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IPR Institute for Public Relations
FOUNDED 1956

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3rd European Summit on Measurement

The Future is Consolidation and the emergence of bigger global groups: Statement or Question?”

Our panel today

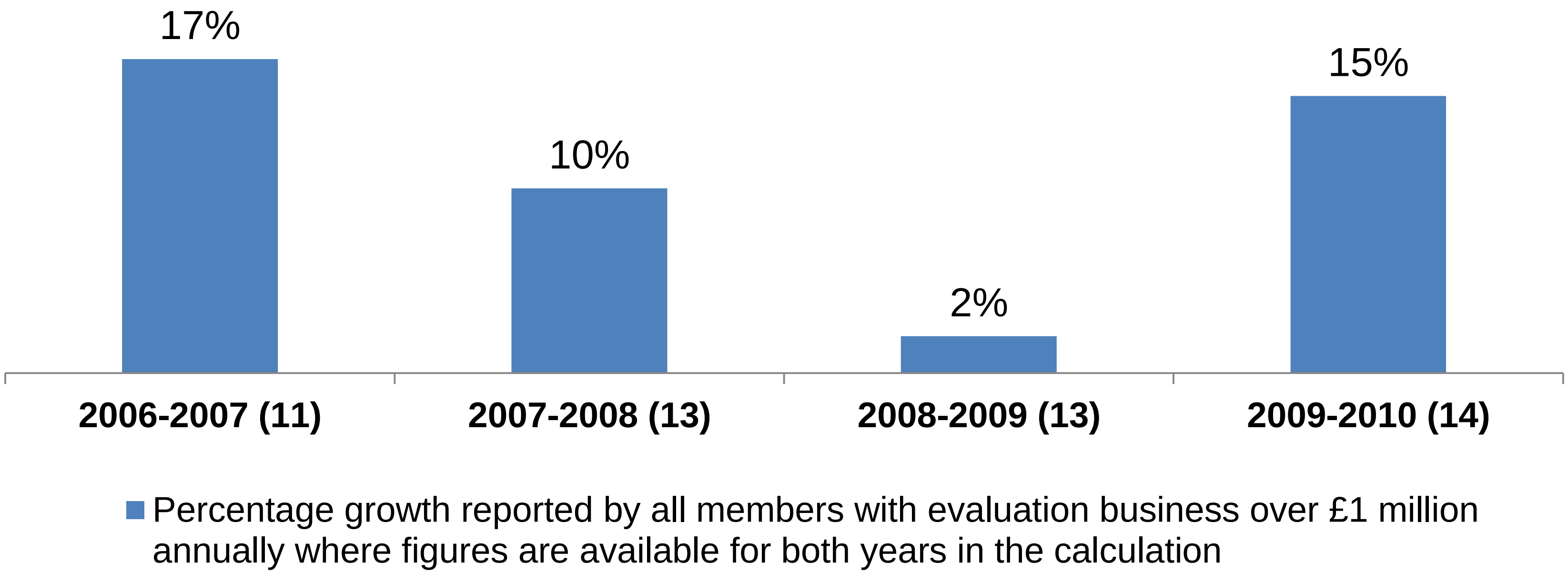
- **Jeremy Thompson.** Managing Director, Gorkana Group
- **Giselle Bodie**, COO, Kantar Media Europe
- **Mazen Nahawi**, President of News Group International
- **John Croll**, CEO, Media Monitors
- **Yann Blandy**, CEO Europe, Cision

Moderator: Barry Leggetter, Executive Director, AMEC

The Latest Industry context

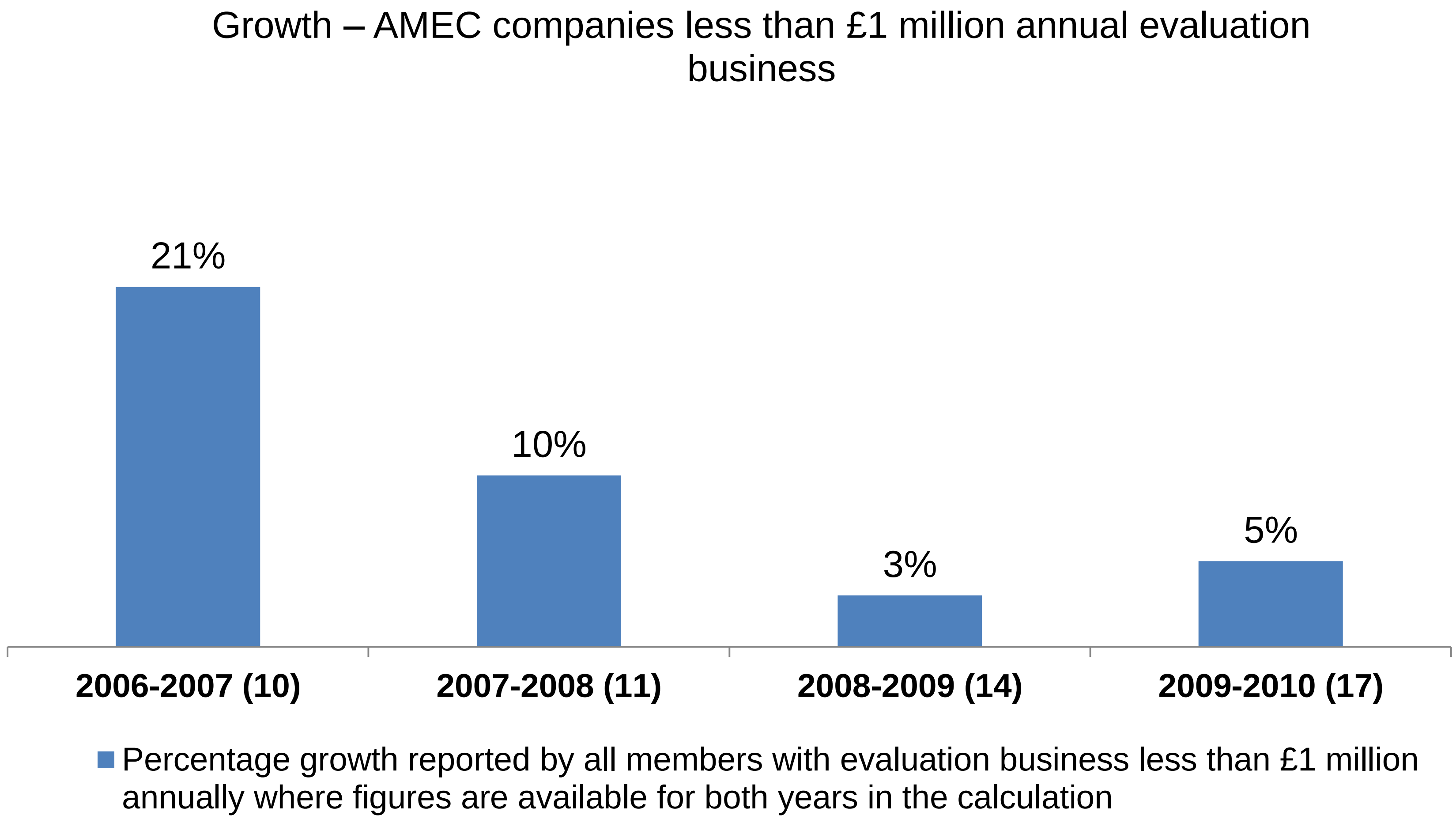
Easier to grow for larger firms

Growth – AMEC companies over £1 million annual evaluation business



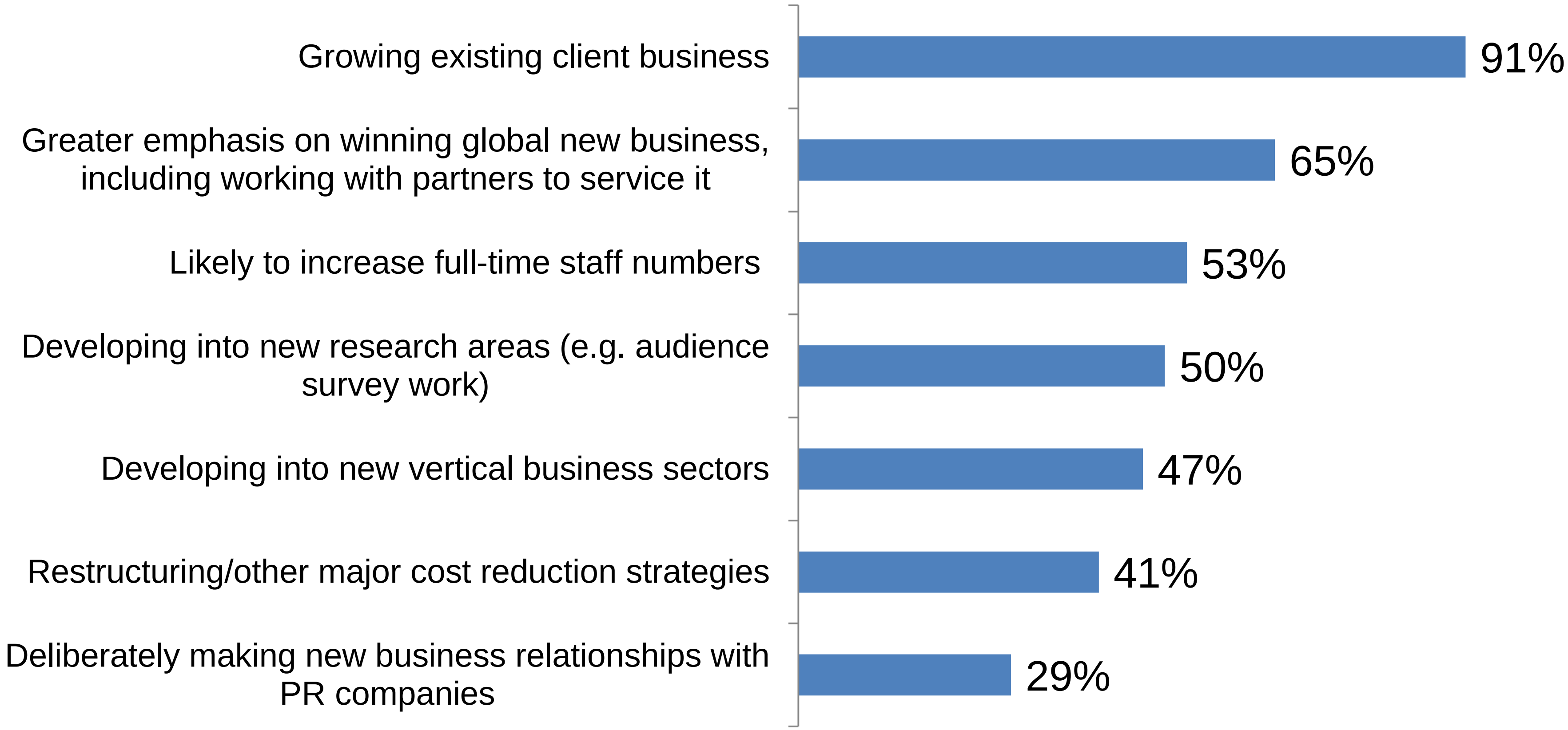
Q1: Growth in evaluation business reported by year (base in brackets)

Smaller companies have continued to feel the effects of the recession



Q1: Growth in evaluation business reported by year (base in brackets)

Growth strategies



Q9: Business strategies being adopted in 2011 (Base: 34)

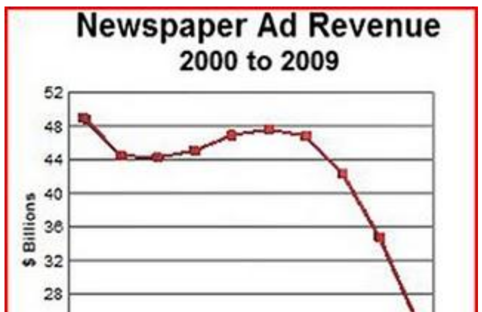
Jeremy Thompson, Managing Director, Gorkana Group

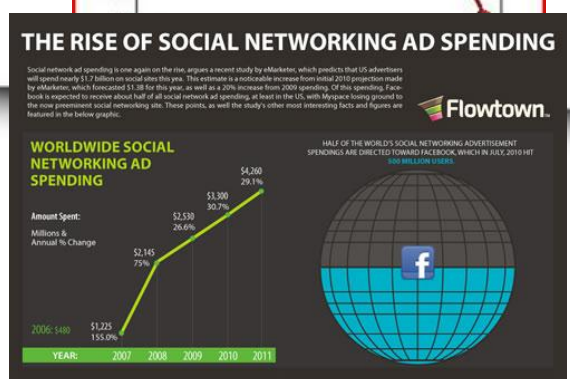
Key drivers

- Integration and convergence
- Technology
- Globalisation
- Media landscape
- Economy

meltwater group

Google news





Comment Page 49 up. It's shameful.

PR firms' 10% surge on bounceback

Gideon Spanier

BRITAIN'S top public relations firms saw fee income surge an average of almost 10% last year as the industry bounced back from recession.

Bell Pottinger Group, part of Lord Bell's Chime Communications, again topped the annual survey by PR Week, with its fees jumping 13% to £67.8 million.

Top City PR firm Brunswick, led by Alan Parker, was in second place with an estimated £53.2 million.

Other leading agencies to increase revenues included Edelman, with fee income up 12%, and Freud Communications, up 6%.

Some firms declined to give financial information for the survey but PR Week estimates average growth at 9.2%, with the top 150 agencies generating £842 million last year.

PR Week editor Danny Rogers said: "Near-double-digit growth in a 12-month period when the wider UK economy barely grew at all, is an admirable achievement.

"About half of all the UK's PR agencies achieved double-digit fee growth last year. This remains a highly buoyant sector of the British economy."

City PR generates the highest fees, with the survey calculating the average member of fee-earning staff generates £280,000 per head, compared with a general consumer PR bringing in around £100,000.

According to the survey, one of the fastest-growing PR firms was Farringdon-based We Are Social, specialists in social media sites such as Facebook and Twitter, with fee income up 144% to £2 million.

Some other agencies struggled in the tough economic climate, particularly as the Government slashed marketing spend.

Kindred, whose clients have included the Department for Business and the NHS, saw its fee income halve to £3.5 million because of public-sector cuts.

THE PACE-SETTERS

Top London PR firms (by fee income)

Bell Pottinger £67.8m
Brunswick £53.2m
Weber Shandwick £31.8m
Financial Dynamics £31m
Edelman £28.8m
Finsbury £25m
Hill & Knowlton £24m
Freud Communications £23.8m

Source: PR Week survey and estimates

Economics

- Outlook generally poor in Europe
- Rise of procurement
- Scale is important, integration is critical
- Acquisitions fuelling growth
- New landscape, new models
- Plenty of opportunity, lots of risk

The Future is Integration

tns media intelligence / PRESSWATCH / Millward Brown Precis / cymfony = KANTAR MEDIA

Romeike / DELAHAYE MEDIALINK / Bacon's / radian6 social media monitoring = CISION

durrants / Gorkana / metrica / Brandwatch Social Media Monitoring = Gorkana Group: Gorkana | durrants | metrica

Giselle Bodie, COO, Kantar Media Europe

Consolidation: Advantages and Disadvantages

Advantages

- Better and more cost effective use of technology to provide scalable services.
- Barriers to entry for competition + fewer competitors
- Higher margins (less competition) and lower costs (more efficiencies possible)
- Easier to attract best staff
- One stop shop can be attractive to clients – but only if all parts of service are top rate.

Disadvantages

- The problems (cost and time) of consolidating multiple platforms and methodologies and migrating clients to these new consolidated platforms/services.
- Biggest is not always best – potential loss of agility and innovation prevalent in smaller, entrepreneurial companies

Are we asking the right question?

It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change.

- Charles Darwin

Mazen Nahawi, President of News Group International

Consolidation and the Customer

Consolidation may be good from an organizational point of view – but is it good for the customer?

- **Streamlined Consolidation:** does not mean bigger – the opposite, more streamlining, focus on efficiency, capability, integration and service – all good for the customer.
- **Better Customer Service:** Smaller, more agile global players are better off financially and can serve customers better and manage more complex requirements
- **Greater innovation:** no more falling behind in the digital space – FIBEP/AMEC members will eventually overtake Radian 6, Meltwater thanks to depth of knowledge converging with technology integration and investment + new product development + solutions
- **Focus on specialization/insight**: Customer receives world class managed services.

John Croll, CEO, Media Monitors

Technology & Product Development

- Investment in technology and product development is increasing
- Important to invest in platforms that can be used in multiple territories and spread the cost of the investment
- Product Development
  - New players in the market, Salesforce & Radian6
  - Social media driving visualisation and on the fly analytics and analysis.
  - Social media now a client expectation.

Yann Blandy, CEO Europe, Cision

The impact of macroeconomics

- Our industry consolidation continues:
  - ❖ Our fragmented market offers significant consolidation opportunities
  - ❖ The first wave of consolidation happened in the old world to drive synergies, capture new (social media) technologies and to enter new geographies
- Today's market leaders (as measured by size in revenues) come from the "old world":
  - ❖ The "old world" shows low growth, which is not fully enough to drive the top line / bottom line of today's world leaders (and their valuation)
- BRICS and Next 11 show high growth
- The future is the consolidation of bigger global groups:
  - ❖ Yes: macroeconomics will play a role
  - ❖ No: role of local / regional players and boutique consultancies

Questions/discussion