



Communications and Public Relations General Accepted Practices 2010

Report 5: Correlations, Best Practices, Executive Summary

Strategic Communication & Public Relations Center

UNIVERSITY OF SOUTHERN CALIFORNIA
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**SIXTH COMMUNICATION AND PUBLIC RELATIONS
GENERALLY ACCEPTED PRACTICES (GAP) STUDY
(Q4 2009 DATA)**

GAP VI

REPORT 5: Correlations, Best Practices, Executive Summary

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GAP VI

REPORT 5: CORRELATIONS, BEST PRACTICES, EXECUTIVE SUMMARY

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Introduction

The purposes of the Communication and Public Relations Generally Accepted Practices (GAP) Studies—of which this is the sixth—are to provide practitioners with data they can use today to better manage the communication functions 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.

Such practical data, trends, and Best Practices are particularly important in the current environment as we emerge from the global economic turmoil that has dominated discussion in the world's boardrooms, newsrooms, and living rooms for the last 18 months. Organizations ranging from global Fortune 50 companies to small, non-governmental organizations have felt the impact of that turmoil. For the lucky and more able, the damage was limited to diminished income, staffs, and budgets. For the less lucky and less able, the damage was calamitous.

All this has played out at a time when public trust in organizations hit an all-time low. The 2009 Trust Barometer—published by the Edelman public relations firm—indicated that in 2009 trust in business was at a 10-year low in the United States. While the 2010 barometer indicated that trust levels have rebounded, they remain far from optimal. And the story in other parts of the world was not very different.

The combined crises in economics and trust left PR/Communication professionals in the unenviable position of seeking to counter a deficit in trust and confidence at precisely the time when the financial and human resources at their disposal were also at a deficit compared to past years.

What did they do? How did they do it? Did they succeed? And most importantly, what can we learn from that experience that will guide the practice as it transitions into a healthier environment?

Those are some of the questions addressed in this sixth Communication and Public Relations Generally Accepted Practices (GAP) Study, conducted in the third and fourth quarters of 2009 by The Strategic Communication and Public Relations Center (SCPRC) at the USC Annenberg School for Communication & Journalism.

Unlike past GAP studies, GAP VI placed greater emphasis on mid-sized and large organizations, because (1) the vast number and diversity of smaller organizations makes it almost impossible to draw broadly applicable conclusions based on their responses; and (2) larger organizations, with their greater resources, are more likely to be earlier developers and adopters of new techniques. The result of this more focused approach was a smaller number of respondents to GAP VI than GAP V (382 vs. 521) but stronger data from the targeted mid-sized and larger categories.

Because GAP participants vary from study to study, rather than forming a consistent “panel,” comparisons among data from the various studies can be statistically problematic. Despite that challenge, in many cases the data have proven to be remarkably consistent, and, over time, indicative of broad trends.

Unlike the reports published on the results of past GAP studies, which contained all of the data resulting from each study and were more than 100 pages in length, we will publish the GAP VI results incrementally in five separate reports, each of which will focus on data pertaining to specific areas of interest. We hope this will make the data more accessible to the reader. Those reports are:

Report 1: Budgets and Staffing

Report 2: Organization and Reporting

Report 3: Areas of Responsibility, Digital/Social Media, Evaluation

Report 4: Use of Outside Agencies

Report 5: Correlations, Best Practices, Executive Summary

This Report 5 covers Best Practices suggested by statistical correlations, as well as an Executive Summary of all findings. The staff of the Strategic Communication and Public Relations Center (SCPRC) hopes that this information is of assistance to practitioners in managing their own organizations.

We welcome your comments and suggestions.

Correlations

Methodology

The name of this study—Communication and Public Relations Generally Accepted Practices (GAP)—was selected after a great deal of deliberation. In 2001 and 2002, when the initial project planning was done, some thought was given to using the term “best practices.” However, that idea was discarded. While the study would certainly reveal the frequency with which various practices were utilized, frequency alone does not equal effectiveness.

While the term “Best Practice” is widely used, too often it is very loosely used. The fact that particular approaches to problems or particular organizational structures are commonly used obviously does not prove that they are the best approaches or structures. Likewise, a subjective assessment of a one-time event that seems to have had a good outcome does not make for a best practice.

For a practice to be deemed best, it must be associated with demonstrable, positive outcomes that are better than those associated with other practices, ideally on a consistent basis.

However, starting with GAP V in 2008, the authors have felt sufficiently comfortable with their findings to cross the line between frequent practices and true Best Practices.

When analyzing the data in all six GAP studies, the authors have been particularly interested in discovering *patterns* of behavior common to substantial numbers of respondents. They identified statistically significant correlations, which revealed with a reasonable level of certainty that respondents shared certain characteristics based on their common responses to specific questions. In other words, those who provided the same answers to specific, key questions would be significantly more likely to provide similar answers to other questions as well. By applying this methodology, responses to single questions could be extrapolated to identify larger patterns of shared behavior, attitudes, etc.

The authors are prepared now to more firmly characterize and rely on those patterns, based on the experience that comes from publishing six GAP studies over nine years and the confidence that has come from seeing similar (though not always identical) patterns appear year after year.

But identifying patterns of behavior does not, in itself, identify Best Practices. Those patterns must also be associated with specific, desirable outcomes that benefit the organization and the practice of PR/Communication. In GAP VI, the authors have identified two such outcomes, which they have dubbed “Best Practice Outcomes” (BPOs). These two were chosen from the mass of GAP data because they are relevant to practitioners in all types of organizations and have been included in most of the GAP studies. They are:

1. The degree to which respondents described their organizations as being *successful*.
2. The degree to which respondents described their organizations as having *good external reputations*.

After selecting those two Best Practice Outcomes (BPOs) the challenge was to identify all factors that correlated with them, ideally on a consistent basis, with the goal of answering these two questions:

1. What PR/Communication practices, perceptions, and values are common to organizations that describe themselves as being more successful than do others?
2. What PR/Communication practices, perceptions, and values are common to organizations that describe themselves as having better external reputations than do others?

Logically, it could then be argued that those practices, perceptions, and values that are associated with Best Practice Outcomes amounted to true **Best Practices**, and that the greater the consistency with which they correlated with BPOs, over time, the greater the certainty with which they could be called Best Practices. That said, some variations are to be expected from study to study given variations in the sample. This makes it essential to assess consistency on a long-term basis, rather than the short-term.

The authors fully acknowledge the somewhat subjective nature of this methodology and their inability to demonstrate causality (i.e. “if you do this one thing, or these three things, your organization will definitely be more successful.”) However, they believe that the reader will find the findings to be logical, compelling, and consistent with what appears to be true in the practice.

The authors also felt compelled to share their views with the profession, because it is in desperate need of progress and validation in the area of Best Practices. It is the authors’ fervent hope that their findings will advance the discussion regarding—and serve as the basis for further exploration of—that progress and validation.

The authors welcome reader comments on their methodology—both positive and negative—*with one caveat*: any criticism must be accompanied by suggested alternative approaches, and/or variations on their methodology that will advance the discussion rather than derail it.

Factors Associated with Best Practice Outcome (BPO) 1 - A Greater Degree of Organizational Success – in GAP VI and/or GAP V

Factors shown in italics correlated with greater success in both GAP VI (2009) and GAP V (2007). Those in plain text correlated with BPO 1 only in GAP VI. The variations are probably attributable to differences in the samples. (Degree of success was expressed by scores of 1 [low] to 7 [high]).

1. *A greater degree of integration between PR/Communication and other departments*
2. *A greater degree of integration among the various communication functions (advertising, PR/Com, customer service, etc.).*
3. *Senior management takes PR/Communication's recommendations more seriously.*
4. *The entire organization is described as:*
 - *Having a better external reputation*
 - *Being more proactive*
 - *Being more long term/strategic*
 - *Being more ethical*
 - *Being more innovative*
5. *CEOs (among public and private companies) believe more strongly that PR/Communication contributes to:*
 - *Organizational success*
 - *Financial success*
 - *Sales*
6. *Using specific metrics for PR/Communication measurement and evaluation:*
 - *Influence on corporate culture*
 - *Influence on corporate reputation*
 - *Influence on employee attitudes/morale*
 - *Influence on share of voice*
 - *Influence on stakeholder awareness/opinions*

(Note the lack of any media-output related metric)
7. *Outside agencies are used for strategic purposes:*
 - *They provide strategic and/or market insight and experience*
 - *They complement internal capabilities*
 - *They have resources in markets and/or geographies where the client needs them*

(Note the strategic emphasis and the absence of "they provide extra arms and legs.")
8. PR/Communication's reporting line is described as being more appropriate.
9. Corporate Communication/Reputation is included among PR/Communication's primary responsibilities.
10. The entire organizational structure is described as being more effective (irrespective of whether it is centralized or decentralized).
11. A larger number of full-time PR/Communication employees.
12. A larger PR/Communication budget in the last fiscal year (2008).

Factors Associated with Best Practice Outcome (BPO) 2 - A Better External Reputation – in GAP VI and/or GAP V.

Factors shown in italics correlated with better external reputation in both GAP VI (2009) and GAP V (2007). Those in plain text correlated with BPO 2 only in GAP VI. The variations are probably attributable to differences in the samples. (Quality of reputation was expressed by scores of 1 [poor] to 7 [excellent]).

1. *A greater degree of integration between PR/Communication and other departments*
2. *A greater degree of integration among the various communication functions (advertising, PR/Com, customer service, etc.).*
3. *The entire organization is described as being:*
 - *More successful*
 - *More proactive*
 - *More long term/strategic*
 - *More ethical*
 - *More innovative*
4. *Using specific metrics for PR/Communication measurement and evaluation:*
 - *Crisis mitigation/avoidance*
(Note the lack of any media-output related metric)
5. *Outside agencies are used for strategic purposes:*
 - *Provide an objective point of view*
(Note the strategic emphasis and the absence of “they provide extra arms and legs.”)
6. Senior management takes PR/Communication’s recommendations more seriously.
7. PR/Communication’s reporting line is described as being more appropriate.
8. The entire organizational structure is described as being more effective (irrespective of whether it is centralized or decentralized).
9. The entire organizational structure is described as being more centralized rather than decentralized.

Factors Associated in GAP VI with both a Greater Degree of Organizational Success and a Better External Reputation

In GAP VI the following factors correlated with Best Practice Outcome 1 and Best Practice Outcome 2.

1. A greater degree of integration between PR/Communication and other departments
2. A greater degree of integration among the various communication functions (advertising, PR/Com, customer service, etc.).
3. Senior management takes PR/Communication's recommendations more seriously.
4. PR/Communication's reporting line is described as being more appropriate.
5. The entire organization is described as:
 - Having a good external reputation
 - Being more successful
 - Being more successful
 - Being more proactive
 - Being long term/strategic
 - Being more ethical
 - Being more innovative
6. The entire organizational structure is described as being more effective (irrespective of whether it is centralized or decentralized).

Commentary re. Correlations

Clearly the practices, values and perceptions that leap off the page are those that appear with the greatest frequency when one isolates the factors that correlate with the two Best Practice Outcomes, in both GAP V and GAP VI:

1. A greater degree of integration between PR/Communication and other departments
2. A greater degree of integration among the various communication functions (advertising, PR/Com, customer service, etc.).
3. Specific metrics other than media outputs are used for measurement and evaluation. (This is especially important when seen jointly with another correlation found in GAP VI: the higher the percentage of total PR/Communication budget spent on evaluation, the greater the extent to which the CEO believes that PR/Communication contributes to success.)
4. When outside agencies are used, it is done for strategic purposes (rather than purely for additional labor).
5. The entire organization is described as:
 - a. Having a good external reputation
 - b. Being more successful
 - c. Being more proactive
 - d. Being long term/strategic
 - e. Being more ethical
6. Senior management takes PR/Communication's recommendations more seriously.
7. PR/Communication's reporting line is described as being more appropriate.
8. The entire organizational structure is described as being more effective (irrespective of whether it is centralized or decentralized).

Correlations Relating to Digital/Social Media

In an effort to identify patterns of behaviour and ideally, Best Practices relating to the use of digital/social media, the authors used correlation methodology to identify factors associated with greater use of those media. The GAP VI questionnaire asked respondents to indicate the extent to which they currently used various digital/social media tactics, as well as the extent to which they planned to make use of those tools in the future.

Factors correlating with *both* greater current use of digital/social media *and* greater planned, future use of those media:

1. The extent of the CEO's belief that PR/Communication contributes to:
 - Sales
 - Financial success
2. Senior management's belief that the following functions make greater contributions to organizational success than do other functions:
 - Marketing
 - Sales
 - PR/Communications
3. A direct reporting line to Marketing
4. Geographic area of PR/Communication's responsibility (As the physical scope of responsibility expands, so too does the use of digital/social media.)
5. A larger PR/Communication staff
6. Larger PR/Communication budgets in 2008
7. The use of outside PR agencies
8. The likelihood that the organization is described as being more democratic

Factors correlating *only* with greater current use of digital/social media:

1. How seriously senior management takes PR/Communication's recommendations.
2. The likelihood that PR/Communication is invited to senior-level strategic planning meetings.
3. The likelihood that PR/Communication has responsibility for:
 - Marketing PR/Product PR
 - Monitoring of/participation in digital/social media
 - Search Engine Optimization
4. The use of outside PR agencies

Factors correlating *only* with greater planned, future use of those media:

1. The use of outside PR agencies specifically because of their ability to quantify results
2. The likelihood that the organization is describes as being more flexible

Commentary re. Digital/Social Media Correlations

What the authors found most interesting and surprising about the use of digital/social media was what it did not correlate with. There was a complete absence of such factors as:

- More successful
- Better reputation
- More innovative
- More proactive
- More long term/strategic

Also interesting and surprising is the strong sales and marketing orientation of those factors with which greater use of “new media” does correlate:

- A direct reporting line to Marketing
- Senior management’s belief that the following functions make greater contributions to organizational success than do other functions:
 - Marketing
 - Sales
 - PR/Communications
- The extent of the CEO’s belief that PR/Communication contributes to:
 - Sales
 - Financial success

The findings are certainly open to many different interpretations, including these (which the authors acknowledge lean toward generalizations):

1. The true contributions of these new channels to organizational success and/or reputation remain to be seen.
2. In general, they are being used in ways that are fairly traditional, with little truly new ground being broken.
3. The emphasis has been on short-term activities aimed at producing and/or supporting sales, rather than longer-term relationship building and/or reputation enhancement.
4. The authors, among others, have argued that PR/Communication is better equipped to control “new media” than Marketing because of its focus on activities that are less overtly sales oriented. But although PR/Communication is indeed heavily engaged in “new media,” the GAP VI data also show it is do so primarily for marketing purposes.
5. Given the lack of any decidedly positive, affirmative factors that correlate with greater use of digital/social media, at this time the authors are not comfortable suggesting any best practices relating to such use.

Best Practices

Based on the correlations and commentary described in Pages 4 – 10 the authors propose the following Best Practices (which are not listed in order of priority) to the profession:

1. Encourage and support optimal integration and coordination among the communication-related functions (PR/Communication, Marketing, HR, Sales, etc.).
2. Encourage and support optimal integration and coordination between PR/Communication and other, non-communication-related organizational functions (Operations, Finance, Etc.).
3. Best Practice #8: Invest more than the average percentage (which is approximately 5 percent) of your total budget in evaluation, and invest more of your evaluation budget on metrics other than, and/or in addition to, media outputs.
4. When working with agencies, do so for strategic purposes, rather than solely for additional labor or execution.
5. Champion organization-wide understanding of the relationship between communication, reputation and success, especially within the C-Suite.
6. Encourage and support the organization-wide adoption of a proactive mindset, beginning within the PR/Communication function.
7. Encourage and support the organization-wide adoption of a long-term, strategic point of view, beginning within the PR/Communication function.
8. Encourage and support organization-wide recognition of the relationship between highly ethical practices, reputation, and success, beginning within the PR/Communication function.
9. Assure that PR/Communication 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.

Executive Summary

REPORT 1: BUDGETS AND STAFFING

RECESSION NOT BAD FOR ALL PR PRACTITIONERS, SAYS USC'S SIXTH GAP STUDY

2010 Looks Like a Generally Flat Year

While 2009 was hardly a banner year for the PR/Communication profession, it does not appear to have been nearly as calamitous as some have suggested, and certainly not as bad as may have been the case in prior recessions. 2010 will be better, but organizations remain very cautious about their public relations spending.

These are among the findings of the sixth Public Relations Generally Accepted Practices (GAP) Study, which is published on a biennial basis by the Strategic Communication and Public Relations Center (SCPRC) at the USC Annenberg School for Communication & Journalism. A total of 382 communication decision makers in corporations, not-for-profits, and government agencies participated in GAP VI, for which most data was collected in the last quarter of 2009.

In 2009, 20.9 percent of GAP VI respondents experienced budget increases, 36.6 percent saw little or no change, and 42.5 percent saw decreases. When averaging all the responses, organizations reduced their 2009 budgets by a fairly moderate 5.3 percent. The average change among corporate respondents was a 4.68 percent reduction.

2010 looks like a better, but still very cautious, year. 28.8 percent expected budget increases over 2009, 49.7 percent expected no change, and 21.5 percent expected budget decreases. When averaging all the responses, organizations expect to increase their budgets by just 1.56 percent. Corporate respondents expect an increase of 1.94 percent.

"It appears that, despite much pessimism, we came out of 2009 in pretty good shape," noted Jerry Swerling, the Strategic Communication and PR Center's director. "2010 is certainly looking better, as evidenced by the recently announced first quarter earnings of the major agency holding companies. But an anticipated average budget increase of just 1.56 percent among clients clearly points to widely held caution. Still, we should be heartened by two factors. First, an increasing number of organizations are increasing their budgets. Second, from a historical perspective, it appears that we have weathered this recession far better than was the case in prior recessions, as many industry veterans will attest."

Public companies' PR:GR Ratios—i.e. the amounts they spend on public relations/communication relative to their gross revenues—remained relatively stable from 2007 (GAP V) to 2009 (GAP VI). For example, the average PR:GR Ratio for all public companies larger than \$5 billion that responded to GAP VI was 0.07 percent, as compared with 0.08 percent for similar GAP V respondents. This suggests that budgets remained somewhat stable as a proportion of total organizational resources dedicated to communications.

Among all GAP VI corporate respondents, internal staff salaries and related costs accounted on average, for 41 percent of the total PR/Communication budget, as compared with 44 percent in 2007. Nearly 20 percent was paid to external PR agencies, as compared with 30.4 percent in 2007. Only 4.5 percent was allocated to evaluation and measurement, as compared with 5.8 percent in 2007.

“While much is being said and written about the importance of evaluation, there is little bottom-line evidence to indicate that it is more of a priority today than it has been in the past, at least in terms of the financial resources invested in it,” Swerling commented.

Staffing

GAP VI reveals some surprising data regarding staffing. In 2009, 61.6 percent of all 382 respondents actually increased the size of their internal staffs, 15.1 percent saw little or no change, and 23.2 percent decreased the size of their organizations.

Interestingly, companies that do business only in the United States increased staffing in 2009 by 1.5 percent, while international/global companies decreased staffing by 1.9 percent. This is consistent with budget data suggesting that U.S.-only companies had more positive budgetary experiences in 2009 than did international/global companies. However, the budget data also suggest that the staffing situation will reverse in 2010, with hiring at international/global companies outpacing U.S.-only companies.

Impact on Internal vs. External Resources

Only 23.2 percent of responding organizations reduced their staffs in 2009, with those reductions generally falling in the modest 1 percent to 5.5 percent range. In 2009, GAP VI respondents spent 21.1 percent on compensation for outside agencies, as compared with the 26.6 percent GAP V participants spent in 2007. While this decrease is totally consistent with data gathered by the SCPRC in February 2009, some of it—though not all of it—may be attributable to the relatively larger size of many GAP VI respondents. Also relevant are findings in all six GAP studies showing that the most common reason for working with outside agencies is “extra arms and legs.”

All of this may explain why internal budget cuts were generally modest (i.e. 5.3 percent on average), while substantial anecdotal evidence suggests that outside agencies experienced significantly larger reductions in revenue. The greater scalability of external agency relationships and the greater commitment to internal staffs were major factors in how organizations responded strategically to the recession. Instead of making wholesale internal cuts, they froze or reduced salaries, and/or reduced agency compensation, and/or reduced programming.

Statistical Correlations

By means of statistically valid correlations among respondents' answers to multiple questions, SCPRC researchers were able to identify some fascinating patterns that reliably reflect true best practices. For example, respondents who reported *both* an increase in budget in 2009 *and* a reporting line to the C-Suite (chairman, chief executive officer, chief operating officer), grew by a far-better-than-average 8 percent in 2009. They also were far more likely to indicate that they expected their budgets to grow by a healthy 5.9 percent in 2010. In contrast, those who reported to Marketing expected budget increases of just 2.5 percent.

Likewise, GAP VI respondents who reported an increase in 2009 budgets were more likely to describe their organizations as being long-term/strategic rather than short-term/tactical; proactive rather than reactive; flexible rather than rigid; innovative rather than non-innovative; democratic rather than autocratic; and people-first rather than profits-first.

REPORT 2: ORGANIZATION, REPORTING, MANAGEMENT PERCEPTIONS, VALUES

ORGANIZATION, VALUES, INTEGRATION CONTRIBUTED TO SUCCESS DURING THE RECESSION, SAYS USC'S SIXTH GAP STUDY

PR/Communication's place in the organization—where it reported, the degree to which it was integrated with other organizational functions—and the values it practiced were key to its success during the recession, just as it is during healthier economic times.

These were among the findings of the sixth Communication and Public Relations Generally Accepted Practices (GAP) Study, which is published on a biennial basis by the Strategic Communication and Public Relations Center (SCPRC) at the USC Annenberg School for Communication & Journalism. A total of 382 communication decision makers in corporations, nonprofit organizations, and government agencies participated in GAP VI, for which most data was collected in the last quarter of 2009.

42.5 percent of all corporate respondents to GAP VI reported directly and exclusively to the C-Suite (chairman, CEO, COO); 20.5 percent reported to multiple offices; 16.1 percent reported to Marketing; 5.7 percent reported to the head of a region or operating unit; and fewer still reported to Human Resources, Law, Finance, or Strategic Planning. These findings are generally consistent with past GAP studies.

But while 89.1 percent of those reporting to the C-Suite felt that arrangement was appropriate, those who reported elsewhere expressed a great deal of dissatisfaction. Just 48.9 percent of those who reported to Marketing deemed that line appropriate, and NONE of those reporting to Human Resources—i.e., zero percent—believed that line to be appropriate. Indeed, 63.6 percent of those reporting to HR described their structure as being inappropriate.

In another telling finding, those who reported to the C-Suite also ascribed many positive attributes to their organizations. By applying statistically valid correlation methodology, SCPRC researchers found that those reporting to the C-Suite—as compared with those reporting elsewhere—were significantly more likely to describe their organizations as being successful, innovative, proactive, strategic, flexible, ethical, and having good external reputations. Those same participants were also more likely to report staff growth in 2009 (a year in which such growth was atypical); larger budget increases in 2010; a higher degree of respect for the PR/Communication function among senior management; and participation in organizational strategic planning.

“It has long been argued that PR/Communication must report to the C-Suite to optimize its effectiveness, but those arguments have generally been subjective in nature. While we can’t claim that our correlations have a cause-and-effect relationship, there’s no denying that they are logical, reasonable, compelling, and based on hard data,” noted Jerry Swerling, the Strategic Communication and PR Center’s director.

Organizational Integration

GAP VI also examined the extent to which the PR/Communication function is integrated with other departments like Marketing, Human Resources, etc., and how varying degrees of integration affected performance. On a one-to-seven scale, where one is lowest and seven highest, corporate respondents said their integration ranged from a low of 4.8 among smaller companies to a high of 5.8, which, surprisingly, was found among the largest public companies. Larger and more complex companies may have a greater need to integrate and recognize its benefits more readily. Conversely, government agencies and nonprofit organizations were much less integrated.

Interestingly, GAP VI suggests that reporting to the C-Suite does not necessarily foster greater integration. The 5.1 integration score compiled among those reporting to the C-Suite is no better than the cumulative scores compiled among those with other reporting lines. While it may seem logical to assume that a C-Suite reporting line would give PR/Communication the additional authority needed to optimize integration, the data suggest that’s not a factor.

GAP participants who reported higher degrees of organizational integration were substantially more likely to also report that their CEO believes PR/Communication contributes to financial success; that their CEO takes PR recommendations more seriously; that they enjoyed bigger budget increases in 2009; and that they participate in organizational strategic planning.

“The benefits that PR enjoys in better integrated organizations are of great value and make a strong case for practitioners to champion the cause of integration,” Swerling commented.

Senior Management’s Perceptions and Organizational Support

As with past GAP studies, GAP VI asked participants how their CEOs would rank nine common functions in terms of their contributions to organizational success. As was the case in GAP V, PR/Communication was ranked second behind Marketing, but ahead of Sales, Strategic Planning, Human Resources, Information Technology, Legal, and Security.

On a related note, the degree to which PR/Communication recommendations are taken seriously by senior management (on a one-to-seven scale) scored 5.8, an all-time high for the six GAP studies conducted to date.

While these responses may be somewhat biased because they are self-reported, their overall consistency with data from past GAP studies clearly reflects a degree of professional confidence and self-respect that was uncommon in the not-too-distant past.

Organizational Culture and Values

To assess how the recession affected organizational culture, GAP VI asked respondents to describe the extent to which various factors applied to their organizations on a scale of one to seven. Those that scored five or better and/or increased during the recession included being successful, having a good external reputation, being proactive, maintaining a long-term/strategic perspective, and being innovative. Perhaps most importantly, the only factor that exceeded six was being ethical, with a score of 6.3.

“Collectively, this bundle of interrelated factors suggests that those organizations that did better during the recession, as evidenced by their scores for successful and good external reputation, did so by remaining long-term, strategic, and ethical in their approach, rather than going for short-term gain at the expense of ethics,” Swerling observed. “Evidently what works in good times also works in bad times.”

REPORT 3: DIGITAL/SOCIAL MEDIA, EVALUATION

PR/COMMUNICATION, NOT MARKETING, IS IN CONTROL OF DIGITAL/SOCIAL MEDIA, SAYS USC'S SIXTH GAP STUDY

----- **Many Practitioners Missing the Boat Re: Evaluation**

Despite the ongoing debates over whether PR/Communication or Marketing should control the use of digital and social media, the reality is that the new digital media tools are more likely to be under the sway of PR/Communication.

With regard to another hotly debated question—whether or not the activities of the PR/Communication function can be objectively evaluated and, if so, how much should be invested in measurement—the reality is that the more a company spends on evaluation, the greater the likelihood that the chief executive officer believes PR/Communication contributes to financial success.

These are among the findings of the sixth Communication and Public Relations Generally Accepted Practices (GAP) Study, which is published on a biennial basis by the Strategic Communication and Public Relations Center (SCPRC) at the USC Annenberg School for Communication & Journalism. A total of 382 communication decision makers in corporations, nonprofit organizations, and government agencies participated in GAP VI, for which most data was collected in the last quarter of 2009.

When asked to define in percentile terms how much **budgetary** control PR/Communications exerted over digital/social media in their organizations, 25.4 percent of corporate participants said that PR/Communication has 81 to 100 percent of budgetary control. Only half as many—12.6 percent—said that Marketing had that much control.

Similarly, when asked to define how much **strategic** control PR/Communication and Marketing had over digital/social media, 23.8 percent said that PR/Communication had 81 to 100 percent. Just 9 percent said that of Marketing.

As further evidence that PR/Communication has the edge over Marketing in new media, 25.1 percent of corporate respondents indicated that Marketing has **no budgetary control**, while just 10.7 percent said that of PR/Communication; 22.4 percent indicated that Marketing has **no strategic control**, versus just 6 percent who said that of PR/Communication.

“While we need to bear in mind that these are the self-reported opinions of PR/Communication professionals, the disparities can’t all be chalked up to professional bravura,” commented Jerry Swerling, the Strategic Communication and PR Center’s director. “A very persuasive argument can be made that PR/Communication, rather than Marketing, is the logical home for these highly personal and social media, because they require a relatively non-commercial approach; they entail dialogue rather than monologue; they often convey

objective information rather than product features; and they tend to be free form in nature, which is just the opposite of the highly controlled world of Marketing.”

Clearly, GAP VI participants are actively experimenting with digital/social media, if not fully adopting these tools, and the expectation is that usage will only increase. Participants were asked about the extent to which they are currently using or planning to use various online channels on a scale where one is low and seven is high, with these results:

- Online audio (i.e., Podcasts): current use, 2.6; planned use, 3.8
- Blogging: current use, 2.7; planned use, 3.9
- Micro-blogging (i.e., Twitter): current use, 3.4; planned use, 4.2
- Social networking sites (e.g., Facebook): current use, 3.6; planned use, 4.7
- Online videos: current use, 4.3; planned use, 5.2

Conversely, some channels that have enjoyed moments of fame now seem much less promising, at least from a PR/Communication standpoint:

- Once-hot “virtual worlds” (e.g. Second Life): current use, 1.4; planned use, 1.6.
- Wikis: current use, 1.9; planned use, 2.6.

“Most professionals would probably acknowledge that in just a few years digital/social media have forever changed the practice of public relations, but the GAP data suggest that practitioners are still trying to figure out which tools work best in a particular situation, Swerling commented. “While direct, two-way, relationship-building dialogue is the new strategic standard, there is much less clarity about how to tactically achieve that standard. Bright shiny objects like Second Life are out, while experimentation and testing are in.”

GAP VI also suggests that involvement in digital/social media goes hand-in-hand with how the PR/Communication function is viewed internally. New media users were significantly more likely to report that:

- Senior management took their recommendations more seriously;
- Their CEO believes that PR/Communication contributes to financial success;
- Their CEO believes that PR/Communication contributes to maintaining and increasing sales;
- They participated in senior-level strategic planning meetings.

Measurement and Evaluation

GAP VI participants spent an average of just 4 to 5 percent of their total budgets on the formal evaluation of their work. This low degree of investment is consistent with all five previous GAP studies and suggests that the scale of actual investment in measurement lags far behind the scale of the discussion about measurement.

Nonetheless, data provided by GAP VI corporate participants point to a strong incentive for spending more on measurement: there is a positive correlation between the percentage of the PR/Communication budget spent on measurement, and the extent to which the CEO believes PR/Communication contributes to the company's financial success. In other words, the greater the investment in evaluation (as a percentage of the total PR/Communication budget), the greater the likelihood the CEO believes PR/Communication makes a bottom-line contribution.

Likewise, a positive correlation also exists between the percentage of the budget spent on measurement and the extent to which the CEO believes that PR/Communication contributes to maintaining or increasing sales.

"While we can't yet prove a causal relationship between what you spend on evaluation and management's attitudes, these correlations are certainly compelling and logical," Swerling said. "CEOs love hard data. By spending more to get better data you will improve perceptions of your department. If your department is seen as a bottom-line contributor, you will probably do better at budgeting time. And if you do better at budgeting time, you will recoup your investment in evaluation."

GAP VI also examined the degree to which practitioners utilize specific measurement tools by asking them to use a scale, where one is low and seven is high, to gauge their use of those tools. Here are the Top Five metrics:

1. Influence on corporate reputation (5.0);
2. (a tie) Content analysis of clips; influence on stakeholder awareness/opinion (4.3);
3. Influence on employee attitudes/morale (4.2);
4. (a tie) Crisis avoidance/mitigation; influence on corporate culture (4.0);
5. Total number of clips (3.8).

As in all past GAP studies no metric scored higher than 5.0, indicating that there remains no widely accepted approach to measurement. Especially noteworthy are the low scores, 2.5 and 2.7 respectively, given to pre-campaign and post-campaign primary research, which are probably the best available tools for campaign planning and evaluation. The inclusion among the Top Five of the archaic "Total number of clips" is likewise a dubious distinction.

REPORT 4: USE OF OUTSIDE PR AGENCIES

AGENCY USAGE REMAINS STRONG BUT RELATIONSHIPS HAVE CHANGED DRAMATICALLY, SAYS USC'S SIXTH GAP STUDY

Corporate use of outside PR agencies has remained strong despite the recession, with 100 percent of the largest public companies and 65 percent of the smallest public companies utilizing agency services. On the other hand, government agencies and nonprofit organizations have substantially reduced their reliance on outside firms.

In addition, the use of PR agencies correlates positively with numerous beneficial organizational attributes, suggesting a pattern of perceptions and behavior that collectively support PR/Communication's role.

These are among the findings of the sixth Communication and Public Relations Generally Accepted Practices (GAP) Study, which is published on a biennial basis by the Strategic Communication and Public Relations Center (SCPRC) at the USC Annenberg School for Communication & Journalism. A total of 382 communication decision makers in corporations, nonprofit organizations, and government agencies participated in GAP VI, for which most data was collected in the last quarter of 2009.

Because GAP participants vary from study to study, rather than forming a consistent "panel," comparisons among data from the various studies can be statistically problematic. Nonetheless, the data have proven to be remarkably consistent over time, and indicative of broad trends and specific practices.

Among public companies of various sizes (in terms of gross revenue) that participated in GAP VI, the percentages that worked with agencies were:

- Companies under \$1 billion in gross revenues, 65 percent;
- \$1 billion - \$4.99 billion, 87 percent;
- \$5 billion - \$9.99 billion, 85 percent;
- \$10 billion - \$19.99 billion, 90 percent;
- \$20 billion - \$40 billion, 87 percent;
- More than \$40 billion, 100 percent.

However, when these figures are compared with the data compiled in 2002 for GAP I, it appears that smaller companies have decreased their agency usage over time:

- under \$1 billion, 78 percent (-13 percent);
- \$1 billion - \$4.99 billion, 92 percent (-5 percent);
- \$5 billion - \$9.99 billion, 86 percent (statistically flat);
- \$10 billion - \$19.99 billion, 89 (statistically flat);
- \$20 billion - \$40 billion, 100 percent (-13 percent);

- More than \$40 billion, 100 percent.

It must be pointed out, though, that some of these variations may be due to differences in the sample.

Among government agencies that participated in GAP VI, just 40 percent worked with PR agencies, while 30 percent of nonprofit organizations utilized outside firms. There has been a steady decline in agency usage among these types of organizations since GAP I data was collected in 2002.

On the other hand, the average number of agencies used by corporate respondents to GAP VI has increased, from 2.5 in 2002 to 3.2 in 2009. Most of the increases have taken place among smaller companies. The largest participating companies have generally decreased the number of agencies they worked with—from more than five agencies, down to four or five. Nonprofit organizations and government agencies tend to work with one outside agency.

Since 2002, GAP participants have steadily decreased the average percentage of the total PR/Communication budget allocated to outside agencies: GAP VI corporate respondents allocated 23.6 percent of their budgets to outside agencies in 2009, which was down from 30 percent for all corporate respondents in GAP I in 2002. However, this must be seen in the context of three factors:

1. 2009 was a recessionary year;
2. There were steady increases in overall PR/Communication spending in the years between 2002 and the recession; and
3. PR:GR Ratios (the amount spent on PR/Communication as a percentage of total gross revenues) appear to have increased in the pre-recession years. For example, among Fortune 500 companies (those with gross revenues of more than \$5 billion) that participated in GAPs V and/or VI, the average PR:GR Ratio increased from 0.04 percent to 0.08 percent in recent years.

The net effect on agency revenue may have been that in pre-recession years, growth in total spending offset decreases in the percentage of that spending paid to outside firms.

The nature of the relationships between GAP participants and their agencies has also shifted dramatically. Among public companies, the percentage that worked on an ongoing basis with a single agency of record dropped from 47.2 percent in 2002 to 24.6 percent in 2009. In contrast, those who worked on an ongoing basis with multiple agencies increased from 13 percent to 53 percent. The percentage that worked with agencies on the least structured *ad hoc* basis dropped from 36 percent to 16.2 percent over the same period.

The reasons for working with agencies cited by GAP VI public company participants are shown here in rank order with the percentage of respondents who cited them:

1. (85.4 percent), “They provide additional arms and legs.”;
2. Tie (72.5 percent), “They provide strategic and/or market insight and experience,” and “They complement our internal capabilities.”;
3. (61.1 percent), “They offer unique expertise.”;
4. (55.7 percent), “They have resources in geographies or markets where I need them.”;
5. (52.7 percent), “They provide an objective point of view.”;
6. (40.5 percent), “We have a limit on internal head count.”;
7. (30.5 percent), “They are cheaper than adding staff.”;
8. (26.7 percent), “They provide expertise in digital/social media that we lack internally.”;
9. (22.9 percent), “They provide an ability to quantify results.”

GAP VI findings also suggest that working with outside agencies goes hand-in-hand with a pattern of perceptions and behavior that collectively support PR/Communication’s role in the organization. Those participants who worked with agencies were significantly more likely to report that:

- Senior management took their recommendations more seriously;
- Their chief executive officer believes that PR/Communication contributes to maintaining and increasing sales;
- A greater current usage of digital/social media;
- A greater planned usage of digital/social media;
- A greater PR:GR ratio, i.e. the amount budgeted for PR/Communication as a percentage of gross revenue;
- Positive PR budget changes in 2009 vs. 2008;
- Positive, anticipated budget changes in 2010 vs. 2009; and
- The extent to which the PR/Communication function is integrated with other departments.

“To get a clear picture of the agency/client situation you really have to look at the data as a whole, rather than a list of individual pieces,” explained Jerry Swerling, the Strategic Communication and PR Center’s director. “The percentage of companies using agencies has remained flat or shrunk; the recession has caused clients to reduce the percentage of their budgets allocated to agencies, and some companies—especially larger ones—have reduced the number of agencies they work with.

“As for their reasons for working with agencies, clients have consistently told us that the number one reason, by far, is to ‘gain extra arms and legs’—an attribute that does not embody a great deal of strategic or intellectual added value. Meanwhile, potential gold mines

like 'expertise in digital/social media' and 'ability to quantify results' rank at very distant numbers eight and nine, respectively, on a list of nine.

"But at the same time, working with agencies correlates with some very important, positive factors, many of which could be leveraged.

"All these interrelated factors suggest a message for the agency industry: to avoid the risk of commoditization you need to shake up clients' perceptions by investing in truly unique and compelling offerings in evaluation, new media, and other high-value sectors. If you are already making those investments, then you need to make clients more aware of them, and of the contribution made to client success by the agency/client relationship."

REPORT 5: CORRELATIONS, BEST PRACTICES

USC STUDY UNVEILS NEW APPROACH TO BEST PRACTICES IN PR/COMMUNICATION

New Media Being Used Primarily for Traditional Sales and Marketing Purposes; True Potential Yet to be Seen

Greater organizational success and better external reputation are associated with nine specific, actionable strategies, attitudes, and values that constitute true Best Practices in the PR/Communication field. In addition, the “new” digital/social media are generally being used primarily for traditional sales and marketing purposes, rather than breaking new ground.

These are among the findings of the sixth Communication and Public Relations Generally Accepted Practices (GAP) Study, which is published on a biennial basis by the Strategic Communication and Public Relations Center (SCPRC) at the USC Annenberg School for Communication & Journalism. A total of 382 communication decision makers in corporations, nonprofit organizations, and government agencies participated in GAP VI, for which most data was collected in the last quarter of 2009.

The nine Best Practices are (not in order of priority):

1. Encourage and support optimal integration and coordination among the communication-related functions (PR/Communication, Marketing, HR, Sales, etc.).
2. Encourage and support optimal integration and coordination between PR/Communication and other, non-communication-related organizational functions (Operations, Finance, Etc.).
3. Invest more than the average percentage (which is approximately 5 percent) of your total budget in evaluation, and invest more of your evaluation budget on metrics other than, and/or in addition to, media outputs.
4. When working with agencies, do so for strategic purposes, rather than solely for additional labor or execution.
5. Champion organization-wide understanding of the relationship between communication, reputation and success, especially within the C-Suite.
6. Encourage and support the organization-wide adoption of a proactive mindset, beginning within the PR/Communication function.
7. Encourage and support the organization-wide adoption of a long-term, strategic point of view, beginning within the PR/Communication function.

8. Encourage and support organization-wide recognition of the relationship between highly ethical practices, reputation, and success, beginning within the PR/Communication function.
9. Assure that PR/Communication 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.

Researchers identified these Best Practices by selecting from the mass of GAP data responses to questions dealing with two highly desirable characteristics - Best Practice Outcomes - that are relevant to communication professionals in all types of organizations.

1. The degree to which respondents described their organizations as being *successful*.
2. The degree to which respondents described their organizations as having *good external reputations*.

They then identified all factors that correlated with those Best Practice Outcomes, ideally in both GAP VI and GAP V (which was conducted in 2007), with the goal of answering two questions:

1. What PR/Communication practices, perceptions, and values are common to organizations that describe themselves as being more successful than do others?
2. What PR/Communication practices, perceptions, and values are common to organizations that describe themselves as having better external reputations than do others?

GAP researchers fully acknowledge a weakness in their methodology: an inability to demonstrate causality. “No, we can’t yet prove a causal relationship. There is no guarantee that if you advance organizational integration, or spend more on evaluation, or educate management, or any combination of the proposed Best Practices, your organization will be more successful or its reputation will improve. But nor is there any denying that these correlations are compelling, logical, and consistent with what appears to be true in the practice,” said Jerry Swerling, the Strategic Communication and PR Center’s director.

“Despite the lack of causal evidence, we felt compelled to propose our findings to the profession, because it is in desperate need of progress and validation in the area of Best Practices. It is our fervent hope that these findings will advance the discussion regarding that progress and validation and serve as the basis for further exploration. We certainly welcome feedback on our methodology—both positive and negative—with one caveat: any criticism

must be accompanied by suggested alternative approaches, and/or variations on their methodology that will advance the discussion rather than derail it.”

Digital/Social Media

GAP researchers also used correlation methodology to identify patterns relating to the use of digital social media, in an attempt to shed additional light on the still somewhat murky challenges and opportunities new media pose to the profession. The GAP VI questionnaire asked respondents to indicate the extent to which they currently use various digital/social media tactics, as well as the extent to which they plan to make use of those tools in the future. The results were surprising.

Among the factors associated with greater use of digital/social media, there was a **complete absence** of such attributes as:

- Being more successful
- Having a better reputation
- Being more innovative
- Being more proactive
- Having a more long term/strategic perspective

The factors that **were** associated with greater use of new media showed a very strong sales and marketing orientation:

- A direct reporting line to Marketing
- Senior management’s belief that the following functions make greater contributions to organizational success than other functions:
 - Marketing
 - Sales
 - PR/Communications
- The extent of the CEO’s belief that PR/Communication contributes to:
 - Sales
 - Financial success

The findings are certainly open to many different interpretations, including these (which the authors acknowledge lean toward generalizations) :

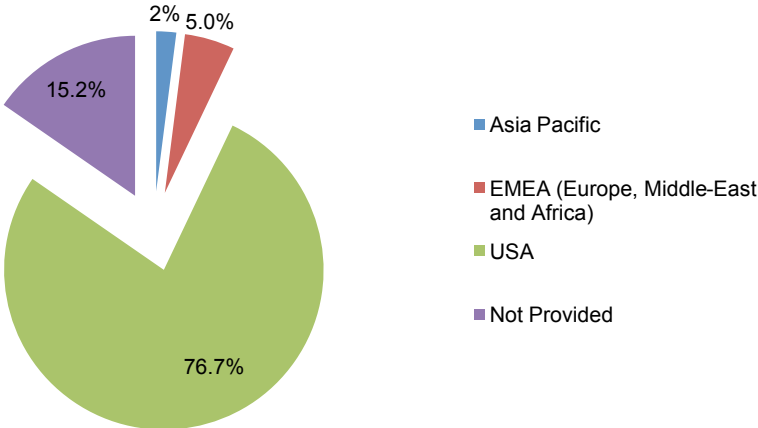
1. The true contributions of these new channels to organizational success and/or reputation remain to be seen.

2. Thus far the emphasis has largely been on activities aimed at producing and/or supporting sales, rather than longer-term relationship building and/or reputation enhancement.
3. While the argument has been made (by the authors among others) that PR/Communication is better equipped to control “new media” than Marketing, because of its focus on activities that are less overtly sales-oriented, these data suggest that while PR/Communication is indeed heavily engaged in “new media,” it is doing so primarily for marketing purposes.

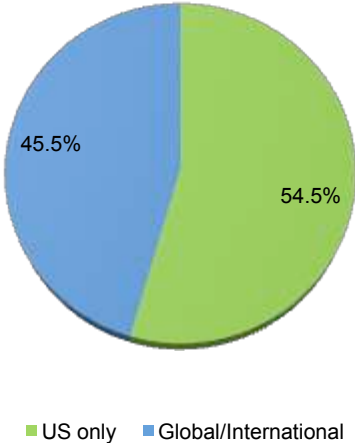
GAP VI Participant Profile

A total of 382 companies participated in GAP VI, which were fewer than participated in GAP V. However, this drop was planned as the SCPRC intentionally targeted larger organizations in this latest survey.

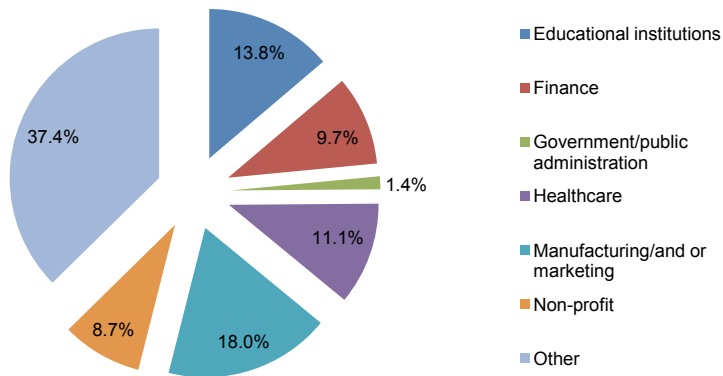
1: Company Headquarters:



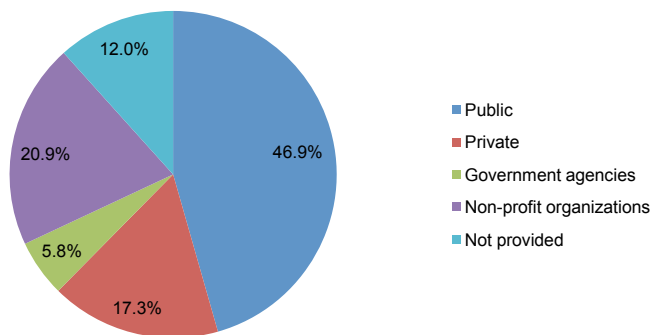
2: Area of Responsibility of Respondents



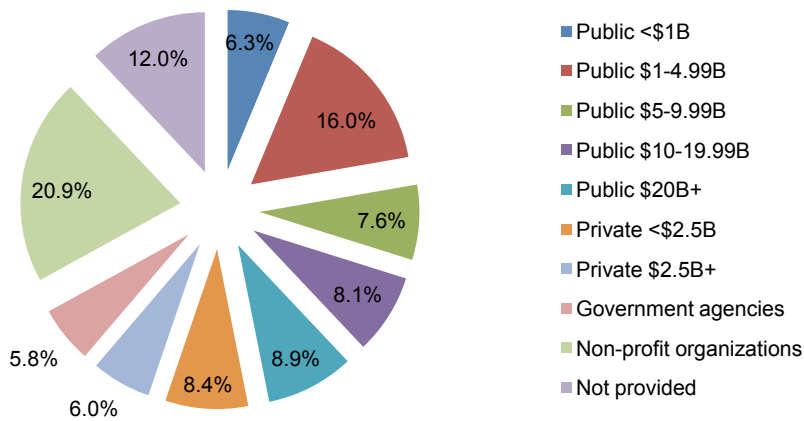
3: Organizations by Industry Category



4: Organizations by Category



5: Organizations by Revenue Category



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/communication profession. Created by the Annenberg School's Public Relations Studies Program, 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.

Mission

To advance the study, practice and value of the Public Relations profession by conducting practical, applied research in partnership with other visionary organizations.

Goals

1. Serve as a laboratory for the public relations profession, foster innovation, and establish "best practices" and benchmarks in a wide variety of critical areas.
2. Further define the expanded, dynamic role to be played by public relations in an environment of increasing transparency, technology-enabled communication, changing societal norms, stakeholder fragmentation, increasing global communication, and proliferating special interests.
3. Demonstrate, to its key stakeholders, the contributions made by public relations to the "value chains" of organizations of all types.
4. Elevate the professional skills of public relations practitioners.
5. Advance the dialogue within the profession regarding the relative effectiveness and adoption of various methodologies for program evaluation.
6. Bridge the gap between the academic study of public relations and communications theory on the one hand, and the public relations function as it is actually practiced in the "real world," on the other.
7. Support the dismantling of the organizational barriers that tend to isolate the public relations function from other disciplines, to the detriment of the entire organization.
8. Develop an approach to, and curriculum for, the study of public relations that reflects the profession's evolving needs.

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