

GAP

Generally
Accepted Practices

GAP VII: Seventh Communication and Public Relations
Generally Accepted Practices Study (Q4 2011 data)

V 42312

USC Annenberg
School for Communication
and Journalism

*Strategic Communication
and Public Relations Center*

About GAP

The purposes of the Communication and Public Relations Generally Accepted Practices (GAP) Studies, of which this is the seventh, are to provide practitioners with data they can use today to better manage the PR/Comm functions (PR/Comm) in their organizations; point out trends they must be aware of as they plan for tomorrow; and identify Best Practices against which they can benchmark their own organizations.

GAP provides insight into a variety of topics, such as:

- Staff size, organization, functions, budgeting
- Measurement and evaluation
- Use of agencies
- Client needs, perceptions
- Relationship models
- Compensation trends

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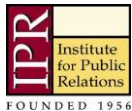
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GAP VII Partners

GAP VII has been supported by these leading professional organizations:



The Arthur W. Page Society, the 400+ members of which are generally the heads of communication in major U.S. organizations



Institute for Public Relations (IPR), which serves as research partner, contributing its expertise in researching the science underlying the practice of communication



International Association of Business Communicators (IABC), with its 15,000 member global network of communicators



Public Relations Society of America (PRSA) with its 21,000 members

About the USC Annenberg Strategic Communication and Public Relations Center (SCPRC)

The USC Annenberg Strategic Communication and Public Relations Center (SCPRC) plays a leading role in the continuing evolution and expansion of the public relations profession. Created by the Public Relations Studies Program of the USC Annenberg School for Communication and Journalism in 2002, the Center is one of the most ambitious efforts to date by a major American university to bridge the substantial gap between the public relations profession and the academic community that studies it.

The center's mission is to advance the study, practice and value of the public relations/communications function.

In an effort to bridge academia with the PR practice, the center conducts practical, applied research in areas such as best practices, program evaluation and emerging trends. In addition to informing practitioners, SCPRC's research results are being integrated into the USC Annenberg public relations curriculum.

About GAP VII

GAP VII is the largest and most comprehensive study to date of senior-level PR/Comm practitioners in the United States. It was sampled from a comprehensive list of senior-level practitioners, each of whom received multiple invitations to participate. GAP VII is believed to be representative of the broad population of senior-level practitioners.

Accessing GAP VII

The GAP VII study is available for free download at www.annenberg.usc.edu/gapstudy.

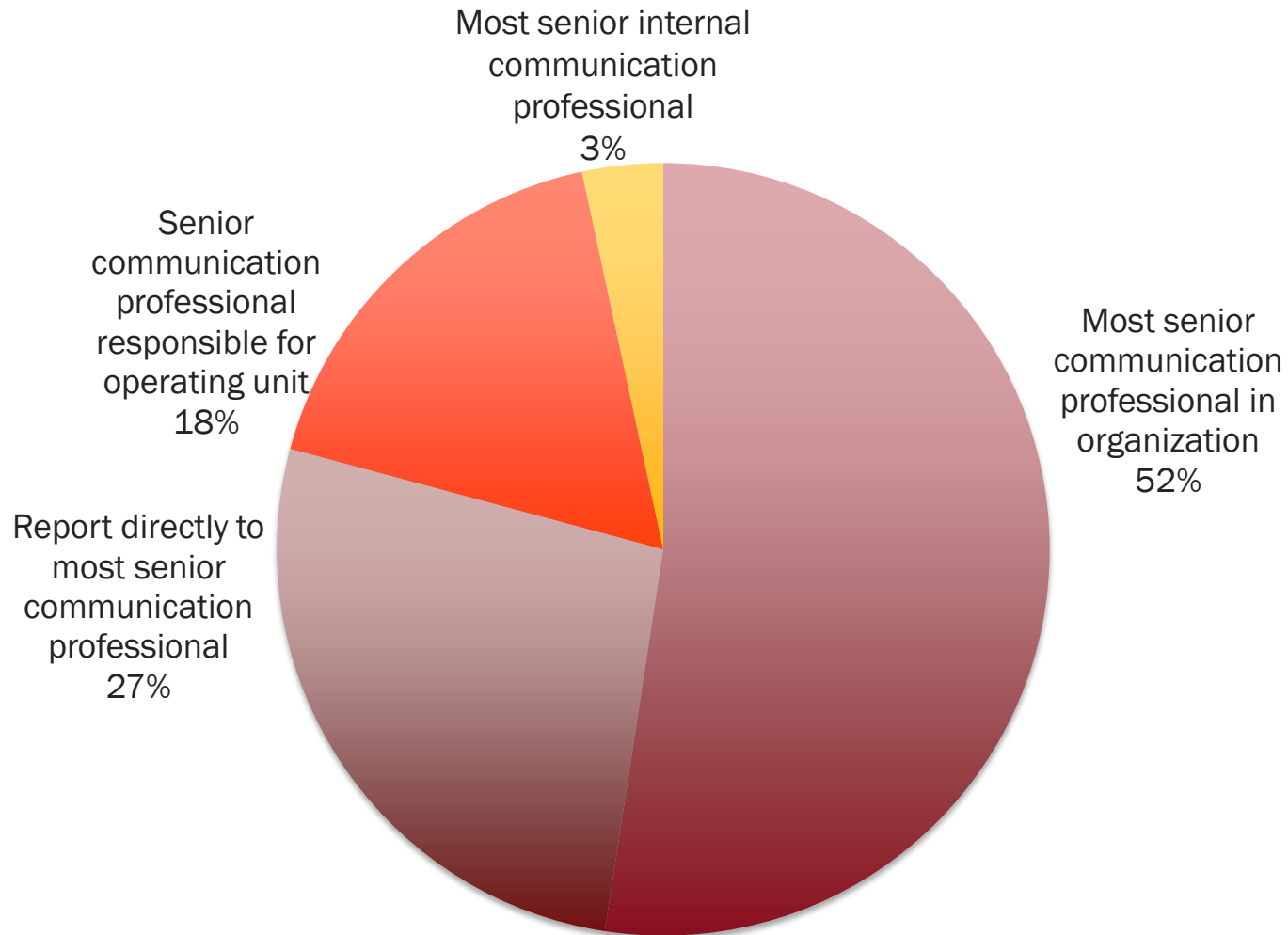
More comprehensive and detailed findings are available in the GAP VII Insight Base at the same web address. This online catalogue contains information divided by private and public corporations of various sizes, as well as government agencies and non-profit organizations. It is designed for practitioners to access information specific to their own type of organizations.

For more information email scprc@usc.edu.

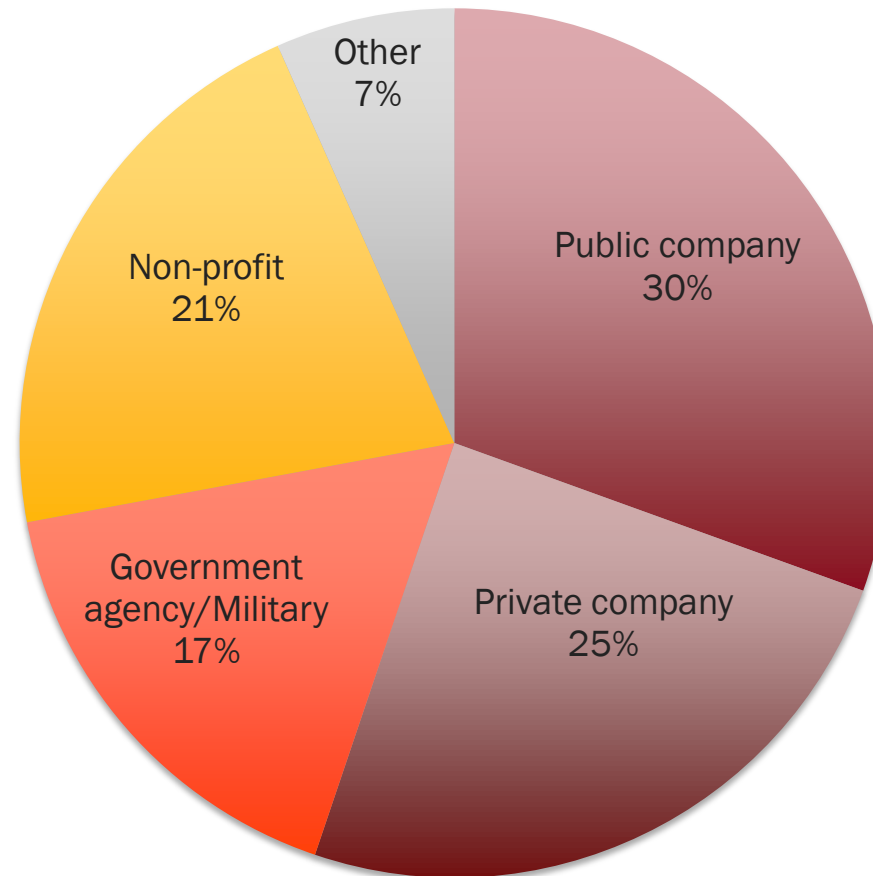
GAP VII Sample Methodology

GAP VII research was conducted in an online survey of top PR/Comm practitioners and data was collected in Q4 2011. GAP VII received more than 1,000 responses, and participants selected for inclusion had to pass a rigorous screening process to ensure that each respondent was the most senior communicator in the organization, or a direct report thereof. The final sample was 620.

GAP VII Respondents: Screened for Role in Organization

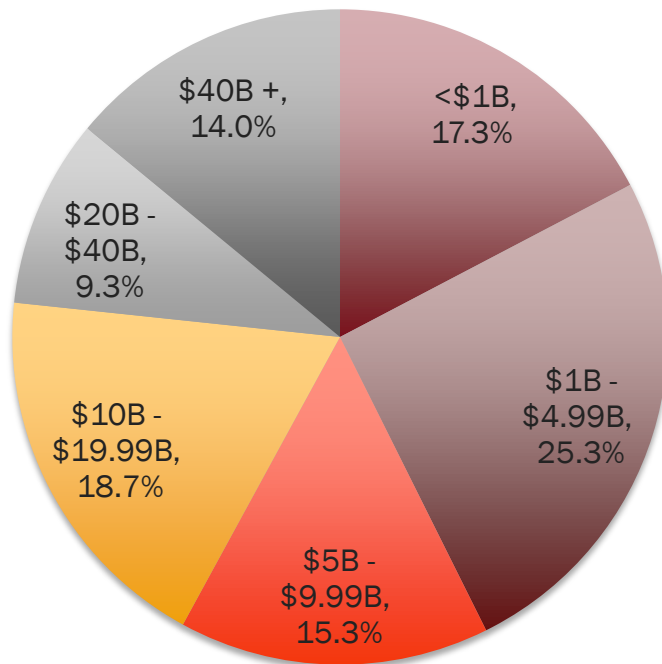


GAP VII Respondents: Corporate, Government and Non-profit

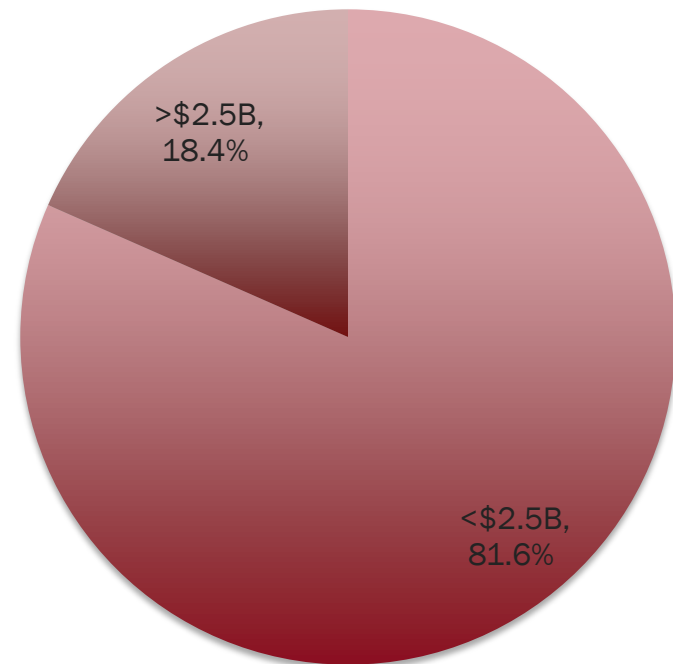


GAP VII Respondents: Company Size by Revenue

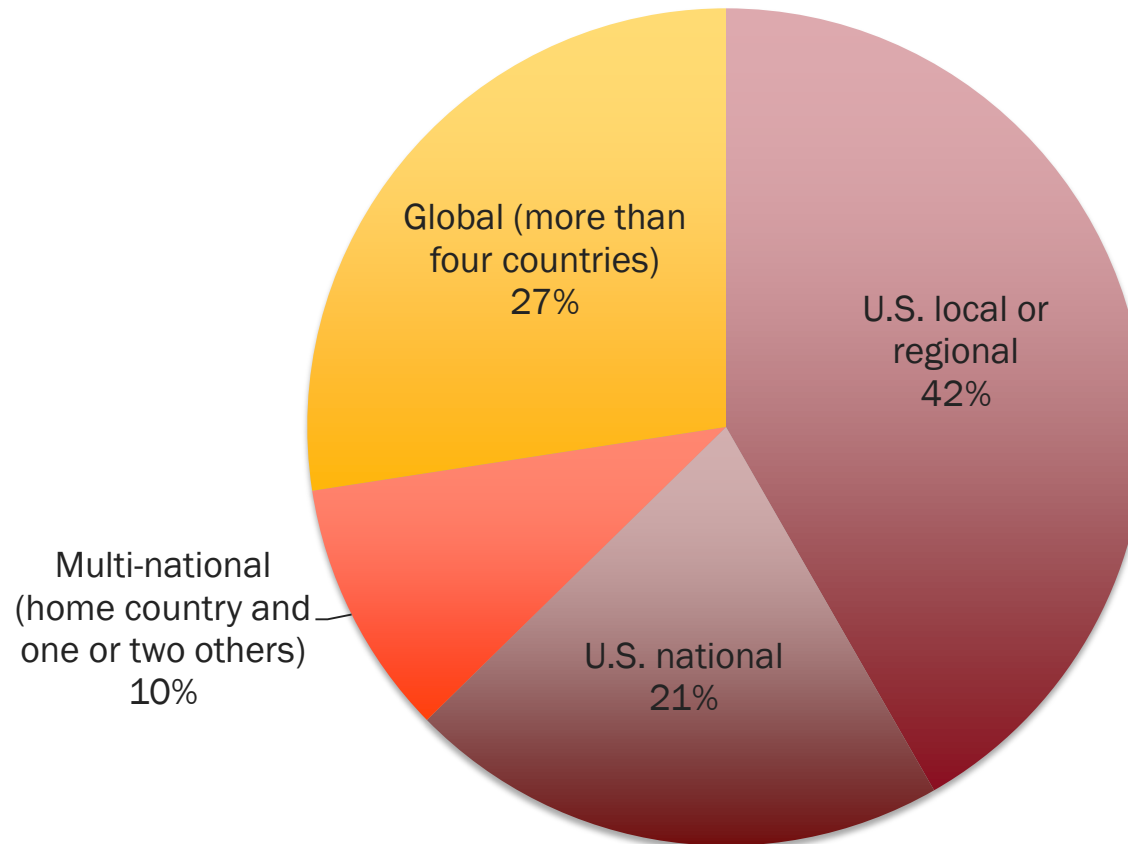
Public Companies



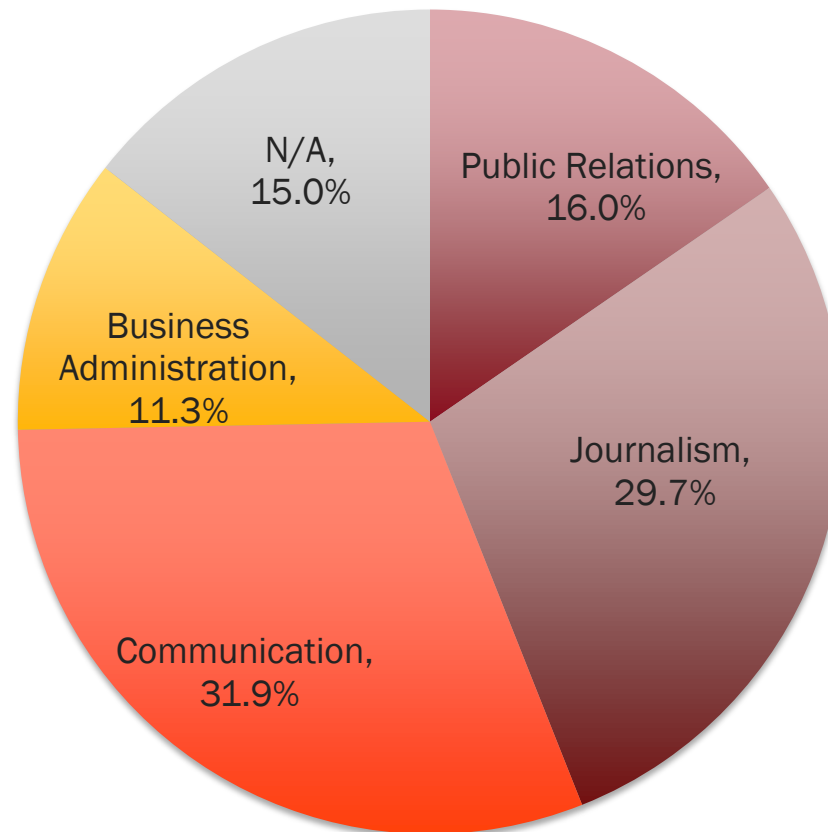
Private Companies



GAP VII Respondents: U.S. and Multi-National Organizations



All GAP VII Respondents: Academic Degrees



More than 75% of respondents have an academic degree in either Journalism, PR or Communication

Key Narratives

GAP VII offers insights on a variety of topics pertinent to the successful management of the public relations function:

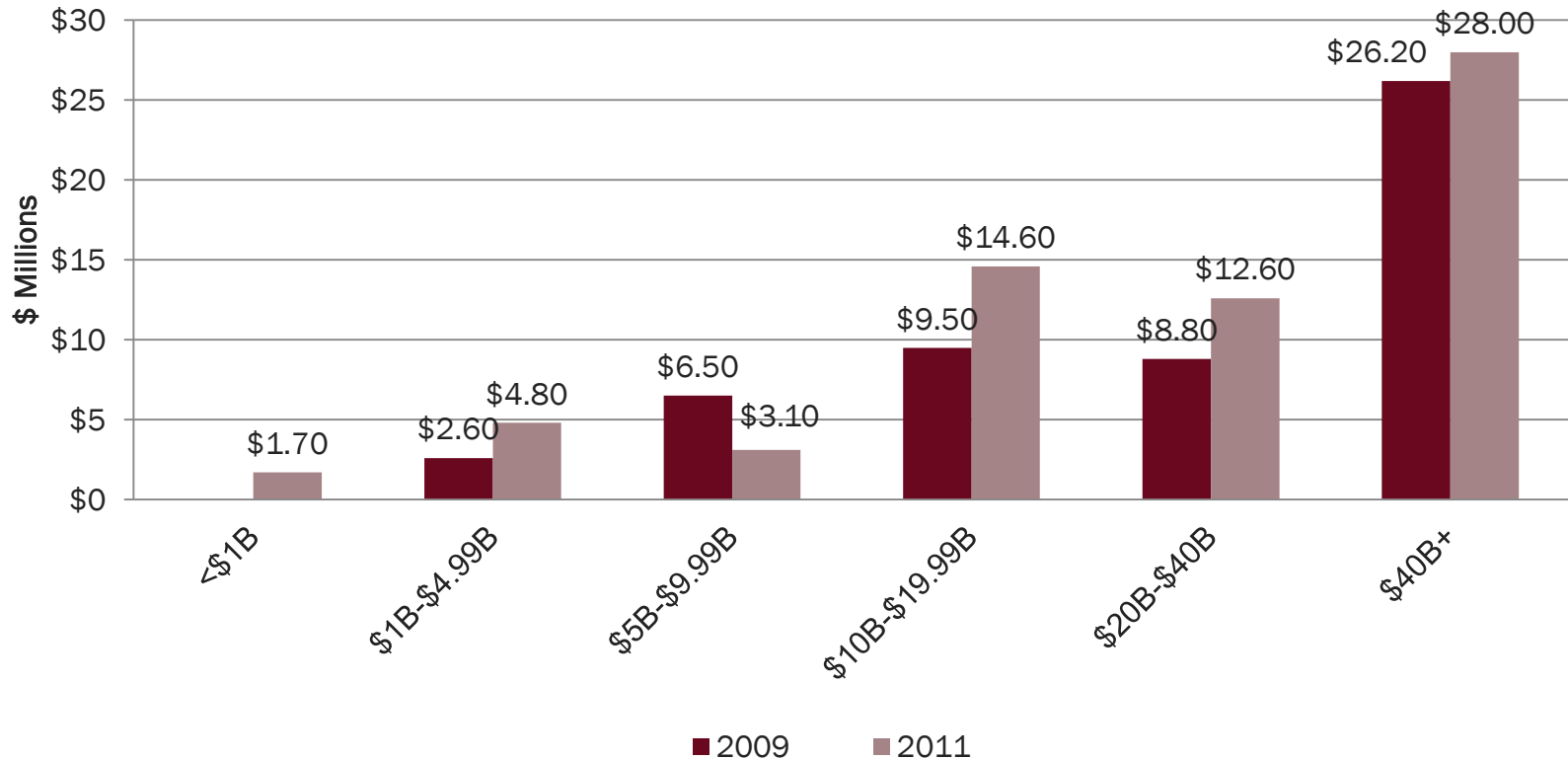
1. Budgets
2. Functions/Responsibilities
3. Use of social media
4. Measurement and evaluation
5. Working with agencies
6. Organization/Reporting
7. C-Suite perceptions
8. Culture, character and integration
9. Excellence/Best practices



GAP VII, Section 1

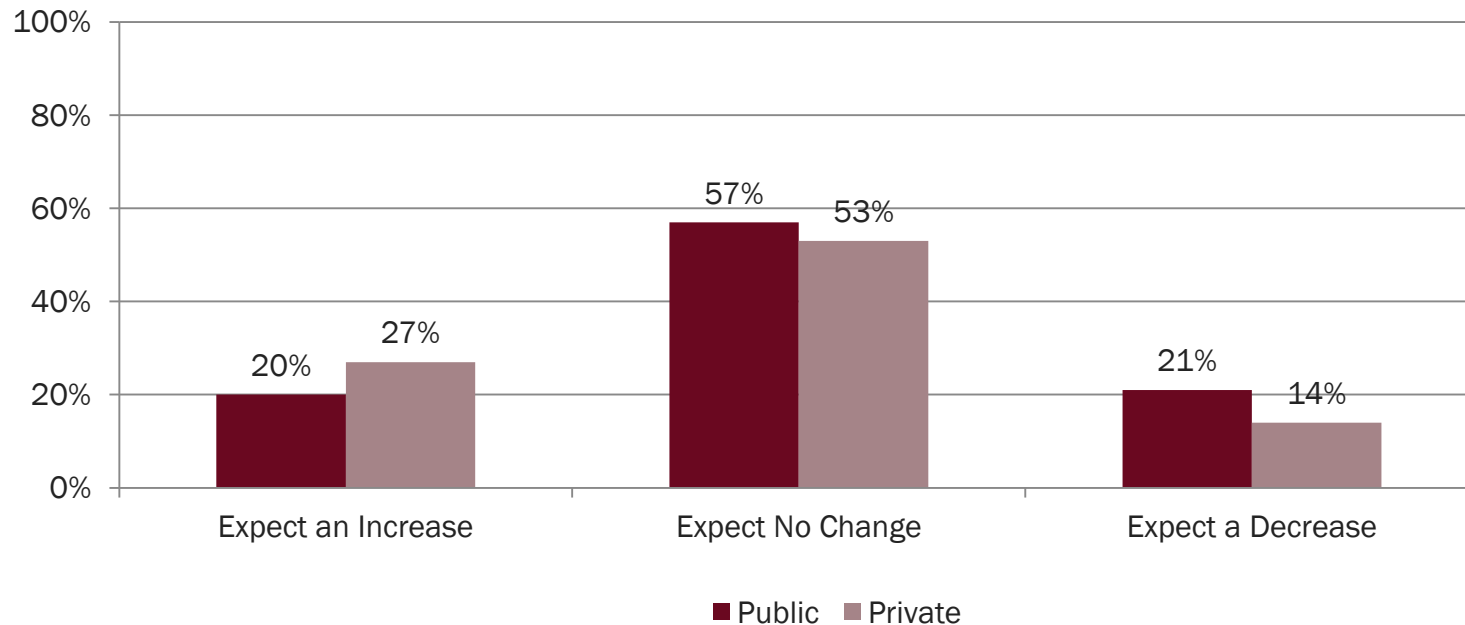
Budgets

Budgets: Public Companies, 2009 vs. 2011



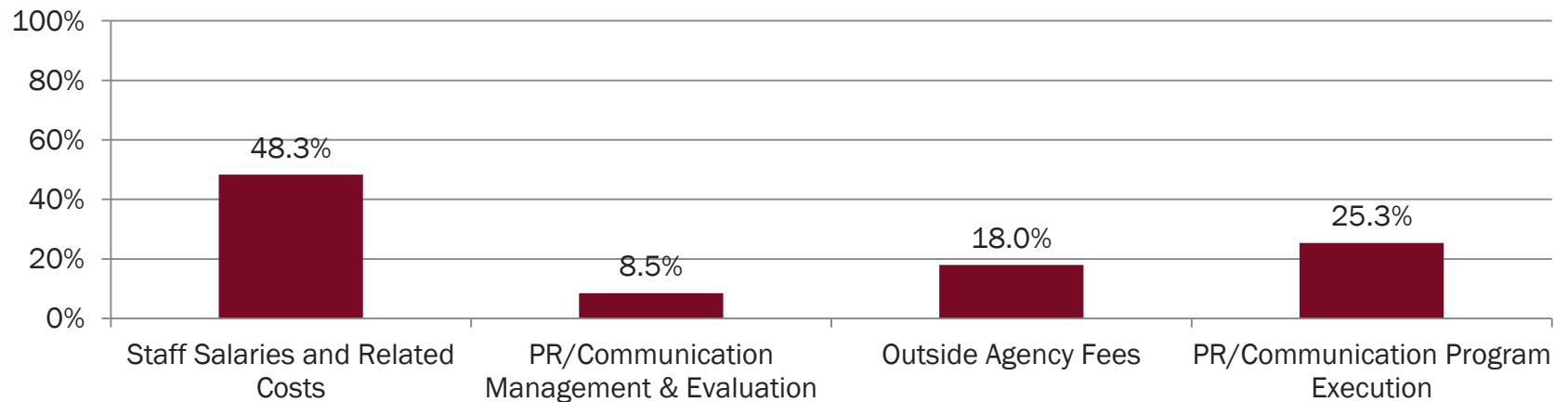
Despite the difficult economic climate in the United States, public companies generally experienced an increase in their public relations budgets.

Budgets: Corporate Respondents, 2011 vs. 2012



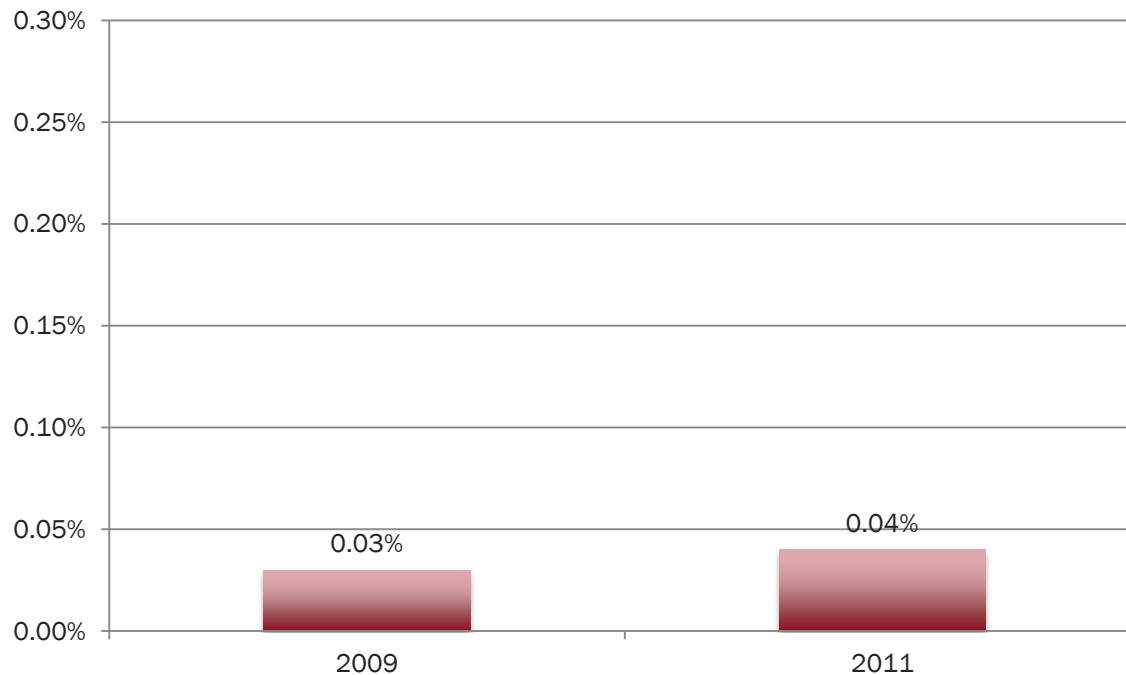
More than 50% expect budgets to be flat in 2012, and more private than public companies expect a budget increase.

Budget: Allocations



Salaries and related costs account for almost 50% of budget, followed by Program Execution (25%), Agency Fees (18%) and Measurement & Evaluation.

PR:GR Comparison, Large Public Companies, 2009 vs 2011



Among large public companies (20B+ revenue), the percentage of gross revenue (GR) spent on communication has increased over 2009.



GAP VII, Section 2

Functions and Responsibilities

Core Budgetary Responsibilities

	GAP 2009	GAP 2011
Corporate communication	87%	88%
Executive communications	74%	80%
Internal communications	67%	80%
Crisis management	73%	72%
Social media monitoring	53%	70%
Social media participation	53%	66%
Issues management	47%	58%
Community relations	56%	57%
Corporate external website	54%	55%
Corporate intranet	49%	54%
Marketing/Product PR	61%	50%

‘Core’ is defined as more than 50% of PR/Com departments report responsibility for this function in 2011.

Budgetary Responsibilities in Corporations: On the Rise

Budgetary Responsibility	2009	2011	Increase
Social media monitoring & participation*	53%	70%, 66%	17%, 13%
Search engine optimization	18%	31%	13%
Internal communications	47%	58%	13%
Issues management	47%	58%	11%
Customer relations	6%	15%	9%
Multimedia production	new item	40%	--

*In 2011, monitoring and participation asked as two questions

As expected, social media monitoring and participation have significantly increased and can now be considered a mainstream responsibility of PR/Comm. Further reflecting a shift to Web 2.0 responsibilities is the rise of search engine optimization. Of particular interest is the significant increase in budgetary responsibility for customer relations, which might be in response to customers convening in social media.

Budgetary Responsibilities: On the Decline

Budgetary Responsibility	2009	2011	Decrease
Marketing/Product PR	61%	50%	-11%

Corporations report a significant decline in budget percentage allocated to marketing/product public relations.

Budgetary Responsibilities: Categories

Traditional	Digital	Advertising
Corporate communication	External website	Corporate
Executive communications	Social media monitoring	Product
Marketing /PR	Social media participate	
Crisis management	SEO	
Investor relations	Multimedia	
Community relations		
Issues management		
Standards		

Further analysis indicates corporate PR/Comm departments take on additional responsibilities—such as increased digital and social media activity—without an increase in budget.



GAP VII, Section 3

Use and Management of Social Media

Top 10 Digital/Social Tools (Corporate Respondents)

Social Networking Sites	4.75	Blogs	3.52
Sharing Online Videos	4.48	RSS	3.25
SEO	4.48	Tagging	3.00
Twitter	4.33	Co-creation of Content	2.83
Producing Online Videos	4.19	Online Audio	2.64

*1=Didn't use; 7=Used significantly

Digital/Social Tools: On the Increase (Corporate Respondents)

Digital/Social Practice	2009	2011	Increase
Facebook	3.44	4.75	+1.31
Twitter	3.34	4.33	+.99
Blogs	2.72	3.52	+.80

*1=Didn't use; 7=Used significantly

Digital/Social Tools: Core *

Digital/Social Practice	GAP 2009	GAP 2011
Social Networking Sites	3.44	4.75
Sharing Online Videos	4.32	4.48
SEO	NA	4.48
Twitter	3.34	4.33
Producing Online Videos	NA	4.19

*Defined as above 4.0 average use

1=Didn't use; 7=Used significantly

Digital/Social Tools: On the Decline

Digital/Social Practice	2009	2011	Decrease
Wikis	1.96	1.80	-.16
Virtual Worlds (e.g., Second Life)	1.40	1.26	-.14

1=Didn't use; 7=Used significantly

Wikis and Virtual Worlds increasingly feel like early Web 2.0 tools that initially showed promise for PR/Comm, but continue to decline in use and relevance.

Digital/Social Tools: Budgetary Control, Corporate Respondents

Department	70% Budgetary Control or Higher
PR/Communication	50%
Marketing	41%
Customer Service	6%
Information Systems	8%
Other	9%

Totals do not equal 100.

PR and Marketing are the most frequent “owners” of social media budgets. Half of corporate respondents report PR has more than 70% budgetary control of social media; 41% report Marketing has majority control.

Digital/Social Tools: Strategic Control

Department	70% Strategic Control or Better
PR/Communication	54%
Marketing	37%
Customer Service	7%
Information Systems	7%
Other	11%

Totals do not equal 100.

Similarly, PR and Marketing are most frequently named as strategic “owners” of social media strategy.

Use of Mainstream Digital/Social Tools

Frequent users by organization type

36% of public companies

47% of private companies

40% of government agencies

66% of non-profits

Percentage of frequent usage among public companies

Twitter, 53%

Facebook, 53%

SEO, 52%

Blogs, 32%

RSS, 27%

Tag content, 25%

Mainstream digital/social media tools are adopted at various rates in different types of organizations. Two-thirds of non-profits report frequent use, compared to only 36% of public companies.

Among public companies, PR/Comm departments report the most frequent use of Twitter, Facebook and SEO.

*Scored above 4 on 7-point scale



GAP VII, Section 4

Measurement and Evaluation

Measurement and Evaluation:

As a top-level finding in GAP VII, budget allocated to measurement and evaluation by corporations is up substantially from previous studies:

9% (2011) vs. 4% (2009)

This pronounced rise speaks to the improved ability to measure web content via social media monitoring tools, but it may also indicate a more strategic view and use of public relations.

All findings in this section are specific to corporate use, while data for government agencies and non-profit organizations can be found online in the GAP VII Insight Base.

Measurement and Evaluation: Top Ten Tools

Influence on Corporate Reputation	5.1	Crisis Mitigation	4.2
Influence on Employee Attitudes	4.8	Content Analysis of Clips	4.1
Metrics for Digital/Social	4.6	Influence on Share of Voice	4.0
Influence on Stakeholder Awareness	4.6	Total Impressions	4.0
Influence on Corporate Culture	4.5	Total Clips in Top-Tier Media	4.0

1=Don't use; 7=Use significantly

Measurement and Evaluation: On the Rise

Measurement/Evaluation Approach	2009	2011	Increase
Metrics for Digital/Social	3.1	4.6	+1.5
Primary Research, Pre-Campaign	2.4	3.4	+1.0
Primary Research, Post-Campaign	2.6	3.5	+0.9

1=Didn't use; 7=Used significantly

Growth is concentrated in more sophisticated, objective, quantitative techniques that are likely to provide strategic insight to guide campaigns and evaluate campaign outcomes.

Measurement and Evaluation: Core*

Measurement/Eval Approach	GAP 2009	GAP 2011
Influence on Corporate Reputation	5.1	5.1
Influence on Employee Attitudes	4.4	4.8
Metrics for Digital/Social	3.1	4.6
Influence on Stakeholder Awareness	4.3	4.6
Influence on Corporate Culture	4.2	4.5
Crisis Mitigation	4.2	4.2
Content Analysis of Clips	4.6	4.1

*Above 4.0 average use

1=Didn't use; 7=Used significantly

Metrics of digital and social media have increased significantly since GAP VI. Another noticeable increase is its influence on employee attitudes and, to a lesser degree, on corporate culture. Content analysis of clips has declined.

Measurement and Evaluation: Categories (Factor Analysis)

Stakeholder outcomes	Strategic outcomes	PR outputs	Bottom line impact
Influence on corporate culture	Metrics for digital and social media	AVEs	Contribution to market share
Influence on corporate reputation	Primary research-pre-campaign	Content analysis of clips	Contribution to sales
Influence on employee attitudes	Primary research-post campaign	Clip counts	Influence on stock performance
Infl. on stakeholder awareness		Total circulation	
Crisis mitigation		Impressions	

*Factor analyses conducted using the full sample.

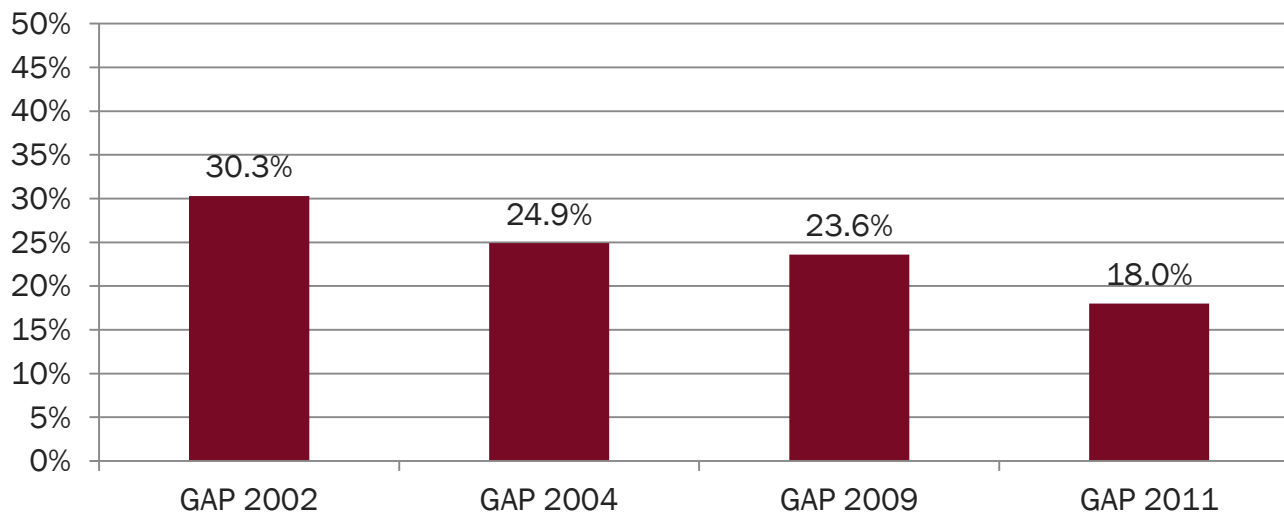
Factor analysis yielded four clusters indicating distinct categories of measurement. Outcomes measures (Stakeholder, Strategic and Bottom Line) are linked to indicators of success while PR outputs measures are not.



GAP VII, Section 5

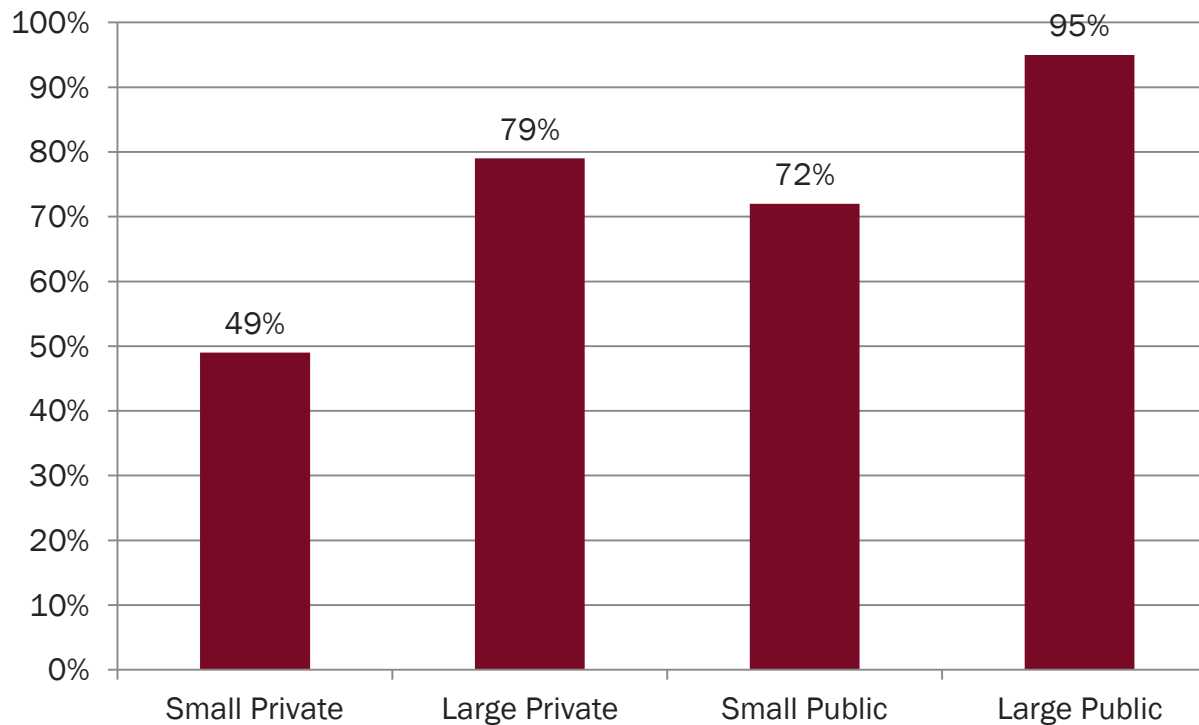
Agency Relationships

Agency Relationships: Fee Allocations as % of Total Budget



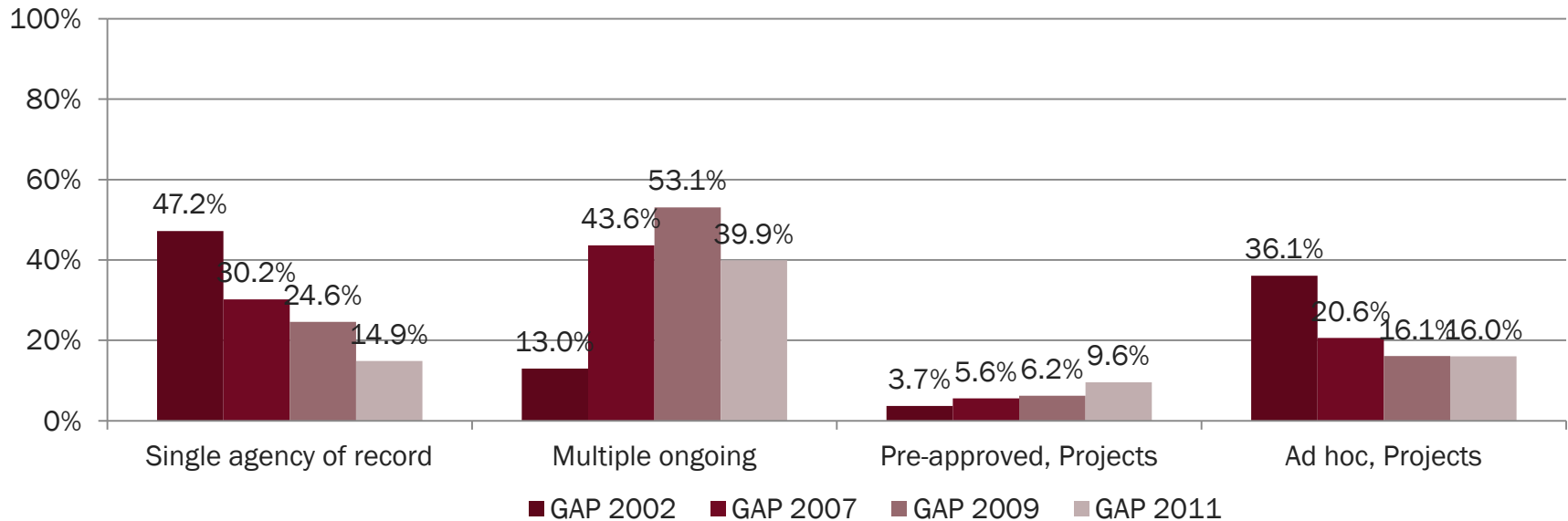
Corporations continue to allocate a smaller percentage of total budget to agencies. As the question wording changed from GAP VI to GAP VII, the most recent decline may be exaggerated. Also, as corporate communication/PR budgets have increased, the decline of actual agency budgets was modest.

Agency Relationships: % Using Agencies



Use of agencies among large companies remains almost universal.

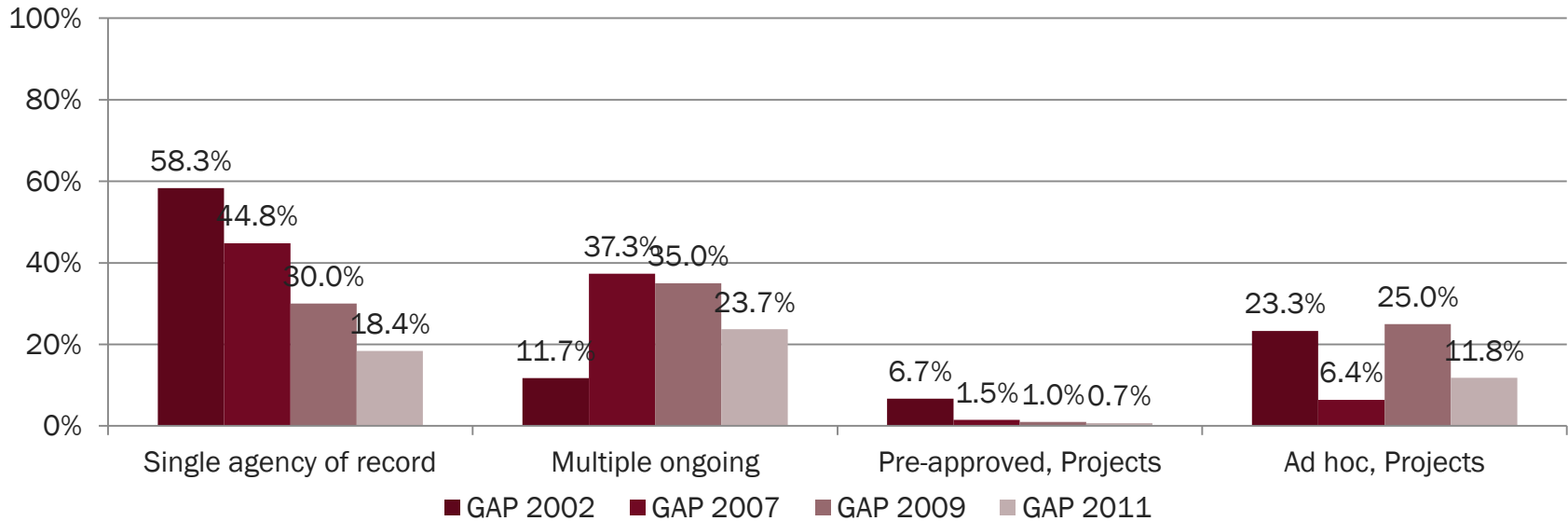
Agency Relationships: Type, Public Companies, 2002 - 2011



The data demonstrate continuous erosion of agency of record relationships with public companies. Four GAP studies show an undeniable trend: while in 2002 almost half of public companies worked with an agency of record, that number is down to 15% in 2011.

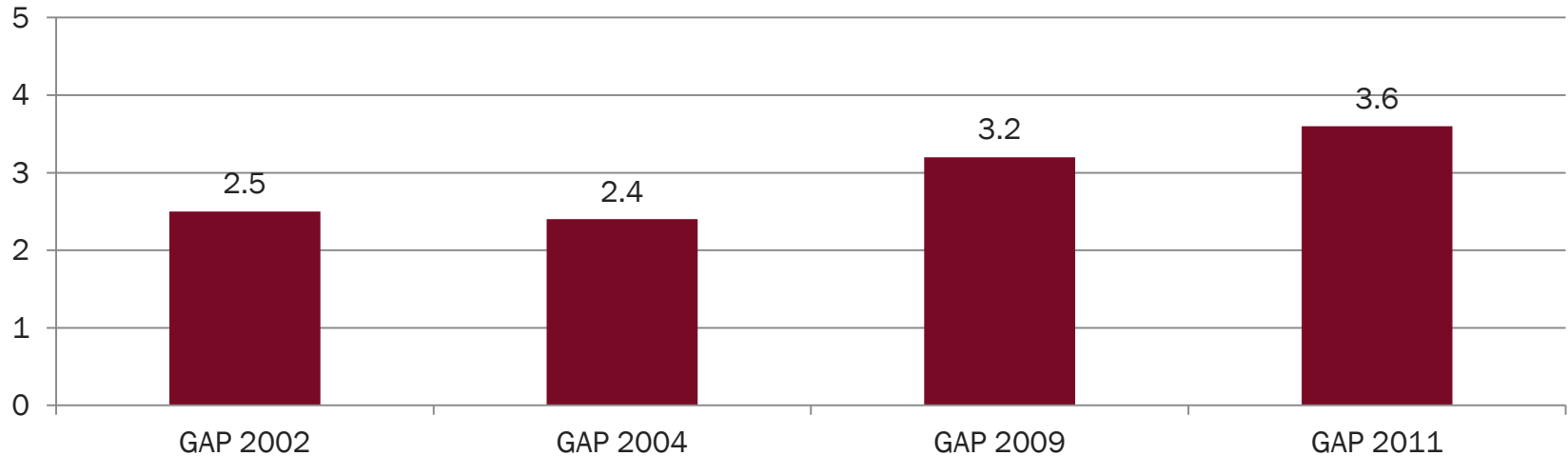
As shown previously, corporate clients tend towards working with several agencies simultaneously. For agencies, this is an unfortunate development as agency of record relationships tend to be durable and profitable.

Agency Relationships: Type, Private Companies, 2002 - 2011



There is also a clear trend among private companies away from agency-of-record relationships, down to less than 20%.

Number of Agencies Used, 2002 - 2011



The number of agencies retained by corporations continues to increase. This finding corresponds with the erosion of agency of record relationships and may be an indication of corporations' preferences to work with agencies specialized by function or geography.

Agency Relationships: Reasons

Additional Arms and Legs	6.0	Help Quantify Results	4.4
Unique Perspective	5.7	Digital/Social Media	4.3
Marketing Insight	5.6	Limited Headcount	4.2
Strategic Point of View	5.3	Cheaper	4.1
Geographic Reach	4.5		

1=Not important; 7=Very important;
Among those reporting use of agencies.

All GAP studies including this one show “additional arms and legs” as the primary reason why corporations retain agencies. However, there agencies are also retained for strategic reasons, such as providing a unique perspective, marketing insight and providing a strategic point of view. Providing digital/social service ranks neutral in importance.

Only 18% indicate they have become more dependent on agencies for strategic insight in the last two years.

Agency Relationships: Strategic vs. Tactical (Factor Analysis)

Strategic	Tactical
Unique expertise	Cheaper than hiring staff
Market insights	For arms and legs
To quantify results	Because we have limited headcount
For their strategic point of view	

When looking into the motivations for corporate use of agencies, a factor analysis for all respondents reveals two clusters: strategic and tactical. Further analysis reveals a significant relationship between strategic agency use and (1) recommendations taken seriously, and (2) positive CEO perceptions.

Descriptively*, high strategic use, low tactical use, associated with strongest scores on multiple success factors. Descriptively, low strategic use, high tactical use, associated with weakest scores on multiple success factors (see typology on next slide).

*Small sample sizes within the typology do not permit tests of significance.

Strategic vs. Tactical Agency Use by Corporations: a Typology

Strategic

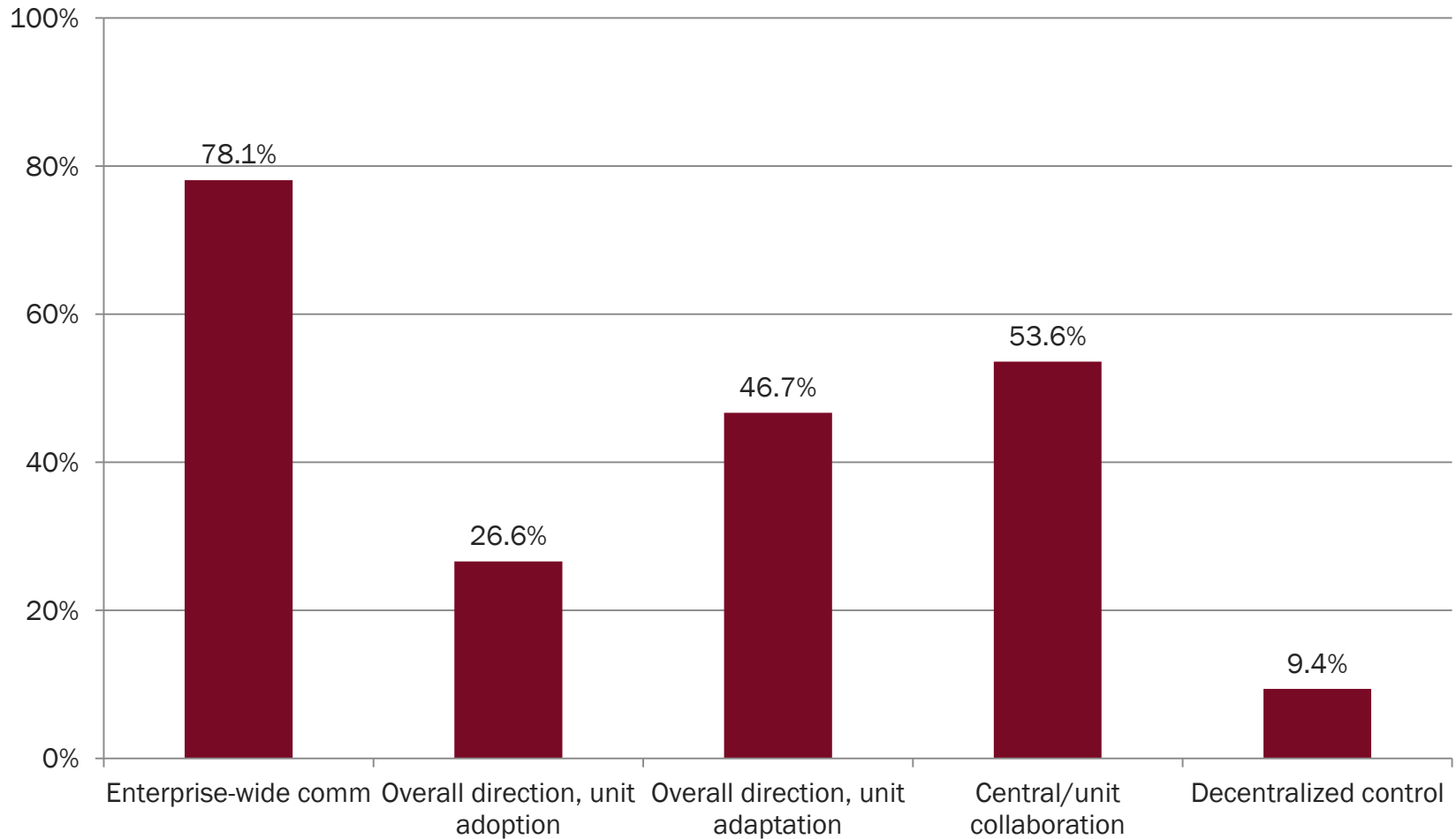




GAP VII, Section 6

Organization/Reporting

Degree of Central Control of Communication in Corporations



Reporting Line Analysis

Number of Reporting Lines in Corporations

The majority of corporate communication/PR departments (73%) have a single reporting line, whereas 27% report into multiple functions.

Among those with multiple reporting lines, 51% report to marketing and a member of the C-suite. 33% report to human resources and a member of the C-suite.

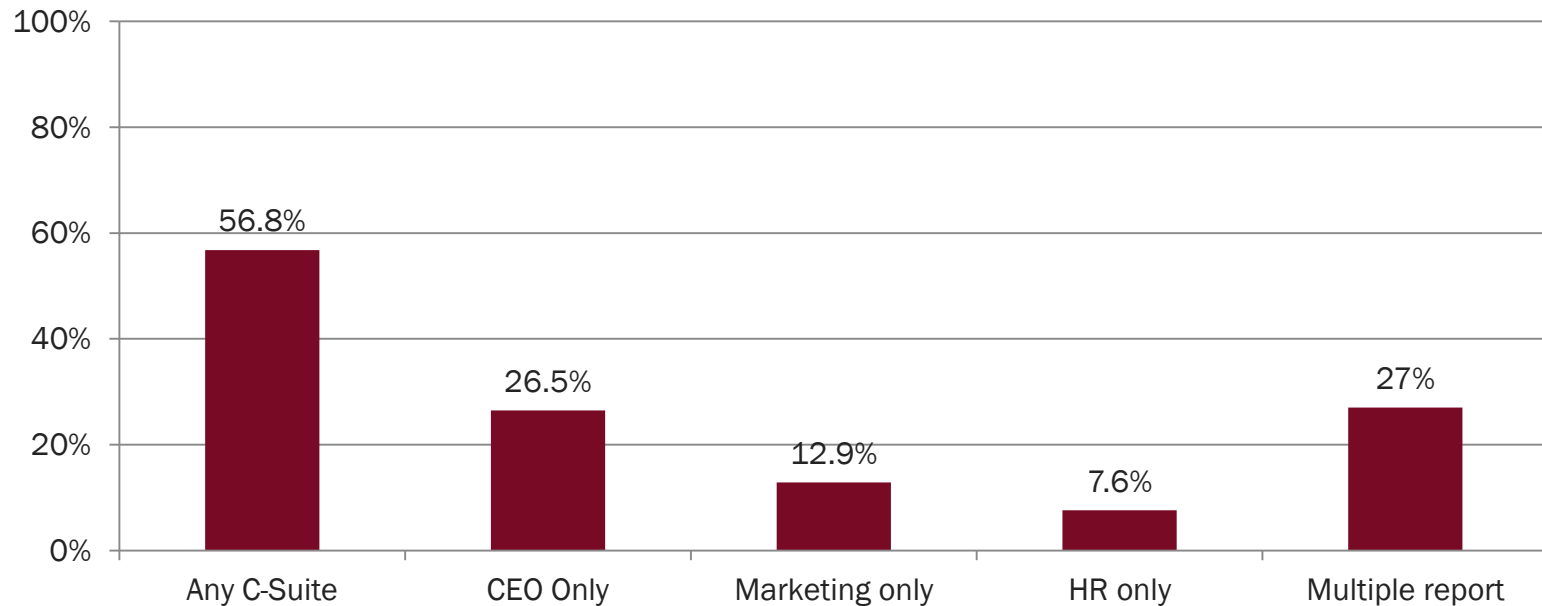
Private companies have a higher level of multiple reports (33%) than public (23%).

Satisfaction with Reporting Lines in Corporations

When asked if corporate respondents thought their current reporting line is appropriate, 60% strongly agreed while 16% strongly disagreed. It is noteworthy that there was no difference in the perceived effectiveness between single (5.20 on 7-point scale) and multiple reports (5.24).

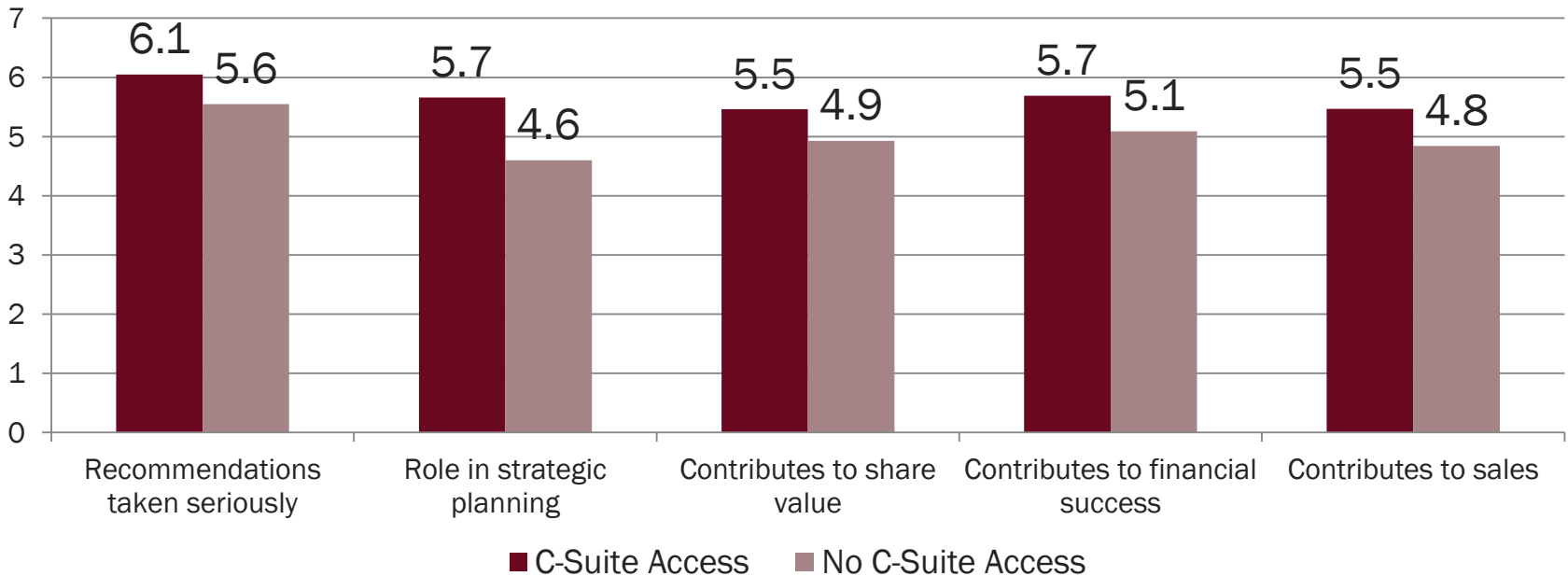
The reason for this is that a large majority (88%) of multiple reports have a line to the C-Suite compared to only 44% of single reports. Overall, those with C-suite access are more satisfied (5.87) than those without (4.33).

Reporting Lines - Corporate Respondents



Among corporations, the reporting lines of PR/Comm is consistent with past GAP studies.

Reporting Lines and Perceived Value of PR Among Corporations



Corporate PR/Comm departments with C-suite access are consistently perceived to be of higher value to their companies than those without C-suite access.

Relationship between Reporting lines and Integration among Corporations

Integration, for the purpose of the GAP studies, measures coordination of communication activities within the PR/Comm function (intra-departmental integration), and whether PR/Comm programs are aligned and coordinated with activities of other corporate functions (inter-departmental integration). In GAP VII, analysis shows that both intra-departmental and inter-departmental integrations are powerful contributors to success.

When corporate PR/Comm departments have a direct line into the C-suite, they report a higher level of intra-departmental integration (5.5 of 7) than if they do not (5.1). The same finding applies to inter-departmental integration: 5.5 with C-suite access, 4.9 without. Data further show a strong relationship between C-suite access and getting invited to strategy meetings (5.7 vs. 4.6).

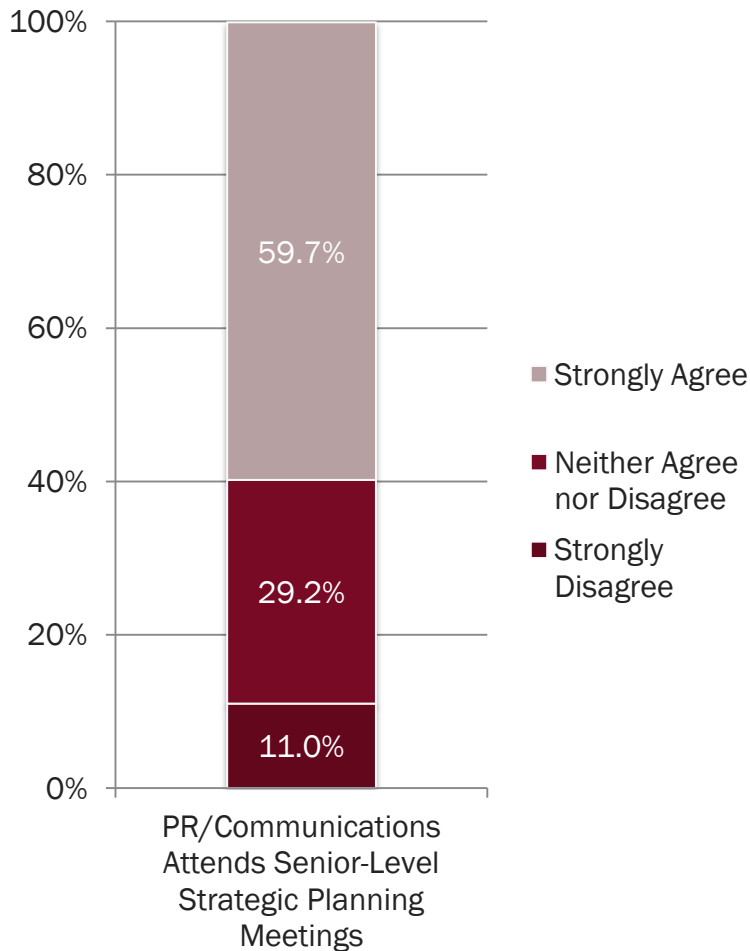
A reporting line may sometimes be situational (i.e. marketing-driven companies), but broader conclusions are inescapable. To achieve its full potential, corporate communication/PR must be included in the Dominant Coalition, i.e. report to the C-suite. Reasons for non-inclusion would be organizational and/or professional limitations.



GAP VII, Section 7

C-Suite Perceptions

C-Suite Perceptions: The Role of PR/Comm

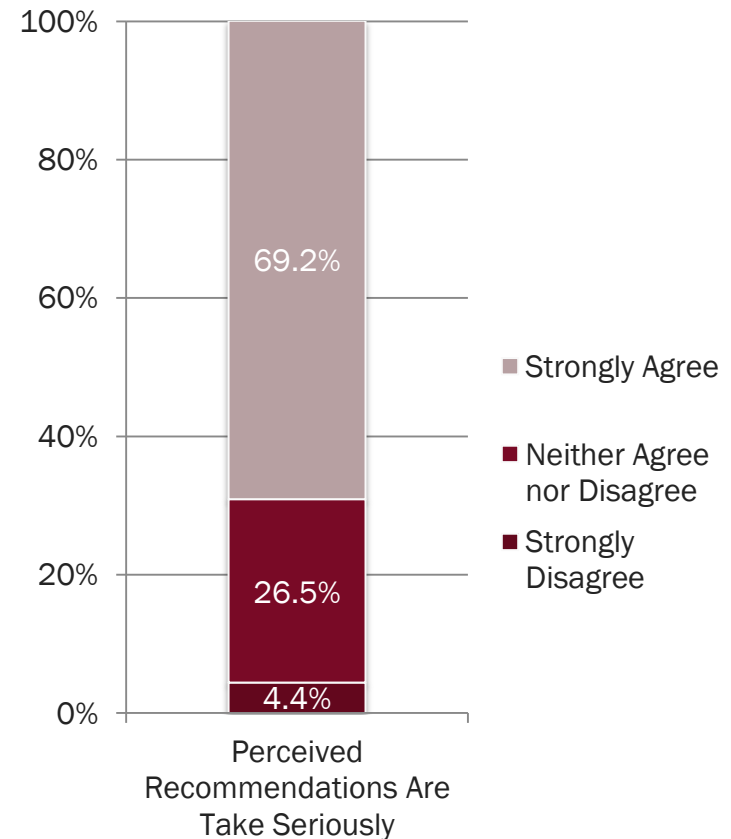


GAP VII asked respondents to rate their perception of how the function is being perceived by the C-suite. Among corporations, 60% strongly agreed with the statement that members of the PR/Comm department are invited to attend senior-level strategy meetings. Almost 30% neither agreed nor disagreed, while only 11% disagreed strongly.

Measured on a 7-point scale. 'Strongly agree' equals 6/7. 'Strongly disagree' equals 1/2.

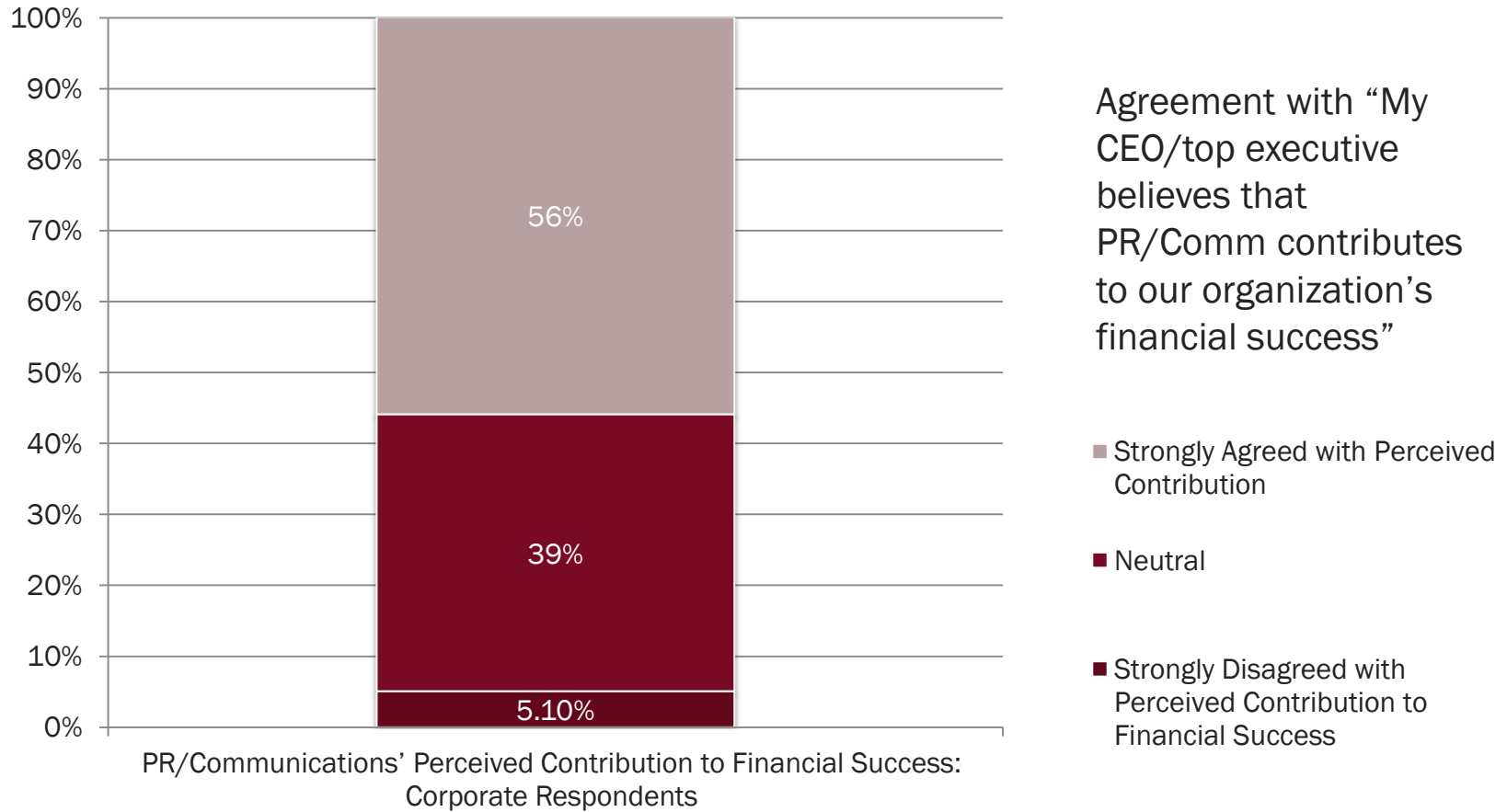
C-Suite Perceptions: The Role of PR/COM

The same pattern prevailed when corporate respondents were asked whether they perceive their recommendations as being taken seriously. In fact, only 4.4% strongly disagreed.



Measured on a 7-point scale. 'Strongly agree' equals 6/7. 'Strongly disagree' equals 1/2.

C-Suite Perceptions: Contributions to Financial Success



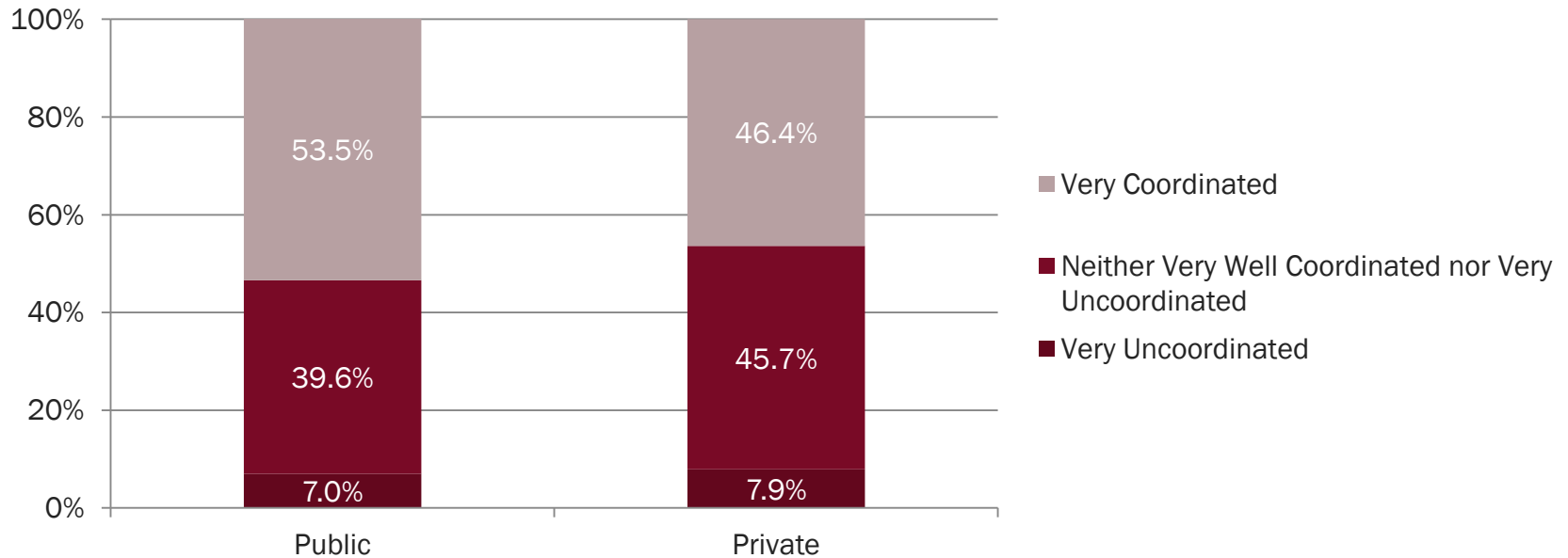
Measured on a 7-point scale. ‘Strongly agree’ equals 6/7. ‘Strongly disagree’ equals 1/2.



GAP VII, Section 8

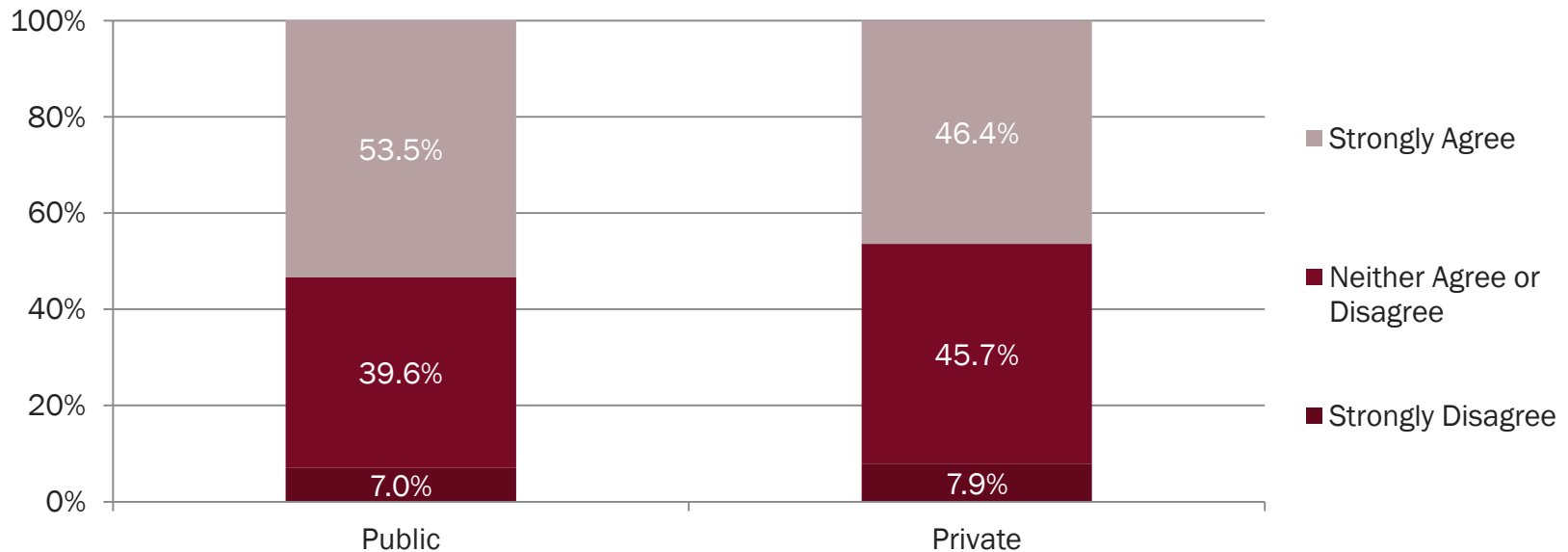
Organizational Integration

Intra-Functional Integration Among Communication Functions



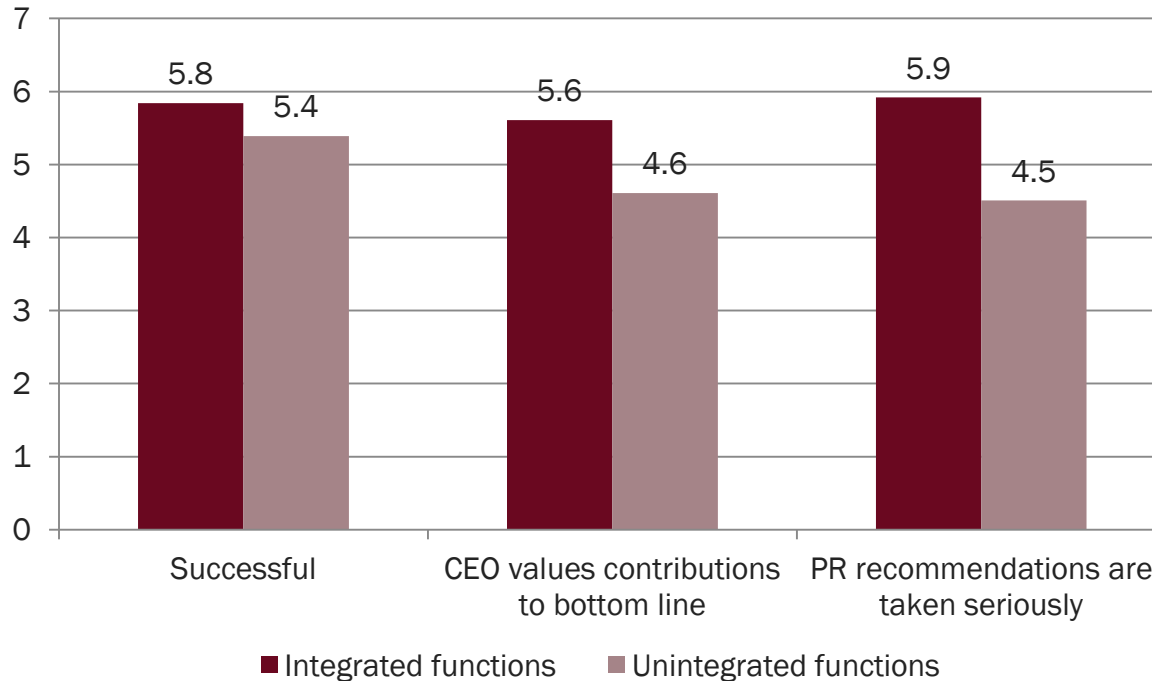
Over 50% of corporate respondents, both public and private, report a very high level of coordination within the function, while well below 10% say the PR/Comm function is very uncoordinated.

Organizational Integration: Inter-Functional Integration Among Corporate Respondents



When it comes to inter-functional integration of PR/Comm with other departments such as finance, legal, operations, etc., more respondents in public companies (53.3%) say they feel very well integrated, while that number drops to 46.6% among private company respondents. For both categories, less than 10% report a low level of integration.

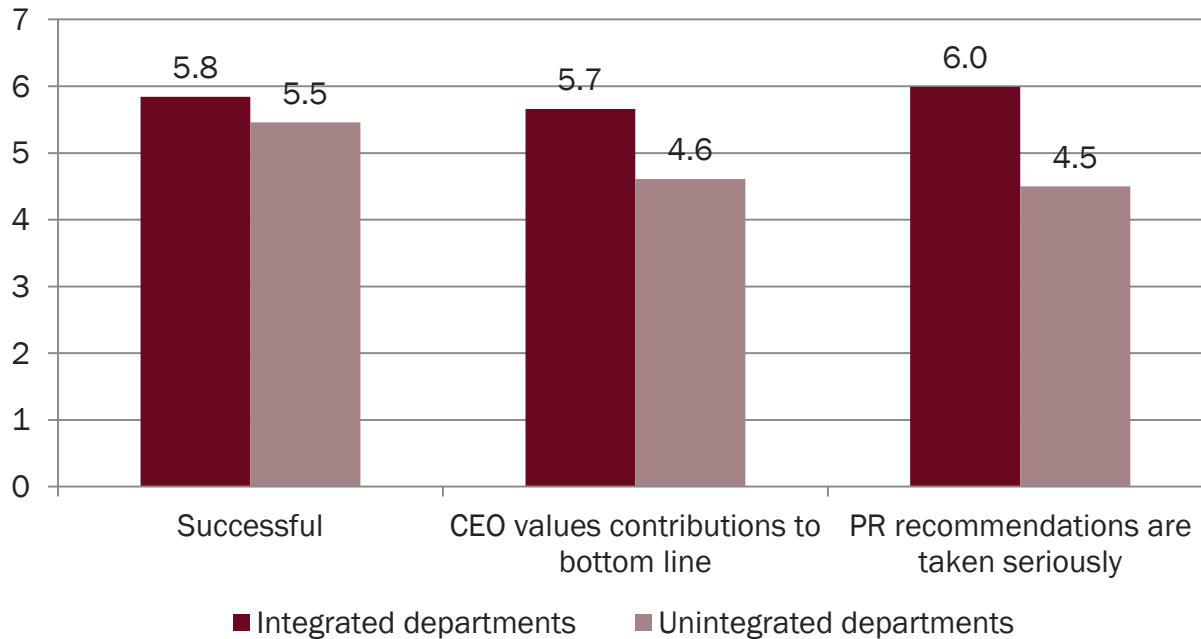
Intra-Departmental Integration Equals Success (Corporate Respondents)



Higher levels of integration/coordination among PR/Comm functions are associated with multiple success factors.

Coordinated functions is defined as a score above 4.0 on a 1- 7 scale; CEO values contributions=average agreement with “My CEO/top exec. believes PR contributes to... stock valuation, financial success, sales; PR recommendations=average agreement with “PR recs taken seriously...” and “PR generally invited to senior-level meetings...”

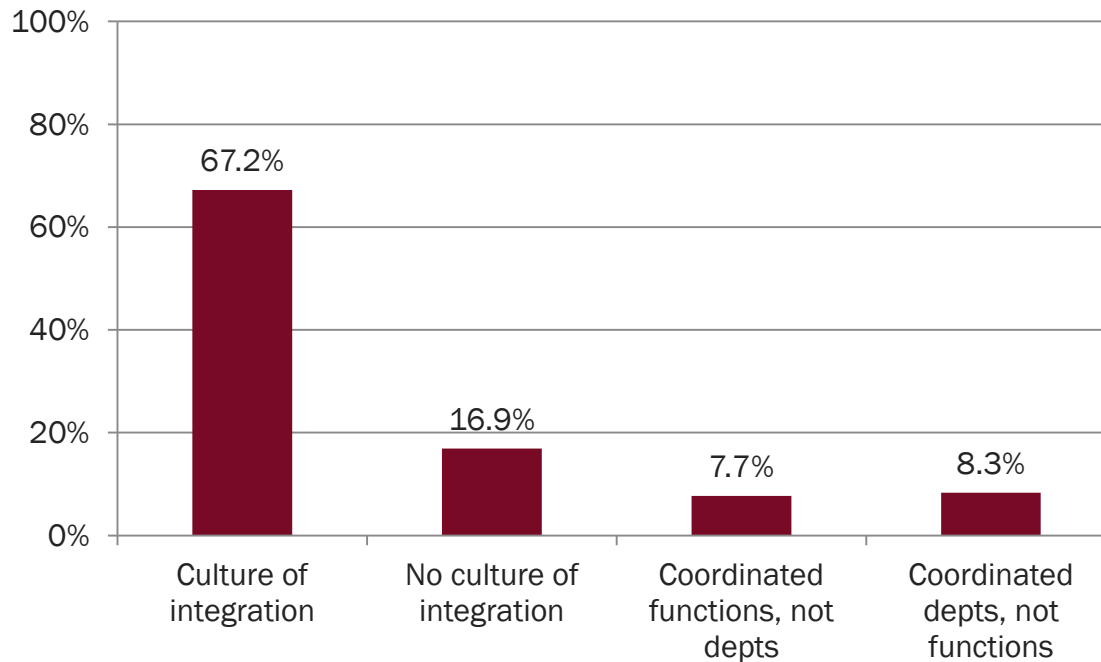
Inter-Departmental Integration Equals Success (Corporate Respondents)



Higher levels of integration/ coordination between PR/COM and non-COM functions are associated with multiple success factors.

Coordinated departments is defined as a score above 4.0 on a 1- 7 scale; CEO values contributions=average agreement with “My CEO/top exec. believes PR contributes to... stock valuation, financial success, sales; PR recommendations=average agreement with “PR recs taken seriously...” and “PR generally invited to senior-level meetings...”

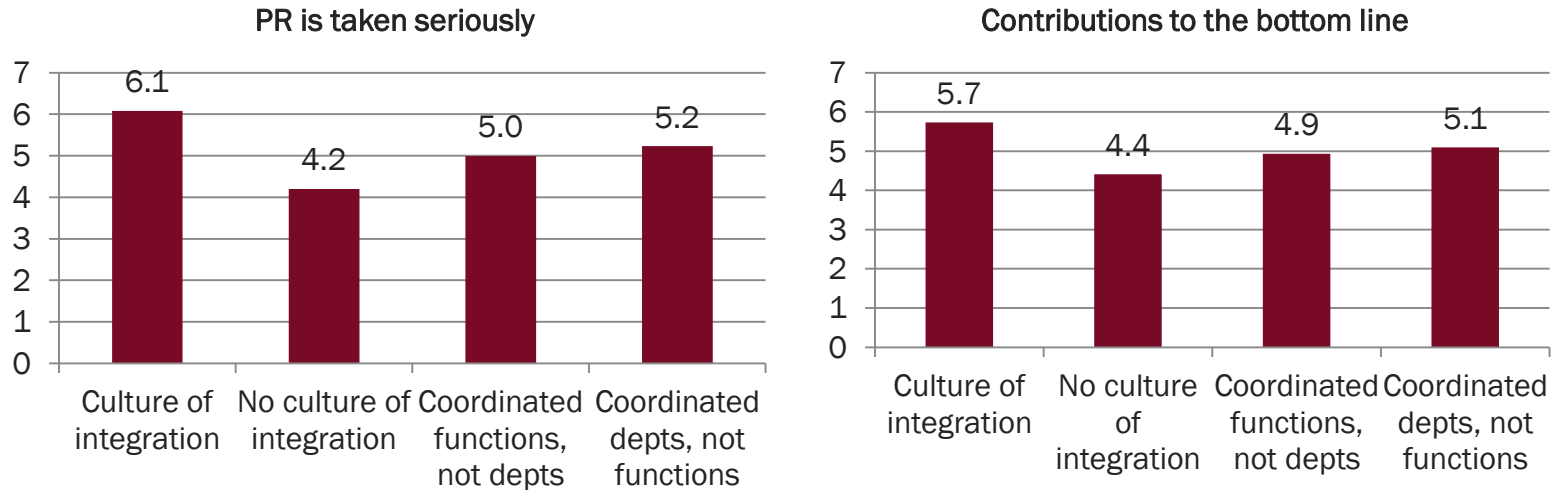
A Culture of Integration



Culture of integration defined as Top 3 Box on *both* integration measures.

Types of integration are highly correlated ($r=.68$); nearly 70% of corporations report both kinds of integration; 17% are not integrated at all.

Culture of Integration: All Respondents



Organizations with a culture of integration are significantly more likely than any others to report that PR/Comm is highly valued.

Significant multiple comparison tests with Bonferroni correction.



GAP VII, Section 9

Excellence and Best Practices

Excellence and Best Practices – Key Insights for Success

The GAP VII findings confirm a set of best practices that were identified in previous GAP studies and are all strongly associated with success variables. Patterns are very compelling and long-lived over multiple GAP studies.

- Integration: Champion intra-functional and inter-functional integration and coordination
- Measurement/Evaluation: Invest at least the average percentage (9%) of total budget in measurement and evaluation; focus investment on metrics other than media outputs.
- Culture/Character: Beginning within the PR/Comm function, champion the adoption of a culture or character that is proactive, long-term, strategic, flexible, ethical, and people-first.
- Agency Relationships: Optimize strategic value over mainly tactical use.
- Reporting Line: Assure that PR/Comm has the most effective reporting line, given the nature and structure of the entire organization. In most cases this will be a direct reporting line to the C-Suite. Be part of the Dominant Coalition.

Excellence and Best Practices, Key Insight: A Period of Profound Transition from Old School to New School

GAP VII findings indicate an industry in transition from ‘old school’ to ‘new school’ approaches to managing the PR/Comm function. Companies that embrace ‘new school’ best practices are more likely to be associated with success variables.

Old School

- Measurement of media outputs
- Believe PR focus is on media relations
- Does not believe social media are pervasive
- Reactive/Short-term
- Worried about control
- Consider media relations the dominating discipline of PR

New School

- Measurement of outcomes
- Assign primary responsibility for social media to PR
- Long-term strategic direction
- Embrace multiplying touchpoints, pervasiveness of social media – still with modicum of control
- More likely to believe recommendations are taken seriously