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# PR more vital than ever for business

## 'It's not about publicity, it's about communication'

By Hollie Shaw, Financial Post June 25, 2010



**Oil giant BP is discovering how important public relations is in an era when social media can instantly spread information.**

**Photograph by: Win McNamee, Getty Images, Financial Post**

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One need look no further than British Petroleum's current crisis in the oil-soaked Gulf of Mexico to illustrate the increasing importance of public relations in the era of instant communication.

With the spike in social media helping to blur the lines between citizen journalism, marketing, and news, so-called "reputation management" is taking up an increasing chunk of companies' time, much to their chagrin. So at a time when truth and honesty -- or at least the appearance of it -- are seen as essential traits for all brands to possess,

advertisers are scrambling to shore up their persuasion departments.

It comes as the PR business has been significantly outstripping growth in other areas of the business. According to Statistics Canada, the public relations industry's operating revenue grew 13.8% between 2006 and 2008, outstripping the 8.6% revenue growth at advertising agencies and almost doubling the rate of growth in the overall industry of 7.4% to \$6.7-billion.

"PR is going to play a more important role over time because of the power of persuasion and who [is steering that]," says Miles Nadal, chief executive of Toronto-based advertising conglomerate MDC Partners Inc., which recently acquired majority stakes in two PR firms, New York-based Sloane & Company, which specializes in crisis and financial communications, and Allison & Partners of San Francisco, which specializes in consumer marketing.

"It's not about 'publicity,' it's about overall strategic communications. Crisis management is more important than ever before. You read every day about BP. The regulatory environment has increased everywhere, every company has got some crisis somewhere, and it's harder to contain because all of the social media is instantly accessible. Every single person with a PDA all of a sudden is a reporter."

The oil giant's PR response to the disaster has been cited frequently as an exercise in how not to do corporate communications: the chief executive has been repeatedly characterized as insensitive for seeming to minimize the potential environmental devastation and going yachting with his son after he appeared to be generally evasive and aloof at U.S. Congressional hearings; a decision by the company to purchase search terms through Google that would offer top links to BP's own information about the spill and cleanup efforts was viewed as heavy handed.

BP's corporate communications should have been more of a priority given the importance consumers place on the information generated by corporate websites. According to a 2009 survey by Leger Marketing and Apex Public relations, consumers ranked corporate websites at 45% credibility as an information source -- not far behind 61% for family and friends, national newspapers with 52%, while straight advertising was accorded a 15% credibility level.

In the meantime, the fake Twitter account BPGlobalPR, with roughly 176,700 followers, vastly outstrips BP's official Twitter feed BP\_America, which has about 15,800 followers.

"The brand detractor is more influential and more vehement than the brand evangelist," Mr. Nadal said. "With crisis communications you have got to be honest and up-front and head into the ambush and confront the reality at its worst level, because it is like the cockroach theory: it is always way worse than it initially seems, and there are way more than you thought there were. If you don't get ahead of the message, you will always be fighting a losing battle."

There is also a renewed emphasis within ad agencies to see the value of earned media -- unpaid media exposure through news -- which is seen to give the messaging more validity than paid exposure.

"No client has ever said they have enough money; every client wants more money [for marketing their messages]," Jill Nikoliation, Juniper Park. "The challenge for agencies is what can you do to leverage earned media? What are you going to do that others are going to want to talk about?"

Juniper Park likes to do "statement media," she said -- creating campaigns, like a solar-powered billboard for Sun Chips or a dirt and potato-filled underground tunnel in the Chicago subway for Lay's chips -- that inspire media coverage. "It can't be just a pushed message. It has to be something that makes consumers want to see, and have other people know about it."

It comes alongside a shift in sensibility for an industry that used to operate in much more distinct silos, where advertising and PR would often not pay too much attention to what the other department was working on.

Andrew Pelletier, vice-president of corporate affairs and sustainability at retailing giant Walmart Canada Corp., said getting news media to follow a company's initiatives is becoming an increasingly pivotal part of the communications

mix. "Earned media is worth more and it costs less," he explained.

"And research increasingly shows that consumers find news media reports much more [persuasive] than a paid advertising placement, and that is growing. There is a place beyond paid advertising to put these messages. There is an interest. And there is an explosion of social media, and you are seeing a sort of cross-pollination right now with ad agencies bringing in a PR or a social media component."

PR is better equipped to manage social media than traditional advertising, Mr. Pelletier argues, because it was set up to have a two-way conversation with consumers. "Social media is typically news and information-based as opposed to selling-based."

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