorities and challenges.

Internal communication was involved in a wide range of activities, from strategic to more tactical. Unsurprisingly, the top three activities were: corporate announcements (89% very or usually involved); helping employees understand the strategy (88%); and employee engagement (86%), although slightly worryingly all three fell compared to 2017.

That said, all apart from two activities scored quite highly, with over 75% of respondents stating they are involved or very involved in each. These activities included supporting organisational change, developing and launching new communication technologies, supporting specific initiatives, encouraging two-way dialogue and making leaders more visible.

A significant change observed this year was around providing communication training. While in the past this was considered very much as secondary, 62% of respondents declared themselves very or usually involved in this activity this year – up from 38% in 2017. This

would suggest communicators have finally started putting a greater focus on the development of leadership and management communication.

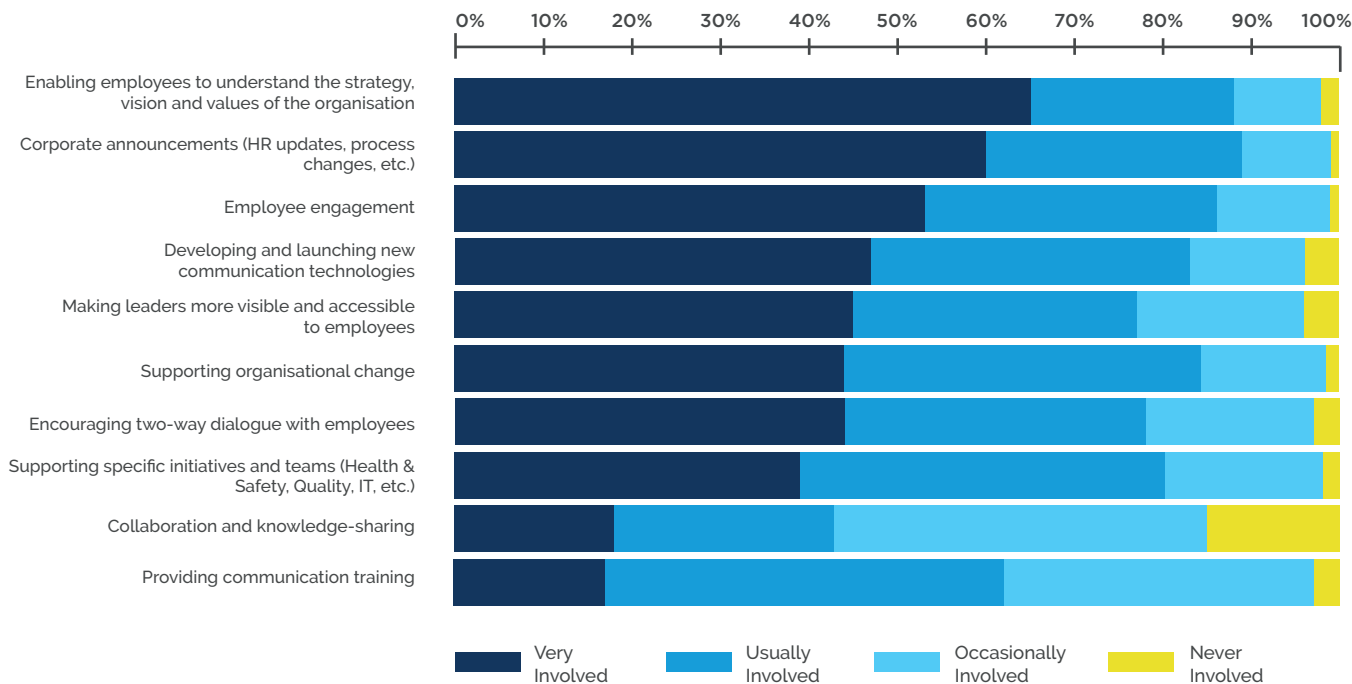
Disappointingly, collaboration and knowledge sharing saw the sharpest decline amongst all activities dropping from 58% in 2017 to 42% in 2018.

In addition to plotting the remit of internal communication functions, we explored their perceived positioning using a number of statements. Positively, around three quarters of respondents stated that internal communication has a clearly articulated purpose and is seen as a key driver of employee engagement, although this witnessed a notable drop compared to last year. 71% felt that leaders view the IC team as trusted advisors and a similar proportion said that the IC team is usually involved at all stages of communicating complex messages – though figures were lower in North America and Asia Pacific (66% on average). These results are broadly in line with last year's, indicating that after a considerable rise in professional confidence, this may be stagnating.

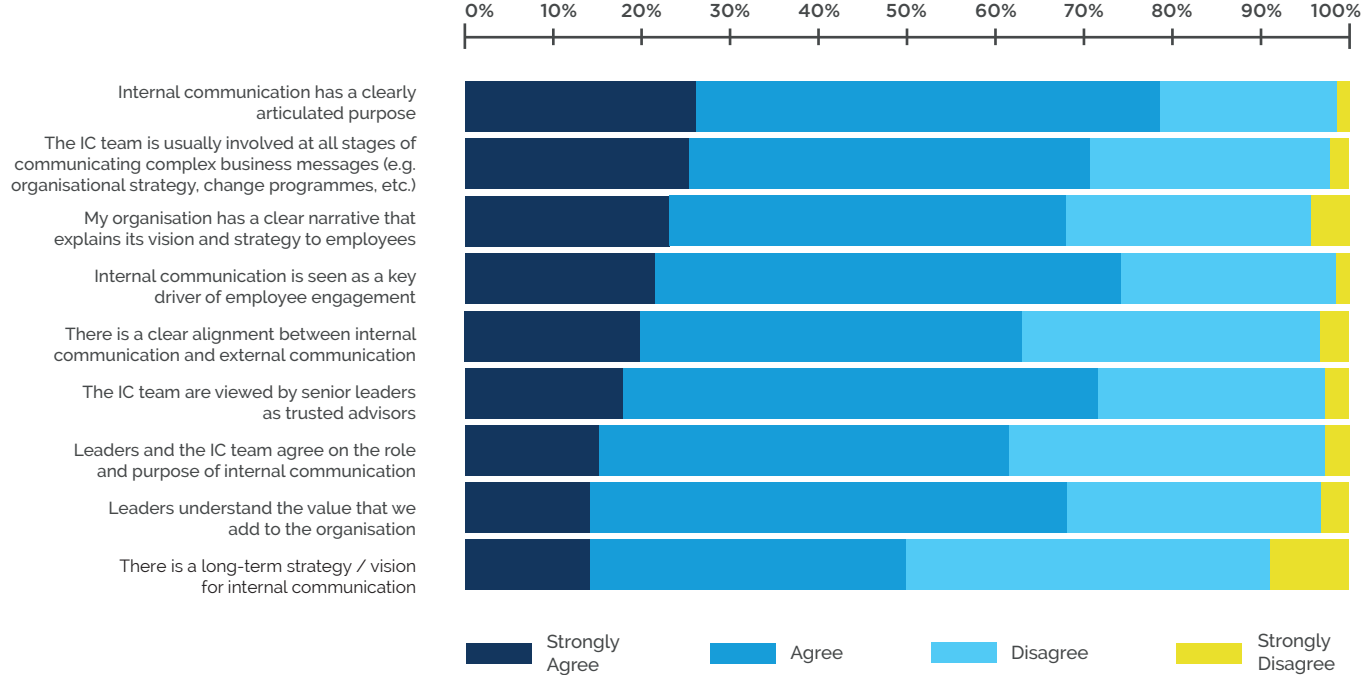
“71% felt that leaders view the IC team as trusted advisors and a similar proportion said that the IC team is usually involved at all stages of communicating complex messages.”

This could be down to confusion and misalignment within some businesses, as only 62% of respondents declared that leadership and IC agree on the role and purpose of internal communications, down from 73% last year. Furthermore, just 60% felt that there is a clear alignment between internal and external communication – again, with a substantial difference between North America (just 49% in agreement) and other regions. Finally, only half of respondents stated that they have a long-term vision for internal communication!

How involved is the IC team in supporting the following activities in your organisation?



Thinking of the internal communication function, to what extent do you agree with the following statements?



IC planning

Next, we looked at how practitioners plan their internal communication and what documents they use to share their plans with leaders and stakeholders within their organisations.

Last year's survey had identified planning as an area of improvement and unfortunately, no progress seems to have been made in this area. One in five respondents (21%) admitted that they do not employ any form of formal planning, rising to a considerable 31% in North America specifically.

A similar proportion of respondents to last year indicated that they use a written communication plan (50%) and a written internal communication strategy covering a period of more than one year (33%). This suggests that in many organisations internal communications are still more reactive than proactive – for lack of either time/resource or skills.

Disappointingly, the use of valuable planning tools such as channel frameworks and regular activity reports has dropped to respectively 41% and 34%.

Which of the following do you currently have in place?

	2017	2018
A written annual communications plan that identifies key IC activities	50%	50%
A channel framework that describes purpose, audience and measurement of IC channels	44%	41%
Regular dashboards/reports on your activities and their impact	38%	34%
A written internal communication strategy covering a period of more than one year	33%	33%
A written value proposition for internal communication	35%	29%
None of these	18%	21%
An audience profiling tool that describes your internal audiences	13%	14%

Providing line-of-sight

Although respondents stated that communicating their organisation's strategy was their primary objective, they admitted that the impact on employees' understanding was limited.

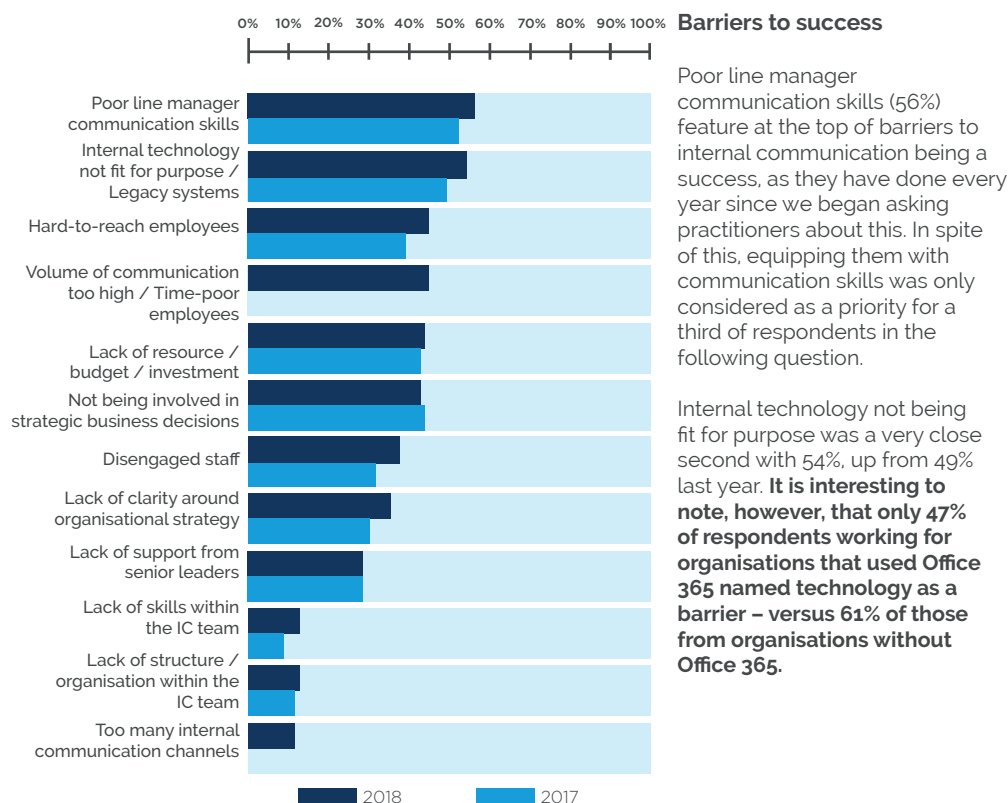
While a significant number of respondents believed that employees understand the organisation's vision (62%) and performance (58%), fewer than half thought that their people are clear on the long-term strategy (43%) or short-term plans (46%).

Things were even murkier when it came to the contribution employees have to the strategy, with a paltry 36% agreeing that employees are clear on the impact their work has on it.

What's more, fewer than a quarter believed that employees understand why leaders make the decisions they do. This is marginally better than last year, but makes clear that there is much room for improvement when it comes to communicating the reasons behind leadership decisions.



What are the main barriers to internal communications being a success?



Poor line manager communication skills (56%) feature at the top of barriers to internal communication being a success, as they have done every year since we began asking practitioners about this. In spite of this, equipping them with communication skills was only considered as a priority for a third of respondents in the following question.

Internal technology not being fit for purpose was a very close second with 54%, up from 49% last year. **It is interesting to note, however, that only 47% of respondents working for organisations that used Office 365 named technology as a barrier – versus 61% of those from organisations without Office 365.**

The next four barriers gathered votes from just under half of respondents: hard-to-reach employees (45%); volume of communication too high (45%); lack of resource or budget (44%); not being involved in strategic business decisions (43%).

Other substantial barriers included disengaged staff (37%, up from 32% in 2017). Lack of clarity around organisational strategy scored quite highly at 35%, which may explain why respondents indicated that employees' understanding of the strategy was quite low in a previous question. Nearly 30% also do not feel supported by their leaders.

Where will you be focusing your attention and investing your resources over the next 12 months?



Asked about their priorities in 2018, respondents listed four key areas of focus. Communicating strategy, values and purpose (64%) was the single most important priority. This was followed by improving digital channels (53%), which is consistent with the previous question, where the second biggest barrier was internal technology that isn't fit for purpose. Other key priorities were enhancing leadership communication (46%) and supporting change (38%), which was picked far more frequently in the UK (44%) than in other regions (29%).

Although all of the above have scored consistently highly over the past three years, it is interesting to note that 'improving the digital channels' scored significantly higher this year, with over half of votes. This option was particularly popular with respondents who had introduced Office 365 – a point we pinpointed as a lever of change in last year's report – with those from organisations not using Office

365 seeing improving face to face as the bigger priority. On the opposite side of the spectrum, 'introducing an Enterprise Social Network' rated at just 10%, suggesting that most organisations that wanted to adopt social channels have already done so and are now focused on improving them.

Rounding out and new to the top five this year is developing and refreshing IC strategy (37%). This makes sense as previously it was found that only 33% of respondents have a written IC strategy that covers a period of more than one year.

This year, enhancing line manager communication has dropped out of the top five with only 33% of respondents listing it as a focus of their attention. This is surprising as poor line manager communication remains in the top spot as a barrier to success. Interestingly, UK and Europe-based respondents gave more importance to this area (35%) in comparison to North America and Asia Pacific (28%), where enhancing leadership communication was seen as a higher priority.

Leader and line manager communication

Research indicates that leaders and line managers play a key role in driving employee engagement, so we asked respondents how they engage with these specific audiences.

Line managers scored very highly in terms of visibility, with 96% of respondents regarding them as very or reasonably visible and approachable. Around 90% of respondents said that line managers tend to hold team meetings on a monthly or more frequent basis.

Disappointingly, the proportion of respondents answering 'very' or 'reasonably visible' fell to 80% for senior leaders and just 64% for the executive team. This result is consistent with the past two years, suggesting that leadership visibility remains an issue for at least a third of organisations – even though 80% of respondents stated that making leaders more visible to employees is an area of focus in a previous question. Interestingly, executive team members were far more visible in organisations with effective social channels (77%) than

in organisations with average or poor adoption rates (68%), indicating that social platforms can provide a useful tool to increase leadership visibility.

Despite these findings, **executive team members and senior leaders were considered to be much better communicators than line managers.** While executive team members and senior leaders were rated as either excellent or good communicators by respectively 55% and 40% of respondents, this score fell to just 25% when it came to line managers, and to 17% for line managers in North America specifically.

When comparing these statistics with early questions involving line managers it paints a bleak picture. Not only are they regarded as poor communicators by the majority of respondents, they are considered the biggest barrier to success as a result. But even so, only around a third of respondents list improving line managers' communication skills as an area they want to focus on.

Asked how they engage with these strategic audiences, respondents gave a mixed view. Around two thirds of respondents indicated they use email announcements to communicate with leaders and line managers, making this the single most used channel to communicate with this audience – a very top-down, albeit expected, approach to leadership engagement.

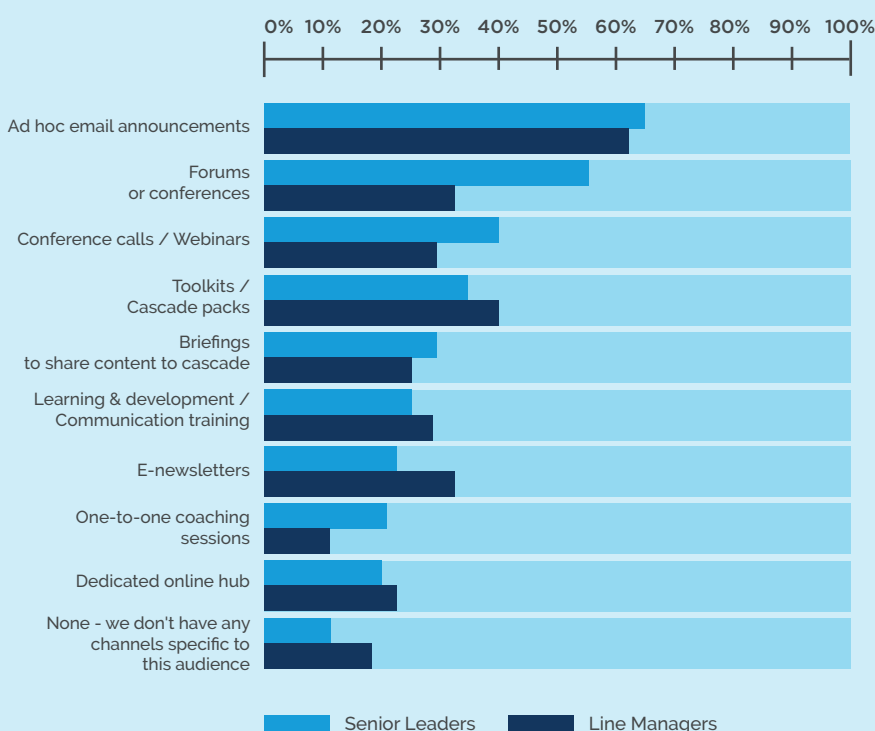
As in previous years, leaders tend to be engaged face-to-face more heavily than line managers, with 55% of respondents saying they use leadership forums or conferences and 40% leadership calls (compared to just 32% and 30% for manager conferences and calls respectively). However, this proportion has dropped from 64% in 2017.

Surprisingly, the proportion of respondents saying that they don't have any dedicated channels aimed at senior leaders (13%) or at line managers (17%) is higher than in previous years. Linked to this, we observe a similar fall in the proportion of respondents saying that they used cascade packs.



“Line managers scored very highly in terms of visibility, with 96% of respondents regarding them as very or reasonably visible and approachable.”

What specific channels are targeted at senior leaders or line managers?



Channels



Face-to-face channels

This year's report confirms that face-to-face communication is still heavily invested in - all the face-to-face channels listed were used by at least half of respondents. They were also considered the most effective channels when compared to other forms of engagement such as digital or print.

Three channels were used by over three quarters of respondents: team meetings

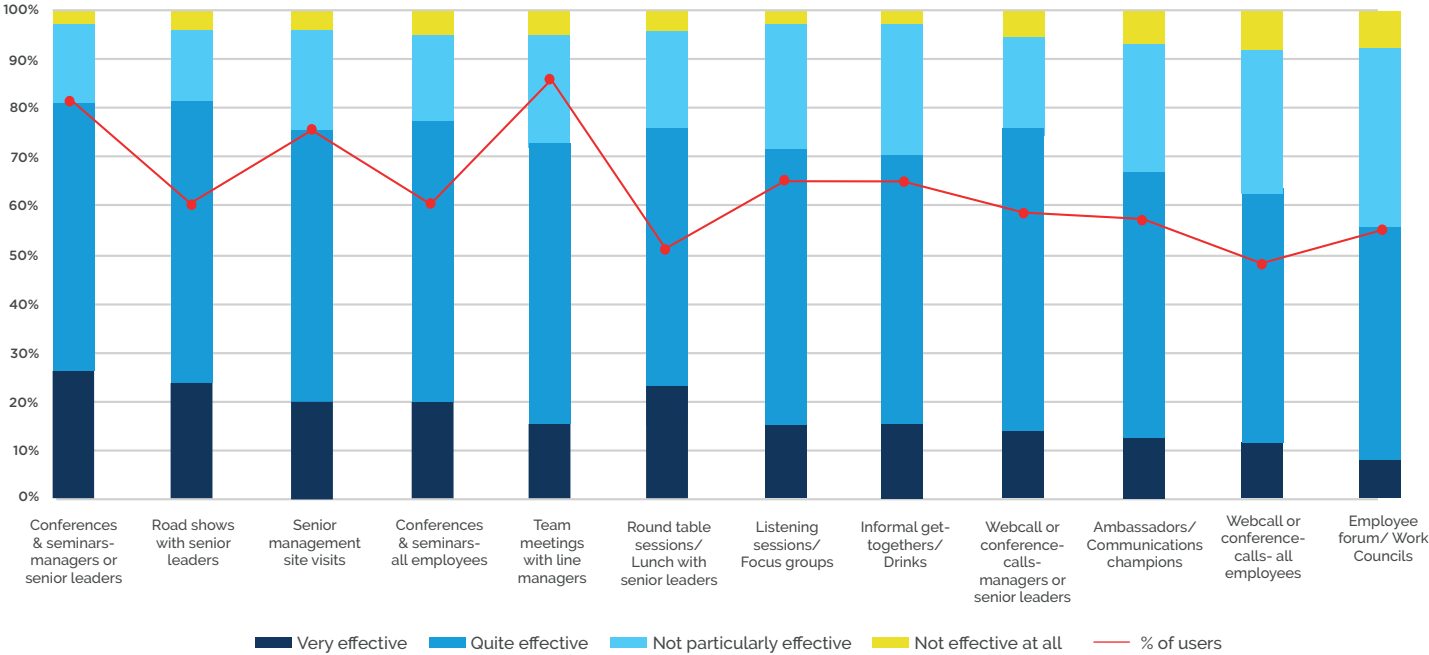
(86%), manager/senior leader conferences (82%) and senior management visits (75%).

As in 2017, all face-to-face channels were rated as very effective or effective by at least two thirds of respondents - except for Employee Forums / Work Councils which performed relatively poorly (although we find that these forums are usually managed by HR and not internal communication, which may explain why respondents didn't feel they were effective). All employee conferences were seen as

the most effective, with 83% of respondents stating they were either very effective or quite effective. Manager or senior leader conferences were also considered as one of the best-performing channels.

Disappointingly, ambassadors and communications champions were considered 'very effective' by only one in ten - which could be a byproduct of staff disengagement that was singled out as a barrier previously.

How EFFECTIVE would you say the following FACE-TO-FACE channels are within your organisation?



Digital channels

In comparison to face to face, digital channels are not nearly as effective – yet they are the most used channels in organisations. A third of the digital channels we looked at are considered to be of limited effectiveness by the majority of respondents.

Just three digital channels were called very or quite effective by three quarters of respondents or more. These were email announcements (79%), videos (78%) and electronic newsletters (75%). All of these were among the most highly used channels.

External employee websites (43%) and chatbots (48%) featured in the bottom two of the most effective digital channels list, while chatbots (10%) were also the least used digital channel. No real surprise here though, as chatbots are only beginning to emerge on the IC scene. Perhaps one to watch?

Podcasts scored very poorly again this year, both in terms of adoption and effectiveness.

When asked if over the next 12 months they will increase, maintain, or decrease their usage of digital channels, **communicators were clear on their plan to increase or maintain usage of all channels. This was unsurprising, given that digital channels were named the second biggest priority for 2018.**

The highest increases came for mobile apps (73%) and Social networks (72%). A new option to this year's survey was chatbots, which, with 72% of respondents planning to increase usage, came joint second.

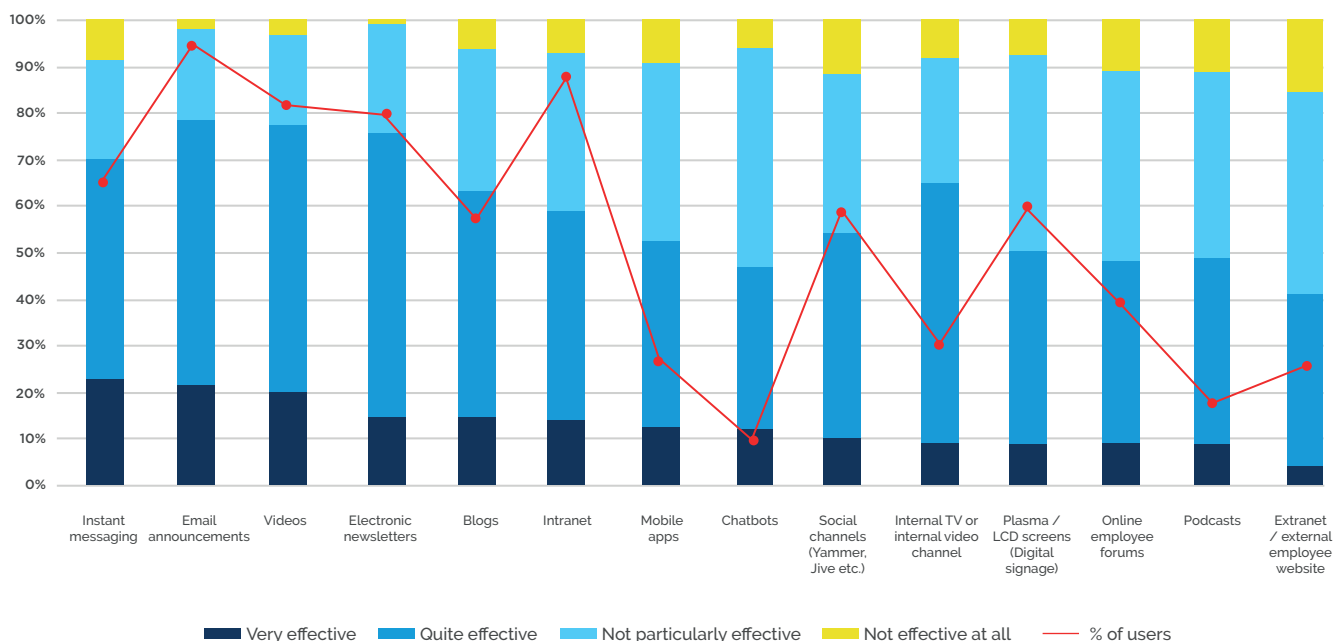
Electronic newsletters (26%) and email announcements (9%) came at the bottom of digital channels that would be increased. They also came top of digital channels that would be decreased, with 14% saying they would decrease electronic newsletters and 27% saying they would decrease email announcements. **This shows the prognosis from last year remains the same that communicators are moving away from 'push communications' and are**

encouraging people to find information for themselves.

Respondents were also asked how employees currently access internal digital channels within the organisation. The Bring Your Own Device (BYOD) experiment seems to have slowed down, with just 43% of respondents stating employees used personal mobiles to access digital channels (a decrease compared to 2017). This trend appears to be driven by Europeans: while 59% of North America-based respondents stated employees can access communications on their personal mobiles, just 38% and 29% respectively of their UK and mainland Europe-based counterparts said the same. It is possible that this is the result of greater importance being given to work / life balance in these regions.

Finally, we asked respondents about Office 365, which was one of the central themes that came out of last year's report. Half of respondents (51%) have Office 365, with one in five planning to implement it. On the other end of the spectrum, just over a quarter have no immediate plans to get it.

How EFFECTIVE would you say the following DIGITAL channels are currently within your organisation?



“The Bring Your Own Device (BYOD) experiment seems to have slowed down, with just 43% of respondents stating employees used personal mobiles to access digital channels.”



Thinking about these DIGITAL channels, over the next 12 months, do you think you will increase their usage, decrease their usage or keep it roughly the same?

	Increase	Keep the same	Decrease
Mobile apps	73%	25%	2%
Social Network (Yammer, Jive, etc)	72%	26%	2%
Chatbots	72%	25%	3%
Videos	68%	30%	2%
Internal TV or internal video channel	57%	37%	6%
Podcasts	57%	36%	7%
Intranet	56%	39%	5%
Online discussion forums	56%	38%	6%
Blogs	55%	39%	6%
Plasma/ LCD screens (Digital Signage)	45%	50%	5%
Instant messaging	29%	67%	4%
Extranet/ External employee website	27%	64%	9%
Electronic newsletters	26%	60%	14%
Email announcements	9%	64%	27%

Social channels

The adoption of social channels has continued to be slow. Very little has changed since last year's results. Proportions of respondents who described their social channels as either 'advanced' - i.e. a number of social channels are in place and used by a large proportion of employees - or 'limited' - i.e. one or two social channels in place, but are only used by less than half of employees - have remained consistent this year at two thirds. Disappointingly, the number of respondents who described their social channels as non-existent has risen this year to 16% (11% in 2017).

The social channels that continue to be used the most by organisations are SharePoint (56%) and Yammer (49%). **We hypothesised in 2017 that the popularity of these channels was down to the Office 365 Effect, and the data this year appears to confirm this:** 69% of those who have implemented Office 365 use Yammer - twice as many as those who do not use Office 365.

Other channels, such as Workplace by Facebook, Google+ and Slack have been implemented at an unimpressive pace and are lagging far behind the likes of SharePoint and Yammer, demonstrating the persistent nature of the Office 365 Effect. Twitter is a surprise inclusion, coming in third with a quarter of all respondents using it as an intended channel in their organisation.

"Channels, such as Workplace by Facebook, Google+ and Slack have been implemented at an unimpressive pace and are lagging far behind the likes of SharePoint and Yammer."

Although implementation rates for social channels have climbed over the past 12 months, overall usage rates have not. Those who declared the adoption rate excellent or good made up 35% of the sample this year - down from 43% in 2017. Similarly, those who rated adoption as poor increased to 23% (up four points). And only around a quarter of respondents agree that social channels have been a resounding success.

In spite of these disappointing results, it seems there is a lot of variation even within organisations. In fact, 80% of respondents strongly agreed or agreed that social channels are used well in pockets of their organisation.

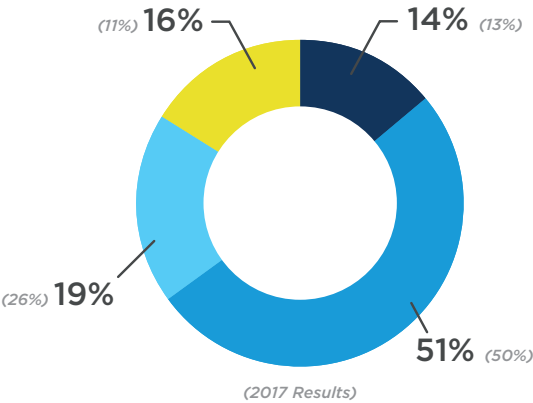
Respondents identified two key blockers for having successful social channels.

Firstly, over half of the respondents disagree that their social channels have a clear purpose within their organisations. Secondly, a lack of leadership support and leadership activity on social channels was a major problem. Only one third of respondents agreed that their senior leaders support them and are active on them. When asked about their frustrations with social channels, a lack of integration with intranet systems was also cited as a major flaw.

So, social channels have been hit and miss for internal communicators. But interestingly, while only just over a third agree they can demonstrate the value of the social channels, they still plan on investing in them. Over 70% of respondents stated that they would be planning on investing in or growing their social channels - arguably a response to the automatic implementation of Office 365 by IT.

Which of the following best describes your current use of social channels within your organisation?

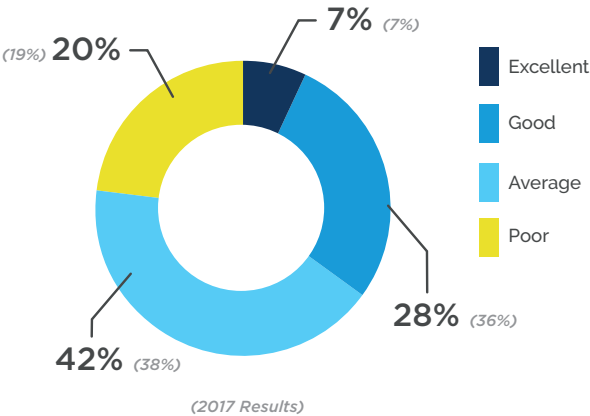
- Advanced** – a number of social channels are already in place and they are being used by a large proportion of employees
- Limited** – one or two social channels exist, but they are used by less than half of employees
- Embryonic** – we haven't implemented any social channels yet, but we plan to within the next 12 months
- Non-existent** – we do not have any social channels internally and have no immediate plans to implement any



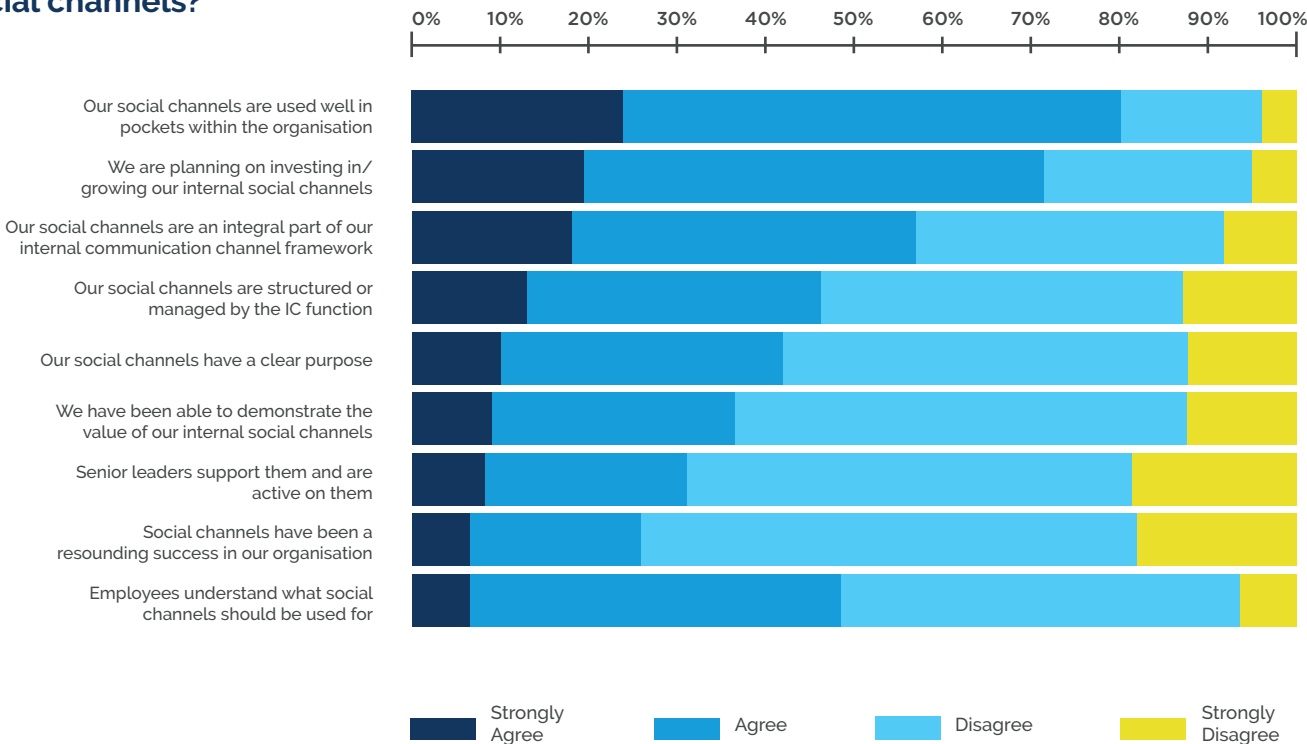
What social channel(s) have you implemented in your organisation?

SharePoint	56%
Yammer	49%
Twitter	25%
Internally branded/ purpose-built social platform	22%
Chatter (Salesforce)	11%
Slack	9%
Jive	8%
Google+	7%
Workplace by Facebook	7%

How successful would you rate the adoption of social channels in your organisation?



To what extent do you agree with the following statements regarding your social channels?

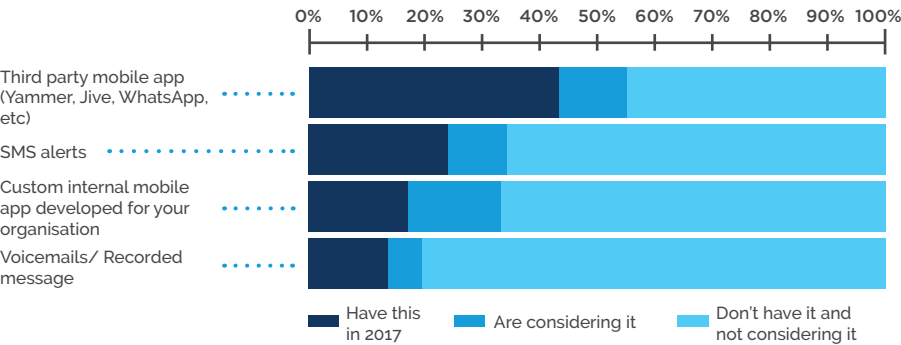


Mobile communications

This year's survey shows that there is still significant improvement that can be made with mobile communications. The most popular form of mobile communication was third-party apps such as Yammer and WhatsApp, with 44% of respondents stating they used these apps. Although these were the most used they were not rated as the most effective. Just 41% of those who use them find them effective.

SMS alerts are seen as the most effective form of mobile communication with almost half the respondents stating this. However, they are nowhere near as popular as third-party apps with not even a quarter of respondents using them. Voicemail/recorded messages finished bottom in both the number of respondents who used them (13%) and how effective they saw them (33%).

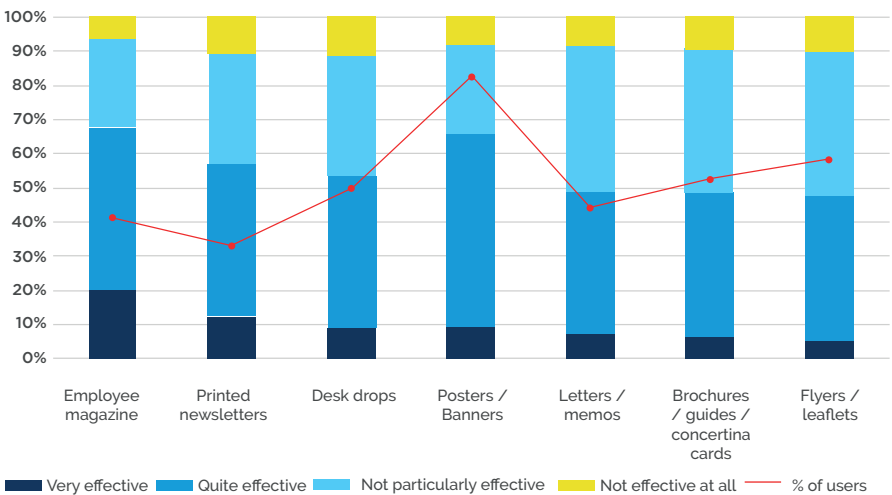
Thinking of MOBILE communications, which of the following channels do you currently use? (Either on business-owned or personal devices)



How effective are they?

	We use this and it's very effective	We use this but it's not very effective
Custom internal mobile app developed for your organisation	38%	62%
Third-party mobile app (Yammer, Jive, WhatsApp, etc)	41%	59%
SMS alerts	48%	52%
Voicemails/ Recorded messages	33%	67%

How EFFECTIVE would you say the following PRINT channels are currently within your organisation?



Print channels

Pleasingly, print channels have stabilised in usage in recent years - suggesting they have secured their place in the channel mix.

Posters and banners remain the preferred print channel, both in terms of usage and in terms of effectiveness. A range of ad hoc print channels are used by over half of respondents: brochures and guides (53%), flyers and leaflets (52%) and desk drops (50%).

The print channel that was viewed as least effective was letters / memos with over 50% of respondents who use them viewing them as ineffective.

Listening and impact measurement

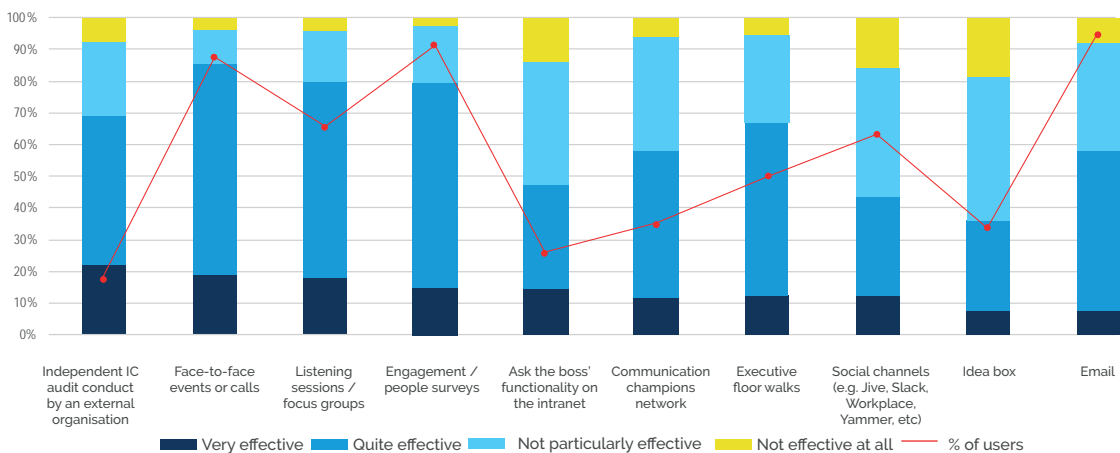
Feedback channels

Having effective employee feedback channels is crucial to be able to improve employee engagement. **In line with results from 2017, emails (95%) are the most used feedback channel** – albeit the least effective.

The most impactful feedback channel is an independently conducted internal communication audit - but this is adopted by the fewest number of respondents.

Last year, the most effective feedback channel was dedicated listening sessions or focus groups. Although still high this year (81%), face-to-face events or calls (87%) are now seen as the most effective. This is encouraging, as it is not only the most effective channel but also one of the most used. This suggests that organisations have a fairly good understanding of what employee feedback channels are useful and are investing more time and energy into making use of them.

How effective are the following **FEEDBACK** channels in your organisation?



How do you currently measure the impact of your internal communication?

	2017	2018
Employee engagement survey	76%	69%
Intranet /online analytics (Page views, etc.)	68%	68%
Feedback from face-to-face events	66%	55%
Email statistics	35%	44%
Pulse surveys	45%	43%
Social media metrics (Number of comments, 'likes', etc.)	34%	38%
IC audit /survey (run in house within the past 3 years)	41%	34%
Feedback from communication champions	NA	23%
IC audit /survey (run by external agency within the past 3 years)	17%	14%
We don't currently measure impact	6%	12%

Impact measurement

After celebrating the progress made in impact measurement last year, it is with great dismay that we must announce that the number of internal communicators not measuring the impact of their internal communication has increased this year to 12%. After three consecutive years of drops this is very disappointing and is now back to the same level that was found in 2016. Even more disappointing is that this proportion is the same across all locations – meaning the decrease cannot simply be put down to differing demographics in this respect.

Significantly, there has been a downward shift for many of the methods used to measure the impact of internal communications. This includes the method that holds the top spot, employee engagement surveys (69%, down from 76%). The largest drop off came for feedback from face-to-

face events which went down 11 points to only 55% - despite face-to-face events being considered the most effective feedback channel.

Like last year, it is surprising that more internal communicators do not measure the impact of emails. 95% of respondents use email as a feedback channel, yet only 44% of respondents use email statistics as a measure. Furthermore, it is a shame to note a decrease in proportions of respondents stating that they have conducted an internal communications audit (either run in house or by an agency) in the past three years. In 2017, nearly 60% stated that they had done this, yet now fewer than half of respondents have conducted an IC audit. This is unfortunate, as IC audits, are one of the most thorough techniques available to evaluate an organisation's internal communications and identify key areas for improvement.

"It is with great dismay that we must announce that the number of internal communicators not measuring the impact of their internal communication has increased to 12%."

Budget and resources

The numbers of dedicated internal communicators in organisations have remained consistent this year. Almost two thirds (66%) have fewer than five dedicated internal communicators in their organisation.

How many dedicated internal communicators are there in your organisation? (Average responses based on employee base)



No. of employees	FTE* IC people
50-250	1
250-500	2
500-1,000	2
1,000-2,500	3
2,500-5,000	4
5,000-10,000	6
10,000-50,000	8
50,000+	16

*Full Time Equivalent

What budget is currently allocated to internal communications? (Average IC spend based on the size of the organisation)

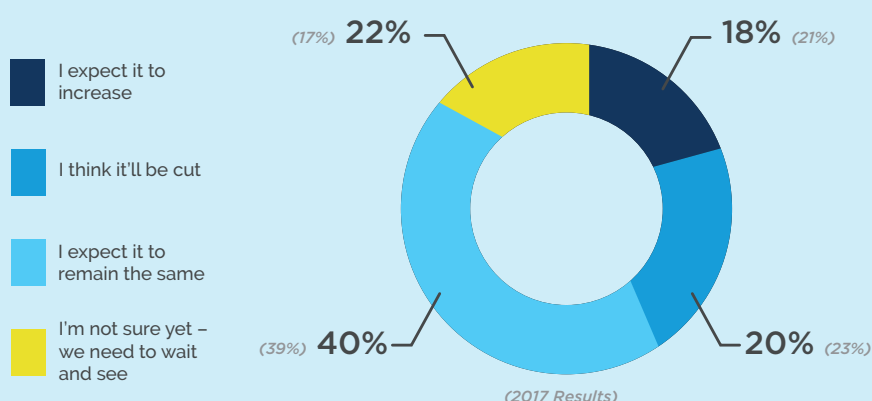
Worryingly, 44% of respondents said that they did not know what the IC budget was for their organisation. Like last year, this suggests that many internal communicators are in the dark when it comes to financial resources. Also significant is that almost a third (30%) of participants suggested that their organisation had no dedicated budget for IC, suggesting budgeting is still done on a case-by-case basis in many organisations. All in all, results were very similar to last year with 19% having a budget of less than £10k, 24% between £11-£50K, 21% with a budget between £100K- £1m and 6% with over £1m.

Number of employees	Low spend	High spend
1-50	N/A	N/A
5-250	£6,737	£29,474
250-500	£17,667	£58,333
500-1,000	£41,161	£100,645
1,000-2,500	£49,966	£117,241
2,500-5,000	£ 72,419	£158,387
5,000-10,000	£117,667	£252,083
10,000-50,000	£259,773	£459,091
50,000+	£323,474	£528,947

When looking at what respondents think will happen to their budget 40% believe that it will stay the same. 20% think that their budget will be cut over the next 12-18 months. When you break down the data further by demographic you see that those based in the UK are more likely to expect their budget to be cut. 25% of those based in the UK believe that their budget will be cut where as it is 20% in Asia-Pacific, 14% in mainland Europe and 12% in North America.

“20% of respondents believe their budget will be cut over the next 12- 18 months!”

What do you think will happen to your internal communication budget over the next 12 - 18 months?



Conclusions & key themes

With the largest set of respondents to date, our tenth anniversary edition of State of the Sector has continued to highlight and underline the trends that exist across our industry.





1. The Office 365 Effect is gaining momentum

In this year's report, we heard how the juggernaut of Office 365 has continued to take our industry by storm, resulting in a relentless push towards using Microsoft products – whether or not we, as internal communicators, either ask or want them!

In 2017, we christened this the 'Office 365 Effect' and we are only seeing that continue to grow with SharePoint and Yammer dominating the intranet and social scene – to the exclusion of pretty much all other technologies.

The highly anticipated rise of Workplace by Facebook has been lacklustre and other digital platforms like Slack and Jive have similarly failed to gain ground in the past 12 months.

What's more, this year we're noticing correlations between Office 365 usage and other digital practices, with 56% of Office Pack users planning on improving digital channels this year versus 49% of non-users.



2. Less reactivity, more strategy

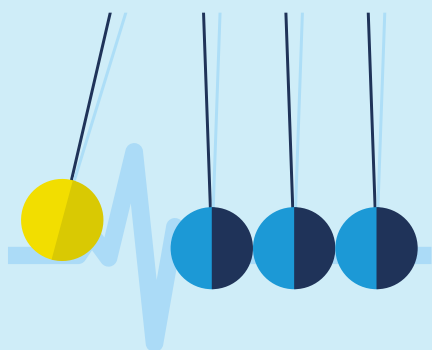
Disappointingly, there has been an increase over the past 12 months in the proportions of internal communicators neglecting to evaluate the impact of their communication activity (even after taking into account the influence of North American responses).

Meanwhile, listening practices have decreased, with even the emblematic employee engagement survey being used by fewer practitioners (69%, down from 76%). This is despite survey respondents recognising the effectiveness of such channels for tapping into employee views and adapting activity to their needs and preferences.

With internal communicators seemingly struggling to look back on work they've already done and determine how effective it was, is it really any surprise that their outlook on the future is also limited? Under half of respondents this year told us there is a long-term strategy for internal communication – 49%, down from 52% in 2017.

There is a silver lining, though – the proportion of people declaring developing / refreshing an IC strategy to be a key priority for the year has increased, and now stands at 37%. Improving measurement is also seen as a more important objective – indicating that 2018 could be the year we, as a profession, shift toward a strategic, insight-led approach from a more reactive one.

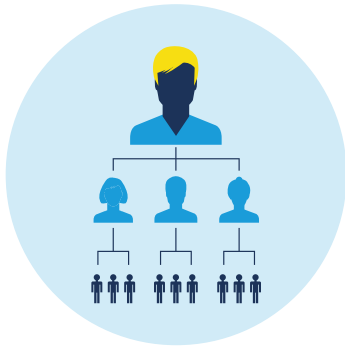
In any case, 71% of internal communicators believe their team are viewed by senior leaders as trusted advisors, which is good news (although perhaps not so much for the 30% who are not perceived in such a positive light...). It is clear that over the years the sector has continued to mature; leaders are valuing contribution and internal communicators are further edging forward, increasingly becoming trusted advisors and business partners.



3. Impact measurement still isn't a priority

Although around a third of respondents don't believe that leaders understand the value of internal communication, we were surprised to see that internal communicators still aren't prioritising impact measurement. The use of many measurement methods listed in the survey has decreased over the past year, and 12% of respondents say they don't measure their communication activities in any way.

In particular, independently conducted communication audits ranked as the single most effective employee feedback channel (with nearly 70% of respondents saying it is effective or very effective); however, only a small minority of respondents (14%) have leveraged this in the past three years.



4. Line managers are still the battleground

Last year we hailed improvements being made around line manager communications – but the joy was sadly short-lived. Just like every year since we started asking IC practitioners about barriers to success, line managers were seen as the single most pressing issue to overcome. 56% of respondents this year cited a lack of line manager communication skills as a challenge – up from 52%.

Yet despite the scale of the challenge, channels specifically designed to support this key audience are still limited – with most dedicated communications being sent through unengaging digital means like emails.

Communication training aimed specifically at this audience has decreased, with only one in three IC practitioners providing this (fewer than in 2016). Disappointingly, just 33% see improving this offering as a priority for 2018 – which, in our view, is insufficient given the persistence of this IC barrier.

5. But communicators are putting more and more chips on digital channels



In 2017, we highlighted the growing desire to use more digital channels within businesses but ended with the conclusion that digital isn't the panacea – in fact it was underperforming in some areas. Over the course of the past 12 months, the desire for digital hasn't subsided: practitioners are planning to increase the usage of all types of digital channel we asked about, with a particular emphasis being put on self-service media. One surprisingly popular option this year was chatbots, which 72% of respondents indicated they want to use more for internal communication and employee engagement purposes. However, the availability of technology does not necessarily equal a successful implementation: around two thirds of

respondents believe social channels are either adequate or poor, while workplace podcasts, which are the darling of our private lives, again failed to make any inroads into the channel mix and remain one of the lowest used and lowest performing channels.

Luckily, internal communicators are increasingly aware of the need to make sure existing electronic communications work for their business: improving digital channels is seen as the second biggest priority for 2018. This is encouraging, and we hope to see the perceived effectiveness of digital channels climb ahead of the State of the Sector 2019.



6. Europe and North America are following different trajectories

The results from the 2018 survey were particularly interesting in comparison to previous years in that we received a much higher response rate from other geographies, namely North America. This provided us with a great opportunity to compare the state of the internal communication and employee engagement sector in different locations across the globe.

What we found was a considerable difference between Europe and elsewhere: overall, the UK and Europe appear to give more importance to long-term IC planning. In particular, respondents from these locations were more likely to have an internal communication strategy in place, alongside other planning tools – while 31% of North American respondents admitted

they had no formal planning tools, 'just' 20% of UK/Europe-based respondents said the same!

Equally surprising was the difference in priorities, with European respondents far more likely to view line manager communications as an area to improve in over the next 12 months, bettering leadership communications was the bigger priority for North America-based respondents.

Whilst there are still advances to be made across the globe, we are hopeful internal communicators on either side of the pond can inspire each other to drive further improvements.

Watch this space: a 2018 North America State of the Sector report will be published in May 2018.

Have you audited your internal comms recently?

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