



*The voice of Public Relations  
around the world...*

**Quarterly Newsletter**

**May 2009, Volume 9**

View past editions on [www.iccopr.com](http://www.iccopr.com)

## **What's New @ ICCO**

- **ICCO news**

- World Report shows consultancy sector defying crisis
- Revamped ICCO website goes live
- "Help" suite pools ideas for managing business through the downturn
- ExCo member Prema Sagar to serve as juror for prestigious Cannes awards
- *PR Plus* highlights Lou Capozzi's views on the industry to Turkish professionals

- **Key events**

- May 21-22: Spring meeting of the ICCO Board of Management, Stockholm
- May 21: Holmes Report European SABRE Awards Gala, Stockholm
- June 10-12: European Summit on Measurement, Berlin

- **Surveys**

- European benchmark on salaries and charge-out rates
- The ICCO World Report, 2008-2009

## **Industry Highlights**

- Specialization viewed as most effective selling point for US consultancies
- 40% of top Czech companies have in-house PR capabilities
- Journalists in Germany predict do-it-yourself healthcare
- 9 in 10 UK agencies have had clients take ideas from pitches

## **Thinkers' Corner**

- "The Rationale for Hiring a Public Relations Firm (Especially Now)" – Kathy Cripps, Council of PR Firms (US) President

#####

*The ICCO quarterly newsletter is distributed to over 1,000 firms in 28 member countries.*

*For feedback or submissions, e-mail: [info@iccopr.com](mailto:info@iccopr.com)*



*The voice of Public Relations  
around the world...*

---

## **Full Articles**

### **What's New @ ICCO**

#### **World Report shows consultancy defying crisis**

2008 was yet another growth year for public relations consultancy. The global average for reporting countries logged an impressive 8.5% above the record levels reached in 2007. Of the 22 ICCO member countries participating in the survey, mature markets accounting for more than half the group saw modest growth of less than 10%, while the emerging markets all recorded double-digit increases over the previous year. A further handful of participants were unable to compile enough information to provide reliable estimates and are excluded from the average.

Given the universal challenge of shrinking client budgets, some of the industry's expansion seems to have come by gaining share away from other marketing disciplines, particularly advertising. And despite deeper entrenchment of the global financial crisis, the outlook for public relations consultancy for the whole of 2009 is largely stable.

The report also highlights data from each of the surveyed countries, including: best-performing service areas for 2008, industries and service areas with the best and worst prospects for 2009, an overview of the media environment, discussion of the changing communications landscape, and specific challenges to the future of the business.

*The official press release and full copy of the ICCO World Report are available on [www.iccopr.com](http://www.iccopr.com) under "News & Events / Latest News" and "Knowledge Base / World Reports".*

#### **Revamped ICCO website goes live**

After many months of work, the new ICCO website has finally launched. The contemporary, professional look is accompanied by enhanced knowledge resources and a much improved global directory of affiliated consultancies that links directly to updated information on the local trade association websites. The Board Only section has also been renewed in order to simplify management and operations of the global organisation.

*Check out the new site at [www.iccopr.com](http://www.iccopr.com).*

#### **Help Suite pools ideas for managing business through the downturn**

A new "help" suite is now available on the ICCO website, offering public relations consultants a number of useful ideas for managing their businesses through the economic downturn. Having trouble dealing with shrinking budgets or winning new clients? Want to know how to keep staff morale high? Read best practice and opinion pieces here from experienced professionals in leading markets. White papers and other research from inside and outside the ICCO community will also be added to the suite on an ongoing basis.

*Go to [www.iccopr.com/knowledge-base/help.aspx](http://www.iccopr.com/knowledge-base/help.aspx) on a regular basis to view available resources.*

## **ExCo member Prema Sagar to serve as juror for prestigious Cannes awards**

Prema Sagar, Principal and Founder of Genesis Burson-Marsteller in India and a long-standing influence within ICCO, has been selected to serve on the jury at the industry awards in Cannes. The famed International Advertising Festival has this year announced a new award category for Public Relations and invited Prema to take part.

The all-new PR Lions attest to the growing importance of the public relations discipline, and Prema's selection to participate in the first-ever jury affirms her contribution to the industry on a global level. The awards aim specifically to recognize the building of trust and understanding between individuals, organisations and the public as an effective means of reputation management, and winners will be honoured in Cannes on the 22<sup>nd</sup> of June.

Requests for extended entry deadlines can be filed at: <http://www.canneslions.com/contact/>.

## **PR Plus shares Lou Capozzi's views on the industry with Turkish professionals**

ICCO President Lou Capozzi recently granted an interview to *PR Plus*, the supplement to a leading trade publication in Turkey called *MediaCat* magazine. Published in early March, the article features Lou's predictions on the development of communications consultancy and the challenges to the industry for 2009 and beyond.

To read an unedited transcript of the interview in English, visit [www.iccopr.com/knowledge-base/opinionpieces.aspx](http://www.iccopr.com/knowledge-base/opinionpieces.aspx).

## **SURVEY: European benchmark on salaries and charge-out rates**

ICCO conducted a survey on consultancy financials and performance indicators during the first quarter of 2009 in which a total of 12 countries - all from Europe - took part. The resulting analysis focuses mainly on average national salaries and charge-out rates for public relations consultancies, broken down by job level, and provides a benchmark comparison for the European region.

Given the sensitive nature of the data involved (which also prevented a number of countries from contributing), most participants requested that the information be treated confidentially. As such, distribution of the final report and summary overview (in PowerPoint), originally published in March, remains limited only to those countries that submitted their information. Local trade associations have been asked to share the findings directly with management from their member consultancies and to refrain from making them publicly available to clients, industry or media.

*Interested heads of ICCO-affiliated consultancies should consult the local trade association to find out if the study is available for distribution in their country.*

## **SURVEY: The ICCO World Report, 2008-2009**

### *Public Relations Tackles 'Crisis'*

"Public relations consultancy defied the onset of the global economic slowdown by continuing to grow in 2008, supported by a clear rise in demand for services in Crisis Management and Consumer / Brand Communications as well as a shift in budgets away from advertising and toward public relations.

Following record expansion of the market in 2007, 2008 proved a tougher environment both for public relations consultancies and their clients. Nonetheless, not one country providing growth rates for this survey saw negative growth. A majority enjoyed a modest increase over the previous year, with emerging markets still expanding rapidly at levels well above 10%.

And the outlook for 2009? Predictions vary by geography, but the general expectation globally is one of stable revenues for consultancies despite a downturn in local business conditions. Public relations, it seems, is managing 'crisis' well in more ways than one...."

Download the full pdf at [www.iccopr.com/knowledge-base/Worldreports.aspx](http://www.iccopr.com/knowledge-base/Worldreports.aspx).

## Industry Highlights

### **Specialization viewed as most effective selling point for US consultancies**

A first-quarter survey of in-house communicators in the US revealed that a public relations firm's specialization or unique expertise is what gets it hired. 31% of the 61 respondents cited this as the single most effective argument a firm can provide. The top-five list of selling points reads as follows:

1. Firm's specialization or unique expertise (31%)
2. Firm's network of influencers (18%)
3. Firm's ability to complement client's internal capabilities (15%)
4. Firm's ability to quantify results (13%)
5. Hiring a firm is more cost effective than adding staff (8%)

For more information, see the March 25, 2009 issue of *The Firm Voice* at [www.firmvoice.com](http://www.firmvoice.com).

### **40% of top Czech companies have in-house PR capabilities**

The most recent Monitor Research Report from the Czech Association of Public Relations Agencies (APRA) shows that 40% of the TOP 500 companies nationally have an in-house PR/Communications department with its own budget. Of those companies without a dedicated department, responsibility for communications usually lies directly with Corporate Headquarters (31%) or with Marketing (26%).

51% of surveyed companies employ the services of public relations consultancies, of which close to 60% stick exclusively with one agency. The rest may work with several different agencies at a time, varying from project to project.

The report, based on 2008 data, also notes that two-thirds of corporate personnel with responsibility for communications believe the importance of public relations within the marketing mix to be growing.

For more information or to receive a copy of the full report in English, contact [info@apra.cz](mailto:info@apra.cz).

### **Journalists in Germany predict do-it-yourself healthcare**

"Prevention" and "self medication" are the key themes for healthcare in Germany this year, according to the results of an online survey of journalists covering developments in health and medicine. The annual survey, conducted by the German agency fischerAppelt at the end of 2008, shows that political decisions regarding national healthcare are clearly influencing coverage in the media by demanding an increased level of personal responsibility from the public.

For more information, contact Sabine Seifert at [sse@fischerappelt.de](mailto:sse@fischerappelt.de).

### **9 in 10 UK agencies have had clients take ideas from pitches**

Almost 90% of respondents to the most recent PR Leaders' Panel (organised at the end of March by the Public Relations Consultants Association of the UK) believe that ideas they pitched have subsequently been used by the client without the agency receiving any compensation. 53% have experienced this issue with fewer than 5% of pitches, 35% have experienced it more frequently and only 12% have not had ideas taken at all. While nearly two thirds of PR leaders said the borrowing of ideas had not become more frequent because of the current economic climate, more than a quarter said it had deteriorated slightly, and almost a tenth found it much more common.

A new group focussed on ensuring that agencies are fairly rewarded for their efforts and creativity will examine a range of related issues, including: understanding the value attached to intellectual and creative facets of public relations, the costs to both agencies and clients of expecting detailed creative and strategic thinking ahead of an appointment, and the aspects that make an idea unique.

For more information on the Leaders' Panel or on this issue in particular, contact [richard.ellis@prca.org.uk](mailto:richard.ellis@prca.org.uk).

## Thinkers' Corner

### **The Rationale for Hiring a Public Relations Firm (Especially Now)**

*Council of PR Firms President Kathy Cripps responds to enquiries from across the US relating to the value of hiring a public relations firm at a time when client organisations are cutting back on spending.*

At the beginning of the year, *Advertising Age*<sup>1</sup> predicted that public relations would be among the bright spots in 2009. *B2B Magazine* similarly claimed that business-to-business marketers were increasingly turning to public relations even as overall budgets are being reduced.

So, why would these two venerable trade publications tout the relative strength of public relations versus the other marketing disciplines they cover? While its star has been ascending for some time, this moment in time has created perhaps public relations' greatest opportunity to shine. "For business, public relations is an increasingly vital marketing tool – especially as traditional forms of advertising struggle to catch consumers' attention."<sup>2</sup>

That observation from *The Economist* was supported in part by a landmark study conducted by marketing giant Procter & Gamble in 2005. When P&G employed a marketing mix model for six brands over a one to three year period, it found:

1. PR drives sales, often on a par with advertising;
2. PR delivers stellar ROI (275%), much greater than advertising;
3. PR Provides a halo effect over other marketing tactics.

P&G is not the only company singing the praises of public relations. In a 2006 survey of marketers conducted by The Association of National Advertisers (ANA), public relations ranked number one in terms of its overall value to the enterprise.

In today's communications environment, defined by a shrinking 'traditional' media and a proliferation of digital platforms and social media (interchangeable terms these days), characteristics that have always been a part of the DNA of public relations firms – speed, reach, market intelligence, stakeholder engagement and storytelling (meaning a vivid explanation of a point of view) – are essential for businesses that want to succeed.

If you need to convince your company that a public relations firm is in the organisation's best interest, this article provides a rationale:

#### "9 Reasons to Hire a Public Relations Firm"

##### **1. Ever Ready**

The reputational stakes have never been higher for businesses the world over. As if battling an historic recession wasn't enough, companies today must perform in a virtual fish-bowl at a time when the actions of corporations are being intensely scrutinized.

Monitoring the conversations taking place about one's company, and being prepared to act on negative or potentially damaging news, is a daunting responsibility in its own right, even more so when added to the myriad other responsibilities of today's corporate communicator.

Public relations firms commonly serve as an extension of their clients' staff and are ever ready to provide services that achieve agreed-upon goals. Firms provide a critical perspective for their clients, keeping them abreast of all manner of news and chatter, advising them on the best ways to respond, or in some cases to simply listen.

The new tools/platforms, specifically the power of search engines, have also upped the ante when it comes to reputation. Consider the public relations implications of this quote, taken from a 2007 *Wired* magazine article, "*Google is not a search engine, but a reputation management system*". Others have posited that we are indeed moving from the Information Age to the [Reputation Age](#). A

1 Advertising Age, "Ad and Media Jobs Continue to Fall During Recession" - 05/01/09

2 The Economist, "As advertising struggles, public relations steps into the breach" - 19/01/09

2007 article in [Business Week](#) showed how public relations could effectively measure and protect reputation.

## **2. Objective Expertise**

Public relations firms serve as integral and trusted partners by providing critical outside perspective to businesses around the globe, and around the clock. Today's sophisticated public relations firms offer a wide variety of specialized expertise – market intelligence that can be difficult to bring in house. In fact, on a recent Council of Public Relations Firms/Kelton survey, a firm's specialisation or unique expertise was the number one answer given by clients to the question that asked for the most effective argument or selling point for hiring a PR Firm. (see [Quick Hit](#))

Objectivity is an important part of providing smart public relations counsel. Businesses profit from having not only the expert advice of its public relations firm to call upon, but also their unvarnished and experienced outsiders' perspective.

From marketing communications to crisis managers and corporate reputation experts who know how to mitigate risk, today's public relations firms provide strategic counsel all types of organizations across the full spectrum of communications programs.

## **3. Digital Know-How**

One of the reasons that public relations has been validated so emphatically by the business community is the rapidly evolving nature of communications itself. In a word: Digital.

The "What" (information) may essentially be the same, but the "How" keeps changing. Companies today need a combination of communications counsellor, navigator and interpreter to do it right. Today's public relations firms have the expertise and experience to help clients maximize social media platforms such as blogs, Twitter, YouTube, Facebook and many more social media networks.

## **4. Stakeholder Engagement and Influence**

Who you know is important, but so too is the diplomacy of interaction. Public relations firms excel in researching, identifying and communicating with the online and offline 'influencers' who are important to a business's success. Hiring an outside public firm can dramatically improve a company's ability to engage its key stakeholders, such as: employees, media, online influencers, community leaders, shareholders and public officials. In the same Council survey referenced on #2, having access to a public relations firm's network of influencers was the second most common answer being a firm's speciality/expertise.

## **5. Storytellers**

Trained to be advocates, the ability to persuade through clear explanation is at the top of the hierarchy of skills public relations firms offer their clients. Further, public relations firms have a legacy of integrating the voice of the customer into communications initiatives. Voice of the customer (VOC) is an important concept today and PR practitioners are highly suited for gathering customer input and reflecting their stories in their true voices.

Agency personnel are expert content creators who author Web sites, speeches, bylines, position papers, op-eds, brochures, Q&As and, of course, press materials.

Public relations firms help their clients' garner third party credibility from "earned" media – the classic strength of public relations versus other marketing functions. The credibility that public relations and editorial content provide has only become more valued as marketing noise increases and companies search for ways to cut through the clutter.

"In all this clutter and fragmentation, it falls to public relations professionals to lead companies into this conversation between consumers, mainstream media, employees, analysts, investors, bloggers and competitors around brands." — *Sir Martin Sorrell, CEO, WPP (speech: "Public Relations: The Story Behind a Remarkable Renaissance," IPR dinner, November, 2008)*

## **6. Creative Platforms**

Whether it's figuring out the most appropriate message to present to the media, or developing a comprehensive communications strategy, clients want the best idea, period.

Creativity often inspires and informs the communications strategies proposed by public relations firms. This flows naturally to the tactics implemented in various public relations campaigns, including, but not exclusive to, events, web design, experiential marketing, collateral material, and the always-important media relations.

The “earned” media aspect of public relations – unlike the “paid-for” placement of other marketing disciplines – has to meet a very high, built-in standard. It must pass through the sceptical filter of producers, reporters, bloggers and citizen journalists before it can reach the public. Each of these media and online conduits evaluate each public relations tactic and pitch, then decide whether it's important, interesting and – ultimately – newsworthy to their audience.

That's a very high bar. But it forces the public relations firm practitioner to continually fine-tune the relevance of every marketing effort, public relations campaign, public affairs initiative and/or crisis response.

## **7. Speed to Market**

Public relations firms are built for speed and are conditioned to work in the 24/7 Information Age. Just as they were configured to work with traditional media's deadlines and requirements back in the day, today's firms have incorporated the ethos – and the dialect - of the digital age into their workplace culture.

## **8. It Makes Financial Sense**

Relative to the cost of doing business, hiring a public relations firm can be extremely cost effective. For organizations to develop in-house public relations and communications specialization, the cost can be prohibitively expensive. Additionally, public relations firms typically work across multiple industries, geographies and cultures, enabling them to cross-pollinate ideas, providing their clients with more robust offerings that can be tapped as needed. Public relations firms are also able to provide peak-load capacity, which can scale up or down as programs ebb and flow.

## **9. The Risk of Inaction**

Information has never moved so fast or reached so many people. And people consume their (preferred) information form and test their perceptions quicker than ever. Even during tough times, when it comes to communications in general, and implementing a public relations strategy specifically, doing nothing is often not an option for any serious business or organisation. Today's public relations firms work at the highest level of strategic consultation down to the critical 'tactical' work being done in the trenches, always making sure the client is prepared and competitive.

*This article was originally published in the Council's online newsletter, The Firm Voice, as a two-part series on March 25 and April 8, 2009. Reprinted with permission.*

#####