



Under the spotlight.

Corporate affairs and PR in the media & entertainment industry



An investigation ⁽¹⁾ into the corporate communications function within the media & entertainment industry. Based on over 40 hours of face-to-face interviews with the sector's communications leaders. ⁽²⁾

Spring 2014

“ If we rewind 10 years, the media and entertainment sector was an easy place to manage corporate communications. It was stable, wasn't heavily regulated and was not reputationally threatened. Today it's at the cutting edge of corporate communications; there are extensive regulatory issues, public policy issues, business model issues (how do we charge for our services?); distribution issues, consumer issues and so on.

Director of Corporate Affairs, UK broadcast company

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i) Background

The Research

The media & entertainment industry faces unprecedented change along with a broad and diverse range of reputational issues. The aim of this research was to *a)* explore, through the lens of the corporate communications function, the key prevailing themes within the media & entertainment sector, *b)* explore the impact of these themes on the role and contribution of the corporate communications function and identify how expectations and requirements of the function are, or should be, changing and *c)* assess and analyse the implications of both of the above for capability building and the organisation and resourcing of the function

As is made clear on page 9 of this study, the media & entertainment industry can no longer be defined within the traditional boundaries of the broadcast and print sectors. However, for the purposes of this report, we restricted participating companies to these two main areas. Interviews were carried out throughout 2012 and 2013, and the research is based on over 40 hours of one-to-one interviews with the communications leaders of participating organisations.

Research participants

Our grateful thanks to the communications leaders and practice heads from the following organisations who gave of their time and expertise so generously:

Aegis plc	Channel 4	Press Complaints Commission (PCC)	Trinity Mirror Group
blinkbox	Discovery Networks	Sony Europe	Warner Bros
BBC	FreemantleMedia	Taylor Herring	Virgin Media
Brunswick	Guardian Media Group	Walt Disney Company	
BSkyB	Pearson plc	Thomson Reuters	

Thanks too to Michael Lawrence, ex Global Editor for Reuters and now CEO for Asia House, for his help reviewing the research findings.

Author

This research was devised, conducted and written 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 (IHG), director of communications for Bass plc and head of media relations for Six Continents plc. Dee has extensive experience of headhunting within the media and entertainment industry and has worked with, and advised, a number of the UK's leading players in the field. She is a member of the Chartered Institute of Public Relations.

Online Version

This report was designed and produced specifically to be read and reviewed online. This hard copy version has been adapted for those wishing to have a printed copy to hand. For the full online version, please visit http://www.watsonhelsby.co.uk/assets/files/media_report/media_entertainment_report.pdf

ii) Executive summary

The past decade has seen a seismic change in the media & entertainment industry – no organisation in this sector has remained untouched by the rapid developments in technology. Competition now comes from everywhere and traditional boundaries are evaporating as technological innovation causes the industry to fragment. Compounding the situation has been a significant increase in public scrutiny as well as the fall-out from high profile investigations such as the Leveson and Saville inquiries.

Reputation challenges are complex

In common with other industries, reputation is the principal measure by which media & entertainment CEOs judge their communications function, but the stewardship of reputation is now far more complex than it used to be. Communications leaders who participated in this research cited a host of complicating factors, including the transparency of editorial decisions, increased competition, the politicisation of the sector, outdated regulation, the loss of control over content, the challenges of monetising services, and the difficulties in managing high profile industry leaders and their egos. These issues are being exacerbated by the heavy use of social media which means that the media & entertainment industry is being judged in real time; the immediacy of shows and newspapers means instant commentary from consumers and other, equally vocal stakeholders.

Five key areas for building capability

Communications leaders recognise that they have to change the way they organise, manage and recruit their communications teams. Some are already taking the first steps towards updating their functions, whilst others are still a far way off making any meaningful changes. Five key priority areas were identified:

1. Removing the existing communications silos. There is a growing interest in multi-disciplined communications practitioners who can work across media relations, public affairs and employee communications. This is a trend that applies both in-house and within PR consultancies and is also being seen in other industries;

2. Developing a campaigning skill-set and mind-set. Communications teams need to focus more on campaigning, constructing and framing a compelling argument, utilising different channels to disseminate that argument, and building third party support and broader coalitions;
3. Producing more communications-led content. The emergence of numerous new online 'owned' platforms and channels has presented enormous opportunity for companies to tell stories in a more compelling and creative format. Many are doing so, and in some cases, new communications roles such as 'content director' are beginning to emerge;
4. Looking outside the industry to find new talent. A significant 92% of communications leaders have previously worked in the media & entertainment industry but organisations are now looking elsewhere for their talent, including from the retail, politics/ government and charities sectors;
5. Communications leaders are increasingly expected to contribute well beyond their communications remit and influence the wider business strategy.

The organisation of communications teams is slowly evolving

Whilst there is much talk of the industry needing multi-disciplined communicators and a consequent move away from discipline-specific silos, the organisation of most communications functions today remains as it has for many years. The various communications disciplines (corporate communications, media relations, public affairs, internal communications etc) still operate in their separate work streams, albeit the boundaries are starting to blur as

ii) Executive summary

companies adopt a more campaigning mind-set. As content production becomes more important, the communications function is also increasingly taking on responsibility for aspects of the marketing mix, with close to a third of the sector's communications teams now responsible for marketing and/or marcoms. Two fifths also oversee sponsorship, events and partnerships. Whilst a significant 62% of communications functions are now responsible for digital communications and social media, there are signs of a move away from 'ownership' of digital to a more flexible approach which is seeing an informal social media team working across all functions including customer care, marketing and communications.

PR agency usage is changing

As communications leaders set about reviewing and building the capability of their in-house teams, so too are they re-evaluating their PR agencies to ensure that external advisors support and complement these changes. We also identified a shifting balance of power between in-house communications teams and their consultancies with three broad overarching trends emerging:

- A number of organisations are looking to bring a large chunk of their agency support back in-house, whilst about 40% have either changed or are planning to change agency
- A growing demand for seasoned external advisors who can provide high level strategic advice based on in-depth industry knowledge, fuelling a growth in the use of smaller, boutique consultancies, where they get the time of the founders
- A laser-like focus on value for money as evidenced by the move away from large retainers

These developments have potentially serious ramifications for consultancies. A number are already adapting their services to reflect their clients' changing needs, including offering a more integrated resource, more creative content production and better campaigning expertise and advice.

Communications' salaries and budgets are mainly static

Despite increases in workload, there has been little change in the industry's communications budgets. Just under half of respondents manage a departmental budget in excess of £3million, excluding headcount, and for the majority, their budgets have remained virtually unchanged for the past few years.

It's a similar situation with remuneration. For three quarters of the sector's communications leaders, despite the significant increase in their workload, base salaries have remained virtually unchanged. For the 23% that did receive an above-inflation increase, this reflected their additional responsibilities, or in the case of global organisations, a wider geographical remit.

It's a relatively small gene pool

The media & entertainment industry is incredibly incestuous. We found that over 90% of communications leaders who participated in the research had previously worked in the sector. This illustrates the industry's rather small gene pool; many communications practitioners move from one media company to the next, with few leaving to explore opportunities in other industries. However this is beginning to change as media & entertainment companies search for new communications talent outside of their sector. Retail, particularly FMCG, came out as one of the top hunting grounds due to its fast-moving consumer-

facing focus. Government and charities were also identified because of the increasing need for fully integrated, campaign led communications programmes. Candidates from the PR consultancy world were also flagged as a good source of incoming talent. It has even reached the stage where some communications leaders now view previous media & entertainment experience as a negative rather than a positive attribute.

In conclusion, what we are seeing is the reorganisation of the communications function and a recasting of its talent pool.

ii) One minute overview

What we heard from communications leaders

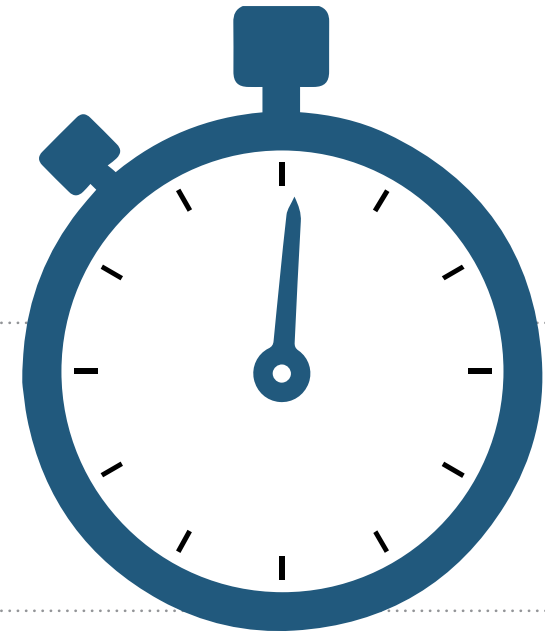
The media & entertainment industry as we knew it doesn't exist anymore.
It's a chaotic, complex environment and control has gone.
Reputation stakes have never been higher.
It can be a real struggle to make money.
Everything has to be done at hyper-speed.
Despite the extra workload there is no increase in resources.

What we think about what we've heard

Most communications leaders are weathering the storm well.
But it's tough out there and the role is becoming much more demanding.
Communications functions need to evolve to keep pace with changes in the industry.

What should communications leaders do?

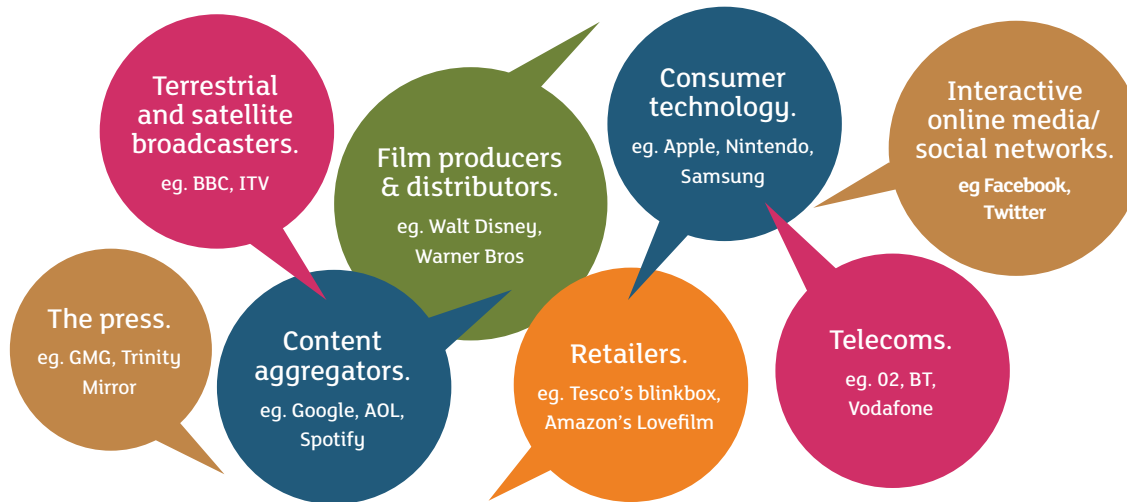
Integrate more – everything needs to be joined up.
Be more creative – including generating compelling content.
More inspirational casting by getting the right people into the right jobs.
Become more involved in the business and be more commercially focused.



iv) What we heard from communications leaders

A

The media & entertainment industry as we knew it doesn't exist anymore (5)



“Any company that competes for consumer entertainment.
One whose main business is generating or aggregating content”

- Technological innovation is causing the industry to fragment ...
- ... Which means that competition now comes from everywhere. Traditional boundaries are gone and companies compete head-to-head with everyone from content aggregators to retailers and telecoms companies

In their own words

“The idea that there is still a media industry is flawed. Technological disruption has completely and utterly changed the landscape of the space in which we operate, the companies with which we compete, the stakeholders with whom we have to communicate and the work that we do.”

“Competitors aren't the conventional ones that are playing by the rules. There are now numerous platforms and everyone can be a producer as well as a distributor.”

“Technology is changing the space in which we play – introducing new players and creating more choice.”

“Challenges from both disruptive start-ups that we've not even thought of as well as the West Coast giants, all of whom want to tread on our space.”

(5) The media & entertainment industry doesn't exist anymore

The past decade has seen a seismic change in the media & entertainment industry – no organisation in this sector has remained untouched by the rapid developments in technology. In the past, the media industry was neatly divided into silos such as broadcast (TV and radio), print (newspapers and magazines), recorded music, film production and distribution etc. However this has dramatically changed as the internet and other digital distribution channels allow the dissemination of any type of content to multiple platforms. A huge array of content can now be accessed – and repackaged – via the internet on a TV screen, tablet, mobile phone or games console. As a result of these and other changes, most communications leaders within the sector believe that the term 'media industry' is outdated and confusing. 'Traditional' media companies are now fighting for market share with an ever-growing cadre of diverse businesses and across a range of sectors including consumer technology, IT, telecoms, retail etc.

iv) What we heard from communications leaders

B

It's a chaotic, complex environment and control has gone

- The media & entertainment industry is now hugely complex
- It's become a heavily politicised environment
- Regulation can be a nightmare ⁽⁶⁾; legislation is not fit for the 21st century
- The industry is losing control of its content and its brands (content can be repackaged and disseminated by anyone)
- Consumers are now firmly in control, deciding what content they consume and when, where and how they consume it
- Citizen journalism continues to grow – everyone seems to have an opinion and, thanks to social media, is not afraid to voice it

In their own words

“Current legislation is out of date and not keeping up with technology. From a business perspective that's a nightmare as we battle with data protection issues, child access to content, disabled access laws, intellectual property issues, copyright protection, content piracy etc.”

“No business in this sector has remained untouched by the unstoppable changes in technology.”

⁽⁶⁾ Industry regulation

There are two issues here. 1) Current regulatory & legislative frameworks governing the industry have not kept pace with technological advancements, in particular the rise of social media. This is compounded by 2) the increasing intervention of government and regulators in many – though not all – parts of the industry. This is vividly illustrated by the recent controversy surrounding the implementation of the Leveson inquiry recommendations.

“Falling foul of obscure or outdated legislation means that we can be looking at huge reputational issues.”



iv) What we heard from communications leaders

C Reputation stakes have never been higher

95% of communications leaders ranked
‘managing company reputation’
as the most important metric their boss uses to define success in their role ⁽⁷⁾

- The industry is under the spotlight as never before – it’s of huge cultural and social importance and interest
- There are extensive issues around the transparency of editorial processes and decisions
- Industry egos can be huge and rogue behaviour has large reputational implications
- CEOs reputations are now inextricably linked to that of their company’s ^(7.iv)
- Social media is playing a major role in amplifying the ever-increasing demands of stakeholders
- Maintaining staff morale and trust, when profits are under pressure and the industry is being exposed to high profile investigations, is becoming much harder

In their own words

“One false move, whether that be the transmission of an ill thought-through programme, a bad editorial decision, or falling foul of some obscure legislation, means that we can be looking at huge reputational risks.”

“My CEO wants the company to be seen as a positive force in the industry, whether that be via the media, politicians, our employees or customers.”

“ ”

“In these times of austerity, the rules of celebrity reporting now apply to any CEO in a large organisation. There are no hiding places.”

“It’s increasingly tough out there – this role is as much about managing my CEO’s reputation as it is about managing the company’s reputation.”

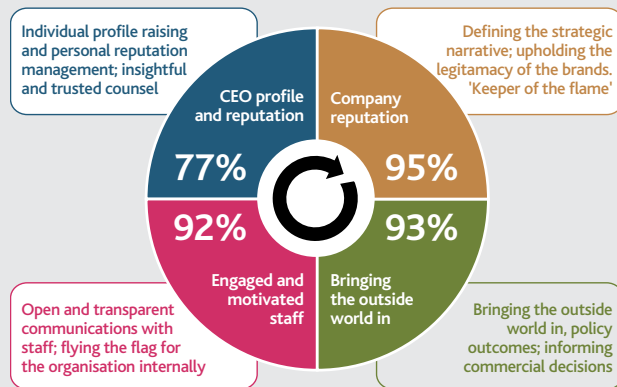
“Some of the senior players in the media industry are a nightmare to manage from a corporate reputation perspective.”

“Social media is being given a platform by traditional media, allowing consumer opinion to extend even further.”

iv) What we heard from communications leaders

(7) What do CEOs want from their communications leaders?

We asked respondents how their CEO (or direct boss) defined success in their role. Whilst this inevitably varied from company to company, there was a general consensus – in common with many other industries – that there are four key dimensions around which communications leaders are judged.



(i) Company reputation amongst stakeholders

95% of respondents ranked this as the most important metric their boss uses to define success in their role. CEOs are increasingly aware of the imperative for a robust, consistent, well-communicated and company-wide narrative for their organisations. As a result, communications leaders are increasingly expected to act as both the strategic guide and the focal point for reputation management. They enable the business to understand and manage reputation by encouraging the company to behave in the 'right way' with its stakeholders as well as flagging and mitigating the unforeseen consequences of business decisions.

“My CEO wants the company to be seen as a positive force in the industry, whether that be via the media, politicians, our employees or customers. My role is to make sure everyone in the organisation understands this.”

(ii) Bringing the outside world in

93% scored this as the most important factor for defining success in their boss's eyes. As shareholders and customers become more active and seek reassurance that companies are being run effectively (and ethically), communications leaders are increasingly relied upon to make an early, informed contribution to business planning and strategic ambition. This is slowly shifting the communications function from being a service provider to a strategic business partner, one that works in collaboration with the business to enhance strategic debate and decision making. This necessitates bringing the outside world in, and thinking and talking less about output and more about commercial outcomes.

“CEOs understand the negative implications of getting on the wrong side of regulators, politicians and the media, and are more enlightened in that they understand that the communications function has the insight to help at the early stages of business decision making. We need to demonstrate that we are contributing to the delivery of both the commercial and strategic goals.”

(iii) Engaged and motivated staff

The challenge of maintaining the morale of employees whilst simultaneously being open and transparent about the business and where it's going in difficult times is a sizeable challenge, as identified by 92% of respondents' bosses. This is particularly so in the media & entertainment industry where business models are changing, the bottom line is under pressure and the industry is being exposed to a host of high-profile investigations.

Given that employees today often get their information from external sources (and are more inclined to believe these), the need to get external and internal communications aligned is paramount. Additionally, companies are ever more aware of the need to attract talent in an increasingly fragmented and competitive marketplace, and require their communications leaders to be the flag-bearers for the organisation.

“Being an ambassador for the organisation internally and making sure that, in a rapidly changing environment, we are seen to be the employer of choice.”

(iv) CEO profile and reputation

The collective collapse of trust in big business and its leaders, the rise of citizen journalism and the increasingly hostile and activist nature of shareholders has turned the spotlight directly onto CEOs, with 77% rating the management of their own personal profile as one of the key deliverables of their communications leaders. This is not surprising given that CEOs are increasingly exposed to personal attacks and investigations from the media as well as from retail shareholders, consumers, politicians and lobbying groups. Business leaders have transcended the business pages and now appear as consumer interest stories. CEOs increasingly require the highest level advice on the management of their own reputation.

“In these times of austerity, the rules of celebrity reporting now apply to any CEO in a FTSE100 organisation. There are no hiding places.”

iv) What we heard from communications leaders

D

It can be a real struggle to make money

- Monetising services and content has never been harder ⁽⁸⁾
- Infrastructure costs and capital investment can be extremely high
- Ever increasing numbers of diverse companies are chasing the same market share
- Unsustainable business models: advertising spend is moving online ⁽⁹⁾ and audience/readership numbers are getting smaller
- It's no longer enough to just sell TV programmes or newspapers, ⁽¹⁰⁾ the industry now has to sell brands and content that work 24/7, which can run on TV, off air, or live on a second screen. And that costs money ...
- ... But the recent recession and economic instability means significantly fewer funds are available

In their own words

"Investment in this industry is, and will continue to be, large and long term. Barriers to entry are high. People underestimate the expertise and financial fire power needed to enter and stay in the market."

"Distribution of content has become virtually free with other companies giving away our core content for free. We need to find a way to create content and services that customers are willing to pay for."

"Despite all the advancements in technology and the resulting reduction in distribution costs, it still takes big money to produce quality content."

⁽⁸⁾ Monetising services and content

The internet means that information is, by and large, immediately and freely available, and consumers are now used to getting a large proportion of their content free. Audiences overall are becoming smaller as consumers migrate away from block-buster content to smaller, more personalised (and often user-generated) content. This has serious consequences for the wider media & entertainment industry – how to create services and content for which consumers are willing to pay.

⁽⁹⁾ Advertising spend is moving online

The media & entertainment landscape remains tough; revenues are falling and advertising spend is moving online. This was clearly illustrated by a report from Forrester Research which outlined how television advertising spend is soon going to be eclipsed by online advertising. Forrester predicts that advertisers will spend over \$75 billion online – 35% of overall ad spending – by 2016. Even today, online advertising already comprises around one fifth of all advertising spend (eMarketer, January 2013). This trend is likely to continue as online and digital media become more sophisticated and effective, assume greater market share and importance; and conventional and print media lose importance and budget. However, there is some positive news. Whilst advertising spend may be moving from one pot to the other, overall spend is on the increase. Total advertising expenditure in the UK reached £17,176bn in 2012, up 2.3% on 2011, according to the AA/Warc Expenditure Report.

⁽¹⁰⁾ It's no longer enough to just sell TV programmes or newspapers

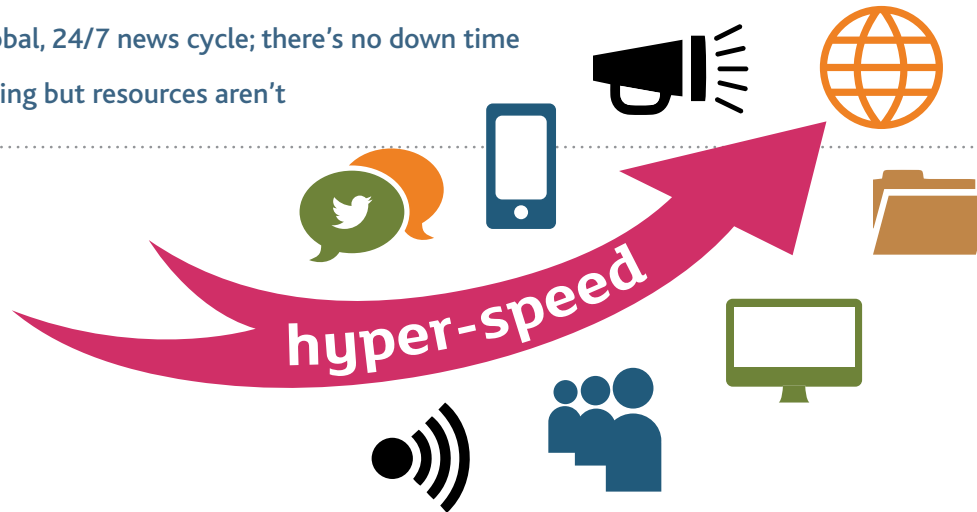
For decades, media industry output was typically restricted to a TV monitor, a printed newspaper or a cinema screen. However, as more technological devices and platforms emerge, consumers expect to be able to access content however and whenever they want. This means that media & entertainment companies have to produce increasing amounts of cross-platform and/or short-form content.

iv) What we heard from communications leaders

E Everything has to be done at hyper-speed

(warp factor 10 appears to be the default setting)

- Social media is speeding up the airwaves – response times are now minutes and hours rather than days and weeks
- The industry is being judged in real time; the immediacy of shows and newspapers means instant commentary from consumers – often even before shows have finished airing or articles have been printed
- It's an unrelenting, global, 24/7 news cycle; there's no down time
- Workloads are increasing but resources aren't



In their own words

"Even as recently as five years ago, negative comments about our shows typically came through customer phone lines and were generally confidential. Fast forward to today and we have consumers venting their opinions – often even before the show has finished – on Twitter and on internet forums."

F Despite the extra workload there is no increase in resources

- More and more is being asked of the function, yet communications headcount,⁽¹¹⁾ budgets ⁽¹²⁾ and salaries ⁽¹³⁾ have stayed more or less the same

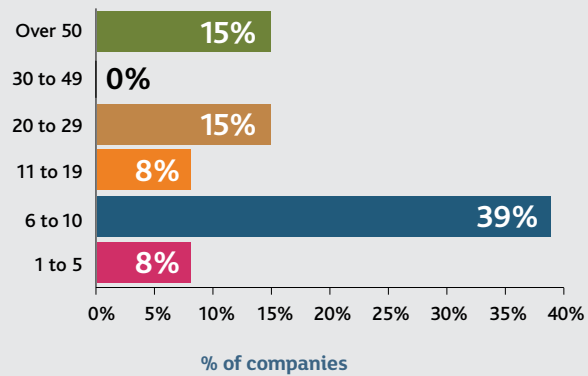
"Despite my department being asked to do a lot more, the budget hasn't really changed at all over the past two years. That means that we have had to make unpopular decisions and drop a number of the non-essential projects."

iv) What we heard from communications leaders

(11) Size of communications teams

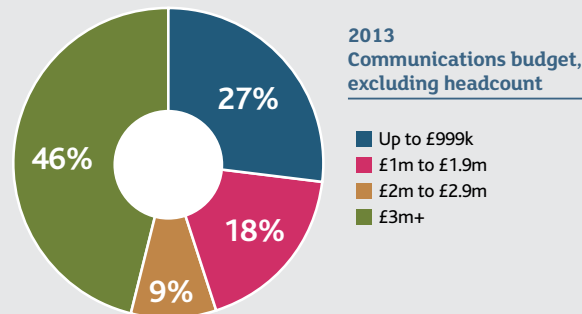
Given that we interviewed communications leaders from a wide variety of organisations, the size of corporate communications teams varied widely. The most common team size was between six and 10 employees (39% of respondents), with some of the larger broadcast organisations having communications teams of between 100 and 150 staff. All respondents use a variety of PR agencies to supplement their in-house activities.

Number of communications staff



(12) Corporate communications budgets

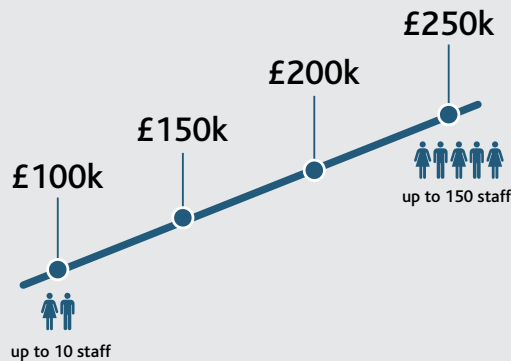
There has been very little change in funding since 2012, with the majority of communications leaders seeing their budgets pegged to 2011 figures, which in turn were pegged to 2010 figures. For some there has been a slight increase in budget, but this has been mainly due to their department taking on more responsibilities, rather than being allocated additional funds to carry out existing duties. Just under half of respondents (46%) manage a budget in excess of £3million per annum, excluding headcount. On the other end of the scale, just over a quarter (27%) are responsible for a budget of under £1million. Close to 30% oversee budgets of between £1million and £2.9 million pounds. In the much larger organisations, budgets including headcount rise significantly with around £12million for 2012.



iv) What we heard from communications leaders

(13) Remuneration for communications leaders

Remuneration for communications leaders in this sector was broad, but this is to be expected, given that respondents work in a variety of differently sized organisations. The highest base salary was just over £250,000 and the lowest around £100,000, with the greatest proportion (just over 40%) earning a base salary of between £150k and £200k.

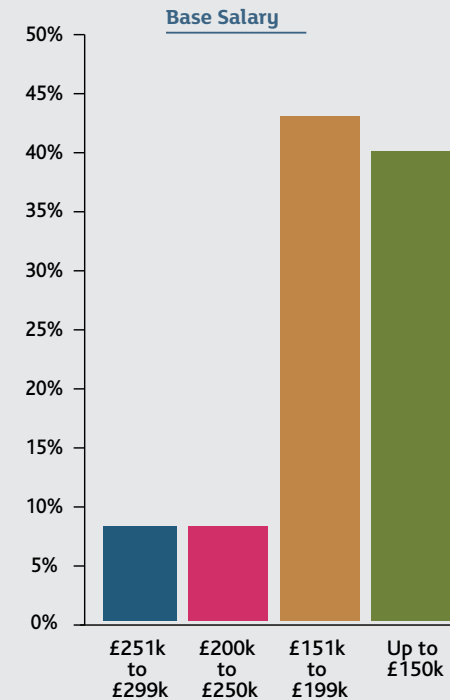


Those on the highest salaries (£200k+) are typically responsible for much larger teams (up to 150 staff), including financial PR and government affairs/public affairs and, in some instances, public policy. They typically manage communications budgets, excluding headcount, in excess of £2.5million per annum.

Those that earn a base salary of between £150k to £200k, are generally responsible for all of the core communications disciplines including corporate reputation & strategy, crisis & issues management, media relations (both corporate and consumer), corporate responsibility, internal communications and, in most cases, digital & social media. A handful of these has the added responsibility of public affairs/government relations.

At the lower end of the salary range (up to £150k), communications budgets are significantly less (generally under £1million per annum), team sizes tend to be much smaller (up to 10 staff) and responsibilities are more focused towards media relations, corporate communications and internal communications.

Overall, there has been a slight change in base salaries over the year with a minority (23%) receiving an increase over 2012. However, the majority of these increases are due to respondents taking on increased responsibilities or, in the case of global organisations, taking on wider geographical remits. For almost three quarters of respondents, salaries have remained unchanged over the past year.



v) What we think about what we heard

A

Most communications leaders are weathering the storm well

- Many are adapting to the new landscape by:
 - developing their teams (increasing capabilities, bespoke training, mentoring)
 - taking on more responsibility, including for marcoms, content creation and parts of customer engagement
 - expanding their influence beyond the communications function
 - becoming more involved in the wider business
- Communications leader are increasingly been seen as the 'go to' person for objective advice and counsel on wider reputational issues

B

But it's tough out there and the role is becoming much more demanding

- It's taking longer to do things, and there are more things to do
 - The proliferation of stakeholders means more audiences with whom to engage
 - Multiple channels means a 'one size fits all' approach no longer works
 - More time briefing so called 'industry experts' who don't fully understand the converged landscape ⁽¹⁴⁾ in which the industry now operates
 - More time responding to consumer and audiences issues
 - More time-consuming activities like content production and visual imagery

In their own words

"Although change is all around, my team is excited and energised. I love the fact that we're being made to rethink old ways and learn new skills."

"I'm chucking out all the old irrelevant stuff and focusing on new ways of doing things. I'm changing the way my department is structured, re-writing all our job descriptions, hiring a new breed of communicator and also expanding our remit."

"If you don't like change, you're in the wrong industry."

"If we rewind 10 years, the media sector was an easy place to manage corporate communications. It was stable, wasn't hugely regulated and was not reputationally threatened. Today it's at the cutting edge of corporate communications; there are extensive regulatory issues, public policy issues, business model issues (e.g. how do we charge for our services?), distribution issues, consumer issues and so on. We're drowning in a torrent of communications challenges."

⁽¹⁴⁾ Industry experts who don't fully understand the converged landscape

Our research shows that for publicly-listed organisations in the UK and US, as well as for other high profile media companies, there is increasing frustration that a number of analysts – and in certain cases politicians and media correspondents – simply don't understand the converged landscape in which the press and broadcast industries now operate. For example, some city analysts tend to operate in traditional silos (e.g. telecoms, press, broadcast etc.) which leads to simplistic, unrealistic industry analysis.

v) What we think about what we've heard

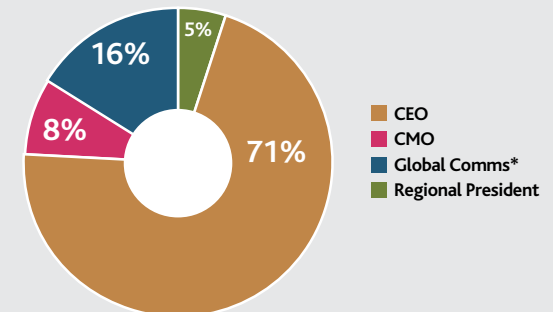
- **There is an increasing need to quantifiably show the value that communications brings to an organisation**
 - Whilst 98% of communications leaders in the UK media report to the CEO,⁽¹⁵⁾ some do not believe they have the ear of the executive team
 - Relevant, measurable and meaningful metrics for the communications industry are still a long way off⁽¹⁶⁾
 - There's a shifting balance of power between in-house communications teams and their PR agencies⁽¹⁷⁾ with a number of organisations planning to bring a large chunk of their PR activities back in house

"We've always defined ourselves as having a broad set of competitors, not just the broadcasters but telecoms companies as well as the likes of Apple, Google and Microsoft etc. Unfortunately analysts reporting on our sector simply don't understand this, which makes my role really tough."

"Good communications now requires a continuous relationship approach rather than a staccato transactional approach. Building strong relationships across our stakeholder universe is becoming a communications imperative."

⁽¹⁵⁾ Corporate communications reporting lines

The majority (71%) of communications leaders within the media & entertainment sector report to the CEO, and when US-headquartered organisations are omitted, this rises to some 98%, illustrating the increased visibility and stature of communications leaders in the sector. For those respondents who work for US headquartered companies, their reporting lines are typically to either the area or regional President, or the global communications or marketing lead. Most respondents see a reporting line to the CEO as critical to their roles whilst others take a more pragmatic view.



⁽¹⁶⁾ Relevant, measurable metrics for the communications industry

The communications function has long been bedevilled by a lack of investment and sophistication in its evaluation methods. Meaningful, comparable and commercially relevant metrics that can be used across the PR industry are still a long way off. Along with their peers in other industries, communications leaders in the media & entertainment sector currently use a wide range of different measurements including media monitoring across online, press & broadcast (tracking quality, quantity and sentiment of coverage); stakeholder audits (including monitoring how regularly the company and its executives proactively engage with a wide range of stakeholders); social media surveys (for example tracking the number of conversations taking place about the company both with and without the company participating); and all-company staff surveys (typically annually with quarterly updates).

v) What we think about what we've heard

(17) PR agency usage is changing

As communications leaders set about building the capability of their in-house teams to meet changing demands, so too are they reviewing their PR agency support to ensure that their advisors support and complement these changes. Three broad overarching trends emerged:

- i. a number of organisations are looking to bring a large chunk of their agency support back in-house whilst about 40% have either changed or are planning to change agency
 - ii. a growing demand for seasoned external advisors who can provide insight and strategic advice based on in-depth industry knowledge, fuelling a growth in the use of smaller boutique consultancies
 - iii. a laser-like focus on value for money as evidenced by the move away from large retainers
- a) **More strategic advice, less execution.** The majority (65%) of respondents now look (or will be looking) to their agencies for strategic advice and counsel rather than tactical delivery and execution. This is partly driven by budget restrictions "companies can save money by executing in-house" – and partly because of the increasingly complex nature of the business and the need for specialist, senior level, strategic counsel.
- "I want them for the big picture stuff, i.e. how do you position the organisation. I need them to come up with ideas, to challenge me and advise when they think I'm taking a wrong turn."*
- b) **Size doesn't matter.** There are two diverging trends emerging. One is a move towards very small, industry specific PR agencies or individual consultants; and the other towards the use of large, media-neutral, multi-discipline consultancies.

– **Small is beautiful.** The rationale for the move towards smaller, often one-man band shops includes:

- i. In-depth sector expertise. As the industry becomes ever more complex (convergence, technological disruption, changing regulatory issues, consumer journalism etc.), media companies require advisors with deep, inside knowledge of the sector, which is increasingly coming in the form of small (often less than five people) consultancies staffed by ex in-house media industry specialists
- ii. "I want to hire you, not the agency." The desire to work with a high quality individual, with vast industry knowledge. Accessibility and trust appear to be the two main drivers along with the desire to be the agency's main priority
- iii. Quicker responses and more creativity. Because of the lack of bureaucracy and hierarchy, smaller agencies can often be more fleet-of-foot and responsive
- iv. More value for money. Smaller agencies (or individuals) are able to be more flexible with their fees, an important factor in the current economic climate

– **Integrated is better.** In tandem with the above, there is an increase in media-neutral pitches, with PR organisations now pitching against other types of agency such as marketing, advertising, digital and design. The best idea wins, irrespective of the type of consultancy.

- i. More alignment with marketing. Communications directors are becoming more aligned with their marketing peers and are increasingly being asked to manage a wide range of marcoms activities

- ii. More consumer/audience engagement. Corporate and consumer communications is converging and the need to engage directly with consumers means that agencies need to be qualified to help with consumer interaction and engagement, a skill often not found in corporate PR consultancies
 - iii. Creativity. There is more demand for creativity and big ideas as well as stunt activity (the Olympics and Jubilee celebrations presented a number of opportunities)
 - iv. More social media/digital communications. Over the past few years PR has demonstrated a greater skill set in this area than many other functions. There is now more emphasis on online interactive campaigns and almost all PR campaigns now have a social media element
- c) **More project work, fewer retainers.** In common with many other industries, the media & entertainment sector is moving away from long-term retained PR contracts to one-off project work, particularly for large, easily defined projects. This is due to the drive for increased budgetary efficiencies as well as the need to be able to clearly measure outputs and outcomes.

"The PR and PA agency world is changing fast. There's always a place for big retainers but companies are looking at their retained PR agency invoices with increased scepticism."

v) What we think about what we've heard

d) **Increased need for policy and public affairs support.**

A need for more public affairs support as well as a requirement to influence policy makers and other relevant stakeholders means that organisations are increasing their spend on project-based public affairs support. The requirement for insight and/or access to influencers, along with specialised government know-how is intensifying.

“Parliamentary liaison is a key issue in the wider context of the media environment (convergence of platforms, forthcoming communications bills etc.) and we will need a major step change going forward.”

e) **Support in overseas markets.** For those organisations that have an international footprint, there is an increased business rationale for expanding into developing countries where technology is growing fast and audiences are huge. Consequently, communications leaders are stepping up their use of agencies for their geographical expertise, be that regional or local. The BRIC countries are of particular importance.

“Where do we go for growth in a mature market-place? Western newspaper circulation is declining, but growing massively in India and China. Brazil is also in growth mode. We need to re-focus our attention on new geographical markets.”

f) **More support in creating content.** Communications functions are increasingly turning to their PR agencies for help in creating and promoting content – whether that be a Facebook page, a CEO video or a viral campaign.

v) What we think about what we've heard

C

Communications functions need to evolve to keep pace with changes in the industry

- The silos that currently exist between the communications disciplines need to be broken down ⁽¹⁸⁾
- In our view, there is not enough 'new blood' coming into the industry; many of the sector's communicators come from a rather small gene pool ⁽¹⁹⁾
- Consumers need to be placed at the heart of the industry's communications strategies ⁽²⁰⁾
- In short, the communications function needs to become more multi-faceted, fleeter of foot, better skilled and more commercially focused



In their own words

"The days of having a 'head of' internal communications, media relations or public affairs are going; organisations are increasingly needing multi-disciplined communications professionals who are as adept at running a stakeholder mapping programmes as they are running a change management project or brand launch media campaign."

"Communicators today need to be more consumer-centric. Understanding consumers and their preferences will be a crucial capability going forward."

"We are starting to see a growing requirement in the communications function for dedicated Content Directors – people responsible for producing relevant and authentic multi-platform news content."

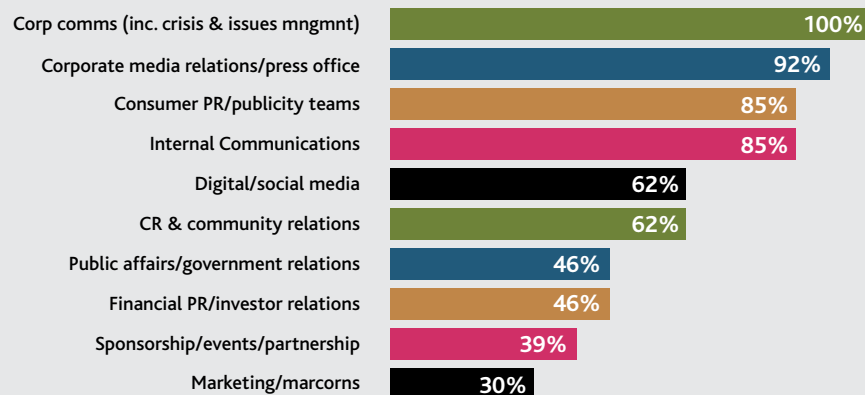
v) What we think about what we've heard

(18) Current functional responsibilities

Whilst there is talk of a move away from discipline-specific silos, the organisation of most communications functions today is the same as it has been for many years. In addition to the obvious responsibilities such as corporate communications (including strategy and crisis & issues management), the vast majority (92%) of communications teams are responsible for corporate media relations as well as separate consumer publicity teams (85%). Employee communications are handled by 85% of teams, with 62% also overseeing CSR and community relations activities. A large minority (46%) handle public affairs & government relations as well as financial PR and investor relations. Communications is increasingly taking on aspects of the marketing mix with just over 30% of teams now responsible for marketing and/or marcoms, and close to 40% overseeing sponsorship, events and partnerships.

62% of communications functions within this sector are responsible for digital communications and social media. However, there is a move away from 'ownership of digital' to a more flexible approach, which is seeing an informal social media team working across all functions including customer care, marketing and communications.

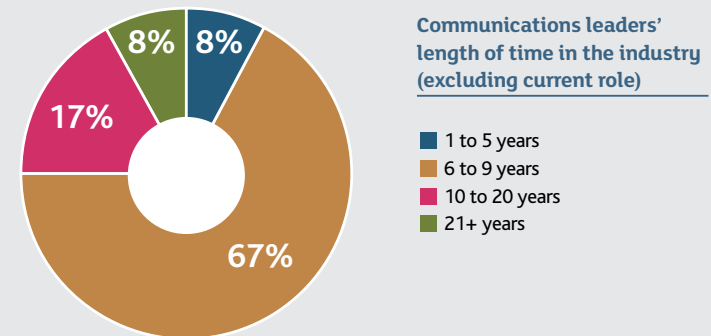
"Digital communications is everywhere and nowhere. As soon as you make someone accountable, no one else is."



(19) Length of time in the media industry

A significant 92% of communications leaders have previously worked in the media & entertainment industry. 84% have between six and 15 years in the industry, with 8% having spent over 21 years in the industry excluding their current role. This highlights the sometimes rather incestuous nature of the sector, which sees many communications practitioners move from one traditional media organisation to the other, with few leaving to explore opportunities in other industries. Whilst sector experience is valuable, this unwillingness to move outside the sector can on occasions result in a reluctance to embrace change and a limited understanding of best practice elsewhere. However this is now changing, with a number of organisations actively pursuing communications talent from outside the media & entertainment environment.

"Candidates from the media & entertainment industry tend to think they're special and that their industry is the only one affected by technological changes – that's simply not true on both counts."



(20) Placing consumers at the heart of the industry

Some organisations within the media & entertainment sector still operate with an inward-looking b2b mindset rather than a consumer-focused mindset. For example, a handful still deem advertisers to be their key stakeholder, with consumers (ie viewers, listeners and readers) coming in as a distant second.

vi) What should communications leaders do?

A

Integrate more – everything needs to be joined up

- **Deconstruct some of the existing communications silos**
 - Focus on hiring and/or developing multi-skilled, multi-disciplined communications practitioners
 - Eliminate the barriers between corporate PR and consumer PR
 - Fully align internal and external communications
 - Integrate digital communications fully into the communications mix
 - Ensure public affairs expertise and support is embedded fully across the function
 - More integration of online and offline media relations and an increased focus on non-journalist audiences, particularly bloggers
 - Greater integration with customer services and marketing

In their own words

“We need to don many more hats that we used to in the past.”

“Five years ago consumer PR was seen as the fluffy side of communications and corporate as the ‘grown up’ version. That’s no longer the case.”

“Parliamentary liaison is a key issue in the wider context of the media environment (convergence of platforms, forthcoming communications bill, etc) and we will need a major step change going forward.”

“The whole concept of the Press Office is disappearing – it will become communications in its widest sense, with a more multi-faceted approach.”

B

Be more creative – including generating compelling content

- **Working with just words doesn’t hack it anymore – communications functions now need to create content in multiple formats across multiple channels**
 - More use of original, authentic content (over and above the media company content) with which to engage stakeholders
 - More pictures, sharper copy, more multi-media content expertise and film-making skills
- **More focus on issues-led campaigning**
 - Being able to construct and frame a compelling argument, and utilise a range of different channels to disseminate that argument, is now essential

“It’s not about column inches anymore but rather online buzz, social campaigning, sticky virals etc. – all of which are measurable.”

“Content now matters far more than it used to. We have to have something to talk about apart from just our financial results.”

“What’s the simple but great idea at the heart of your campaign? Enlightened campaigns are integrated campaigns.”

vi) What should communications leaders do?

C

More inspirational casting by getting the right people into the right jobs

- Having the right people in communications now matters more than ever, but it's hard to find the new breed of communications professional ⁽²¹⁾
 - Many candidates often lack the wide range of competencies and attributes necessary to be successful in the industry ⁽²²⁾
 - The diversification and expansion of the media & entertainment industry means employers are competing for talent within an ever growing and fragmenting marketplace
- There's an emerging trend for communications functions to hire 'content directors' – senior individuals (often ex editors and publishers) who can produce original, communications-led content
- Look to different hunting grounds to find new talent. Retail, charity, politics and government are interesting areas ⁽²³⁾



Fast-moving
consumer-facing
focus



Fully integrated,
campaign-led
communications



Consumer
engagement and
campaigning



Broad sector
knowledge, robust
client-led approach

In their own words

"Candidates from the media industry tend to think they're special and that this industry is the only one affected by technological change – that's simply not true."

"To be honest, I view candidates from the traditional media companies (e.g. press & broadcast) with a rather sceptical eye. I want people who understand how to engage with consumers, such as those from large retailers or FMCG organisations. Consumer engagement and understanding is rarely found in the media industry today."

"Content Directors are the new 'black'."

“

"I see [the broadcast media] as having more in common with the likes of Tesco and M&S than with Channel 4 or ITV, and that's where I now look for talent."

"I'm increasingly employing ex-government communicators – they are fast, flexible, have great campaigning skills and know how to employ guerrilla tactics as well as handle viral campaigns."

”

vi) What should communications leaders do?

(21) Hiring talent into the media & entertainment sector

Finding talented communicators to work within this sector used to be relatively straightforward: qualified candidates were plentiful, roles were easily defined, reporting lines were clear, jobs were secure, there were a limited number of competitor companies, success in specific roles was easily (if simplistically) defined and previous industry expertise was seen as a prerequisite.

This is no longer the case. Whilst the sector still attracts more than its fair share of potential candidates (“saying you work in the media industry always passes the ‘interesting guest at a dinner party’ test”), many candidates often lack the skills, competencies and attributes required by this new, fragmented, heavily regulated, hugely scrutinised and high-profile industry.

(22) What competencies and attributes are valued most?

We asked respondents to define the core skills they looked for when recruiting talent into their organisations:

– Multi-discipline, integrated communications skills.

There is a gradual move away from recruiting one-discipline specialists to the hiring of more multi-disciplined communications professionals who can work across media relations, public affairs, internal and other communications disciplines

– **Professional versatility.** The ability to seamlessly segue from one discipline to the other and to harness the best method and/or channel for the job in hand

– **Front line (trench) communications** (press, PR and publicity) and media experience, covering proactive strategic and tactical planning, crisis management and rapid rebuttal across both offline and online media

– **Campaigning skills.** The industry now operates within a complex network of stakeholders and requires the ability to adopt a campaigning mentality

– **Public affairs/political understanding.** The boundaries between public affairs and corporate communications are becoming increasingly blurred, with communications professionals now required to have an understanding of the geo-political as well as the socio-political environment. Therefore experience of influencing policy & directing strategic development issues in an environment of increasing complexity

– **Corporate and consumer experience.** These were previously distinct, but with the emergence of social media are now merging. The ability to engage with both consumers as well as with traditional corporate stakeholders

– **Internal communications/change management.** As the industry undergoes extensive changes to its modus operandi, keeping employees informed and onside is increasingly important. Talent retention is also a key driver in an increasingly fragmented industry

– **Exceptional writing ability.** Whether that is writing a speech for the CEO, a brief for a charity sponsorship or engaging in an online industry forum, the ability to write and craft stories remains paramount

– **Marcoms expertise.** It’s no longer just about communications skills – candidates now need experience in content production, viral campaigns, direct audience/consumer engagement, etc.

– **Multi-stakeholder expertise,** plus experience of working for a corporate/consumer brand and a good understanding of the cross-over between corporate & consumer communications

– **Project management and planning skills.** To include budget setting and control

– **Highly networked.** Requiring a compelling track record of dealing with high profile stories and complex organisations and multiple stakeholders

vi) What should communications leaders do?

(23) What industry experience is valued most?

We asked what previous industry experience communications leaders valued most when searching for new talent. Retail, particularly FMCG, came out as one of the top hunting grounds due to its fast-moving, consumer-facing focus. This was followed closely by government and charities because of the need for fully integrated, campaign-led communications programmes. The PR agency world was also identified as a good source of incoming talent, partly because of candidates' broad sector knowledge and partly because of their ability to bring a more robust, client-led approach to the function. A number of respondents also identified the automotive sector as an interesting hunting ground, due to the similarities in the way technology is changing the car business and its increasing focus on consumer-engagement strategies.



Ironically, given the significant number of years that many communications professionals spend in the media industry, a small number of interviewees viewed previous media industry experience as a negative rather than a positive attribute. They believe candidates from the traditional broadcast and press companies have a tendency to be more risk-averse, that they lack creativity and do not have sufficient consumer engagement experience.

“To be honest, I view candidates from the traditional media companies (e.g. press and broadcast) with a rather sceptical eye. I want people who understand how to engage with consumers, such as those from large retailers or FMCG organisations. Consumer engagement and understanding is rarely found in the media industry today.”

“Candidates from the media industry tend to think they’re special and that their industry is the only one affected by technological changes – that’s simply not true.”

vi) What should communications leaders do?

D

Become more involved in the business and be more commercially focused

- Driving better business outcomes for the organisation ⁽²⁴⁾ by persuading senior management to involve the communications function in strategic and operational decision-making. But ...
- ... This will only work if communications leaders are able to make a valuable contribution to business strategy and high level decision making at an earlier stage
- Focusing on outcomes, not outputs – delivering hard results which can be measured ⁽²⁵⁾



- Better senior level advice and counsel, and therefore influence
 - Bringing the outside world in, horizon scanning etc
 - Offering valuable, objective and insightful counsel
 - Educating the business about what communications can and cannot achieve
- More focus on global issues,⁽²⁶⁾ international stakeholders and emerging markets

In their own words

“Communications leaders are often the only people in a company who are able to have true oversight both within and outside the organisation.”

“It’s now much more about shaping the debate than just producing results.”

“CEOs understand the negative implications of getting on the wrong side of regulators, politicians and the media, and are more enlightened in that they understand that the communications function has the insight to help at the early stages of decision making. We need to demonstrate that we are contributing to the delivery of both the commercial and strategic goals.”

“Getting your PR agency to carry out an annual reputation survey, no matter how detailed, is not enough in this day and age.”

“It’s increasingly tough out there and this role is now all about managing the Board’s reputation as well as the corporate reputation.”

“CEOs are interested in whether they’re being looked after. They want good judgement, wisdom and advice they can rely on.”

“Where do we go for growth in a mature marketplace? Newspaper circulation in the West is declining, but growing massively in India, China and Brazil.”

vi) What should communications leaders do?

• Better reputation management planning

- Improved crisis preparedness and risk assessment
 - More company-wide audits to identify potential reputational weaknesses
 - Better engagement with colleagues in Legal
 - More attention to developing overarching response principles that work equally well offline and within the harsh time frames required of online
 - Increased attention to risk identification and mitigation of risk

“Crises can now come from anywhere and be about anything – we can’t prepare for all eventualities. However what we can do better is ensure that we have a robust, frequently practised and constantly updated crisis preparedness plan.”

“Protecting our brands in an increasingly consumer-centric world has become a global corporate issue.”

“Reputation is fundamental to our roles – our brand is everything.”

“My CEO wants the company to be seen as a positive force in the industry, whether that be via the media, politicians, our employees or customers. My role is to ensure that everyone understands this.”

(24) Driving business outcomes for the organisation

Communications leaders need to be able to inform the business strategy, not just the communications strategy. In order to do this, they need an underlying appreciation of the business and be able to effectively engage in executive level discussions on a wide range of issues from portfolio management, project selection, product priorities, industry trends, customer aspirations and behaviour, to emerging technology, organisational effectiveness and financial management. When – irrespective of their reporting lines – they can engage at this level with the CEO and the heads of other functions, they have a legitimate and strategically important seat at the table and corporate affairs is seen as an enabler of business performance more broadly. However, where communications leaders cannot ‘talk the business’ the function is easily placed at the periphery of decision-making.

(25) Delivering hard results

The corporate affairs function is frequently unwilling (or unable) to commit to the type of hard metrics against which other functions are assessed. Fixing KPIs for communications is always challenging but proxies need to be developed and agreed so that senior management understands the value that corporate affairs brings. Much more sophisticated analytics need to be introduced which track and measure stakeholder sentiment in a way that demonstrates ROI and allows communications to move up the value chain. As an industry, the PR sector has spent a huge amount of time debating this and whilst some good work has been done, (www.instituteforpr.org/2010/06/the-barcelona-declaration-of-research-principles) the industry is not there yet.

(26) Emerging markets and global issues

The current UK marketplace is becoming increasingly saturated and so media & entertainment organisations are seeking new growth opportunities further afield, particularly in the BRIC countries and Asia which have a growing middle class and increased discretionary spending on media and entertainment. However, as companies expand further afield geographically, so the corporate reputation risks increase accordingly. Given the way that social media allows stakeholders to both scrutinise and publicise local issues and problems – which can be more prevalent in less developed countries – reputational issues can now quickly cross borders and escalate into international crises.

vii) About Watson Helsby

This research is one of a series of Watson Helsby reports. Each is designed to examine the latest thinking, practices and issues in both the disciplines in which we specialise and the industries that we work within. In so doing, they provide a contemporary view of the direction in which specific roles are evolving as well as the competencies that communications leaders require to be successful.

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

For further information please visit our website on www.watsonhelsby.co.uk

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