

# Newsmaker Insights®

PR NEWS YOU CAN USE

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## ■ THIS EDITION'S FOCUS

### *State of the PR Industry 2008 – Impact of the Economy*

#### Introduction

It is almost incontestable that financial markets around the world are struggling and a historic change of American leadership is under way – the globe is undergoing significant economic, social, and political change.

To get a snapshot of the impact this backdrop has on PR and corporate communication professionals, the current trends and challenges facing the industry and the role research



plays, the Public Relations Research team at Harris Interactive conducted an Advanced Strategy Lab (ASL™) on September 25, 2008 among 13 senior leaders – including presidents, senior vice presidents, vice presidents, managing directors and research directors – from public relations firms across the country.

Given that the primary audience for this newsletter is PR and corporate communications professionals, we have dedicated this issue of *Newsmaker Insights* to what we learned from this revealing session about the industry as a whole.



*Continued on page 2*

## ■ A NOTE ON ASL RESEARCH



An ASL is an online qualitative research instrument that aids with brainstorming, consensus-building and issue prioritization. The ASL's online platform ensures that respondents' identity can be kept anonymous if desired and all that is needed is the ability to access the Internet and use the telephone simultaneously. A typical session lasts for two to two and a half hours, but in consideration of participants' time given busy executive schedules, the ASL highlighted in this newsletter lasted one hour. In reviewing the findings of this research, it is important to remember that ASL research, like all forms of qualitative research, is not meant to be projectable within accurate statistical ranges, but rather offer thematic and directional insights.

## THIS EDITION'S FOCUS *Continued from page 1*

### **Finding #1:**

#### **Old Challenges Remain and New Ones are Sprouting**

We asked participants to diagnose the trends and challenges confronted by PR companies, and three areas stood out (the first two more resoundingly than the third):

#### **1. The growing need to measure, prove, and advocate the value of public relations in the face of tightening budgets.**

Despite the growth of the PR industry, not all corporations understand how to optimally use PR to build media relationships, aid in strategic planning, and support company growth. While the current state of the economy may not be a long-term trend, it is a significant one. Shrinking client budgets and dwindling consumer confidence often translate to an increased desire for proof of success to win jobs, lofty expectations when the account is won, and measurement of programs' impact upon completion (i.e.,

ROI). PR's flexibility to meet client needs is being tested and their responsibilities are being transformed to require greater strategic

consultation. Further, PR, along with other marketing disciplines, could fall into the trap of being viewed as a discretionary luxury rather than a business necessity.

#### **2. The unknown and untested waters of digital and user-generated media.**

Social networking, blogging, texting, chat rooms – it's a new world of communication and information sharing and gathering. With the waters still uncharted, it is hard to see how this movement impacts a client's reputation and sales and determine how or when to best leverage this growing trend to break through with a coherent strategy and stand out among the cacophony of news, gossip, and entertainment.

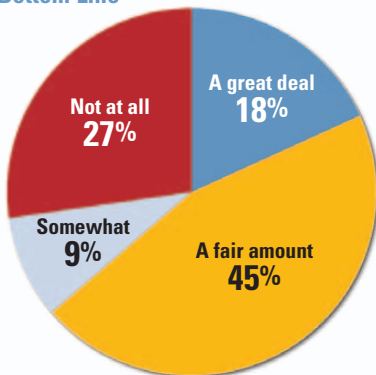
#### **3. The universal dilemma of finding and keeping talent.**

Possessing bright minds is crucial to trend-spotting, generating fresh, compelling content and keeping pace with the changing social landscape. The PR industry is not immune to the impact of a new generation – the Millennials – entering the workforce; industry veterans have to acclimatize to working with a cohort of staff with different values and perspectives.



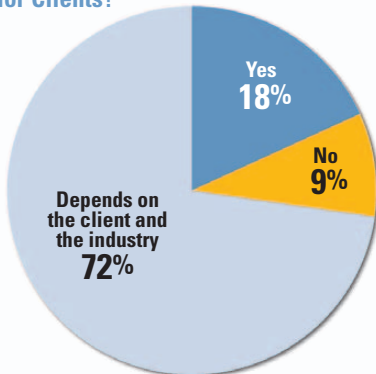
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**Figure 1**  
**Amount Economy is Impacting Bottom Line**



Q1: Across the nation in newspapers and TV news programs, the economy has been getting a lot of attention. To what degree do you think the current economic situation is negatively impacting your company's bottom line?

**Will Economy Create Opportunities for Clients?**



Q5: Overall, do you see the economic pressure as creating new opportunities for your clients to differentiate themselves and their image?



**THIS EDITION'S FOCUS** *Continued from page 2*

**Finding #2:**

**Fortunately, Opportunities Abound**

Given today's current economic climate, we queried participants on how economic pressures have affected their company, if at all. Many report a negative impact, but most also recognize the opportunity for their clients to use PR to differentiate themselves – depending on the client and industry (see Figure 1 at left). Participants were also probed on what issues will dominate the media in the wake of the election and which of these “hot” topics they might be able to take advantage of in the coming year.

Four key ideas emerged:

**1. Economy**

While the current financial turmoil has an unwelcome impact on business volume, it also provides opportunities to frame the discussion on economic policy, housing issues, executive pay, trade and regulation. On a practical note, PR firms can show value by being nimble, helping to clarify and manage their clients' corporate reputation, and offering less costly marketing alternatives.

**2. Green Issues**

Everyone is looking to hop on the “green” bandwagon – renewable energy, climate change, conservation, and recycling have all squeezed on board. But it will be crucial that companies' marketing outreach not be viewed as “greenwashing” (i.e., espousing green issues but not taking action). PR firms

need to weigh the importance of developing a green strategy and how best to execute with sincerity.

**3. America's Global Image**

With digital media, international trade, war, and other world events, understanding America's image on the global stage (and our view of others) is a top priority for multinational clients. It will be critical to take the pulse of the public as well as any other key stakeholders (e.g., executives, health care practitioners, academics).

**4. Healthcare**

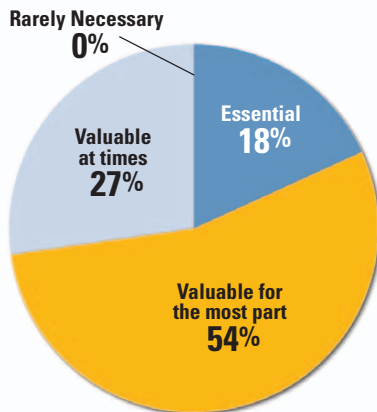
With lifespans increasing and Social Security in decline, health-care is now of pre-eminent concern to policymakers and the American public. As fewer blockbuster drugs are discovered while existing drugs make headlines with unexpected side effects, big pharma still needs, perhaps more than ever, assistance with managing their corporate reputation and media relations.

Also, one of the key challenges discussed in the preceding section, *the ability to measure return on investment (ROI)*, is a fantastic opportunity for those willing to address it. This is a constant struggle for those in PR because it remains a challenge to correlate a PR program with a change in the client's bottom line (i.e., increase in revenue, sale of products). Other than the convenient tactic of readership and viewership measurement, not much else exists to quantify the impact of a campaign. And yet, there is increased pressure to prove value.

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Figure 2

## Importance of Research Project to Client Relationships



Q7: Overall, how important are research projects to your relationship with your clients?

### ■ HOW RESEARCH CAN HELP IN A TIGHT ECONOMY

- 1 Have something "on the shelf" such as research on corporate reputation and product equities
- 2 Uncover and/or clarify the equities that resonate with your stakeholders
- 3 Test your core messages to verify their clarity and efficacy
- 4 Measure any shift in consumer behavior and decide how to respond, if at all

### THIS EDITION'S FOCUS *Continued from page 3*

#### Finding #3:

#### PR and Market Research: Calls for Partnership

The final portion of the ASL asked participants about their experience with, usage of, and impression of research. The findings, we are happy to say, were positive. A majority of participants recognize the value of research for PR (see Figure 2 at left) and, since all participants are Harris Interactive clients, it is not surprising that most are familiar with research, including online quantitative, telephone quantitative, and in-person qualitative modes. These professionals found research valuable in a number of ways, most commonly: establishing thought leadership through newsmaker surveys, developing program and brand strategy through audience/stakeholder research, and refining communications programs through message testing.

However, participants expressed less familiarity with *online qualitative work*, which, given budgetary constraints and the expressed need for more timely and adaptable

feedback on crisis, brand, and message testing, may be an appropriate tool for certain situations.

Some obstacles to, and calls for improvement on, research were also raised:

- Budget is always a consideration, and tightening wallets in today's economy intensify this barrier.
- The audience of interest isn't always reachable.
- It is sometimes difficult to find fresh angles on well-researched topics.
- The sample source and methodology (in particular online) need to be proven defensible.
- More direction and education on the PR and client side about how to use research appropriately, using research to guide decisions rather than just prove hypotheses.
- As the role of PR firms grows, so must research firms keep up: suppliers need to be more consultative and act as partners, not order-takers.



## RELATED RESEARCH *Did You Know That...?*



With the economy weighing heavily on everyone's mind, we have provided a chronological portrait of *consumer confidence* in the economy in the last few months of 2008.

Collectively, this data suggests that consumers are not waiting patiently, but have already begun to curtail their spending and, around the world, many are frustrated with their government's response. Any outreach to consumers at this stage must be thoughtful and highly cognizant of one of consumers' immediate core values: short- and long-term financial security.



- In September 2008, 54% of U.S. adults felt that the economy was one of the two most important issues for the government to address.
  - This was the first time in several years that any issue has topped 50%.

*Source: Harris Poll of 1,015 U.S. adults (ages 18+) conducted by telephone between September 17 and 21, 2008 by Harris Interactive.*

- In October 2008, nearly 2 in 5 U.S. adults (38%) felt the government's \$700 billion bailout package will *not be at all effective* in helping to improve the current economic climate.
  - Only 1 percent of U.S. adults rated the initiative as *very effective*.

*Source: TrueCredit.com survey of 2,021 U.S. adults (ages 18+) conducted online between October 7 and 9, 2008 by Harris Interactive on behalf of TrueCredit.com.*

- In October and November 2008, more than 2 in 3 U.S. adults rated their government's handling of the global financial market crisis as *poor or terrible* (68%).
  - Adults felt similarly in Spain (62%), Italy (57%), and Great Britain (53%); less so in Germany (34%) and France (38%).

*Source: Financial Times/Harris Poll of 6,257 adults (aged 16-64) in France (1,045), Germany (1,034), Great Britain (1,087), Spain (1,007) and*

*the United States (1,032) and adults (aged 18-64) in Italy (1,052) conducted online between October 29 and November 6, 2008 by Harris Interactive.*

- In November 2008, almost 3 in 5 U.S. adults (58%) said their household's financial condition had worsened over the past year.
- In November 2008, 3 in 4 U.S. adults (75%) said it is not likely they will have more money to spend the way they want in the next six months. In fact, most U.S. adults said it is likely they would...

- Reduce spending on eating out in restaurants (65%) and on entertainment (64%);
- Not take a vacation away from home lasting longer than a week (71%);
- Not buy a new computer (78%), move to different residence (82%); buy or lease a new car, truck or van (88%); or, purchase a house or condo (90%).

*Source: Harris Poll of 2,126 U.S. adults (ages 18+) conducted online between November 10 and 17, 2008 by Harris Interactive. We will continue to track these measures of American household financial health and spending at least once a quarter over the next year.*

- In November and December 2008, a majority of adults in the U.S. (63%), Great Britain (68%), Italy (60%), and Spain (66%) said the recession in their country will take at least 1 year – if not longer – to end.

- Germans were even more pessimistic – adults in Germany were more likely than those in other countries to think their recession has no foreseeable end (Germany 30% vs. U.S. 13%, Great Britain 13%, Italy 22%, Spain 13%).

*Source: Financial Times/Harris Poll of 6,165 adults (aged 16-64) in France (1,034), Germany (1,074), Great Britain (1,111), Spain (949) and the United States (1,000) and adults (aged 18-64) in Italy (997) conducted online between November 26 and December 8, 2008 by Harris Interactive.*

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## ■ UPCOMING PUBLIC RELATIONS RESEARCH EVENTS

### *Economy Webinar; February 2009*

In this newsletter, we have painted a portrait of consumer confidence in the economy based on research conducted in the last quarter of 2008. To elaborate on, and update, the data presented here, we will host a complimentary webinar on the economy in February. Topics will include consumer attitudes about the economy, spending behavior, and outlook for the future. Stay tuned for more details.

### *Energy Issues Webinar; Spring 2009*

This is the second in a series of webinars from our new Green Center of Excellence. Topics will include electricity and renewable sources of energy as well as oil and its alternatives. Details to follow!



If you missed our first webinar *Green Research: Staying Ahead of the Curve* and would like the presentation deck, please contact **Kathy Steinberg** at [ksteinberg@harrisinteractive.com](mailto:ksteinberg@harrisinteractive.com).

## ■ CONTACT US

To make suggestions regarding this newsletter or to discuss how to best leverage research as a public relations vehicle, please contact our Information Desk at 877.919.4765 or [info@harrisinteractive.com](mailto:info@harrisinteractive.com).



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## ■ ASK A QUESTION

In this section, we answer clients' questions about the current edition's focus. Here, we have responded to two queries we received related to survey methodologies. If you have a question you would like us to answer in future editions of this newsletter, please email us at [NewsmakerInsights@harrisinteractive.net](mailto:NewsmakerInsights@harrisinteractive.net).

### Q. Have you done any research among children about the economy?

A. Our YouthQuery<sup>SM</sup> team just completed a study among kids that had a few questions on the economy. The data has not yet been released, but when it is, it will be found in a release from *The Harris Poll*® on our website or in our future blog, *Over The Wire*.

### Q. Do you have any specific case studies of how someone has used research to help their clients during a crisis?

A. In early 2005, AARP was concerned that some questions asked during an interview between their new CEO,

Bill Novelli, and news correspondent Dan Rather might pose a threat to its newly-positioned brand. AARP commissioned Harris Interactive who used a PulseLine\* ("dial group") methodology to assess the yet-to-be-aired interview to determine the potential damage to AARP, gauge the appropriate level of response, and confirm the primary message strategy among AARP members, non-members, and information elites. The research showed that there wasn't a problem to be fixed; instead, the interview actually boosted the image of AARP.



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\*Harris Interactive PulseLine uses the Perception Analyzer Platform.