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Are You a Digital Einstein?

Peppercom Survey Uncovers
PR Industry's Digital IQ

Introduction

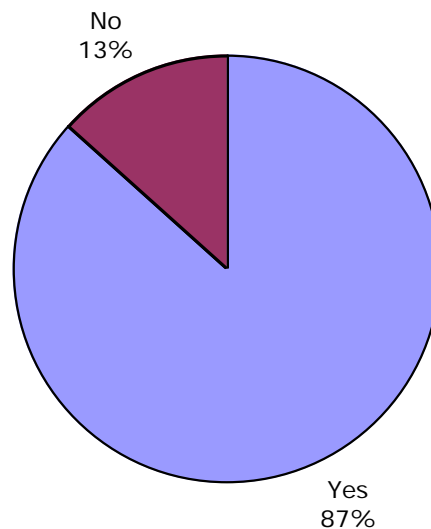
Companies are becoming increasingly aware that a digital presence is essential. But, while companies recognize this need to have a strategic digital plan, there is a lack of time and resources being put behind digital initiatives, which is dampening the effectiveness of that realization.

Based in part on a survey offered through a partnership between Peppercom and *PR News*, a recent Webinar entitled “Building and Managing Your Company’s Reputation Online” emphasized the implications this gap is having or might have on companies in the immediate future. In particular, the speakers in that Webinar—Peppercom’s Steve Cody, Southwest Airlines’ Paula Berg, and Peppercom consultant Sam Ford from MIT—emphasized that some of these tensions are due to the fact that many company leaders are reacting to, rather than leading their digital initiatives.

Here are the key findings from the survey. They emphasize the nature of the disconnect, the differences between reacting and strategizing about a company’s digital efforts and the desperate need for best practices in the field.

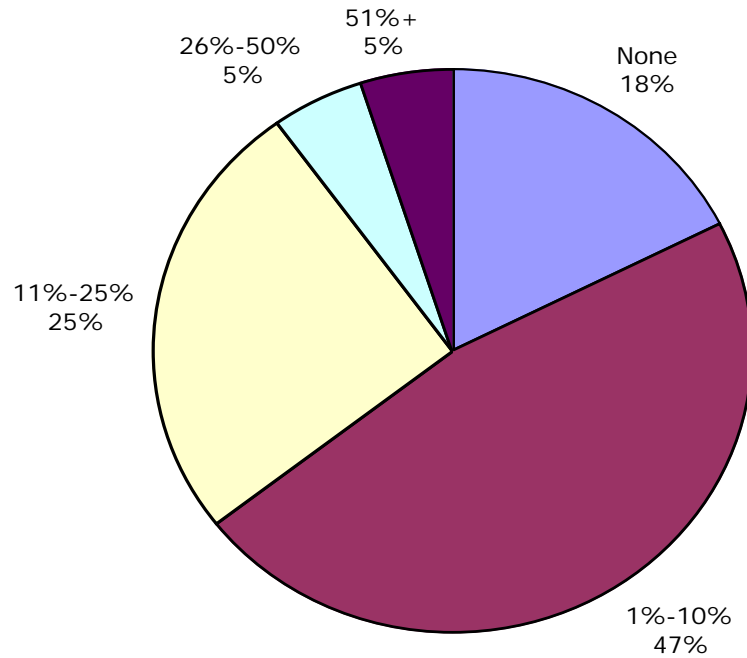
A Gap between Interest and Implementation

In the survey of nearly 500 communications executives conducted in February of 2008, 87 percent of respondents said they would approach their online presence more strategically in the coming year.



Question: In light of a looming recession, is digital going to play a more strategic role in your overall '08 marketing mix?

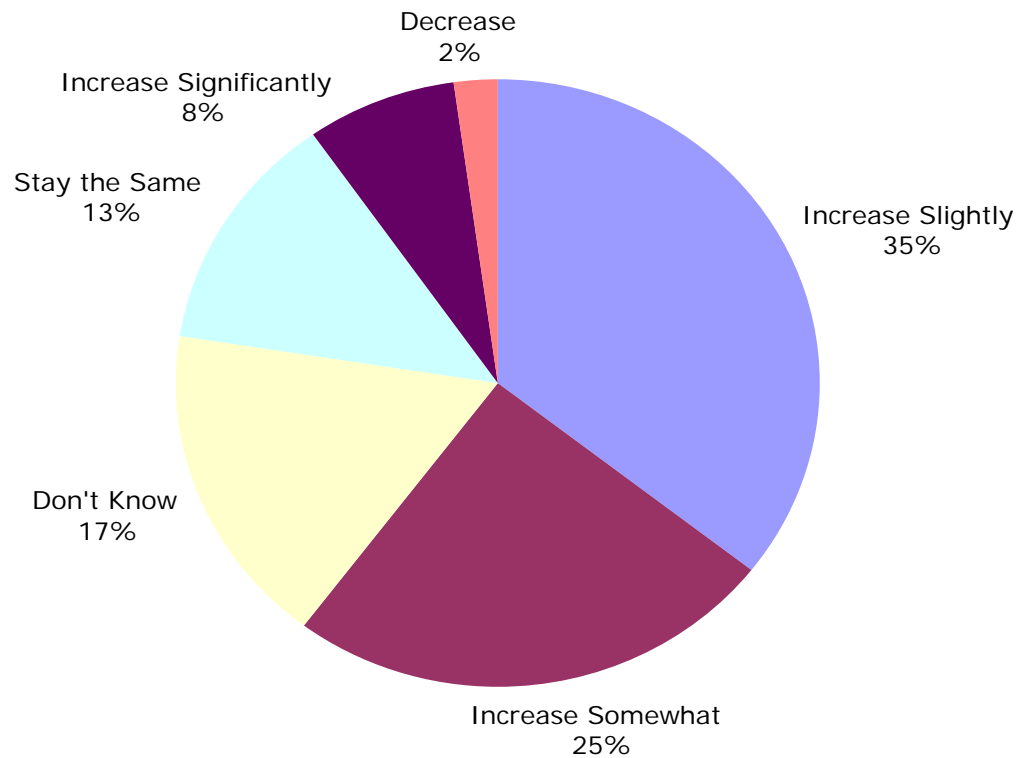
However, the role of digital was considered a fairly low priority in the current marketing budget, according to respondents.



Question: How much of your overall marketing budget was allocated to digital tools in the last year?

For nearly half those polled, digital only accounts for between 1 percent and 10 percent of the overall marketing budget. Another 18 percent of companies report that they spend nothing at all for digital. That means, in effect, that two-thirds of the companies whose employees responded to this survey spend 10 percent or less on digital. If we take into account that an online survey on digital is most likely to appeal to those inclined to care about their company's digital presence, these numbers are—if anything—inflated.

Even with the current recession discussion, 68 percent of those polled said they expected an increase in their digital budget in 2008. However, only 8 percent of those surveyed felt there would be a significant increase in their digital budget, as compared to 15 percent of respondents who said their budget for digital initiatives would stay the same or decrease in 2008.



Question: How much do you expect (the percentage of your marketing budget allocated to digital tools) to change in the next year?

These findings indicate that even while companies are taking a more active approach to their digital presence, many are approaching digital in reaction to external pressures and forces, rather than forging ahead with clear initiatives and long-term goals.

Reacting vs. Strategizing

Last month, Peppercom client TNS Cymfony released the results of a late 2007 study called “Harnessing Influence.” The survey polled more than 70 marketers in Canada, France, the U.K., and the U.S. about how they were incorporating social media initiatives. Cymfony found that nearly 50 percent of senior marketing executives believe social media “is a vital component of corporate communications.” Conclusions drawn from the study emphasized that those companies leading in the social media space were the ones using social media tools for dialogue and particularly for listening more than speaking.

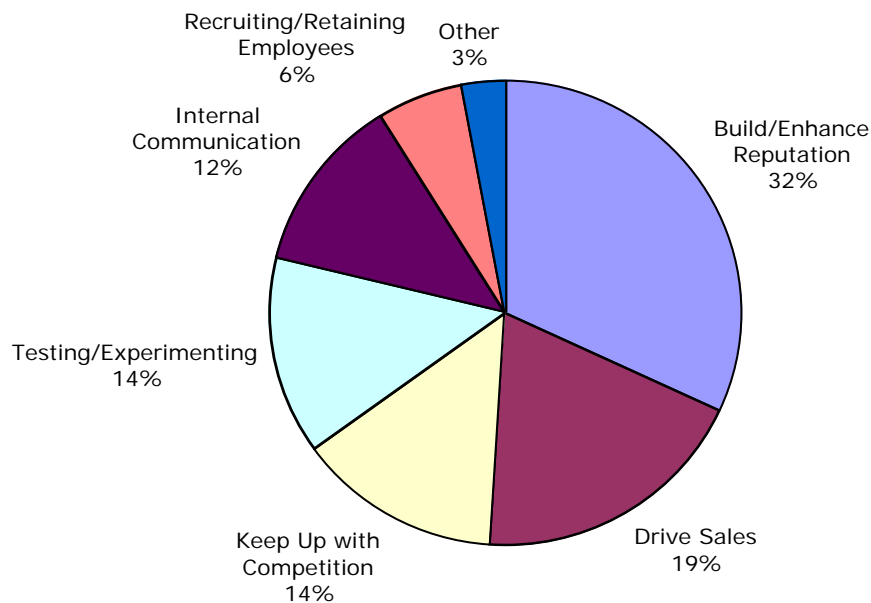
During the Peppercom/*PR News* study Webinar the speakers discussed the “*gee whiz*” factor prevalent in many companies—the tendency to react to new technologies being employed by other companies rather than strategize about the best way to approach new media initiatives.

Launching podcasts, wikis, online video campaigns, blogs, and a variety of other digital tools can be a great idea (and achieve a gee whiz market reaction), but they fall short from a strategic brand and marketing standpoint.

This lack of confidence in a digital strategy was emphasized in a variety of the responses to the Peppercom/*PR News* survey:

- More than 60 percent of those surveyed feel they are at best parallel or even behind their competitors on digital initiatives
- More than 1/3 of companies believe it is “too soon to tell” if their digital marketing programs are successful.
- More than 1/3 of companies rate their programs as only “somewhat” or moderately successful.

While a third of those polled said they believed it was a priority to use their site as a vehicle for building or enhancing reputations, only 19 percent said they used their Web presence to lead to sales. The fact that many were reluctant to claim their site was used to drive sales could indicate that many respondents are demonstrating an awareness that the site cannot be used as a way to push messages. The obvious disconnect between a companies digital presence and its sales might also explain the reluctance to more fully commit to digital.



Question: What is/will be the main goal of your digital program (check all that apply)?
Learning from Mistakes and Using Best Practices

How can companies improve their digital presence? Part of the answer is taking an historical perspective and monitoring the successes and failures of others. Those who move forward in the digital space will be the companies that avoid the pitfalls others have made. They won't merely copy others' successes, they'll learn the underlying principles about what worked and tailor it to meet their unique needs.

In striving to be a digital thought leader, Peppercom collaborates with clients to take a strategic approach to their digital presence. For instance, when working with a national group on a public education campaign to help curtail the incidence of rollover in SUVs, Peppercom created a Web-based video game to promote SUV safety. We also reached out directly to bloggers and online forums to help spread the word. By carefully and respectfully passing along information about the Esuvee.com site, the campaign ended up drawing more than 1.8 million unique visitors and the game was played by thousands. More importantly, target audience awareness of SUV rollover dangers increased by two-thirds.

For another client—Northeastern University—Peppercom helped promote the launch of the School of Technological Entrepreneurship by reaching out directly to entrepreneurs to survey them on whether entrepreneurship is born or bred. We then created a dialogue with influential bloggers on the subject and passed along word about our survey. As a result of the buzz generated through the survey and discussion in the blogosphere, approximately 80 outlets covered Northeastern's launch, and the school's Web site traffic increased by an average of 100 unique visitors per day.

Developing digital communications programs for your agency and walking the walk is just as important as the case studies mentioned above. Peppercom's co-founder, Steve Cody, started the industry award nominated RepMan blog in 2005 and has since launch a podcast series called RepChatter. Recently we've launched an "all things digital" blog: www.PepperDigital.typepad.com.

Public relations companies and thought leaders in the field should not only be striving to create their own best practices, but also to manage a company's digital presence in a transparent and strategic way. The intent of crafting this survey and leading a *PR News* Webinar was not merely to celebrate best practices and highlight mistakes, but to demonstrate how important it is to learn from what's happened and how to best craft a company's digital strategy moving forward.

We'd like to conclude this report with five guiding principles we feel companies should live by in a digital world. Each is crucial in taking a strategic approach to your digital future:

- 1.) Local is now global.

- 2.) Understand the population.
- 3.) Adjust for users.
- 4.) Create an open forum for conversation.
- 5.) If you put yourself out there, you have to live with the good and the bad.