DIGITAL COMMUNICATIONS
AND SOCIAL MEDIA
The challenges facing the PR industry
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1 | Introduction

i) Background and objectives

Traditional media has lost its monopoly on news. TV and radio coverage and much more is now available on demand, with broadcast and print content often consumed through hand-held devices. New media is fast converging with traditional media and becoming mainstream. Indeed the traditional media is now taking its cues from new media which is acting as an echo chamber for consumer opinion. The last few years have also seen the democratisation of the media – anyone with a computer and an opinion can now be a media owner or publisher. In 2009 over 70% of households in the UK had access to the internet. Millions of people now act as online commentators, creating their own news and broadcasting their personal opinions (about individuals, companies and organisations), comments and views in real time. And this information (and misinformation) can be accessed instantaneously by anyone via the internet. What is more, unlike traditional media, online content doesn’t currently have to pass any editorial controls.

Added to that, the recent downturn has had a profound effect on the environment in which companies operate – trust in business is at an all time low. Public trust in traditional forms of media has also declined while faith in peer recommendations, blogs and user-generated content (UGC) has increased according to a recent poll by the PRCA. All of this means that the power has now shifted firmly towards the consumer.

These technological and societal changes are having a far-reaching impact on the PR/communications discipline and are presenting huge challenges as well as opportunities to the industry. Every aspect of how, when and where we share and consume information is being affected.

Rather than targeting audiences through ‘media gatekeepers’, it is now possible for organisations to engage directly with consumers, using any number of online channels. As a result, the communications industry needs to understand the changes in technology and shifts in consumer attitude and behaviour in order to adapt for the future and to exploit the opportunities that are emerging.

Against this backdrop, Watson Helsby – the executive search firm which recruits into senior corporate communications roles – decided to commission research to explore the impact of digital communications on the PR function, both in-house and within consultancies.

ii) Scope

The aim of this research is to establish how digital communications is impacting and redefining the role, responsibilities, activities and thinking of today’s senior communications professionals. Whilst we touch on some of the issues around training and development for entry-level digital PR communicators, we have focused our research on those practitioners operating at a senior management level, both in-house and within PR consultancies.

Although there is some significant cross-over between digital activities in the PR arena and those activities undertaken by the marketing, advertising, customer services and the CRM functions (and which we reference in the main body of the research), we have limited our study to those roles, responsibilities and activities currently housed within in-house communications teams or within specialist digital PR or generalist PR consultancies.

1. Information courtesy of the Office for National Statistics
iii) Methodology

During 2009, we conducted face-to-face interviews with approximately 40 senior communications professionals, the vast majority of whom are involved, to a greater or lesser extent, in digital communications. Most either had oversight of the discipline within an organisation or were heading up digital practices in consultancies. We also interviewed a number of authors and academics.

iv) Participants

We would like to thank the senior communications practitioners who have participated in this research and given of their time so generously. The majority of the interviews we carried out for this study were face-to-face, and included participants from a wide range of industries including telecommunications, travel and leisure, fmcg, new media, retail and financial services. On the agency side we spoke with CEOs, MDs and practice heads of the larger, international PR consultancies as well as MDs of the smaller, specialist agencies.

v) Nomenclature

Although most participants in this research were involved in setting and managing digital PR strategy for their organisations or clients, as was expected job titles varied hugely. In-house these included Head of New Media, Head of Corporate Broadcast & Digital Media and VP Online Communications. For those participants within agencies, titles ranged from CEO through MD, Director of Digital Strategy and Head of Social Media to simply Director. For the purpose of this report, and for ease of reference, we have used the title Head of Digital Communications (HDC) throughout.

One of the added challenges of writing this report was deciding which definition to use to describe the whole area of digital engagement, Web 2.0, social networking, social media and online communications [see page10]. For consistency, we have used the term ‘digital communications’ or ‘digital PR’ to cover all such activities.
Digital communications and social media – the challenges facing the PR industry

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2 | Executive summary

Digital media and particularly social media, has revolutionised the way that tens of millions of individuals engage, communicate, relate and socialise. It has also revolutionised the manner in which news and opinion is seeded, developed, shared and distributed, as well as the speed at which all of the above takes place.

Some companies have embraced these developments along with the opportunities they create, but this research study suggests that the majority are struggling to make sense of it and the disorder it has generated. For many it is more ‘thought in progress’ or ‘work in progress’.

The top 10 challenges

This research identifies the key issues that are inhibiting the adoption and integration of digital communications into both communications strategies and broader organisational frameworks. Chief among these were rules of engagement and loss of control. Against a backdrop of blogs, online forums etc., companies can no longer control, to the degree they are accustomed to, their internal and external messaging. Unlike traditional media, online content doesn’t (generally) have to pass any editorial control. Furthermore information issued by a company can now be copied, amended, edited and forwarded by others at will. How best to engage in this ‘lawless’ and unstructured environment is a conundrum that is exercising many organisations.

Interlinked with this issue is another one of equal difficulty – governance and how to manage and protect both employees’ and the company’s privacy as staff increasingly turn to social media platforms at work, and in some cases, are actively encouraged to blog on behalf of the company. This is raising further corporate reputation risks; the regulatory implications of employees inadvertently disclosing potentially market-sensitive information online as well as the potential for data leaks and viral computer infections. At present there are no hard and fast rules governing digital communications and social media; there is no ‘Debrett’s on Digital’. The majority of Heads of Digital Communications (HDCs) recognise that these are unchartered waters and that there is an urgent need for a new set of rules to govern the usage of digital communications, both internally and externally.

Sourcing and recruiting good digital communications specialists is another issue, both for companies and PR agencies.

We are now living in an era where technical knowledge is, to a certain extent, defined by age. The younger generation, the ‘digital native’, is typically under 30 years of age and has an instinctive understanding of digital. But they do not, unsurprisingly, possess the experience, all-round communications skills, gravitas and credibility required of senior operators. Those over 40 – the ‘digital immigrants’ – possess the news judgement, planning skills and experience but are, in many cases, struggling to make sense of the new digital world. This apartheid is replicated both in communications teams and in the boardroom, creating a generational and cultural barrier to understanding and integrating digital communications in today’s organisations.

Another challenge identified by interviewees was the weakness of current online metric systems which prevents them from establishing ROI on their social media activities. Interviewees complained that the majority of external metric agencies are using outdated evaluation methods geared towards measuring one-off campaigns rather than the linear activity which is more prevalent in online communications.

Other issues raised by interviewees included the speed of change (many social media tools are evolving at an alarming rate) as well as the speed of response required in the online space – this can now be measured in minutes and hours rather than days and weeks; and their fear and/or scepticism of digital communications. Levels of fear and scepticism vary widely and are dependent,
Many are struggling to make sense of digital media and the disorder it has generated. For many it is more ‘thought in progress’.
to a certain extent, on whether respondents were based in-house or within consultancy, the industry sector in which they worked, and whether they operated at a group, brand or business unit level.

Two final points raised were the ongoing ‘land grab’ being fought with advertising and marketing colleagues as to which discipline should ‘own’ digital communications; and the fragmentation of the media which has meant that there are now literally thousands of media outlets to contend with, making it ever more difficult to determine how to best reach and engage with stakeholders.

Impact on the key in-house communications disciplines

We examined the impact of social media on four of the key communications disciplines; media relations, internal communications, financial PR and investor relations, and public affairs.

Given the explosion in the number of online media outlets, media relations is the area where digital communications can have the most impact, but paradoxically, most media relations practitioners continue to focus their efforts on the traditional media. However, prioritising the integration of social media with traditional media activities will become a key focus for respondents going forward. This will bring a fundamental shift in the modus operandi of many media relations professionals; the ability to craft messages for multiple platforms, from press releases through blogs, Facebook and Twitter to chat rooms – and the ability to do this quickly – is becoming an essential tool in their armoury.

Internal communications is also being affected; interviewees are working hard on introducing social media guidelines for their staff in the knowledge that the best advocates – as well as the most vocal critics – for their business online are often their own employees. The public affairs discipline is also being affected by the rise in digital communications, and increasingly so.

With the growing use of online social media tools by politicians and political commentators, and with the UK’s recent election, which was fought both online as well as offline, the integration of online into public affairs monitoring and campaigning is inevitable.

Our research shows that the current ‘no go’ area for digital communications is financial PR and investor relations. Whilst at first glance this appears to make sense – these disciplines have to operate within onerous legal and regulatory frameworks – there is a marked reluctance amongst many in-house and agency financial PR specialists to even consider the use of social media within their City PR strategies. Yet our report carries clear evidence of the increasing use of online social media tools by shareholders and investors, as well as the growth in traditional media sourcing City stories online.

The use and uptake of social media tools

The extent to which social media tools are being exploited and activated by in-house communicators and their agency advisors varied widely and is largely dependent on the size of the organisation and its budget, the sector in which it operates, the scale of its influence and the audiences with which it has to communicate and engage. Consumer-facing organisations and those whose customers and stakeholders are already active online are much more likely to be proactive in adopting digital PR than their b2b peers. Those communications directors operating at a group level were less likely to adopt proactive digital communications than those operating at a brand or business unit level.

We found that companies’ digital communications activities fell into four separate phases which we have defined as ‘crawling’, ‘toddling’, ‘walking’ and ‘running’. Activities range from creating and hosting the online press office site (crawling) to addressing the company-wide structural
implications of digital communications (running). We detail each of the activities associated with the four key stages of digital implementation in the report.

Building digital capability

Digital communications, and how it is resourced, is an area where opinion is divided. Some see it as just another communications channel that can be readily resourced within the existing team, others as a whole new skill set. That said, the majority of respondents saw the expertise needed to integrate digital PR into their communications teams as a gap in their armament. However, there is a large gulf between the skills and experience required and the skills and experience available. Our report identifies a number of reasons for this gap, including: the fact that digital communications is still a relatively new discipline; the demographic challenge; and the lack of effective training and development opportunities which are all contributing to the current recruitment dilemma.

Our research revealed a new form of recruitment being used by the agency sector in an effort to ameliorate the recruitment challenge. An increasing number of PR and digital agencies are bypassing the traditional recruitment routes and utilising social media networks as the favoured recruitment channel. They are identifying potential employees online, reviewing their blogs, examining their digital footprints, making contact through network groups on social media channels and, in some instances, carrying out web-based video interviews.

At present, agencies (both generalist and digital) employ the majority of digital PR professionals and as a result, we have yet to reach a point where in-house communications teams are as advanced as their agency peers in the digital space. However, our research suggests that this situation will change, because many in-house respondents are planning to bring these digital skills in-house, either through a dedicated digital resource or through digital training for their existing teams. In the interim they are learning and absorbing as much as they can from their agencies.

Structure of digital teams

The research investigates and describes the current digital communications structures within agencies (both integrated functions and stand-alone practices) along with interviewees’ views of the ideal in-house digital communications structure. Very few senior level, in-house HDC roles exist. This can be attributed to a number of factors including in-house communications professionals’ reluctance to change; the struggle to establish online ROI and budget; and the ongoing debate as to whether digital communications requires dedicated resource. Interestingly, for those in-house respondents who believe that digital communications does require specialist resourcing, the majority saw the dedicated HDC role as a temporary albeit very important position; one which is responsible for driving the digital agenda across the organisation, acting as ambassador for social media and educating the business about digital communications. Once these objectives are met, the dedicated digital position would become redundant as digital strategy and activities are rolled into the wider communications function and then embedded across the organisation.

Role remit and key responsibilities

With some variation in emphasis, the purpose of the role was clear: defining and overseeing a company-wide digital communications operating model and governance framework that establishes what digital communications is to deliver on; identifying and driving digital communications strategy and tactics into all communications programmes; acting as the digital ambassador across the organisation; monitoring and defending against online attacks on reputation, working across all functions and disciplines; and ensuring consistency and clarity across all online channels.
Remuneration

The number of respondents heading up digital communications in-house was not sufficiently robust to merit remuneration analysis and as a result we focused on the consultancy sector. Given the inconsistency in the size of digital teams within agency, the relative importance (or lack of it) attributed to the digital function coupled with the varying responsibilities of HDCs, it came as no surprise to discover the wide spread of base salaries for senior digital communications specialists. These ranged from £70,000 through to £160,000, with the average being around £85,000 to £90,000. However, the findings did confirm our initial observations, namely that digital skills are at a premium and the combination of increased demand and a limited pool means that salaries will continue to rise disproportionately over the medium term.

Digital budgets

Because many online tools such as email, blogging etc., are free, there is a common misconception that digital PR is cheap. It is not. New IT systems, website hosting, new software, specialist suppliers, metric analysis, staff, training etc., are crucial to the successful implementation of digital communications and require significant investment. Our research showed that companies are typically spending between 10% and 20% of their communications budget on digital activities, although this was estimated to rise exponentially over the coming years, to around 25% to 50% by 2014. The majority of digital spend is currently allocated across three core areas; specialist agency support, metric analysis and infrastructure and websites.
Conclusions

It is difficult to think of any development over recent years, within the PR and corporate affairs industry, that has generated as much debate, analysis and discussion as the emergence of digital and social media. Though viewed as just another communications channel by many, this assessment fails to recognise the profound and far-reaching shift in the balance of power between an organisation and its customers and stakeholders brought about by the arrival of an extremely powerful medium. In our view it is not just another channel, but an entirely new category of channel or, to put it another way, a whole new environment – one where people relate, socialise and engage online and one therefore where the rules of engagement are different.

To support this claim it is worth highlighting four of the characteristics that distinguish digital from traditional media.

(i) First, information that is issued by a company online can now be copied, amended, edited and forwarded to others at will. (Witness the way that party political posters were adapted by competing political parties during the recent election).

(ii) Second, news and opinion is ‘seeded’, shared, developed, evolved and disseminated at a pace which requires a speed of response radically different to that required for traditional media.

(iii) Third, online content does not have to pass editorial control as anyone can set themselves up as a commentator; and many new online opinion formers are gathering a significant following.

(iv) Fourth, it is highly transparent – all conversations are public and the traditional understanding between spokesperson and ‘reporter’ does not apply.

These are significant developments, which mean that companies can no longer maintain control over their image or their communications and increasingly need to shift from centrally-controlled messages to direct, real-time engagement. A development that for many companies is counter intuitive and that therefore requires a significant adjustment of behaviour.

So what are the implications for PR and communications in terms of the knowledge and skills required to operate successfully in the digital age? Learning how to engage and influence in an online environment and in real time requires both the modification of existing skills as well as the acquisition of new expertise and knowledge. The traditional skill-set of a communications professional remains unchanged, but working in a disaggregated media and digital landscape needs a new mindset and knowledge. For example:

- Understanding how news and conversations will play out online, which amongst other things requires faster judgement as well as an understanding of online consumer behaviour and psychology.

- How to engage effectively online. A deep understanding of how to reach and connect with audiences is vital. Strong writing skills, combined with an understanding of tone of voice, are increasingly important. Written communications is often the first, and sometimes only, means of interaction online.

- Technical knowledge. Comfortable with and plugged into the social media and digital environment. Includes the ability to write for search engines and an understanding of how to drive traffic back to clients and/or the brand.

- Increased speed of reaction and response. The response rates required online can be measured in minutes and hours rather than days and weeks.

- Creativity. The ability to produce first class online content in all formats and across all channels. Visuals are king online.
The skills outlined above apply to all of the key disciplines; media relations, internal communications, public affairs, financial/city communications, corporate responsibility. Which means that practitioners of all types have to adapt, evolve their skill-set and integrate digital into their activities. From our perspective it seems that media relations (consumer and corporate) and internal communications have begun to integrate digital into their planning and programmes, though this is by no means widespread. The public affairs and financial PR disciplines, with some notable exceptions, are further behind and need to urgently review their activities to establish how digital communications can augment and support their traditional and, at times, formulaic approach.

On the evidence of the research, and other conversations we have had, agencies are leading the thinking on digital. But this is to be expected since organisations have always tended to ‘buy in’ innovation and advice on best practice from consultancies in new specialist areas. Those organisations which do have in-house digital support have, on the whole, recruited junior to mid-level social media managers who are primarily focused on tactical online activities. However the research suggests that this is a transitional period and that organisations will increasingly move away from their reliance on agencies and start appointing senior level dedicated digital experts who are able to advise on the bigger, integrated picture.

Does digital communications require a dedicated in-house professional? In our view yes, albeit as a short to medium term answer rather than as a permanent solution. The appointment of a senior level ‘digital ambassador’ to drive the digital agenda and educate across the organisation should be seen as a key step in addressing the myriad functional, cultural and technological challenges presented by digital communications. The key remit of this ‘digital ambassador’ should be to establish, over the short to medium term, a company-wide digital operating model and governance framework which is embedded across the organisation.

However, recruiting a senior level HDC is proving to be a key challenge as there is a dearth of talent. Suitably experienced senior level digital communications specialists who combine both traditional communications skills with solid digital expertise are in short supply; a situation that will likely continue until such time as today’s young digital natives mature and start taking up senior posts in communications. In the interim, organisations will have to continue to fight for the limited pool of talent available; or make the difficult choice between hiring a communications expert (and teaching them digital) or a digital expert (and teaching them communications). In our experience, it is the former approach which is currently proving the more successful.

The emergence of digital communications has not, and will not change the fundamental contribution of senior communications professionals. Indeed the ability to identify issues, craft relevant and impactful messages, distribute those messages, engage with multiple stakeholders, and monitor and amend responses accordingly, will continue to be at the heart of good communications. However, these skills now need to be overlaid with better technical knowledge and an improved understanding of how to engage across multiple platforms (both offline and online).

Social media is a development that is forcing the communications and PR industry to evolve its traditional areas of expertise, flex its skill set and develop new knowledge – for the first time in years. If it successfully capitalises on the synergies between its traditional skill set and the characteristics of digital, there is a real opportunity for the PR and communications industry to lead the field in digital communications, taking ever more responsibility – and budget – from their advertising and marketing peers. However, when it comes to fully integrating digital activities into longer term strategic communications planning, the PR and communications industry still has a very long way to go.
3 | Digital PR

i) Definition of digital communications

As one would expect of an embryonic discipline, there is still no commonly agreed definition of digital communications. Indeed, a brief foray into the online encyclopaedia Wikipedia to search for ‘digital PR’ uncovered “No page with that title exists”. To illustrate this fact, when we asked the 40 participants in this study for their definition of digital PR, we received over 50 different responses (some interviewees gave a number of definitions) and two who said they weren’t even going to attempt to describe this “amorphous” discipline:

“Anything powered by technology, eg. email, online, mobile.”

“Anything online, or anything that relates to my brand online – it’s all to do with online brand reputation, brand building and good communications.”

“The convergence of traditional media and blogs, forums, podcasts, chat rooms, wikis and websites.”

“Just call it ‘communications, after all, it’s just another channel.”

“An interactive form of communication where you are able to be both the broadcaster as well as the receiver of information, and where there is an equal balance of power between all participants. In other words, your voice is equal to the voice at the other end.”

“I define it as ‘anything which is searchable by Google!’”

However, the majority of participants did have their own descriptions for the discipline, although there was no consistency of opinion about what activities were – or weren’t – included within these:

- “I don’t think as an industry we have really defined what ‘digital PR’ is – I believe it’s all about listening to people and engaging online; it’s about personalised communication.”
- “The convergence of traditional media and blogs, forums, podcasts, chat rooms, wikis and websites.”
- “An interactive form of communication where you are able to be both the broadcaster as well as the receiver of information, and where there is an equal balance of power between all participants. In other words, your voice is equal to the voice at the other end.”
- “Just call it ‘communications, after all, it’s just another channel.”
- “Anything online, or anything that relates to my brand online – it’s all to do with online brand reputation, brand building and good communications.”
- “Anything powered by technology, eg. email, online, mobile.”
- “I define it as ‘anything which is searchable by Google!’”

Despite the myriad definitions and descriptions, all participants agreed that, whatever label it is given (digital PR, social media, PR 2.0, online communications, digital communications, social networking, new media, interactive communications etc.), the practice of engaging online with multiple stakeholders is becoming increasingly important and is, or certainly will need to be, a core component of most communications strategies going forward.
ii) The social media landscape

Courtesy of FredCavazza.net
“It’s difficult to let go of the front page of the FT, particularly when it’s all your boss cares about.”

An element of cynicism about digital communications is also prevalent amongst in-house communicators, particularly at a more senior level. Some communications directors are cautious, even sceptical, about the benefits of introducing digital communications and struggle to identify its advantages. However, those organisations which have embraced digital communications reported that they are seeing tangible benefits.

“I took the bull by the horns about 12 months ago and we now have a totally integrated comms approach – in addition to the traditional channels, we use Twitter, blogging, Facebook etc., across all our key campaigns.”

“PR Directors generally think it’s more complicated than it actually is. There are only three knowledge platforms that they need to be aware of – 1. technical (PR practitioners don’t need to know how the technology works, but rather should understand what technology is capable of); 2. trends (keeping abreast of latest developments); and 3. communications (which they know about anyway).”

To put the research into context, we asked participants what they saw as the key issues that are inhibiting the adoption and integration of digital communications into their functions and organisations. Whilst there were a wide variety of responses, a number of common themes emerged which are summarised as follows:

i) Lack of understanding of the space/scepticism

In general, respondents’ understanding of and willingness to adopt digital communications depended on whether they were based in-house or in a consultancy, their age, the industry sector in which they worked, and whether they operated at a group, brand or business unit level.

a) In-house:
Along with the general populous, it is only in the past few years that the majority of today’s senior communications directors have been exposed to digital communications and many are still trying to get to grips with the opportunities and the challenges that this new discipline brings. This lack of understanding is also prevalent amongst many executive teams and boards, with the result that there is often much senior level scepticism about, and resistance to, adopting new methods and models of engagement. Our research found that only 20% of those in-house are happy with, or confident about their digital communications plans.

20% of those in-house are confident about their digital communications plans.

60% of those in PR agencies are confident about their digital communications plans.
b) Industry:
Our research uncovered a marked difference in the levels of understanding of digital engagement across various industries. Companies’ willingness to implement digital communications depends, to a certain extent, on the sector/s in which they operate. Those companies whose customers and stakeholders are already active online (generally consumer-facing) are much more likely to be proactively incorporating digital PR into their communications strategy than their b2b peers.

“If your core audience isn’t digital, you don’t need to be that savvy at the moment. It totally depends on what your customers are up to. The PR industry needs to spend as much time deciding what NOT to do online as well as what to do online.”

Respondents from industries which have specific issues around trust, privacy and security, such as banking, defence, pharmaceuticals etc., acknowledged that introducing digital PR activities into their organisation was much harder, than say, in the media or telecommunications sectors.

“A painful process which is attracting a great deal of hostility internally.”

As a result, digital communications is still fairly nascent in the b2b sector, albeit that it is becoming more important.

c) Group/brand/business unit:
Another factor governing respondents’ understanding and willingness to embrace digital communications is whether they operate at group, brand or business unit level. Many respondents working at group level, particularly those in publicly quoted organisations, view social media with suspicion. Whilst a number engage in limited reactive digital activities, the majority are, as yet, reluctant to implement proactive social media campaigns.

“Digital communications is a destabilising force in a bureaucratic environment. And I am sitting right in the middle of a bureaucratic environment.”

A number of group-based respondents also noted that consumers behave in a different, more emotional way online. Engaging and reacting appropriately to this shift in behaviour is a key challenge for the majority of group HDCs.

“This [digital communications] is all about engaging with people’s hearts rather than their minds. Corporates as a rule don’t know how to approach emotions. In order to operate effectively in the digital space, you need to be able to engage online as an individual rather than as a corporation.”

However, for those operating at a brand or business unit level, where there is more focus on communicating around a specific product or products, there was much less scepticism and more willingness to proactively engage online.

d) Consultancy:
Not surprisingly, given the current predominance of digital expertise within PR consultancies, a lack of understanding of and scepticism about digital communications is much less of an issue within agencies. Some 60% of interviewees within PR agencies are happy with, or confident about their digital communications plans. Most see digital communications as a major opportunity to educate clients whilst driving incremental fees. However, many agency HDCs are still constrained by their clients’ lack of understanding and willingness to adopt digital communications.
iii) Demographic apartheid

We are now living in an era where technical knowledge is, to a certain extent, defined by age. The younger generation, the ‘digital native’, is typically under 30 years of age and has an instinctive understanding of digital; “it’s in their red and white blood cells”; whilst those over 40 – the ‘digital immigrants’ – are struggling to make sense of the new digital world. This demographic apartheid is replicated both in communications teams and in the board room, creating a generational and cultural barrier to understanding and integrating digital communications in today’s organisations.

“Some of the senior guys who run corporate affairs in the larger organisations haven’t grown up with digital PR and are struggling to make sense of it.”

iv) Fragmentation of the media

The advent of digital technology, and with it the fragmentation of the media has meant that there are now literally thousands of media outlets, from broadcast TV through digital radio, online publications, blogs and social networking sites to chat rooms. Gone are the days when a few large media outlets could monopolise news gathering and audience attention; today the media (both online and offline) includes a bewildering array of options. To complicate matters further, the take-up and usage of these different outlets is strikingly different according to socio-economic and age group. This brings new challenges for today’s communicators as they try to determine how best to reach and engage with their stakeholders.

“Where do I start? I know the traditional media like the back of my hand, but am really struggling to get to grips with not only identifying what new media to target, but how to target them.”

ii) Loss of control

One issue which particularly resonated with in-house HDCs was the loss – or perceived loss – of control associated with digital communications. This was of particular concern within those organisations which operate in highly-regulated or publicly listed environments as they have to operate within strict legal and regulatory frameworks. Unlike traditional media, online content doesn’t (generally) have to pass any editorial control and whilst journalists are used to having to make judgements on what is and isn’t a story, consumers don’t have to worry about making such judgements.

As a result, there is a growing recognition that communicators can no longer control the news; rather it is increasingly all about shaping the news.

“Information is now fast and free and once you’ve said it, you no longer own it. Consumers can now adapt your copy, forward it, comment on it etc. Once it’s left your office, it’s no longer yours.”
vi) Rules of engagement

Since the core essence of social media is its openness and transparency, governance was the area that generated the most amount of debate amongst interviewees. At present, there are no hard and fast rules governing digital communications; there is no 'Debrett’s on Digital'. The majority of HDCs recognise that these are unchartered waters and that there is an urgent need for a new set of rules to govern the usage of digital communications, both internally and externally. Should organisations, for example, allow or even encourage employees to blog? Should staff be able to set up Facebook sites? Should HDC’s be disseminating company information on Twitter? Not surprisingly, the larger and more dispersed the organisation, the more difficult its digital governance.

“There is still reluctance for companies to participate – they’re scared and think there are rules that they’re going to break. There are no rules, so the best way to participate is to listen, dip your toes in and don’t be afraid.”

Whilst a few professional bodies have introduced social media guidelines (the US-based Word of Mouth Marketing Association, WOMMA3, has a set of ethics and the CIPR4 has recently updated its Social Media Guidelines), there was concern amongst participants that these guidelines were not addressing the plethora of issues that they encountered on a day-to-day basis. For the vast majority of interviewees, governance and the introduction of internal and external company guidelines were still very much ‘work in progress’.

vi) Speed of change and speed of response

The speed of change within the media and the need to continually keep abreast of the ever-changing landscape of digital communications was cited as a further challenge for HDCs. Because technology is evolving at such a fast speed, many interviewees are wary of jumping onto the latest digital bandwagon.

“How do I keep up? Twitter is the latest fad, but that will change soon enough. Previously it was Facebook and before that MySpace. Everyone seems to be getting carried away by the latest trend.”

However participants (notably from the agency sector) commented that communicators need to focus on their audiences first, rather than worrying about the channel.

“Identify what is the real communications priority for your business and then decide the channels, not the other way around.”

The speed of response required when engaging with new media was another challenge identified by participants:

“My senior management don’t understand that in digital communications it’s all about minutes and hours not days and weeks. We need to become much more fleet-of-foot as a [PR] industry.”

This challenge was of particular relevance amongst listed companies, which often have robust internal sign-off procedures for the disclosure of materially-sensitive information. In these days of increased litigation and corporate risk, these internal verification processes are becoming even more stringent. A simple press release today often has to go through numerous clearance channels, including executive team, the board, brokers, advisors, legal, risk and many more. Generating real-time content is quite simply counter-intuitive in most corporates today.

Technology is evolving at such a pace, some HDCs, more comfortable with traditional communications, are wary of jumping onto the latest bandwagon.
Many interviewees insist that governance in the digital world is about giving guidance and advice on usage rather than banning access. Whilst they acknowledge that one of the biggest challenges for organisations is letting go of a certain amount of control, they claim that allowing employees to use their initiative online, whilst providing user-friendly guidelines, will increase not only innovation but also loyalty and staff retention.

"The new rule is relevance, not governance. Relevance sparks control and debate."

"We want our people to do it, NOT third parties. You need authenticity and a named person from your company as it helps put a personal face to the organisation. I certainly don't want to devolve that relationship to an external body such as an agency."

"To a certain extent, you have to give your people a relatively free rein – if you are to maintain the spirit of online engagement, there is a natural loss of control within this space."

"How can you ban employees from engaging online? What if they’re on their lunch break and want to go into their Facebook page? If they are at home on their own computer, we wouldn't be able to dictate what they can and can’t say online about our company."

Those HDCs who are attempting to make their organisation more open to employees engaging online were coming up against resistance from their in-house legal departments. Legal teams are concerned about not only the unauthorised dissemination of company material by employees but also the risk inherent in using the web at work, such as data leaks, viruses and hackers.

"My legal team are, unsurprisingly, all over this like a rash and want to ban everything.”

The extent of these guidelines range from a total ban on the use of social networking sites through to the opposite extreme of actively encouraging online participation across the organisation. The Coca-Cola Organisation, for example, has recently introduced a group-wide set of online social media principles which aim to empower and encourage staff to participate in online conversations with a wide variety of stakeholders. Interestingly, these guidelines make the important distinction between employees commenting online ‘on behalf’ of the company and speaking ‘about’ the company.

Almost half (48%) of the companies we spoke to take an informal and non-prescriptive approach and do not have guidelines on blogging in the office if it is personal and does not mention the company name. However they do have a set of rules if employees are contributing to a blog that either mentions the company, covers the industry or if staff are commenting ‘on behalf of’ the organisation. In these instances, online engagement is generally restricted to their in-house corporate communications, marketing or customer services teams.

48% of companies interviewed take a non-prescriptive approach to blogging in the office.

38% of HDCs were in favour of a total ban on social media in the office.

vii) Privacy and corporate security

Two further challenges raised by respondents, which we have grouped together into a single category since they are interlinked, were online privacy (or rather the lack of it) and corporate security. The lack of privacy inherent in social media – the almost automatic ‘opt in and share everything’ ethos – means that organisations are struggling to protect both their employees’ privacy and their company’s.

“There is dangerous territory. At the moment, I’d rather ban everything that runs the risk of sensitive company information being sent out from the organisation without my knowledge.”

“My company is not a democracy – it is there to serve its shareholders.”

One in-house participant we talked to had put together comprehensive social networking guidelines for employees and is also currently working on external guidelines. She explained her approach:

“This is all about ownership and it’s a grey area as to who owns this space. The fact is that with online communications you often don’t know who you are talking to – a lot of bloggers are customers or journalists or other stakeholders. Who owns the relationships if you don’t know who you’re talking to? Despite this challenge, we [communications] recognised the need for a user-friendly set of guidelines and took the initiative. We contacted similar organisations to see what policies (if any) they had and also ran it past our internal risk/governance functions. What we found was that individual responsibility is crucial – on a blog, you’re on your own. Last year, we introduced social media guidelines internally into the organisation, reminding employees what they can say. The external piece took a bit longer as we had to establish where we stood and who’s ultimately responsible for it. As the communications team drive uptake and usage of the internet, and because, by default, communications is the function that owns the company’s reputation, it was incumbent on us to steer and guide these activities. When the s**t hits the fan, it’s always going to be communications who pick up the pieces.”

Managing, monitoring and protecting employee and company privacy is hard, all the more so as staff increasingly turn to social media platforms such as Facebook, LinkedIn and Twitter at work. If organisations ask employees to engage online on the company’s behalf there is a real risk that it will compromise their individual privacy and expose them to possible identity theft or worse. Add the increased uptake of employees accessing...
corporate IT systems remotely from home, as well as the onerous data protection rules – which in the EU prohibits the collection or sharing of personal information without individuals’ permission – and the challenge becomes ever more serious. As one interviewee observed:

“I’m asking [non-communications] employees from around the world to blog on our company’s behalf, but I don’t know how to do this whilst at the same time protecting their individual privacy.”

Interviewees also raised two further risks: the regulatory implications of employees inadvertently disclosing potentially market-sensitive information and the potential for data leaks and viral computer infections caused by staff interacting with external social media networks.

“There is a darker side to all this – security of data, privacy and access. The plus side is that corporate affairs can use digital as a way of moving their business forward, there are lots of positives. However there are risks, but we have to find a way to mitigate them and deal with them. Worse is to come.”

Most interviewees said that they are trying to address the dual challenge of privacy and corporate security by introducing clear guidelines governing the use of social media sites at home. At the same time they are introducing ever more advanced malware infection software. This ongoing dilemma was summed up by one participant:

“For the time being, companies and their employees should have absolutely no expectations of privacy in anything they store or disseminate online.”

viii) Finding good people

There was almost universal agreement amongst interviewees that one of the biggest challenges to implementing effective digital communications is finding and retaining good digital communications people, particularly at a senior level. At the very least, digital PR requires communications teams to be comfortable with and plugged into the digital environment and to be able to interpret online opportunities and threats and the initiatives or responses required. However, many HDCs and agency MDs are struggling to find candidates who combine both strong communications skills and solid digital expertise. As one senior HDC noted:

“Senior level digital communications experts, who understand communications in its widest sense as well as having an understanding of how to best use online media platforms, don’t seem to exist.”

One of the main reasons for the shortage of senior level experts in this field is demographic; although a sweeping generalisation, there is a marked difference between those communicators who ‘get’ digital – often those aged 30 years or younger and generally coming from a technical background – and the 40 years plus, traditional, senior level director of communications who is still struggling to make sense of this new channel. We address the challenges of recruiting digital talent in section 7 of this report.

ix) Lack of effective metrics

PR evaluation has always been bedevilled by a lack of investment and sophistication and the advent of digital PR has not, as was expected, provided any apparent solution to this Achilles’ heel. When it comes to measuring activity and sentiment and evaluating online communications campaigns there was almost universal condemnation of the current methods available. Interviewees complained that they were being provided with numeric data rather than insightful information which assessed the tonality and context of online coverage.

“The analysis I’m currently getting from my [metric] agency is at best inadequate and, at worst, misleading.”
Interviewees cited three key areas of concern, namely:

a) Outdated evaluation methods used by external agencies. Many metric companies are still generally geared towards measuring one-off campaigns, rather than the linear activity which is a more prevalent, if not the distinguishing characteristic, of online communications. There is a need to make analysis more relevant to the ongoing dialogue used in social media projects.

“My IT department currently use Google Analytics to analyse online usage and sentiment across the organisation and I often don’t get the information from them until it’s too late to act upon it.”

b) Establishing what's important to evaluate and what is just ‘noise’. Clearly, the starting point for analysing reputation is to determine whose opinion matters. The sheer size of the online space (there are for example around 130 million blogs), coupled with the immediacy of the channel, means that it is extremely difficult to establish what is important to monitor and what's not.

“Online PR campaigns are now much more about continuous communications (very linear) rather than the peaks and troughs of traditional PR campaigns. Therefore, research and evaluation needs to be an on-going assessment rather than based on the old fashioned ‘campaign’ model, where there's a beginning, middle and an end.”

b) Ownership of information. A number of interviewees expressed frustration at the internal ownership of their company's online metric activities, with several noting that their IT departments – or in some instances their customer service teams or marketing functions – are the current guardians of online evaluation tools.

“Because our organisation’s digital activities started within our marketing department, they still manage all the metrics for this space, despite communications now taking the lead on these activities.”

d) Timely access to that information. As well as the above, participants expressed concern that they often receive metric information days, if not weeks, after a situation has arisen online. This is because ownership of data is housed in other departments, making timely and effective response impossible.

“My IT department currently use Google Analytics to analyse online usage and sentiment across the organisation and I often don’t get the information from them until it’s too late to act upon it.”

Participants from PR consultancies also recognise the current challenges of analysing online communications campaigns and agree that there needs to be new methods of measurement. However a number commented that they themselves were struggling to get clients to move away from the traditional ways of measurement and to agree to a more effective means of monitoring online campaigns:

“Sadly, most companies don’t know what they should be looking for in their online metrics and they are not being particularly helped by the online [metric] agencies.”

The lack of clarity and consistency surrounding this issue is aptly summarised by one participant as follows:

“The PR industry still hasn’t got an industry standard measurement for traditional media, so what hope do we have of monitoring online effectively?”

x) Ownership of digital

– land and revenue grab

As digital communications has continued to evolve over the past couple of years, there has been an inevitable breakdown in the boundaries between communications and other marketing disciplines. As a result, PR agencies and in-house communicators are being challenged over their role by others in the wider marketing mix. This manifests itself both inter-departmentally within individual companies and within the different marketing services agency sectors and has sparked off an inevitable landgrab.
a) In-house:
On the client side, we are seeing disintegration in the demarcation lines between communications and other disciplines, with the result that digital activities are now being handled by a number of different functions within an organisation, including marketing and advertising, customer services, IT and PR. Some respondents described how this was causing confusion within their companies in terms of digital responsibility and accountability, which urgently needs to be clarified. Most participants argue that digital communications should sit within the communications function. Social media is focused primarily on reputation management and prescribes skills in advocacy, engagement, conversation and third party endorsement – the traditional skills of the communications function. That said, there was recognition that digital communications cannot sit in isolation and needs to be integrated across both the marcoms and the wider organisational structure.

“We've always been in the business of handing over control versus advertising who take control. PR has always understood the mechanics of conversations, maintaining them, keeping the media interested – that's why we're treading on the toes of advertising at the moment.”

“PR is better equipped to handle social media as it is based on engagement and dialogue. Conversation (PR) versus shouting (advertising and marketing).”

However, several agency participants noted that PR practitioners need to be far stronger in creating impactful online content if they are to stay ahead of the game. Once again, PR's inability to measure output and impact effectively also reared its ugly head with one respondent stating that unless PR gets its measurement and planning right, it is going to be an uphill battle for PR to win this landgrab.

“Consumers want dialogue. Customer services can resolve issues, IT can work out the technology, marketing can sell the product, but it's PR that tells the corporate story.”

“No-one should 'own' social media, but someone should lead it. And that someone is communications.”

b) Consultancy:
PR agencies too are being affected as a plethora of different agency specialists encroach further onto the digital turf. They are increasingly having to pitch against advertising firms, media buyers, SEO (search engine optimisation) agencies, integrated agencies and digital specialists in order to win some of the lucrative digital spend. Many PR agency participants see this as an opportunity for their industry, commenting that the web is a conversational medium, much more relevant to PR. By playing to these strengths, they see an opportunity to gain market share from their colleagues in the advertising and marketing agencies.

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“No-one should ‘own’ social media, but someone should lead it. And that someone is communications.”
5 | Impact on the key in-house communications disciplines

We asked in-house respondents to tell us how digital communications was impacting their communications function, looking specifically at some of the principle communications disciplines. What, if anything, we asked, are they doing differently and how are they integrating digital communications into their wider communications offering? Whilst the majority (80%) of in-house respondents reported that the integration of digital activities into their wider communications plans was still very much either ‘thought in progress’ or ‘work in progress’, only a small percentage had successfully integrated digital across all their communications activities.

80% of in-house respondents are yet to successfully integrate digital activities into their wider communications plans.

The general consensus amongst interviewees was that, whilst they are making some modifications to how they manage their communications (including changes in tone of voice, speed and focus), it was still very much business as usual. The overall view amongst respondents is that the fundamentals of communications (identifying the issue, developing a narrative, communicating that narrative to a range of stakeholders and monitoring and responding to feedback) have not changed. It is just that these are now overlaid with speed and channel diversity.

i) Media relations

Given the extensive changes taking place in the media landscape, media relations is the area where digital communications is having the most impact. There are four concurrent media trends taking place: a decline in the circulation and readership of key national papers; fewer journalists covering more sectors; the rise in citizen journalism and the ever-increasing number of online media outlets (which are increasingly the forums for breaking news). As a result, the integration of social media into media relations activity is becoming a key focus in many organisations, though this is by no means as widespread as one would expect.

This move towards integrating social media opportunities into the wider media relations remit will inevitably result in a fundamental shift in the modus operandi of many media relations professionals. The ability to craft messages for multiple platforms, from press releases through blogs, Facebook and Twitter to chat rooms, etc. – and the ability to do this quickly – is becoming an essential tool in their armoury.

“We’re years away from getting this right. Many traditional communicators don’t understand that you can’t just send a press release to everyone in the digital space – it shows a lack of critical thinking.”

“If you can’t Twitter your company messages [ie. in 140 characters], you’re not communicating clearly enough.”
A number see the decline in traditional media as a threat – some journalists today don’t fully understand the sectors they are reporting on and, because of the high turnover of correspondents, it is becoming increasingly difficult to build strong one-to-one relationships. The outcome is that, offline, there are far fewer reliable outlets for sector-specific news and, online, there is a danger of ill-informed or unsubstantiated copy and comment.

“We operate in a complex industry and there are fewer and fewer specialist journalists. The plus side is that only the senior people on news desks can write intelligently about us so we get excellent access, but the downside is that someone who is new to the beat, or working for an online outlet, will often file ill-informed copy.”

But despite this, the majority of media relations practitioners, particularly those in listed organisations, continue to focus their efforts on the traditional media. Most companies still identify success in media relations as positive coverage in the mainstream media (eg, the Sunday Times, FT, BBC etc.) and currently dismiss online as less important.

“Most of the informed online comment on our sector remains under the aegis of traditional media.”

A number of interviewees are investing more in online video and broadcast media, both of which are becoming increasingly important as people consume more video on the web and on mobiles. In addition to the obvious advantages of targeting the broadcast media (large audience reach, well-informed journalists and increased coverage of business stories), HDCs cite the benefits of uploading (or linking) positive broadcast stories on a multitude of online platforms such as company websites, YouTube, etc. Nirvana for most media relations professionals today is positive coverage across the three key platforms – print, broadcast and online.

ii) Internal communications

As was highlighted in our 2009 report, Internal Communications: more to deliver, the rise of social media and the increasing use of, for example, mobile phones as communications channels offer tangible opportunities for organisations’ internal communications functions. However, managing the multiplicity of channels available and doing so at the speed required of this new media is bringing its own challenges.

Now that news breaks so quickly online, it’s not unusual for employees to first hear news about their company from external sources. And even when they hear corporate news from an internal source first, they are increasingly turning to external, online sources to validate these internal messages. They are also easily able to comment and enter into dialogue about their company (in chat rooms and online forums, on Facebook, etc.). Added to that, the ease with which disgruntled employees can leak confidential or disparaging comments about their organisation has never been greater, with angry employees now able to sit at home and unleash their frustration to the world via their laptop. As a result, internal communications has to be one of the first functions in an organisation to adopt digital communications.

Many employees have a better IT system at home than they do at the office – they have more opportunity to engage online outside of office hours.”

Whilst the adoption of social media has been slow within the internal communications function – and has generally consisted of introducing tightly policed CEO blogs and staid intranet sites – our research showed that internal communications teams are beginning to explore the wider potential of social media. The broader opportunity of social media is not just better informed employees and increased engagement, but changes to the way work gets done. From simple tasks, like setting team agendas, to
big overarching goals like sales growth and customer service, social media is able to speed the flow of work and power employee productivity. As a result, many respondents are now fast-tracking internal digital communications guidelines and focusing more attention on engaging and mobilising their employees as advocates for the organisation.

### iii) Financial PR/investor relations

Financial PR and investor relations professionals have to operate within inflexible and onerous legal and regulatory frameworks which govern the content, timing and distribution of price-sensitive information to ensure a company is meeting public disclosure requirements. The verification process that most materially-sensitive information has to go through is stringent and time-consuming. A stock exchange announcement, for example, often requires sign-off from all manner of stakeholders (management board, brokers, advisors, legal, risk etc.). As a result, most listed companies follow a tried and tested media communications strategy in support of their financial results, focusing almost entirely on the traditional media (newswires, print, broadcast etc.).

This somewhat formulaic approach to financial PR, one adopted by most companies and their advisors, means that it is virtually impossible to proactively prepare and distribute financial PR information online at the speed the medium requires. Our research showed that only a handful of HDCs involved in managing their company’s financial results are proactively using digital PR or social media as part of their financial PR announcements.

“At the moment, the current no-go area for social media is financial PR.”

“Corporates are not fit for purpose in the digital age – the speed of response is simply not there.”

“The majority of financial PR agencies just don’t understand the potential implications of digital communications in the City. With one or two notable exceptions, they just don’t get it.”

Social media and digital PR is, at best, an interesting supplement to their traditional media efforts. There is recognition however that the blogosphere needs – as a bare minimum – to be actively monitored from a City perspective, particularly because:

**i) The web is being used as a research tool by investors and others looking to acquire or to take a position on companies.** These investors are surfing the web looking at companies which have large digital footprints for possible investment. Online research is now part of their due diligence process, reviewing blogs and chat rooms to provide additional insight into the reputation and health of the business in which they are interested.

In support of this view, Brunswick Group recently surveyed nearly 500 institutional investors and sell-side investors in the US and Europe examining if and how new media (defined as blogs, message boards and social network sites such as Facebook, and microblogging services like Twitter) plays a role in their investment recommendations and decisions. A key finding of the survey was that the investment community [still] overwhelmingly looks to companies as their primary source of information, with the influence of new media playing a limited, albeit growing, role. The survey goes on to state some of the reasons for investors’ limited use of new media today, including [new media] information not being reliable enough to serve as a basis for an investment decision. However, the survey did confirm that, whilst investors do not rely on new media information to make an investment decision, they do regularly read blogs for business information that prompts them to investigate an issue further with a view to potentially investing.
The traditional media are increasingly looking to blogs and online forums to find stories, a number of which might be price-sensitive. As one respondent stated, there is a direct correlation between the amount of traffic generated online and the reputation of a company.

“The advantage of online communication is that it builds up a connection. Being good online is seen as a metaphor for being good at other things, eg. forward thinking, quick, nimble etc.”

“Whether we like it or not, business is moving online. My CEO is on Facebook, MySpace and Bebo. I’ve also set up a Twitter account for him and use this to invite journalists to our financial results and other key events etc.”

One HDC, who has been proactively using a wide range of social media in his financial PR campaigns, described the benefits of integrating online communications into his quarterly results programme:

– Setting the day’s news agenda; real time communication of the company’s results, establishing core corporate messages early on in the day
– Ability to track response and amend messaging; online feedback enables the company to adapt messages or respond to misinformation almost instantaneously
– Targeting of diverse audiences; ability to actively locate and target key niche stakeholders who would often be impossible to reach via the traditional press
– Adding colour and context to the story; use of webcasts and video add vibrancy and visual context to an otherwise colourless and dry set of results
– Direct targeting of consumers; ability to converse with customers directly rather than through third parties
– Increase in online visibility; multiple online platforms generating tangible debate about the company improves the organisation’s search engine ranking

– Increase in positive advocacy; gives supporters and advocates meaningful information and a range of multi-platform material to allow them to spread the word
– Provides a corporate platform for online engagement with key influencers; positively improves the online conversation about an organisation.

iv) Public affairs and campaigning

Interviewees cited a number of benefits of the use of social media in public affairs and campaigning, including the ability to mobilise opinion and engage allies (coalition building), shape legislative debate, enhance outreach and influence public opinion. Furthermore government officials from many countries are now regularly accessing social media to research policy and, as a result, public affairs practitioners are developing new media techniques that harness this government interest to help them achieve their company’s public policy objectives.

71% of UK parliamentary staff first learn of policy issues online.

47% of UK parliamentary staff use blogs to research policy issues.
The integrated use of both traditional and new media is essential to managing a crisis.
question is aware of an issue. Quite simply, the journey from issue to crisis has accelerated as a result of social media. The internet substantially reduces the breathing time that traditionally existed between a crisis taking place and the reporting of that crisis to minutes or seconds. Crisis coverage about an organisation is now more likely to be leaked via Twitter, on Facebook or on a blog than it is via the mainstream media. Citizen journalism, as illustrated by immediate Twitter updates from on-site eye witnesses, can now be disseminated in seconds. Consequently, the traditional crisis communications method of using a pre-prepared template statement ready to react to the media, or arranging an on-the-spot press conference, is no longer an adequate response to a crisis. But within many organisations, protocols and procedures for handling crises are still grounded in the analogue age.

That said, the traditional media are still important in a crisis. Consumers may seek out breaking news via online media and social networks, but they will often turn to the traditional media to verify or substantiate the facts, or for commentary and analysis. Consequently, the integrated use of both traditional and new media is paramount in effectively managing a crisis today.

“When it comes to crisis communications, HDCs have to understand the digital environment and meld that with traditional crisis management skills.”

The use of social networking sites in particular was deemed one of the most important tools for managing a crisis. A number of HDCs mentioned Facebook (which appropriately describes itself as a ‘social utility’) as invaluable in times of crisis. As part of their communications planning they have set up specific Facebook sites ready to be launched in time of crisis, allowing them to pre-populate these ‘dark sites’ with company information and then, when a crisis hits, to post and update facts and to respond to questions on a real-time basis.

v) Crisis and issues management

The worldwide use of social media means that information can pass through ‘the system’ almost instantaneously and generate instant dialogue and response, often even before the organisation in...
As part of our research, we were curious to find out what digital activities and social media tools were being used by organisations and their PR advisors. As expected, uptake and usage levels varied enormously. We found companies’ digital communications activities fell into four different phases which we have defined as ‘crawling’, ‘toddling’, ‘walking’ and ‘running’.

The ‘crawling’ stage
- Undertaking a company-wide digital audit to determine current online activity base
- Introducing social media guidelines for employees
- Implementing an internal online/social media communications strategy
- Introducing an internal company blog
- Managing the internal blog.

The ‘toddling’ stage
- Undertaking a company-wide digital audit to determine current online activity base
- Introducing social media guidelines for employees
- Implementing an internal online/social media communications strategy
- Introducing an internal company blog
- Monitoring (but not reacting to) blogs.

The ‘walking’ stage
- Implementing an external online/social media communications strategy
- Implementing social media guidelines for external usage
- Ensuring a company presence on Twitter and Facebook
- Placing corporate videos on YouTube
- Introducing digital and social media activities into communications job descriptions
- Introducing an external blog
- Training all communications staff in social media
- Appointing specialist ‘social media managers’
- Monitoring online; tracking commentary and identifying advocates and rejectors (or ‘badvocates’)
- Getting actively involved in discussions on blogs, forums and Twitter
- Working their way through the strategic implications of user-generated content for their business
- Creating an internal version of Wikipedia.

The ‘running’ stage
- Actively producing bespoke content designed to take advantage of new channels (e.g., written content for blogs; film content for YouTube etc).
- The most successful campaigns are using a multiplicity of channels to link to and promote good content
- Appointing a senior digital communications director
- Engaging in a significant way in online dialogue
- Dealing with the company-wide structural implications; for many businesses social media will impact on PR, corporate communications, promotions, customer relations, HR, customer service, product research and innovation, marketing etc. Most of these operate in silos. The very structure of a business could be an obstacle to their social media strategy.
The extent to which social media tools are being implemented in large organisations is clearly illustrated by a recent survey by The Group. It polled the UK’s leading FTSE100 organisations to discover how many companies were using the main social media tools.

The research showed that over half of FTSE100 organisations are using Facebook, with Twitter almost as popular at 42%. YouTube usage came in at 32% and corporate blogs, somewhat surprisingly, are used by only 19% of organisations. However the way in which these tools are being used corporately (rather than for brand communications) varies widely.

For example, The Group found that whilst 42% of FTSE100 organisations have a Twitter account, 11% hadn’t used their accounts at all and 14% hadn’t used their account in the last few months. Moreover, The Group also found that most companies seem to be using Twitter as a broadcast channel, pumping out information but showing little interest in using the platform to engage with stakeholders.

8. Information courtesy of The Group – http://www.the-group.net/
Digital communications and how it is resourced is an area where opinion is divided. Some see it as just another communications channel which can be readily resourced within the existing communications team, others as a whole new skill set. What is beyond doubt is that digital communications has fast become an extremely powerful medium that requires a different mode of engagement. As such, any communications function or agency practice team that lacks an understanding of digital communications and how to integrate it into the broader communications strategy is not only missing an opportunity but potentially putting its organisation or client at risk.

Although a number of participants in this research were not overly concerned about the communications challenges presented by the rapid emergence of social media, the majority saw the expertise needed to integrate digital PR into their communications strategy as a gap in their armoury which needs filling. In our view, at the very least it requires members of the communications team to be comfortable with – and plugged into – the digital environment and to be able to interpret online opportunities and threats and the initiatives or responses required.

Some are resourcing their digital expertise by re-allocating existing staff (normally the younger ‘digital natives’), whilst others are hiring in new staff to lead their digital capability. The latter is proving to be a challenge; the majority of participants we spoke to during this research were struggling to resource their digital communications teams effectively. Interviewees cited a number of barriers which are preventing them from hiring digital communications talent into their organisations.

i) Dearth of talent

There is at the moment a large gulf between the skills and experience required of digital communications professionals and the skills and experience available. There are two key reasons for this. Firstly, corporate communications has been slow to catch on to the opportunities inherent in the digital space and, as an industry, has been reluctant to adapt by acquiring new knowledge and skills. Secondly, as we saw earlier, there is a marked skill gap, particularly at the senior end, as those with tangible digital skills tend to be young, with limited PR experience. This presents challenges for communications leaders looking to enhance their digital offering with communicators who are both seasoned and possessed of a thorough knowledge of the space.

“The trick is to find someone who combines enthusiasm and digital savvy with gravitas and understanding of communications – there are quite a few of the former, but very few of the latter.”

This creates something of a recruitment dilemma. At the senior in-house level, where the HDC must be a credible advisor to the CEO and senior executives, many agreed that the best option is to hire a communications specialist rather than a digital expert. As a rule, digital specialists who do not have previous communications experience often lack many of the fundamental skills required of an effective communicator, including the gravitas and credibility to influence multiple stakeholders.
“You need three key things – a thorough understanding of communications, the ability to relate to people (not computers) and a love for the unknown. A combination which is as rare as hens’ teeth.”

ii) Demographics

Whilst some of the luminaries in the digital space are over 40 years of age, they are the exception to the rule. Many mature PR practitioners are labouring with the new challenges of digital communications. As one participant noted in embarrassed tones:

“First thing every morning in the office I read the newspapers, as does my CEO. I know I need to start monitoring the blogs on a regular basis, but I don’t. A failing I know and it’s something I need to address.”

Conversely those under 30 years of age have grown up surrounded by new technology and as a result are fully conversant – and comfortable – in the digital age.

“It’s a generational thing. Younger people get it, but most mid-level to senior operators don’t.”

“Kids from the ’80s understand it as they have grown up with it, but I don’t want a 25 year old in front of my client.”

However, respondents recognised that these demographic challenges will gradually decline in the coming years as today’s young digital natives mature and start taking up senior posts in communications.

iii) Training and development

Training, or rather the lack of it, was also identified as a barrier to resourcing digital communications, particularly in-house. The lack of robust training and development opportunities in digital communications is seen in large part as a result of the embryonic stage of the discipline. Despite the introduction of a number of conferences and training sessions around social media in the past year or two, participants felt that there was still a lack of senior level training in the discipline.

“... lots of courses telling me how to use Twitter, but not much out there advising how to incorporate digital PR into my communications strategy, or how it can help with corporate reputation.”

iv) The recruitment dilemma

When it comes to sourcing digital talent there is a marked difference between the methods used by in-house teams and their consultancy counterparts. In fact, our research uncovered a new form of recruitment being used by the agency sector. Whilst the majority of in-house organisations use the traditional hiring routes (recruitment agencies, executive search and direct advertising), an increasing number of PR and digital agencies are bypassing these methods and utilising social media networks as the favoured recruitment channel. These agencies are getting around the recruitment challenge by identifying potential employees online – reviewing their blogs, examining their digital footprints and making contact through network groups on social media channels.

“Your blog is your CV.”
“Just because social media is ungoverned and tends to operate a bit like the Wild West, doesn’t mean that communicators should act like cowboys. It’s just another channel and chucking out the old rules when going online is a recipe for disaster.”

As a result, the majority of respondents will continue to use more traditional recruitment methods to build their senior digital teams.

Explaining this approach, interviewees pointed to the fact that there are still only a relatively small number of digital players in the field and that this rather incestuous group is still inclined to recommend colleagues within their own social networks; there is a spirit of generosity amongst digital practitioners which lends itself to networking and recommendation.

“I look at who reads my blog, ask friends on social networks, Twitter etc. I already know who has the skills in this market (eg. 1400 contacts on Twitter, all of whom are in the communications and digital media space). It’s a limited pool and they tend to be younger, but it’s a great way to identify potential, upcoming talent.”

Some participants however, particularly those in-house, were horrified at the idea of sourcing mid to senior level digital specialists entirely online. They believe that this unstructured and potentially risky approach to recruitment highlights one of the key challenges of digital communications today. Namely that some organisations, in their eagerness to be seen as digitally-savvy, are dispensing with the fundamental rules of business (eg. robust risk assessment and responsible corporate behaviour) when engaging online.
Many mature PR practitioners are labouring with the new challenges of digital communications.
8 | Digital expertise

i) Consultancy versus in-house

It is no surprise that agencies (both generalist and digital) employ the majority of digital PR professionals at present. Very few dedicated in-house HDC roles exist and those that do tend to be at a junior to mid-management level. Apart from the fact that agencies of all types have traditionally provided the expertise and manpower for the execution of specific market services activities, the lack of dedicated in-house digital PR specialists can be attributed to a number of factors:

- **Reluctance to change.** In-house communications professionals have, in general, been slow to integrate digital activities into their function and are now playing ‘catch up’. Consultancies, on the other hand, were quick to embrace the discipline, particularly as they saw it as an additional revenue stream.

- **Return on investment.** Organisations are struggling to make the business case for digital PR, especially when, in this current recession, their communications headcount and budgets are being cut.

- **The need for in-house expertise.** Debate continues as to whether digital communications requires dedicated resource. A number of in-house respondents believe that digital PR is not a stand-alone role and instead should be integrated into every communication team members’ remit.

“We wouldn’t have a Head of Broadcast, why should we have a Head of Digital?”

As a result of the above, we are yet to reach a point where in-house communications teams are as advanced as their agency peers in the digital space. However, this situation is likely to change in the near future. Many in-house respondents stated their intention to bring these digital skills in-house, either through a dedicated digital resource or through digital training for their teams.

“We’re hiring agencies to start the ball rolling, but they won’t necessarily be the ones that continue to manage our digital offering in the longer term.”

These interviewees are undertaking digital audits to establish where their organisation sits on the digital spectrum and what resources (people, budgets etc.) they need to fill the gaps. In the interim, they are learning as much as they can from their agencies so that they can exploit that knowledge to help them establish their own senior level digital capability.

“I plan to use an agency for the next 18 months and suck them dry of information so that I can bring that knowledge in-house by 2011.”

ii) The use of specialist digital agencies

Much debate took place amongst participants about the value that specialist digital PR agencies and, to a lesser extent, generalist PR agencies are adding in the digital space. As mentioned above, most large organisations are buying in digital expertise, be it from either specialist digital or the larger PR agencies. This expertise includes online monitoring, to track and assess online debate and to flag up online issues on a timely basis. The majority voiced concerns that their accounts are not being properly serviced and that some agencies are either ‘blinding them with science’ or selling them services that they don’t actually need.

“We were sold a Bentley when all we really needed to buy was a Ford Escort.”

“Digital PR agencies are flash in the pans and not for the long term – in my experience they don’t have the capability to manage long term engagements.”
That said many in-house practitioners recognise that most of today's digital knowledge sits within the agencies. There is also recognition that the right digital agency can add tangible value by offering specialist digital experience and the ‘arms and legs’ that HDCs need, but can't necessarily afford to have on their direct payroll.

“We’ve yet to reach a point where in-house practitioners are as advanced as their agency counterparts. Both have a part to play; the advantage of using an agency is that you can buy in the expertise as and when you need it.”

“Digital agencies are immersed in digital 24 hours a day and are knee-deep in social media. That level of expertise is very hard to replicate in-house.”

“Consultancies have collateral knowledge. They work across numerous clients and therefore understand the issues.”
9 | Structure of digital teams

We investigated the structure of participants’ digital teams, both agency and in-house. This was a much easier task with agency interviewees as there are many more dedicated digital PR practitioners within consultancies than client-side.

i) Consultancy:

a) Reporting lines
The majority of respondents reported to their agency MD.

b) Nomenclature
Titles varied with the most popular being Head of Digital. Others included Social Media Director, Head of Strategic Media, Digital & Creative Director, Director of Social Strategy and Chief Digital Strategist.

c) Organisational/team structure
Typically, agency HDCs oversee a dedicated team of one to 20, depending on the size of the agency and the level of its digital services. The most common structure divides responsibility into four key areas: editorial (responsible for written content); creative (responsible for the look and feel of content); management (responsible for client liaison) and implementation (responsible for placing content across social media outlets). In addition to this internal resource, agencies also use a roster of freelancers which provide specialist assistance on a project basis.

In most cases, these digital teams/heads are responsible for their own P&L which can cause agency integration issues. A number of agency respondents feel they are operating in a silo and suffer disproportionately when client budgets are reduced, as digital activity is often the first to be cut. Separate digital P&Ls also seem to result in a lack of integration across generalist agencies with many non-digital team members reluctant to sell-in digital services to agency clients.
In the absence of existing digital communications structures, we asked respondents where they believed a digital communications professional should sit within their team. Most stated that the role should be a reasonably senior appointment on a par with, for example, a Head of Media Relations and that it should report in to the Director of Corporate Affairs.

“The HDC role should report into the Director of Corporate Affairs – if you don’t think that the role should, then I would question whether you’ve got the right job description.”

They commented that, irrespective of the level of the position, the digital communications role should be fully incorporated into the wider communications team to ensure that it was integral to all communications activity.

“[Digital] needs to sit within the wider communications function to allow best treatment (ie. best channel) for communication projects. That said there is always generally an online treatment, even if it is just putting something on the web.”

b) Nomenclature

Suggested titles for the in-house role were unsurprisingly varied. Existing and proposed titles included Director of Social & Media Relations, VP Online Communications, Head of New Media, Director of Digital Engagement, Head of Online Communications and Head of Social Media Projects.

“I believe the correct title should be Head of Digital ‘Engagement’ rather than Head of Digital ‘Communications’; the former suggests two way dialogue whilst the latter could suggest one way traffic.”

In an attempt to address these challenges, a number of agency heads are creating cross-digital teams which are responsible for digital development as well as, crucially, for increasing the levels of digital knowledge across the entire agency. These agencies plan to have a fully integrated offering within the next 12 to 18 months as the core digital skills are embedded across the agency.

“The whole agency needs to be aware of digital and embrace it – it’s not a stand alone role. In any one team, we will always have one person who is digitally-savvy.”

Some consultancies have already taken this key step, with HDCs embedded into every team at the agency and sharing a common P&L. They provide a truly integrated digital offering across the organisation and have introduced training courses for all agency staff to ensure that digital communications is understood and embraced across the organisation.

“I’m totally integrated into the wider agency team and this is the only way it works. We guide our clients on messaging, and then decide the most appropriate channel, whether that be digital or not.”

ii) In-house:

a) Reporting lines

As we saw earlier, only a small number (10%) of in-house organisations have specialist or dedicated digital staff within their communications teams and these tend to focus more on tactical applications than strategic integration. That said, a handful of in-house respondents plan to have a dedicated, senior level digital resource within their teams within the next 12 months to act as a digital catalyst and ambassador, and to train team members over the next few years.

10% of in-house organisations have dedicated digital staff.

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As the agency’s digital expert, I’m wheeled out to every client pitch but I have a different P&L from them. That means that whenever a client wants to reduce budget, I’m [digital] always the first to be axed.”

10% of in-house organisations have dedicated digital staff.
c) Organisational/team structure
Most HDCs had strong views on what their preferred digital communications structure would be. The majority believed that the role should sit in the centre within the group corporate affairs team and be a senior member of the function, either with a direct report to the Director of Corporate Affairs or to their deputy.

d) Potential organisational structure
The Head of Online Communications would report to the Director of Corporate Affairs and work alongside their peers in public affairs, internal communications and media relations and liaise closely with other functions such as marketing, customer services, IT and HR. They would either have a small team to manage external production (content, blogs, postings etc.) and media monitoring (both offline and online) as well as having oversight of group websites (intranet and extranet), or would manage a group of external specialist suppliers to cover these areas. Interestingly, a number of respondents saw this role as a temporary, albeit very important position; one which is responsible for driving the digital agenda across the organisation, acting as ambassador for social media, and educating the business about digital communications. Once these objectives are met, the dedicated digital position would become redundant as digital strategy and activities are rolled out into the wider communications function and embedded across the organisation.

“This needs to be a senior role with a clear mandate for change within an organisation.”

Potential organisational structure
Role remit, key responsibilities and skills

Whilst, as already highlighted above, HDC roles are much more established in the consultancy world, the following applies to both PR agency and in-house roles.

i) Purpose of the HDC role

With some variation in emphasis, interviewees (both in-house and consultancy) defined the following as the key purposes of the role of an HDC:

– Defining and overseeing a company-wide digital communications operating model and governance framework that establishes what digital communications is to deliver on
– Identifying and driving digital communications strategy and tactics into all communications programmes
– Corporate change and educating internally; being the ‘digital ambassador’ within an organisation
– ‘Defender of the brand online’, working across all functions and disciplines
– Ensuring consistency and clarity across all online channels, to different audiences.

ii) Role remit

There was agreement on the role’s remit; it should straddle both internal and external communications; combine both strategic oversight and tactical implementation; assume responsibility for analysing and interpreting the digital horizon and identify developments and issues that could affect corporate reputation; act as senior digital advisor across the organisation and work across disciplines and geographies to offer counsel and advice on all online and digital issues. As one interviewee commented:

“This is constant, once you turn it on, you have to maintain momentum. Effort has to be sustained, in terms of content, monitoring and engagement. This is not a fad and blogging, for example, is not easy. You need to have a champion. It’s more detrimental to start something and not maintain it than not start it at all. And that takes people. And good people at that.”

iii) Key responsibilities

The majority of agency respondents were very clear about the day-to-day responsibilities of an HDC, which are equally relevant to their in-house peers. These include:

– Oversight and management of all online channels. Responsibility for identifying the right online opportunities and delivering on them
– Responsibility for website traffic out and blog traffic in
– Oversight of all broadcast coverage of the organisation
– Online reputation management and online dialogue and engagement
– Development and implementation of a suite of online communications channels for use across the organisation
– Responsibility for all media monitoring (online and offline)
– Oversight and implementation of SEO opportunities
– Production of online content (often through external suppliers)
– Creation and management of global content of the intranet
– Identification and management of online reputation risks, acting as an early warning system for the organisation
– Provision of digital training and development opportunities across the organisation
– Management of the company’s digital budget
– Management of external agencies plus any production staff who are responsible for posting to websites, content etc.
“Effort has to be sustained. It is more detrimental to start something and not to maintain it than not to start it at all.”
iv) Key skills

Most respondents believe that the core skills required of digital communications are not vastly different from those required of offline communications. Indeed, many regard the key traditional communications skills (the ability to identify the heart of an issue, craft relevant and impactful messages, distribute those messages to key stakeholders, and monitor and respond accordingly) as increasingly important in the digital age. However, these skills are now being over layered with a requirement for better technical knowledge, an improved understanding of how to engage with multiple audiences, the ability to write for search (to drive traffic), a better understanding of tone of voice as well as significantly quicker response rates.

The skills, both new and old, which are increasingly seen as central to effective digital communications, irrespective of the platform or platforms being used include:

– **Strong news judgement**
  The fundamental skill that is still required for communicators is extensive news judgement. Understanding how decisions and news will play out, across both offline and online is increasingly important.

  “The ability to filter out what is an illiterate rant (loser-generated content) emitting from someone who has too much time on their hands to a blog that will create a ground swell that needs to be taken seriously. Sometimes a blog should be taken more seriously than a comment from a city editor.”

– **Excellent writing ability**
  Strong writing skills have always been important as is the ability to shape stories that are relevant and meaningful to different audiences. The ability to write and craft stories for a wide range of both online channels (blogs, chat rooms, websites, social media sites) as well as for offline channels (annual reports, stock exchange announcements, op-eds) is essential, as is an understanding of the importance of tone of voice for different audiences.

  “Writing skills are paramount – online it’s typically the first means of interaction, so it really matters.”

  “With the advent of 140 character headlines [for Twitter], often it’s about being concise rather than wordy. Communications is now about signals rather than noise.”

  “The online space requires a different style of writing – it’s less formal and needs to be conversational, short and punchy.”

– **Creativity & content**
  The ability to create first class content (for video, podcasts etc.) for all manner of online channels is fast becoming an essential requirement.

  “PR is no longer just about text, if it ever was. PR professionals now need to be able to communicate via pictures – visuals are king in the digital age.”

– **Writing for search engines**
  Knowing how to drive traffic back to clients and/or brands is a different skill from traditional PR writing and is increasingly in demand. Understanding how search engines work and tailoring key search words into communications is an important skill. Organisations increasingly require people who understand search analytics and links (how people search for things online).

– **Understanding of consumer behaviour**
  A deep understanding of how to reach and connect with different audiences is crucial as is the ability to interpret the mood and context of various online environments. Appreciating how and why consumers act in the way they do – and how to respond appropriately – requires an understanding and appreciation of the psychology of behaviour.

  “Good digital PR requires a relationship approach to communications rather than a transactional approach.”
– Understanding of digital channels
Comfortable with and plugged into the social media and digital environment and able to interpret opportunities and threats and the initiatives or responses required. Should have a good combination of digital expertise including planning, websites, online PR experience, blogger relations, monitoring, traffic expertise, uploading of videos, embedding information etc. Also an understanding of how the web works and how to use the analytical tools available.

“A finger on the pulse of social media. A lot of digital channels are faddish and it’s a fast moving media – we need people who understand the area.”

– Speed
The rate of response required online can be measured in minutes and hours rather than days and weeks. The ability to prepare information quickly and to react rapidly is vital.

Commenting on the key skills required of digital communications, one interviewee summed up the requirement as:

“The perfect triumvirate would be strategic ability, creativity and a knowledge of people (psychology).”

– Digital strategist
A clear vision of what the company will look like in the future. Strong strategic thinking skills and proven ability to develop and execute an effective digital strategy in support of that vision.

– Strong project and planning skills
The sheer number of online media outlets means that communications professionals have to juggle numerous (and often conflicting) projects at once. The ability to plan, organise and manage multiple, complex and often concurrent projects; meeting business objectives and delivering on time and on budget is crucial.

– Understanding of technology
An understanding of the underlying technology behind social media and digital communications, whilst not essential, was deemed desirable. Candidates ideally should have an appreciation of how digital platforms are built so that they can offer informed guidance and counsel around budgets/timeframes etc.

“Affinity for technology, in short it helps to be a geek.”
11 | Remuneration

The size of the sample of those heading up digital communications within corporates was not sufficiently robust to merit remuneration analysis. Consequently we have focused our attention on the base salary of those HDCs within the consultancy sector.

As can be seen from the chart on the left, the range of salaries for HDCs varies widely, with around £85,000 to £90,000 being the average. The highest salary was £160,000 and the lowest £70,000. The wide spread of remuneration can be attributed to a number of factors:

- The inconsistency in the size of digital teams across agencies
- The relative importance (or lack of it) attributed to the digital function within consultancies
- The wide range of experience and differing backgrounds of current HDCs
- The different responsibilities and accountabilities.

Despite the wide range of salaries, the findings do confirm our initial observations, namely that because of the dearth of talent in this area, digital skills are at a premium within consultancies. Consequently a handful of digital specialists at director level and above earn more than their equivalent non-digital directors. The combination of increased demand and a limited pool of potential candidates mean that salaries will continue to increase over the medium term.
12 | Background and experience of existing HDCs

A typical career path for an HDC simply does not exist. The 40 or so HDCs we spoke to had arrived at their current roles from a range of different backgrounds and with wildly different career paths. The one common thread between participants, apart from the rather tenuous link that most are self-taught and the majority have a background in broad communications, is the passion and enthusiasm they have for the digital space. An insatiable curiosity for all things digital as well as being an early adopter seem to be the only two common threads linking today’s HDCs.

Similarities in participants’ backgrounds, though by no means the majority, included the fact that most are degree educated (typically in psychology, journalism or communications) and that they had spent a number of years in either external or internal communications, predominantly in the technology and/or media industry. Previous career experience included a diverse range of roles such as journalism/print reporting/broadcasting; news production (overseeing teams of producers, content management, web, radio, TV, webcasting) and internal communications (corporate messaging and strategy). One interviewee commented that experience and understanding of the psyche of people (how and why they make the decisions that they do) is an ideal grounding for digital communications, though this is true of most communications roles:

“It’s about being [trained] in the psychology of the problem. The new buzz in the industry is ‘behavioural economics’, or social psychology.”

This diversity in experience and lack of typical career path into digital communications highlights the nascent state of digital communications and the relative newness of the discipline within today’s organisations.
13 | Digital budgets

The task of establishing budgets and therefore making budget comparisons within digital communications is difficult. Digital budgets within organisations are often allocated across a variety of functions (marketing, customers services, IT, communications, HR) as well as within different operating structures (group, regional, local). A company-wide digital budget is a distant dream for most organisations not least because most organisations do not yet have a company-wide digital strategy in place. As a result, digital budget setting is often piecemeal, allocated to multiple internal stakeholders and generally limited to specific one-off projects.

The amount of time and budget required of companies introducing digital communications to their organisations can be high. New IT systems, website hosting, new software, specialist agencies and suppliers, comprehensive metric analysis, dedicated staff, training etc., are crucial to the successful implementation of digital communications, but can be expensive. Securing this budget is not helped by the common misconception that social media and digital PR is cheap. Some companies believe that, because many online tools are free (eg. email, blogging etc.), social media is an inexpensive route. Nothing could be further from the truth argued many HDCs, who cited the high set-up costs (building the infrastructure) as well as the extensive investment in time and people (implementation and ongoing management of campaigns) as reasons for digital being a more expensive route than traditional communications.

“Contrary to popular opinion, it’s not cheap. It’s time consuming and ongoing communications to bloggers, for example, has to be personalised, relevant and you have to understand what they want – that takes time and people, and therefore costs far more than traditional communications.”

“The [digital] budget is way larger than traditional PR. This scares some people as they are used to just looking at headcount and agency costs.”

i) Digital spend as % of overall communications budget

Whilst total digital spend within organisations is impossible to assess, our research shows that expenditure in this area has increased substantially over the past few years. How much HDCs should be allocating to their digital spend as a proportion of the total communications budget was a controversial subject matter amongst respondents, with suggested spend ranging from 5% through to 30%. Some respondents stated that digital spend was now accounting for between 10% and 20% of their total communications budget and that they forecast this increasing exponentially over the coming years, to around 25% to 50% within five years. By way of example one respondent (based in a large, international organisation) spent £100,000 on digital activities in 2007 and estimates that her 2010 expenditure will be around £400,000, an increase of 400%. These figures include digital content and functional development, ongoing counsel and consultancy, SEO, specific online projects and hosting, but exclude website design.

5%–30% current digital spend as a proportion of the total communications budget.

25%–50% digital spend as a proportion of the total communications budget expected within five years.
The majority of digital spend within corporates is taken up by three distinct cost areas:

– **Specialist agencies**
Digital consultancy support is generally paid for either directly through the communications budget or is jointly funded by a combination of departments including marketing, IT, customer services and, in some instances, internal communications. As a result, it is impossible to determine precise agency expenditure or to make any meaningful comparisons.

However, using the limited data available, it appears that organisations are spending between £36,000 and £240,000 per annum (£3,000 per month to £20,000 per month) on digital agency support. The lower figure covers simple online monitoring, a limited amount of blogger engagement and social media activities, whilst the £20,000 cost per month includes comprehensive analysis of online influencers and online perceptions, social media influencer programmes, blogging services, dedicated channels on YouTube, Twitter and Facebook etc.

– **Metric analysis**
Some respondents are spending in the region of £10,000 to £24,000 per annum (£800 to £2,000 per month) on online metric analysis. This is often more expensive than traditional media monitoring services, partly due to the volumes involved, and partly due to the requirement for weighted indices (ie. establishing the reach and impact of bloggers) as well as analysing sentiment and tonality.

“I haven’t got the time to analyse stuff too much, so I use an agency. I spend £2,000 monthly on digital assessment including two weekly reports, indices and sentiment which is approximately 10% of my total corporate affairs budget.”

– **Infrastructure/websites**
The biggest cost incurred in digital communications is building the infrastructure to support activities. Prices can be high, with the creation of a new interactive website costing upwards of £100,000 (depending on size, interactivity, extent of the online archive, personalisation, number of feeds etc.).

A final point raised by one participant was that, in the coming years, the distinction between offline and online budgets will eventually be abandoned as digital communications becomes totally integrated into the communications function and embedded across organisations.

£36k–£240k
approximate annual spend by organisations on digital agency support.

£10k–£24k
approximate annual spend by organisations on online metric analysis.
14 | Interesting blogs, articles and books

i) Blogs

PR Media Blog
http://pr-media-blog.co.uk/

Drew B’s take on tech PR
http://theblogconsultancy.typepad.com/techpr/

The Way of the Web
http://thewayoftheweb.net/

Neville Hobson
http://www.nevillehobson.com/

Stuart Bruce
A PR Guy's Musings
http://www.stuartbruce.biz/

ii) Articles

Maitland Report:
How the Business Media Became Social
http://www.maitland.co.uk/downloads/research.php

Olivier Blanchard Basics of Social Media ROI.
http://www.slideshare.net/thebrandbuilder/olivier-blanchard-basics-of-social-media-roi

Brunswick Group Survey:
New Media Usage by Investment Community

Edelman Report on the impact of digital media in Europe and USA
http://www.edelman.co.uk/news(edelman/20091104/new-study-demonstrates-importance-and-impact-digital-media-in-european-and-us-
About Watson Helsby

This research was devised and conducted by Dee Cayhill, director of Watson Helsby. Before joining the headhunting industry, Dee spent 20 years in senior corporate affairs roles, including vice president global communications for InterContinental Hotels Group plc, director of communications for Bass plc and head of media relations for Six Continents plc. A specialist in international communications, her earlier career was spent in a number of PR consultancies.

Founded in 1999, Watson Helsby provides executive search counsel and expertise across the following disciplines: corporate communications; financial PR; media relations; public affairs; internal communications; digital communications; crisis and issues management; investor relations; corporate social responsibility and communications strategy and planning.

In addition to its core offer of search, Watson Helsby regularly publishes industry reports. These examine the latest thinking, practices and issues in the disciplines into which it recruits. In so doing, they provide a contemporary view of the direction in which specific roles are evolving as well as the competencies that leaders of these disciplines require to be successful.

Other recent Watson Helsby industry reports include Plans, Priorities and Issues in 2010; Corporate Affairs – fit for purpose in a downturn?; Internal Communications – more to deliver; A Window Out, A Window In (an investor relations study); and Managing the Unmanageable (an EMEA media relations study).

For further information and to obtain a copy of any of these reports, please call +44 (0) 20 7493 2023 or email clareb@watsonhelsby.co.uk