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Eight for '08: Forecasts for the Public Relations Business

By Kenneth D. Makovsky,
President, *Makovsky + Company*



It's that time again. Forecasts are as much a part of the New Year as the traditional champagne toast. Despite the economic warnings, I believe we should enjoy a reasonably good year. So, here are my eight predictions for the public relations industry in 2008.

1. The power shift accelerates.

Consumers will wield more power than ever before to uncover and expose the dishonesty and misdeeds of companies and their leaders. Unhappy customers have already used the Internet to band together and launch successful mutinies against Apple, JetBlue, Kryptonite, Facebook, Cunard Lines, Princess Cruises and a whole host of other companies . . . and triumphed! (Ultimately, they got the refunds they demanded.) We can expect many more consumer insurrections in 2008.

2. Digitizing the public relations function. Unless the public relations field plays a serious game of catch-up, we are going to lose the digital battle to specialty firms, as we did in the Web 1.0 era.

3. The celebrification of ordinary Americans. There are more than 1.2 billion people online today and nearly three billion cell phone users. Increasingly, these linked-in individuals are becoming the creators, distributors and the featured stars of the new social media. As a result, the Internet is blurring the boundary between the private and public lives of everyone. Today, we make a habit of Googling prospective clients before we meet them. Our HR people search out candidates on the Web as part of their due diligence. This will increase in intensity. As a result, individu-

als and enterprises that are unhappy with their exposure will increasingly turn to defensive search engine strategies to minimize threats to their reputation (e.g., creating websites, blogs, and wiki's to push unflattering mentions off page one search engine results).

4. Measurement is growing as a hot-button issue. The value of corporate reputation has been, for the most part, regarded as too "squishy" to measure, but a more sophisticated understanding of the power of perception is rising in the C-suite. More senior executives have discovered that a company's reputation can account for much of the 30% to 70% gap between the book value of most companies and their market cap. One example: Pamela Cohen and Jonathan Low, pioneers in the study of how public perceptions affect a company's stock price, found that that 27% of United Technologies' stock market value was attributable to intangibles like its reputation, and particularly its message. In 2008, quantifying the effect certain messages have on the value of a company will grow in importance in our industry.

5. "White hat" programs on the rise. Since the rise in popularity of the Internet, the number of non-government organizations (NGOs) has grown dramatically—to nearly two million in the U.S. and another 40,000 international organizations. Social consciousness will increasingly be recognized as a point of differentiation for companies in highly competitive or commodity-intensive businesses. Consequently, more public relations firms will develop specialty practices that center on communicating "green" messages for companies not traditionally seen as "environmental" businesses. A recent poll by MonsterTRAK showed that 80% of young professionals are interested in securing a job where they have a positive effect on the environment.

6. Giving is the new receiving. In the 1990s, CEOs spent millions on luxury items, like Dennis Kozlowski's notorious \$6,000 shower curtain. That was then; this is now. Today, many CEOs—

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including Bill Gates, Warren Buffett and Michael Bloomberg—are demonstrating their success, not by ostentatious purchases, but by aggressively pursuing charitable giving. In 2008, doing good will be the way to show that you're doing well.

7. Transparency comes to cause-related marketing. Corporate fundraising as a marketing tool—particularly embedded giving, which involves connecting a gift to charity to consumers' purchases—will increasingly be subject to regulatory oversight. Currently, some such programs fail to disclose what percentage of a transaction goes to charity; others fail to name the charity that will benefit; and, in most cases, consumers have no way of knowing if their money actually went to charity and how much was raised overall. Senator Robert Menendez is looking at measures that would require full disclosure . . . and I believe his efforts will succeed.

8. Tapping a brain trust. Surveys show that about 80% of the nearly 80 million Baby Boomers close to retirement age plan to work at least part-time after retiring. Money is one reason . . . but not the only reason. Boomers are also choosing to work because they enjoy it. Given the endemic shortage of skilled, experienced staff in our industry, Boomers represent a tremendous potential resource. I predict that we will increasingly be tapping the pool of public relations professionals in the Boomer generation to supplement our in-house expertise.

*Ken Makovsky is the president of **Makovsky + Company**. Founded in 1979, the firm has become one of the nation's leading independent global public relations and investor relations consultancies by adhering to its vision: that specialization is the best way to build reputation, sales and fair valuation for the client. Ken's blog is at <http://blog.makovsky.com/> and he can be reached at kmakovsky@makovsky.com.*