



PublicAffairsAsia

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia

Foreword and Executive Summary



To download the full report visit:
www.publicaffairsasia.com/soi2018
www.prospectresourcing.com/blog/soi2018/



This report follows telephone and face-to-face interviews with 67 practitioners and an online survey. The survey was conducted in the final quarter of 2017 via self completion. For the purposes of this report 403 relevant responses were analysed.

The materials contained in this report remain the copyright of Public Affairs Asia Ltd.
Registered Office: Level 19, Two International Finance Centre, 8 Finance Street, Hong Kong. PRC

© Public Affairs Asia Ltd, 2018. All Rights Reserved.

Watch Video:

Click the link below to watch Emma Dale introduce the preliminary findings at PublicAffairsAsia's Leaders on Communications Live event



foreword



[> Click here to watch](#)

Emma Dale, Prospect

Welcome to the Prospect and PublicAffairsAsia 2018 State of the Industry report covering the communications and corporate affairs industry in the Asia Pacific region.

This year we expanded our coverage, interviewing more than 67 professionals at a variety of levels within corporate affairs, corporate communications and government relations to understand the trends and issues they are facing across the APAC region. In addition, an on-line survey was completed by more than 400 individuals at a variety of levels in both corporates and agencies, where professionals shared information on remuneration, explained what kept them loyal to their current firms and outlined what factors would count if they were thinking of joining a new one.

We would like to thank everyone who took part in the salary survey and interviews.

The report has been divided into five sections:

- Section 1: Salary and Workplace Issues
- Section 2: What's Changing? What's not?
- Section 3: In-House Issues
- Section 4: Agency Issues
- Section 5: People Issues

Section one shares the data from the survey plus our commentary, informed by our work as recruiters in the APAC corporate affairs and communications industry.

Sections two to five provide commentary and insight on various trends, including the continuing need to grapple with the digital environment and its implications for talent, resources and costs. We also look at the markets in APAC that are buoyant and those where growth has slowed in the current economic climate. Our section on People Issues shows there is still a shortage of mid-level local talent but employers are having more success in retaining people. Training and development still appear to be a concern for many practitioners, who worry that the training on offer is not necessarily beneficial.

However, it is encouraging to hear that the outlook for the profession in Asia is positive, with many communications leaders and agency CEOs excited about what lies ahead in 2018. With technological advances, the role of a communicator in a corporate or agency is needed more than ever to get the message across over a multitude of channels.


“With technological advances, the role of a communicator in a corporate or agency is needed more than ever to get the message across over a multitude of channels”

Emma Dale, Managing Director, Prospect
emma@prospectresourcing.com

Executive Summary


PublicAffairsAsia's Executive Director, Craig Hoy, offers a brief review of this year's main State of the Industry Report findings

Money Matters:



This year's survey reveals a 5% increase in average pay in 2017, taking the average regional salary across the industry to US\$141,000. In most categories and countries, men earn more on average than women and in-house salaries remain higher than those in the agency sector, with the gap widest in China. Bonus payments were good in 2017, averaging out at US\$36,000. Australia and New Zealand remained the top-earning countries, with Singapore next. Employees who took on new roles within their organisations secured an average 10% increase for doing so. Those professionals who moved companies secured an average salary increase of 8%. Corporate affairs salaries continue to be the highest, with PR and internal communications remaining at the low end of the spectrum.

Internal Issues:




The big trend we identify this year is disintermediation. For many practitioners, the advent of digital and the pressures on traditional media give them the opportunity to engage directly with stakeholders, bypassing newspapers and TV. Content is a vitally important commodity, with companies working internally and with agencies to generate editorial, social media commentary, graphics and video material to attract the attention of consumers and the wider stakeholder community.

Many companies are refocusing their communications functions, turning them into de facto newsrooms and studios capable of populating corporate branding and messaging across many channels. Digital is the new normal and die-hard government relations professionals are starting to think digitally as they seek to mobilise support through non-traditional mediums of communication.

As global MNCs embed themselves further in APAC markets, there is pressure to localise, meaning the profile of teams is changing. While many expats work in senior roles, the entry and more mid-level (under 35 years of age) of the profession looks increasingly local. However, Asian MNCs are going through the reverse process, seeking to hire internationally experienced individuals capable of taking their messaging to a global audience. For all companies, securing and defending the licence to operate is central to the communications function.

External Issues:



Within Asia, several big challenges have developed in recent years. At a macro-level, economic nationalism is creating a more difficult operating environment, which requires a careful recalibration of communications and corporate affairs strategies.

The arrival of tech-enabled disruptive industries is shaking up many marketplaces, with a new breed of Asian technology companies at the forefront of this change. The link between sustainability, corporate reputation and brand are strong and companies feel increasingly vulnerable to external reputational shocks.

Watch Video:

Click the links below to watch short interviews with Shih-Huei Ang, CEO, Klareco Communications and Michael Hanretta, Managing Director, Global Communications, Dianrong



[> Click here to watch](#)



[> Click here to watch](#)

Digital:

Digital has been transformational. But now that it is no longer new, the focus shifts back from the medium to the message. Content creation and curation are now big business for agencies. Data analytic capabilities are becoming increasingly important as companies work out how best to use finite resources in the infinite digital environment. Fake news is a cause of concern for many.

Agency Issues:

Across APAC, most agencies report a positive performance in 2017 and have high hopes for 2018. But in some of Asia's biggest growth markets of recent years, such as China, things are slowing a little. Agencies which have operated in these markets for long periods recognise that the levels of growth seen in the last decade cannot be sustained. Indonesia, Malaysia, Vietnam and Japan are being targetted by agencies keen to identify new business opportunities.

Within the agencies, the profile of the workforce is changing. The focus is moving to creative, design, planning, data and analytics, and away from PR and traditional communications. Traditional PR agencies are starting to think and look like ad agencies, moving into paid media alongside earned and owned.

Agencies still suffer at the hands of their clients. While they want to be recognised as strategic high-level counsel, they are often hired solely for more routine "arms and legs" work such as events and PR.

At a time when the costs of servicing clients in the digital space are rising, clients are routinely spending less.

A shift towards the use of procurement policies for professional services is worrying agencies.



Watch Video:

Click the link to watch Phoebe Ho, Head of APAC PR, T. Rowe Price, discuss industry trends

[> Click here to watch](#)




PublicAffairsAsia

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia

A collection of business accessories including a brown leather briefcase, a blue and white striped necktie, a black smartphone, a black leather wallet, and a black leather folder, all arranged on a dark blue textured surface.

SECTION 1:
Salary and
Workplace
Issues

Section 1: In numbers - the survey results

403



The number of survey responses included in this report. We also interviewed 67 practitioners

Average 2017 salary across APAC

US\$141,000

Up from US\$136,000 in 2016

US\$36,000

The average 2017 bonus across APAC was US\$36,000. In 2016 the average bonus was US\$29,000

5%



Average salary increase among survey respondents who remain in the same job

10%

... average salary increase for those who took a new role with same company

8%

... average salary increase among respondents who moved companies

US\$193,000



... average salary in Australia in 2017. The Singapore average is US\$150,000

gender

A gender pay gap is noted in all markets. It appears to be widest in Hong Kong

Foreigners earn more in all markets except Australia. On average regionally, expatriates earn US\$156,000. The average for local employees is US\$123,000

expats



satisfaction

Respondents scored their overall job satisfaction level at 3.6 out of 5. Respondents were least satisfied with their training (scoring 2.7 out of 5) They were most satisfied with the "overall values of their company" (scoring 3.7 out of 5)

34%

The number of agency professionals who plan to stay in their current role

3.5 days



The average number of days spent on training in 2017, the same as 2016

20 days



The average annual leave among professionals in APAC. It's also the same as 2016

67%



Nearly 7 in 10 respondents are expected to check emails or take calls while on leave

1.1: Salaries In Detail

TABLE 1: Average salary and bonus levels

LOCATION	SALARY	BONUS
Australia:	US\$193,000	US\$60,000
Singapore:	US\$150,000	US\$41,000
China:	US\$138,000	US\$23,000
Hong Kong:	US\$125,000	US\$31,000
SE Asia (ex SG):	US\$91,000	US\$20,000

Number: 292 respondents

This year, more than 400 professionals participated in our salary survey, with the majority employed in the region's two core hubs of Hong Kong and Singapore.

We asked respondents about their age, function, sector, gender, salary, bonus, annual leave entitlement and their training. We also asked what they value about their job and remuneration to see how satisfied they are in their current roles. We also explored what factors, such as diversity and company culture, are important to them.

This section explores what they told us.

1.2: Regional Averages

The average salary throughout the industry in 2017 across Asia Pacific is US\$141,000. The average bonus was 23% of base salary (US\$36,000) and the average salary increase for those who stayed in their existing role last year was 5%.

Before drawing any conclusions, it should be noted that these numbers are regional averages across all levels of the in-house and agency sectors.

Hong Kong and Singapore, which are now Asia's two key international hubs for the communications and corporate affairs industries, make up the largest proportion of our survey base and we explore these areas in more detail in this year's study.

Salaries were highest in Australia, at an average of US\$193,000. Next was Singapore at US\$150,000, Mainland China at US\$138,000 and Hong Kong at US\$125,000. In Hong Kong we note increased survey participation among junior and middle ranking staff, which may account for the slippage in the overall salary average in that specific location this year.

The average salary across South East Asia (excluding Singapore) was US\$91,000, with large variations country to country. Although survey participation was low in Japan we identified a pocket of very high earning practitioners in the market, and considerable wage inflation, averaging at 12% among survey respondents.

NOTE: Where region-wide statistics are presented these figures include India, Japan and New Zealand. Due to low sample sizes these figures do not appear in sub-regional breakdowns.

1.3: Agency and In-house

In all markets average agency salaries are lower than average in-house corporate salaries, although the scale of the shortfall varied from market to market.

For example, in Hong Kong the average agency salary was US\$102,000 against an in-house average of US\$151,000. In Singapore the gap is narrower with average salaries being higher overall, reported at US\$147,000 agency-side and US\$159,000 in-house.

TABLE 2: Average agency and in-house

LOCATION	AVERAGE SALARY
Australia	
Agency	US\$179,000
In-house (corporate)	US\$208,000
In-house (NGO)	US\$158,000
China	
Agency	US\$89,000
In-house (corporate)	US\$165,000
Hong Kong	
Agency	US\$102,000
In-house (corporate)	US\$151,000
In-house (government)	US\$96,000
In-house (NGO)	US\$83,000
Singapore	
Agency	US\$147,000
In-house (corporate)	US\$159,000
In-house (government)	US\$92,000
In-house (NGO)	US\$91,000

Number: 265 respondents



1.4: Gender Issues

The results of our most recent Salary Survey suggest that more women than men work in the communications and PR industry. Across the industry as a whole, 58% of survey respondents were female and 42% were male. Within public relations that split was greater, 63% female and just 37% male.

However, in certain segments of the industry, men appear to outnumber women. For example, in corporate affairs 56% are male and 44% female. In government relations and public affairs the figures are 57% male to 43% female. The gender split between agencies and in-house is broadly the same, according to our research.

This year's survey identifies an ongoing issue of gender pay disparity. On average across the region, males are earning US\$156,000 with women lagging behind at US\$122,000 (Table 3). In Hong Kong the gap is wider with males earning an average of US\$163,000 and females earning US\$103,000. In Singapore, the gender pay gap appears to be far narrower, with males earning an average of US\$156,000 and females earning US\$146,000.

When we examine what happens to gender pay across the age profile, we see an interesting trend. In Hong Kong, for example, entry level recruits aged 20-24 earn broadly the same regardless of gender (US\$30,000), however by the ages of 25-34 men start to out-earn women: earning an average of US\$78,000 (male) to US\$72,000 (female). In the age bracket 35-44 the gender gap widens further still, with males earning US\$178,000 on average, and females falling further behind at US\$125,000. At the top of the age profile the gap is even wider still (see Table 4). Prospect's Emma Dale says: "It is disappointing to see the disparity in pay between men and women, particularly at the senior level, where men in the 45-54 age group can earn up to US\$90,000 more than their female counterparts."

While there are likely to be many reasons for this, one conclusion could be that companies are now focused on equal pay at the entry level but have not yet been able to reverse the historical legacy of decades of unequal pay between male and female employees.

We also note a gender pay gap within agencies, but question whether this may be caused by senior management roles in many agencies still being held by expatriate men who tend to out-earn their colleagues on several key indices.

TABLE 3:

Number: 323 respondents

Gender Pay - Agency and In-house (regional)

Female	
Overall	US\$122,000
Agency	US\$91,000
In-house (corporate)	US\$152,000
<hr/>	
Male	
Overall	US\$156,000
Agency	US\$138,000
In-house (corporate)	US\$171,000

TABLE 4:

Gender, Pay and Age - Hong Kong

Female		Average Salary
All ages		US\$103,000
20-24		US\$30,000
25-34		US\$72,000
35-44		US\$125,000
45-54		US\$162,000
<hr/>		
Male		Average Salary
All ages		US\$163,000
20-24		US\$30,000
25-34		US\$78,000
35-44		US\$178,000
45-54		US\$253,000

Number:
128 respondents

1.5: Age Profile

We identify a growing mid-level within the relatively young communications and corporate affairs industry, particularly in the agency sector. Over one third of the industry is now in the 25-34 years bracket, with only 7% of respondents aged over 55.

The data reveals a higher concentration of younger workers within the agency sector, reflecting the fact that many practitioners start their career agency-side. Within agencies the largest segment of the workforce, 48%, is aged between 25 and 34. In the in-house world, only 26% of employees are in this age bracket.

Earning power obviously grows with age, and across the region we see a particular spike in salaries at the 35-44 age bracket, when average salaries near US\$150,000 regionally as employees take on management roles.

TABLE 5:

Salaries by Functional Role

Function	Average salary
Corporate affairs	US\$195,000
Public affairs/GR	US\$168,000
Integrated marketing	US\$141,000
CSR/Sustainability	US\$126,000
Financial communications/IR	US\$124,000
Corporate communications	US\$120,000
Public relations	US\$105,000
Internal communications	US\$92,000

Number: 323 respondents

1.6: Function

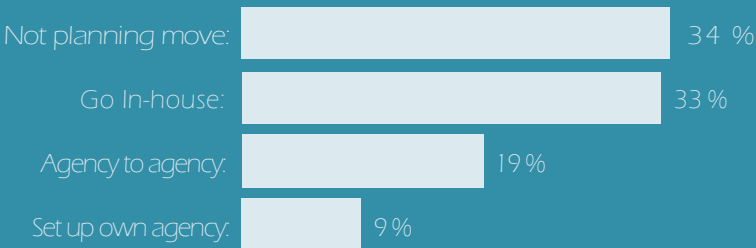
Despite the increasing tendency towards integrated communications, 37% of agency professionals surveyed described their function as principally relating to public relations, with 21% working in integrated marketing.

But the picture in the in-house environment is very different: only 8% of those working in-house describe their function as PR and the largest number, 35%, describe themselves as working in corporate communications.

Where employees sit functionally has a big impact on their earning capacity, according to our results in Table 5 above. Those classed as being in corporate affairs earn significantly more on average (US\$195,000) than those in public relations (US\$105,000) or internal communications (US\$92,000).

Number: 164 respondents

TABLE 6: Where next for agency staff?



Q: If you are planning to make a job move, which scenario best describes your preferred career route? [Note: 5% answered "other"]

1.7: Expatriates

Previous surveys have confirmed that the expatriate package has been all but phased out, but the survey shows there are still plenty of expatriates in senior roles across the industry in Asia Pacific. Our survey base was 40% expatriate and 57% local (with 3% considering themselves "other"). However, the sample base is drawn from the mid to senior levels of the industry and we do not believe these figures will reflect the industry as a whole, with entry level and junior roles occupied by locals.

There is still considerable evidence to suggest that expatriates out-earn their local colleagues. On average across the region, expatriates earned US\$156,000 and local employees earned US\$123,000. In Hong Kong the gap appears to be wider, with expatriate workers earning an average of US\$153,000 against local averages of US\$89,000. This, in part, could be due to a significant number of senior management roles still being held by foreigners.

In Australia our results reveal that expatriate workers are earning less than their local colleagues - the only country in Asia Pacific where this is the case.

TABLE 6: Salaries by residency status

Status	Average Salary
Expatriate worker	US\$156,000
Home resident	US\$123,000

Number: 323 respondents

1.8: Next Moves

The survey reveals that the problem of staff retention may be easing in the agency world. Over one third of agency-side (34%) respondents are not planning to move roles currently. However, it's not all good news: only one in five (19%) agency professionals want their next move to be to another agency, whereas one-third (33%) want to move to an in-house job. In the in-house arena, only 4% of those surveyed said they wanted to move to an agency role.

COMMENT, PROSPECT'S EMMA DALE:

"Staff retention in agencies, particularly at a more senior level, seems to have improved. The problem now is that senior agency staff see no point in moving to another agency and are only interested in a move in-house, or perhaps they will leave to set up their own business."

1.9: 2017 Salary Increases:

- Took New Role Internally - 10% Rise
- Moved Externally - 8% Rise
- Stayed in Current Role - 5% Rise

We identified some interesting trends in relation to salaries when people move or take on new roles within their organisations. According to our research, those who remained in the same role in 2017 secured an average salary increase of 5% - broadly the same as in 2016. Those who took on new responsibilities or moved to a new role within their existing company secured a 10 % rise on average. Employees who left their current employer and moved to a new company secured an average rise of 8%. This reveals that it may be more beneficial to progress with your current employer, rather than move to another company or organisation.

COMMENT, PROSPECT'S EMMA DALE:

"The survey shows an increase of only 8% in salary when a professional moves companies. This is a surprise: junior to mid-level professionals typically ask for a far higher percentage, normally 10 to 20%, although senior professionals in the 45-54 age bracket often move for a similar salary as they are already near the top of their pay range and don't expect to earn much more in this market."



1.10: Training

On average the number of days spent engaged in training in 2017 was 3.5, the same figure as in 2016. However, we identify that the training being delivered often falls short of what is expected. Only 58% of respondents said their training was "helpful". Among agency respondents this figure was even lower, at 50%, with 26% saying it was not actually helpful.

1.11: Annual Leave

The average number of days professionals receive in annual leave is 20 days, the same as 2016. Half of this year's respondents (51%) report that the amount of annual leave they receive grows the longer they remain with their employer. For the first time, we asked whether professionals were expected to remain connected via phone and email when they were taking annual leave. Across the industry as a whole, 67% of those surveyed said they had to be reachable while on holiday. That figure was marginally higher in the in-house sector, at 71%, possibly reflecting the fact that in-house teams tend to be smaller, making it more difficult for staff to switch off entirely.

We also discovered another alarming trend: one in four respondents said they were unable to take all their leave entitlement owing to workload pressures.

TABLE 7: Satisfaction Levels

Please rate your current satisfaction levels with the following (with 1 being not satisfied at all and 5 being extremely satisfied)



Number: 328 respondents

COMMENT, PROSPECT'S EMMA DALE:

“Over the years we have seen a rise in training days offered in an attempt to retain and develop staff. However, it is disappointing to hear that the training is not always deemed relevant. It appears there is still more work to be done when it comes to appropriate training and development of staff, both in agencies and in-house.”

1.12: Satisfaction Levels

Two new sections were added to the survey this year: we asked practitioners to rate their satisfaction levels against a number of deliverables, and invited them to identify what issues were important to them in their working lives. The responses make interesting reading, showing that job satisfaction and people’s priorities are based on much more than financial reward.

The biggest cause for concern appears to be training. Asked to rate how happy they were with the internal training and external training offered by their companies, our respondents gave an average score of just 2.7 out of 5. Internal mobility appears to be another concern, with a satisfaction level of 2.9 out of 5.

Ranked top - at 3.7. out of 5 - were satisfaction levels with the overall values of respondents’ companies, underlining that most employees are aligned with the firms they work for. Satisfaction with issues such as salary, bonus and work-life balance score less well on the league table, with satisfaction about bonuses scoring just 2.9.

However, overall job satisfaction ranks second from the top, at 3.6 out of 5. Based on this assessment we can conclude that people are generally happy in their current roles and with their current employers.

“We are in the business of advising our clients to make smart choices. We need to practise what we preach, especially on gender equality. It’s not just a moral imperative, it’s simply good business sense – gender balanced companies perform better. Better thinking, better retention, better teamwork and better work life balance.”



Adrian Warr,
Managing Director
Edelman, Hong Kong

TABLE 8: What do you value in a job?

Q: What do you value in a job? Score in terms of importance (1 being not important, 5 being very important)



Number: 328 respondents

1.13: Valued

When the views of agency and in-house professionals are taken together, an interesting picture emerges about what professionals value in their roles.

Diversity policies – which are a particular focus for many companies at the moment – currently rank lowest, with an importance level of 3.3 out of 5. Salaries and holiday entitlement rank more highly, but the most important factors are company culture and trust in management at 4.3 and 4.4 out of 5 respectively.

This reveals that companies need to do a lot more than just pay their staff well to attract and retain talent. Who you work for, and what the company’s culture and values are, have emerged as being more important than financial reward alone.

COMMENT, PROSPECT’S EMMA DALE:
“Diversity policies rank lowest in terms of importance for staff. However, could this be because a lot of firms in Asia already have a very diverse workforce, with a range of nationalities and many female employees? The question is: how diverse is the leadership team? Firms are still struggling to get a balance of genders and nationalities around the top table.”

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia

SECTION 2:
What's Changing?
What's Not?



SECTION 2: What's Changing? What's Not?

We asked communications and corporate affairs professionals about their biggest challenges, and where the opportunities lay for them and their companies. Without doubt, digital and the fragmentation of the stakeholder landscape are the two biggest shifts impacting the industry. Digital creates significant tensions for corporations but, harnessed properly, it can be a game-changer in the way organisations communicate, both internally and externally.

In our interviews, mid and senior level communicators and public affairs professionals went far beyond digital in setting out what is changing and what is not changing for them, their teams and their companies in Asia Pacific today.

2.1: Content is the Buzz Word

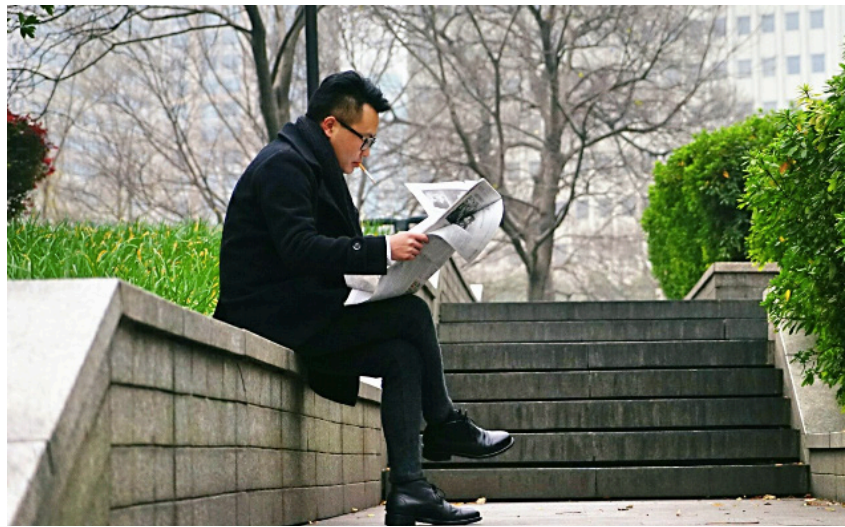
The advent of digital is still identified as the biggest macro-level change confronting corporate communicators. The impact of this digital transformation has been well documented in previous State of the Industry Reports. This year, we believe the industry is coming to terms with the "new normal" of rapid two-way communications. Communicators accept they have ceded control to digital media channels and recognise the need to continue to "feed the social media beast".

This year, the big trend that many corporate communicators identify has changed. Having accepted that digital is here to stay, the focus has switched back to message rather than the medium. "Content" is the word on everyone's lips. Companies can now freely disintermediate their engagement with stakeholders. One seasoned practitioner sums it up: "The era of the primacy of your own website has arrived."

"People are bypassing traditional media and that means we have to find other ways to be part of the conversation with those people who don't use, or don't trust, traditional media."



Peter Parussini, Head of Corporate Affairs, ANZ Bank New Zealand



Old versus new: Traditional media consumption patterns are changing fast

While it is far from irrelevant, the media is now perceived to be less important to the day-to-day operation of the communications function. Says one in-house content creator: "The media matters less than it did before. It is easier to disintermediate them. All it requires is for you to set up a department that is able to step in and deliver the messages in a way that the public can absorb like they do journalism. There is less scepticism about what companies write."

This shift has resulted in a refocusing of corporate communications efforts. Peter Parussini, Head of Corporate Affairs at ANZ Bank New Zealand, says the advent of social media means PR people spend less time engaging journalists in the news media. "People are bypassing traditional media and that means we have to find other ways to be part of the conversation with those people who don't use, or don't trust, traditional media."

To respond to this, many organisations are rethinking the way they deploy communications and corporate affairs resources. Parussini recently completed a restructuring specifically to deal with this trend. Under his watch, ANZ has established a content creation team and developed its own channels to transmit the company's messaging. "These are stories about our customers, what we are doing in the community. We push these out through our own platforms and through traditional media and we are pleasantly surprised that media are still interested in our stories."

At Tulchan Communications, an independent strategic financial and corporate communications advisory firm, Senior Partner, Angela Campbell-Noë strongly believes content is now front and centre of the industry. To ride the wave of growth this will generate, she believes agencies must develop and hire in a combination of skill sets. "Media relations will continue to be important but we are seeing content and self-publishing as a growth area. Clients are increasingly using their own platforms to communicate directly with their stakeholders. In addition to supporting our clients with this, we continue to work closely with them to refine and tailor their narrative and ensure it is reflected."



2.2: Information Overload

One risk identified in many interviews is a fear that the communications ecosystem of their organisations might simply become overloaded. Concerns are growing that the infinite number of platforms might inevitably lead to a constant need to communicate, causing a functional meltdown.

Says the head of function at one New Zealand-based insurance firm: "Like many organisations we suffer from communications overload. Our job in corporate communications is to cut down the amount of communications and to keep it compelling. We need to make sure the right message gets to the right person at the right time. The rules we operate under are 'simplify, amalgamate and coordinate.'"

2.3: The Rise of the Corporate Newsroom

To adapt to the new environment, many organisations are developing corporate newsrooms, or "content labs", to create consistent content that can be deployed across channels. Ross Gan (pictured right) is Director of Public Affairs and Community Stewardship at Temasek, Singapore's state-owned investment giant.



Since returning to Singapore after a stint as worldwide Head of Corporate Communications at Chinese tech giant Huawei, Gan has played a formative leadership role in establishing an in-house digital newsroom, from setting the vision to scaling up team capabilities. "One of our considerations is that digital communications often sits in the sales and product marketing environment. So finding the right talent with both public affairs and digital skills is a challenge," he says. "As a brand, we have limited direct touchpoints with the end-consumer in the course of their day, but we are harnessing effective digital storytelling to resonate our brand with the man in the street - such that over time we foster an appreciation of our values and understanding of our charter roles."

Like many corporates, the first challenge for Temasek was to build a team able to produce "compelling digital content" that is authentic and sharply focused through a rigorous journalistic lens.

To deliver this, Gan assembled a team with specialist skills, including a videographer, a producer, an animator, an editorial writer, a photo-journalist and people with a keen eye for visual communications. "It's a disparate array of skill sets,

but it is all about engendering a degree of healthy tension which catalyses to form the brand newsroom."

Having achieved this, says Gan, the focus has now shifted from words and pictures to hard data. "We recognise that our digital newsroom sits at the nexus of brand communications, journalism and content marketing. Thus, we are pivoting towards a more empirical mindset in how we operate. We are looking for skill sets focused on data-driven analytics and insight, people who understand the audience-centric discipline of running digital amplification campaigns. The team is getting into the nitty-gritty of engagement rates, audience archetypes and user journeys that generate and drive traffic."

2.4: Content as a Commodity

With the demand for content soaring inexorably, there are risks. Some agencies fear that the content could become a “commodity market” where clients buy on the basis of cost and cost alone. Tulchan’s Campbell-Noë expresses reservations about the long-term profitability of content generation once the market is fully up and running.

However, there are no doubts that the make-up of the agency marketplace is changing as agencies look to both create content and analyse how successful it is in engaging customers and the wider stakeholder ecosystem. WE’s International President Alan VanderMolen (pictured right) sums it up: “We’re investing heavily in planning, in analytics and in creative to complement the traditional skill set.”



2.5: Digital - Everything Changes, Nothing Changes

This year, we also note that the industry is keen to get “back to basics”, having seen dramatic change in the wake of the digital revolution in communications. The Head of Communications at a regional airport says aviation has been revolutionised by social media. “Communications has changed to become incredibly nimble, strategic, honest and open. Everything has changed, absolutely everything,” she insists. Others stress that the fundamentals of the industry remain much as they have always been. “The way we communicate might change, and perhaps the press release dies. But what we do at the core, which is messaging and looking at how brands are and what their meaningfulness is to stakeholders, that doesn’t change,” says one senior practitioner.

This year, there is also a strong sense that markets which were reluctant to embrace digital are finally overcoming their resistance. While some markets and some sectors remain behind the curve, they are catching up. In Japan, after a slow burn, the public is now a huge consumer of social media channels such as Twitter, Line and YouTube.

UBS Japan’s Jason Kendy says corporations have been slow to react to this shift in popular behaviour. “Outside of the consumer space, I don’t think corporations have their arms around how to use these channels. More and more companies are asking their communications teams and their agencies for help. We are all trying to find an intelligent way to use social media – and where to draw the line,” he says.

Other practitioners say that being cautious in engaging on social media platforms is not necessarily a bad thing. Some interviewees this year counsel against the “digital by default” approach to communications, warning that certain sectors and certain forms of communication are not so effectively served by these channels. “While we want to be seen on social media platforms, they may not necessarily be our only and primary target audience,” says Agnes Hui, Head of Group Corporate Communications at Wharf (Holdings) Ltd. “Dealing with social media is inevitable for our job; it is not a constraint, but it does take a lot of resources and is not the single right platform.”

2.6: Fake News

The rise of fake news is also a cause for concern for several industry figures interviewed this year. The Head of Communications and Research for a media-related body says ethics are under the spotlight like never before. “On the journalism side, the changes have been enormous due to technology shifts. The advent of social media has changed the rules of the game not just technically but professionally and ethically. Professional and ethical considerations are more pronounced.” These views are shared by the public. According to this year’s Edelman Trust Barometer, nearly 60 per cent of people surveyed globally said they were unsure what they saw in the media was true, while nearly 7 in 10 said they worried about fake news being used as “a weapon”. Two-thirds of those polled by Edelman said the average person does not know how to tell good journalism from rumour or falsehoods. “In a world where facts are under siege, credentialed sources are proving more important than ever,” Stephen Kehoe, Global Chair of Reputation at Edelman, said. “There are credibility problems for both platforms and sources. People’s trust in them is collapsing.”

2.7: Disruptive Forces

It is not just digital media that is driving change. The wider business environment is being shaken up by so-called “tech-enabled disruptors”, like Airbnb, GRAB and Didi Chuxing. Popular with their consumer base, these organisations are using a wide range of traditional and cutting-edge communications strategies both to attract customers and, in many cases, create and defend their licence to operate.

As we explore further in the report, this shift is creating new opportunities for both in-house communications and corporate affairs practitioners and Asia Pacific’s rapidly expanding consultancy sector. Functionally, they are well equipped to deal with the challenges they find. Says one Head of Public Affairs in one of these new generation of

> Continued Over

> Continued

disruptive tech firms: “We have a Head of Policy leading the team. Reporting in to them we have a communications person who deals with the media as well as a team of Community Organisers who work with our users to help them talk to politicians. We have a digital producer who makes content for the policy team. We have a person who oversees Strategic Partnerships with the Government, NGOs, companies and so on. And we have a few public policy managers who deal with Government.”

For Brunswick, significant growth has come from “tech enabled disruptors” who face a large number of issues in ASEAN markets. Says the firm’s Singapore Head and Partner: “These are often young, fast-growing, founder-led and have global business plans which are going to bump up against regulators. They are cash hungry so they need to be able to explain their business model effectively to investors in the private or public sector. It is that group of companies who are actively seeking us out for a full range of support to grow their business and build their licence to operate.”

Many agencies are shifting their focus so they can play in this space. FTI Consulting is “constantly evolving our offering to suit client needs”, in the last few years moving beyond core financial services firms to target clients in sectors including energy, fintech and the broader technology sector. Proposed changes to the regulations around listings in Hong Kong could open up a very interesting stream of business from technology and life science companies in particular, its Senior Managing Director Christine Wood believes.

This view is supported by Racepoint Global, a marketing and PR agency with presence in Hong Kong, Beijing, Shenzhen and Shanghai. Deputy Managing Director Mark Jackson believes Shenzhen will be the focal point of its biggest percentage growth in China this year. “It’s the epicentre of the burgeoning technology sector,” he says.

2.8: Rise of Asian MNCs

Many practitioners interviewed this year also talked about the impact Chinese technology giants are having – both on business and the practice of corporate communications in these markets. Says Rachel Catanach, Senior Partner and President, Greater China, at FleishmanHillard: “The creeping dominance of the Chinese tech companies, and the role they are playing at a global level, is a major shift which some people in the West have not yet fully understood. This is making the industry very, very dynamic.”

Many Asia Pacific professionals are now employed by a new cadre of Asian MNCs, who are often little known beyond their domestic markets. Michael Hanretta is Managing Director, Global Communications, at Dianrong, a leading Chinese peer-to-peer (P2P) online lending company. As Chinese firms explore global opportunities, many are recruiting communicators such as Hanretta with international experience.

“Dianrong is well recognised within China, its core market. But the company has limited brand exposure outside of China, which is something we’re working to change,” he says. Hanretta says Dianrong’s global brand challenges are complicated by a persistent lack of understanding about P2P lending itself. “Even when people know about Dianrong, they frequently don’t understand what we actually do to support small businesses and how we use financial technology, or fintech, to do it.”

Increasingly, Chinese companies are looking to professionals and agencies with Western public company and capital market experience to complement local internal talent. Hanretta believes communicators need to be acutely aware of the rapid pace of business in China.

“I have come to appreciate what has been called China speed, or the practice of building quickly, embracing managed risks, and succeeding or failing fast. The velocity of business change and innovation requires a very agile approach to brand and reputation management.”



2.9: Disruptive Industries

These new technology firms are proving to be a fertile training ground for millennial corporate communicators. Many of these companies have a young leadership, are willing to try new approaches and have a belief that they can master markets so long as they keep providing a service that customers need and want – and can persuade regulators that this is the case.

Mike Orgill, the Director of Public Policy at Airbnb, admits the risks to his business are immense. “We have become more and more visible over time so the policy battles have become more and more present,” he says. Airbnb employs over 50 policy and communications staff in the region, ranging across practices including community engagement and policy data. The property-sharing platform recognises that its licence to operate is dependent on securing the buy-in of the public, which in turn affects regulatory bodies and government. It might look top-heavy to some leaner communications teams, but Airbnb is adopting a very grassroots approach to policy and campaigning as it battles to change government policy and prevent the introduction of stiff regulatory requirements or laws that might knock it out of the market altogether.

2.10: The Media Landscape

If digital channels such as Facebook, Line and WeChat are the “winners” of the last decade, then traditional media must be seen as the loser.

Brunswick’s Kate Holgate says: “The big trend is the disintermediation of the media. The media is slashing people and costs. It is going more towards commentary. The media in the US is so focused on Trump that ‘business as usual’ business coverage is very difficult to secure. The trends we have seen over the last four years are accelerating.”

Carl Stephens, Partner and Managing Director of Baldwin Boyle Shand’s Singapore office, says the industry is having to adapt and change due to the changing media landscape. “If you look at it from a traditional PR sense in Singapore, there have been a lot of redundancies across the various media groups. Therefore, the pool of media we can go to is getting smaller. This raises how effective you can be in terms of media relations and therefore the more traditional agencies are having to adapt their model.”

While the importance of the media is undoubtedly reduced, communications professionals insist it is far from irrelevant. Temasek’s Ross Gan says it is important to monitor shifts in the media landscape. While traditional media’s importance may have eroded, a new generation of emerging digital publishers can often hold significant sway over consumers or industries. “The space is dynamic and shifts; you need to regularly keep track of these alternative, up-and-coming and entrepreneurial media owners,” he says.

However, there is a growing acceptance that both regional and trade media have seen a significant decline in recent years. Thai Union Group’s Whitney Small bemoans the quality of the media, a situation brought about by huge cuts driven by reductions in sales and ad revenues, and she dismisses the notion of an “Asia Pacific” news landscape entirely.

“Media is a big issue for us right now,” says Small. “In some countries, the quality of media, the quality of writing, the quality of reporting can be diabolical. Of course, there are some outlets, like the Nikkei Asian Review, which carry the torch for good journalism. But for the most part we see a failure of local newspapers, and the demise of regional media. So it is left to the international publications and the wires to cover the region. We say “Asia Pacific”, but there really is no Asia Pacific.”

Small identifies in-market media across Asia as the weakest link. “If you look at local reporters, many have no idea about business, they are not financially fluent, they don’t compare and contrast, and they don’t give you analysis. They struggle to tell a decent story,” she says.

While mainstream media in certain Asian markets continues to flourish, such as India, where the number of titles and circulation continue to grow, the trade media has almost disappeared in some sectors. The Director of Corporate Marketing and Communications, Asia Pacific, at a global engineering and construction firm says: “For my industries, the trade media doesn’t really exist any more on the ground in Asia. It never really did exist in truth. Just when it started to mature, it started to die.”

While flagship trade publications still remain, these tend to be published in the US or UK, although one or two examples of strong digital-only titles offer hope that all is not lost.

2.11: The Thrill of the Pitch



Sydney Squeeze:
Media facing big cuts down under

The contraction in media markets such as Australia means it is generally more difficult to secure column inches. Damian Kelly, Senior Public Affairs Manager, New South Wales Business Chamber, believes that “pitching a story and getting good coverage” is still a thrill for corporate communicators. A former journalist, Kelly believes that social media has upended the industry. He says organisations will often engage Twitter in the hope that the comment finds its way into mainstream media.

The apparent weakness of the media, and the relative inexperience of many journalists, means there is now an increased responsibility for communications practitioners to coach journalists and to reach out directly to stakeholders via their own channels. Catherine Etheredge, Head of Communications for New Zealand Super Fund, says it is important to ensure the message gets out clearly and accurately, even if this means bypassing certain media. “We are often dealing with media who are very short of time and short of resources and don’t have particular expertise in the area they are dealing with,” she says. “This can be challenging when dealing with complete financial information. We need to take particular care when communicating our messages because of this.”

2.12: Times of Crisis

Once again, our research this year finds broad agreement that digital and social media are vital in managing and resolving crisis situations. But this will only work if the responses are timely, open and effectively communicated, say our interviewees. “Companies are incredibly exposed to public comment. Management that have clung to communications under layers of red tape find it very difficult to let that control go. Do not leave silence where other people can control the message for you,” warns one Head of Communications.

Others concede that some companies remain “too traditional and conservative” to allow them to fully engage in the digital space. “We’re not effectively structured to deal with a crisis if it blows up in the digital arena,” says the Head of Communications at a global hotel chain.

2.13: The Operating Environment

Changes to the operating environment confronting corporations and the shifts in communications approaches have had a significant impact on the day-to-day focus of many communicators and corporate affairs professionals. But, according to several practitioners interviewed, it is important to remember that not every market in Asia Pacific operates at the same level of sophistication or innovation.

The Director of Corporate Marketing and Communications, Asia Pacific, at a global engineering and construction firm warns against assuming that Asia’s markets are all at the forefront of industry trends. Buying preferences and cultural norms can - and do - differ. “Take traditional marketing collaterals such as printed brochures,” he says. “This has all but died out in the US. But in the mining market in Indonesia, for example, our sales people still need that door opener, the piece of paper. That way of doing business is still relevant in emerging markets.”

Three Key Shifts: Penny Burt



Geo-strategic shifts

Multiplicity of sources

Media fragmentation

Visa’s Penny Burt identifies three key industry shifts: “The big trends influencing how we are operating are: geo-strategic shifts which impact how we prosecute our interests; secondly, the multiplicity of sources of advice offering insight and support in the markets we operate in; and the third is the ongoing fragmentation in media and social media which makes it difficult to monitor, contain and navigate issues and potential crises.”



PublicAffairsAsia

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia

SECTION 3: In-House Issues



SECTION 3: In-house Issues

The changes seen in in-house functions over the past decade are vast. In an integrated era, many functions are being brought together. After an early tussle over ownership of digital between marketing and PR functions, the industry is working more collaboratively to develop fully integrated communications, marketing and corporate affairs activities.

Alan Brindell, General Manager External & Corporate Affairs, at Sanofi says: "It is difficult to explain to new industry recruits just how much has changed over the past decade. A long time ago communications was regarded as the staff magazine. That is so not what it's about today: it's about strategy, transparency, the internal, the external, reputation, engagement. It's much broader and integral to the business. It's clearly part of the leadership team. The same goes for public affairs, especially where government is such a big stakeholder."

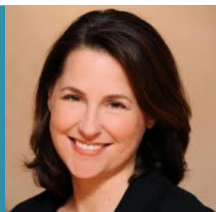
Brindell says the public affairs function must have the capacity to make decisions. "It's important we have the scope to develop our own action plans to support the business. You need freedom, trust and empowerment to do what needs to be done."

3.1: In-house Structure

While there is an increased understanding of the need for integrated approaches, there is still no 'one size fits all' approach to structure. But one thing appears to be clear, based on this year's interviews: team sizes are generally leaner and this trend appears to be in play at least for the foreseeable future.

In-house structures vary widely among those practitioners interviewed for the 2018 report. They can be sectoral, geographic, practice-orientated or, in some cases, form no logical pattern at all.

"You have to educate people outside of the communications function about what a communications narrative is. That's number one."



Amanda Groty,
General Manager,
Global Corporate Communications,
Nissan

Given the size of Asia Pacific markets, many teams work across different geographies, with some now being global in reach. The Head of Digital Communications for one Asian MNC sits in Hong Kong, reports to corporate affairs management in the US and runs a content team in Mainland China. "We're basically a news bureau which covers the company. I have bosses in one place and a team in another. So I come up with a content strategy from afar. A lot of my work is done remotely, 5,000 miles away," he says. The same individual reveals he has a team of only five professionals and predicts only modest growth despite his business expanding rapidly in China and overseas. "We have a small amount of resource internally but a large budget for agencies and freelancers," he says.

Industry veteran Whitney Small believes a significant amount of modern communications and content can be centralised. Small is Global Head of Communications and Public Affairs at Thai Union Group, a seafood manufacturer. While Thai Union is not a household name, its brands which include John West and Chicken of the Sea certainly are. "Our brands are much better known than our mother ship. We have a 14-strong team here in Thailand and small teams supported by agencies in Europe and the United States. We have an 80/20 rule. Eighty per cent of what we do here is for multiple markets," says Small.

Under her leadership, Thai Union's communications are split into three distinct streams: Sustainability, Innovation, and Brand and Reputation. From an HQ and group perspective, Small says it is important never to lose sight of the stewardship of both corporate and brand reputation. She says the function of her team is to ensure the company has the ability "to do business, and the ability to grow business". With 70 per cent of Thai Union's business being in Europe and the US, that means being able to deal with global stakeholders effectively and professionally.

Small is keen to ensure her Asia-based team has the right "experience, writing ability, visual ability and analytical ability" to serve global audiences.



3.2: Boots on the Ground

Adopting a centralised approach works for many companies. But other corporations feel the need to deploy resources as close to the front line as possible. Bruce Blakeman, Vice President of Corporate Affairs, at Cargill, is a veteran of the industry in Asia Pacific, covering 16 countries with a 30-strong team in six locations. Based in Singapore, he is focused on government relations, corporate communications, CSR, NGO engagement and crisis management.

Where Blakeman lacks corporate boots on the ground, he has identified a “country representative” from within local business units. These individuals routinely dedicate 5 to 10 per cent of their time to acting as the eyes and ears of the corporate affairs function. The core challenge across the region, he says, is to ensure the company retains its “freedom to operate”, and this means working closely with government, but also engaging international and local NGOs.

3.3: Resource Issues

Many function heads interviewed feel they are operating at a significant scale with limited resources. The Regional Head of Government Affairs for a leading medical technology and pharma firm leads a team of three, with Australia and New Zealand set to add a fourth member to the team. “We’re a slim organisation and this means responding to business priorities. We focus solely on government stakeholders. We work with public affairs and regulatory affairs colleagues when dealing with anyone outside government,” she says.

Whatever resources are available, there is a growing sense that the function will always be playing some form of catch-up, given the fragmentation of media, the increase in the number of stakeholders and the rising threats to reputation.

The Head of Communications for a disruptive industry player operating across Asia says keeping up to speed with a fast-moving sector requires constant internal evolution around messaging. “As we add services and as the industry changes direction, our challenge is to keep updating the story and our message. It’s a challenge from a time-crunch perspective and from a story-telling point of view. Like the business, we need to be nimble.”

3.4: Using HQ Resources

While many large corporations are now effectively headquartered in Asia, other businesses are still very much in a market-entry phase. This often means that significant communications support is needed from teams in home markets. The Director of Corporate Marketing and Communications, Asia Pacific, at a global engineering and construction firm runs a “very lean” team of two in Singapore, supported by a small number of dotted-line regional reports scattered around in-country offices.

In the US he has access to a team of 34 for projects and specialised content support. In recent months the team has embraced a more agile organisational structure in order to use these centralised resources better throughout the world and meet the needs of emerging and growing markets.

This has seen him take on the strategic marketing function worldwide, with additional resources reporting to him from the larger US-based team. “We have been embracing a more innovative approach to marketing and communications over the last few years. We’re already seeing a huge benefit of this recent adjustment in terms of increasing our productivity and sharpening our priorities. One of those is our growth potential in Asia.”

> Continued Over

The big challenge, he says, is pursuing communications strategies that have impact. "If you don't have an HQ in the region, you are always going to have a lack of resources. When your company is a smaller player or a new entrant, you have to be clear and focus on priorities to cut through and potentially, like us, think about the challenge differently," he says.

3.5: Cultural Considerations

Reflecting on his time working with Huawei, Temasek's Ross Gan says there are still cultural differences in the way Asian MNCs structure their corporate communications and public affairs operations. Gan played a formative role in building the sophistication and maturity of Huawei's corporate communications capabilities. "Huawei is a hybrid. It competes on a global playing field and while its home market is China, its senior team have a keen world view and understands that local knowledge is key to success."

Gan believes that Western MNCs tend to be more structured and that roles are often defined within established structures. "So," he says, "even if a position is vacant for a time, life still goes on. There is resilience within the team structure and broader infrastructure. In Asian MNCs it's far more fluid. Roles and responsibilities gravitate towards those who have proven themselves and are seen as a safe and reliable pair of hands. They are far more likely to scope roles or functions around an individual's talent and capability".

3.6: The Business Case

Increasingly, communications and corporate affairs professionals express their value in terms of their company's ability to do business. The licence to operate, whether from government or consumers, is make or break for any organisation today. Once confidence in an institution is lost, it can be almost impossible to recover. That means, however, that the value communicators bring to the business is inextricably linked to one of the least tangible of assets – corporate reputation.

"Who is the custodian of the brand?" asks one Communications Director. "Everything that can get the brand into trouble is our responsibility. Our job is about reputation – nothing else."

Perceptions are everything. Nissan's Amanda Groty insists that communications is make or break for brands seeking to stand out in Asia's increasingly crowded markets. "Communications has to be about reputation, it has to be about brand and it has to be about brands with purpose. We have a responsibility to address societal concerns through the deployment of our product."



3.7: Nissan's Approach

Amanda Groty was drafted into Nissan in a senior global communications role amid a broader expansion of its communications leadership under Chief Communications Officer Jonathan Adashek.

A former H+K Strategies executive, her responsibilities include developing and delivering strategic messaging programmes that support the company's global reputation and key business objectives.

"The remit for global communications is to both protect and enhance the reputation of the company, including the development and implementation of an executive communications programme as well as managing a global issues, crisis and risk programme. We're also responsible for sustainability, diversity, merger and acquisition communications support, anything which impacts or enhances reputation," says Groty.

In common with many firms in APAC, Nissan has spun out China into its own region, with the rest of the region operating as Asia and Oceania. While communications supports Government Relations, it remains a separate function.

"We are building a global corporate narrative for the company. This is essentially how we do what we do. The why is that we exist to enrich people's lives. How we do it is what I am concerned with, defining us against the competition, empowering our customers, attracting new customers and inspiring our dealers."

Groty insists you have to secure internal buy-in before embarking on a root-and-branch review of outbound communications. "You have to educate people outside of the communications function about what a communications narrative is. That's number one."

While global narratives must be consistent, Groty insists that they must be created with enough flexibility to resonate in local markets. "We have built a global story which is flexible enough to work in many different kind of markets, whether you're in South Africa, Spain or China."

“Having the ear of senior management is critical. If you feel like you don’t have that it can make you miserable in this line of work. You need to be in the inner circle so you can be aware of positive and negative news that may be coming.”



Jason Kendy
Head of Communications,
Japan & Korea, UBS



3.8: Proactive Function

Abhinav Kanchan is Senior Vice President and Head of Corporate Communications and National Marketing at Sobha, one of the top real estate organisations in India and the Middle East. He is in no doubt that his close-knit, six-member strategic, planning and communications team is vital to the future of the business. “As communicators we cannot say we only come into action reactively,” he says. “We are a critical facilitating department which strengthens the brand continually and helps the company sell better. We are very important. We have to build sentiments using third party endorsements. We have to make prospects convert faster and better. We have to impact our company’s bottom line positively.”

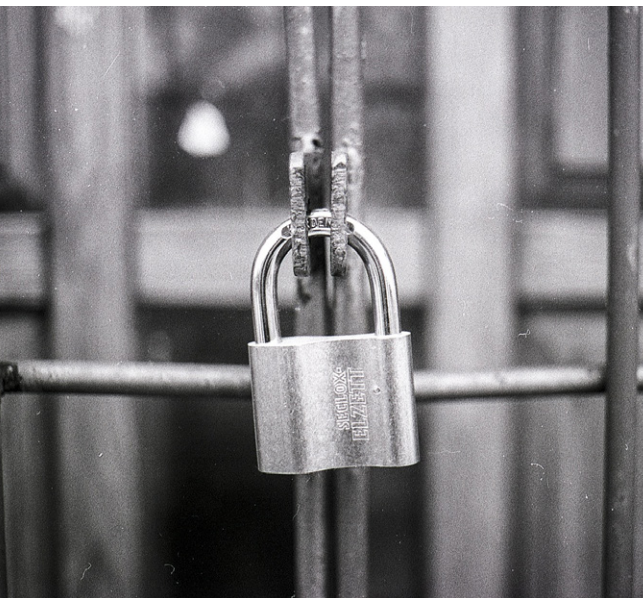
Brand-building and corporate positioning, rather than traditional media messaging, are increasingly important spheres of work for corporate communications professionals. This can be particularly important for Asian companies now looking for capital or customers overseas. Says one communications lead for a large Chinese firm: “We focus mostly on messaging and marketing. We’re focused on brand-building and content which helps the business grow and bring in revenue. We’re also generating content to better inform investors and analysts in the US who would otherwise only read about us through earnings four times a year.”

3.9: Coming of Age - India and Japan

In certain markets, boardroom recognition of the communications function was slow to emerge. Jason Kendy, Head of Corporate Communications and Branding at UBS Japan and Korea, says major international firms have generally understood the value communications offers to the business. But in corporate Japan more widely, this acceptance is a relatively new phenomenon.

“A few decades ago very little importance was placed on the communications role in Japan. But today we see it coming into the board level and into the inner circle of senior management in big Japanese companies. That’s a major shift. Japanese companies are behaving more and more like multinational corporations when it comes to valuing communications,” Kendy says.

The Head of Communications for a global bank in India thinks appreciation of the communications function is growing there, too, driving higher-quality talent to the industry. “A decade or so ago, PR was not really understood, it was a nascent profession. But now we are attracting talent to the industry. More and more people are interested in the media and PR, the market has evolved and specialisation in the media has risen,” she says.



3.10: Accessing The C Suite

Communications practitioners interviewed remain firmly of the opinion that they can only be effective if they fully understand, and have engagement with, their business leadership. Access to the CEO is vital for the communications function to be effective. One top-level Indian in-house practitioner says: “The strategic importance of the function within the organisation is important to me. If you don’t get that support, it is that much harder to communicate effectively.”

Shravani Dang, Group Vice President of Communications and Marketing for the Avantha Group, a power, infrastructure and IT provider in India, believes it is imperative that Chief Communications Officers report in at the top. “Reporting structure is very important to what you can deliver as a CCO,” she says. “I could not do my job properly reporting into the Director of HR or the Finance Director.”

3.11: Defining Corporate Affairs

As communications, government relations and public affairs come together in an integrated environment, the practice of corporate affairs is becoming more widely understood and applied. In some organisations it has also become a catch-all function.

Jonathan Dong, Head of Corporate Affairs at Nestlé Greater China, says the company's definition of corporate affairs is "just about everything that is external-facing" and more. It incorporates traditional and social media, internal communications, government relations and the concept of Creating Shared Value, for which Nestlé is a global leader. China is now Nestlé's second biggest market and Dong services the business with a 26-strong team, comprising 18 people in China, five in Hong Kong and three in Taiwan.

"The first and foremost challenge is people. Taiwan and Hong Kong are more mature and stabilised. China especially is very challenging. The external environment is changing very fast. We have to keep pace with what is happening and ensure that what we do inside the company is still relevant," says Dong.

The fragmented nature of Asia's markets and political systems creates more than the odd headache for senior practitioners. Says Cargill's Bruce Blakeman: "Asia is just a different animal. There is no Brussels to speak of here. Dealing with government is a big challenge because of the randomness of different policies, cultures, government structures and the way they move forward."

Economic nationalism is an increasing area of concern. Adds Blakeman: "Socio and economic nationalism is a big trend for us. Issues around self-sufficiency, this is a big piece for us. Sustainability is also a big issue including traceability, certification. These issues are forcing us to look at our supply chains in different ways. We're working with NGOs and external parties to validate the work we're doing. We also work closely with our customers and civil society."

3.12. Wider Audiences

Government is still perceived to pose the single biggest risk to a corporation's licence to operate. But the scope of the audience that communicators and public affairs professionals need to engage is now far wider. With public opinion being easier to mobilise through social media channels, governments are now highly responsive to online opinion.

This creates a layer of complexity for government relations professionals. In part, it explains why some global operators, such as Thai Union Group, operate government relations and communications functions under the same management structure.

Whitney Small recognises that she has a tough role. Both the seafood industry and Thailand have suffered reputational damage internationally in recent years. "We are doing a lot of work with governments. Our job is to ensure that we are guarding the company's reputation. To ensure that the company is able to do business where and when it wants to. And it's to make sure that people understand that innovation is inextricably tied to sustainability," she says.

3.13: The Perfect Storm

In the digital era, a consumer-related issue can rapidly develop into a government-related issue, creating the perfect reputational storm. The Senior Manager of Public Affairs for a prominent American brand says public affairs strategies have to be very consumer-focused in markets such as China. Within his company, a 50-strong decentralised team works on all fronts, from CSR to government relations, independent of regional and global headquarters. "Managing complexity and diversity across different markets is a massive issue. We try to have consistent brands but at the same time be relevant locally," he says.

Within Asia, practitioners say the government related work they conduct can only be as good as the administration they work with. Emerging markets pose a problem when it comes to the issue of policy consultations. "We need to track policy news in these markets and that can prove difficult – issues can just pop up. At the same time, we need to shape those policy goals, to become a solutions provider for government," says one Public Affairs Head. "You cannot underestimate the value of having a GR person on the ground to drive this. But the size of the business dictates whether we will get this resource."

Some MNCs believe things are getting better, noting China has made significant progress. In recent years, China has gone from not having any public consultation at all to the point where officials routinely ask for MNCs' views, give them time for a considered response and reveal how they have responded to those inputs. This shift came following lobbying, foreign government support and a shift in mind-set. Professionals hope that the region's less transparent and more challenging markets will follow in China's footsteps.

Within some companies, there is still a fear that local GR staff can have divided loyalties, particularly in markets where foreign companies are perceived to be outsiders. This can be an issue in China, where global corporates often hire professionals from within the machinery of government. The mid-level representative of a Western MNC says his role is principally focused on acting as a bridge between his company and government. "We try to find a position where both parties can work together for the common good. The most challenging part of the job is getting internal alignment."

There is a general acceptance among practitioners that the old days of 'guanxi', or connections-based, public affairs have come to an end. Says Airbnb's Mike Orgill: "The days of hiring a former US ambassador to make a single call to change government policy are gone. We are seeing that political decisions are shaped by public opinion, which is often expressed online. We see the importance of influencing public opinion on our agenda and issues."

"Today, communications and marketing are coming closer. I enjoy the fact that we as communicators are getting an opportunity to include marketing. Marketing will form part of the communications function in the post-digital world."



Shravani Dang,
Group Vice President
of Communications
and Marketing,
Avantha Group

3.14: Marketing - A Moment of Connectivity

Shravani Dang at the Avantha Group sees her role as being able to "manage the public face and positioning of the organisation" internally and externally and believes this increasingly means integrating marketing with communications.

"Today, communications and marketing are coming closer. I enjoy the fact that we as communicators are getting an opportunity to include marketing. Marketing will form part of the communications function in the post-digital world," she says.

In an era of two-way "conversational" communications, Rochelle Vandenberghe, Head of Marketing at insurance operator FWD Life Philippines, says PR can learn from marketing, which has a track record of framing business decisions in line with customer requirements.

"In marketing we have to interact with the customers, to find out what they need and want and then bring this back to the corporation to shape solutions to their needs. This intelligence is powerful. It is a moment of connection that gives the company purpose."

3.15: Internal Dimension

In a digital era, the importance of internal communications cannot be overstated. However, in many organisations there is concern that the resources allocated to the function still lag behind its strategic importance.

Says one Communications Director operating in the tightly regulated financial services sector: "We are now only a click away from internal to external. People expect information now, anytime, anywhere on any device. They want it to be short, compelling and engaging."

The growing importance of internal communications has been mirrored in terms of structural change. Day-to-day responsibility has shifted from the human resources function to the communications or corporate affairs division in many organisations.

The Director of Communications in one of the region's hotel groups says ownership of internal communications has been transferred from HR to her department so a period of "change management" can be effectively communicated. "Our company is going through a process and we are being called on to ensure that strategic messages effectively cascade down through the organisation," she says. "For budget reasons we can't afford to bring in a dedicated internal communications expert but we will be looking for agency support."

Strategic communications is about thinking holistically, says FTI Consulting's Christine Wood. "We are C-Suite advisors and as such we assist with corporate direction and strategy. Being confident and competent to advise corporations in the many levels of stakeholder engagement is core to our service offering," she says.

3.16: Why Employee Engagement is Win, Win, Win

By Kate Shanks, theblueballroom

Employee loyalty and retaining talent are ongoing challenges for our clients in Asia, concerns that have only heightened with the arrival of job-mobile millennials in the workplace. What's new, though, is the growing demand among millennials and non-millennials alike for greater inclusivity in the workplace.

Modernisation, globalisation and competitiveness are all affecting the way companies around the world do business, and I see these trends having a growing impact in Asia. Old ways of working are being challenged by new thinking – and this new thinking is being championed by employees.

Employee Voice

Social media has given everyone a voice on every aspect of life. So it should come as no surprise that employees also expect a voice at work. Increasingly, they want to be involved in decisions, not just about their own workplace but also about the way their company does business.

However, if they have no means of influencing their company, they become voices of dissatisfaction, dragging morale and productivity down and pushing employee turnover up.

The challenge for companies in Asia today is to capture this upward feedback ... listen ... think ... then act!

The first step is to create genuinely open channels for employee feedback. These channels come in many different forms, shapes and sizes -- from the regular, such as annual opinion surveys and monthly Q&As with the CEO, to the irregular, such as topic-specific focus groups and need-driven pulse surveys.

What matters most, though, is how the company responds. Employees want evidence that senior managers are not only listening but also acting on their feedback. This is where employee engagement has a key role in analysing the feedback, understanding it, and then facilitating change.

Reward and Recognition

Employee engagement, of course, is about more than listening to and acting on feedback. Another of its cornerstones is reward and recognition – in other words, the power of saying 'thank you'.

One of our big clients in Asia and around the world is DHL. Frank Appel, CEO of the Deutsche Post DHL Group, recently said: "Throughout the year we have many chances to express praise – and those words might have more effect than we think. Studies and surveys have repeatedly shown that employees who receive regular praise are more engaged, more productive and have more company loyalty than those who do not get this recognition."

The most powerful recognition schemes are the ones that promote bottom-up rather than top-down recognition. For example, my agency supported Cathay Pacific to refocus and re-energise its existing recognition programme. Cathay had an online recognition wall where employees could nominate colleagues and teams who had gone above and beyond. As a result, engagement increased across Cathay as employees interacted with one another via the recognition wall. We'd targeted 2,000 peer-to-peer nominations, but the high levels of engagement meant we attracted over 2,600.

Integrated Approach

Employee engagement comes from a combination of pride in your company and a positive experience in the workplace. So how can your company unlock the positive power of employee engagement?

Establishing clear responsibilities for employee engagement within your company is a start. It is also essential that employee engagement is 'joined at the hip' with internal communications.

Either as separate teams or as one, employee engagement and internal communications are usually found within one of the following – the CEO Office, HR, Corporate Affairs/PR, or Marketing. Wherever they sit, employee engagement and internal communications need to take an integrated approach across all of these functions to ensure their messages and other internal and external messages are fully aligned.

Employee engagement and internal communications add most value when they have access to and the support of leadership. To be truly effective, however, employee engagement and internal communications also need to establish and maintain a network of influence throughout the organisation.

Case for Change

Modernisation, globalisation, competitiveness and the demand for inclusive workplaces – these growing trends in Asia all make a compelling case for investing in employee engagement. When their voice is heard, when their work is valued, when they are included, employees are happier, work harder and stay longer. Win, win, win!

Kate Shanks is Managing Director of theblueballroom, a specialist internal communications agency with teams in the UK and Hong Kong

3.17: Leadership Role

Corporate reputation is now inextricably linked to corporate leadership. Inspirational leaders such as the late Steve Jobs and Alibaba's Jack Ma have set the bar high. Consumers and investors want to see authentic and credible individuals at the helm of corporate vessels. And when those vessels hit rough seas, the pressure inevitably grows on the leadership.

To ensure their leadership meets these expectations, communications professionals need to coach and develop the communications skills of their boardroom talent. Says one Communications Director: "There's a greater emphasis on face-to-face communication by leaders. Leaders are being upskilled. It is no longer enough for the Communications Department to communicate. They need to train other people to do it, to make sure people speak and present well."

CEOs need to become corporate storytellers, who talk not just about products, but values. Says one practitioner interviewed: "Having a focus on storytelling is a real skill for leaders. The key is authenticity. Their approaches can be nothing other than fair, trusted and transparent. Authenticity is king. The rest is just noise."

It is not just company bosses, however, that need to be harnessed to tell the corporate story. Nissan's Amanda Groty says it should permeate all levels of the company. Reflecting on her experiences at the Japanese car giant, she says: "We are seeing people aligning around a story that they want to tell, that gets them excited. It starts about what society needs and not about our product. That's really rewarding from a personal point of view."

"Staff motivation is a challenge as it's hard to quantify corporate affairs achievement or failure."



Jonathan Dong,
Head of Corporate Affairs,
Nestlé Greater China Region

3.18: Quantifying Impact

Jonathan Dong at Nestlé Greater China worries that morale in the industry can be hurt by the inability to measure the impact of the corporate affairs function. "Staff motivation is a challenge as it's hard to quantify corporate affairs achievement or failure."

Internally, communicators and corporate affairs professionals should ensure they do whatever they can to explain the value of the function, and to secure and maintain management buy-in, even during rounds of cost-cutting. On the resources question, ANZ Bank's Peter Parussini says having the confidence of the board can help stave off cuts. "There is always a push to keep costs down. But we are fortunate that the board, CEO and senior leaders understand the value of communications and how authentic story-telling is critical for big corporates to get cut-through with internal and external audiences," he says.

3.19: Operation Overstretch

During research for the report, we interviewed a small number of NGO representatives. To varying degrees they believe their communications work in Asia Pacific is hampered by the inevitable problem of resources confronting the sector.

Says the Asia Communications and Marketing Manager at one of the US's biggest NGOs: "It's very 'chicken and egg'. We have to work out whether getting more coverage, here and in the US, would engage more donors and whether it's worth growing the team to achieve this. At the same time, we're looking at just how sectoral we want to go in our marketing planning."

Being a team of one means it is very difficult to be strategic across the diverse markets of the region. "Even if something works for us in India, it's highly unlikely it will work for us in Myanmar or Cambodia. I am a small team in a large organisation and I have to accept that change happens slowly."



PublicAffairsAsia

STATE OF THE INDUSTRY REPORT

2018

A Report By Prospect and PublicAffairsAsia

SECTION 4: Agency Issues



SECTION 4: Agency Issues

The agency market in Asia Pacific is becoming more dynamic, integrated and competitive. A large number of boutique agencies and medium-sized regional firms are competing with global communications powerhouses.

Agencies are rapidly moving into new areas such as digital content generation, data and analytics, and paid media as they seek to redefine their service profile to keep up with the significant shifts seen in the market. A new sense of experimentation and innovation is developing throughout the industry, as agencies expand their traditional client briefs to engage Chief Marketing Officers within client companies.

4.1: Experimental Era

Bob Grove, Edelman Asia Pacific Middle East and Africa's COO, says clients are willing to be more experimental in the way they approach their communications needs. "For both marketing and traditional communications people, there is a growing realisation that what they have done in the past does not hold water today," he says. "They are looking for new ways of connecting with their audiences and they are increasingly open to experimenting across new channels."

While many agencies report ongoing growth, the rates achieved in key markets such as China are slowing among more established agencies, some of whom have experienced double-digit growth annually for the last decade. Cost pressures, driven by cut-throat competition for top talent, the rising complexity of PR and reductions in clients' budgets, are putting pressure on margins. The industry is in transition, with rapid growth slowing as the sector matures in the widely diverse markets of the region.

Weber Shandwick employs 900 people in the region, with 220 in digital. CEO Baxter Jolly admits the marketplace in 2017 "proved tough across the industry due to rapid industry changes and political and economic uncertainty". He adds: "2018 will continue to be as challenging. That said

"We are a mature company in a mature market. But for 2018 we're already seeing a strong pipeline and I think it's going to be a good year for us."



Rachel Catanach, Senior Partner and President, Greater China, FleishmanHillard

I strongly believe that we successfully navigated through this tough climate and remained focussed by doing what we do best, great work, supported by great people."

One US-based PR and integrated marketing agency secured 97 per cent growth in 2016 but that dropped to lower, but still double-digit, growth in 2017 amid "more challenging" conditions. "We still think there is scope for growth in all markets we operate in," said its Director.

However, he predicts that PR will continue to be squeezed: "Traditional PR client spend is not increasing in line with costs. There are only so many cost efficiencies you can make. Just at the same time the core business of PR is becoming more complicated, which costs more."

The look of the industry is also changing fast. As the agency world responds to the digital era, the profile of its workforce is changing dramatically. It is an exciting time for the fast-evolving sector, but not without considerable challenges for those who head practices and agencies.

4.2: What's Hot and What's Not?

Across the industry, agency heads report significant variations in the countries, practice areas and sectors that are driving growth. However, several common trends emerge across a number of agencies.



Asia Pacific Agency Hotspots: Regional Growth Snapshot

- Piping Hot: India, Malaysia, Vietnam
- Getting Hot: Indonesia, Japan
- Mid-Heat: Australia, China, Singapore
- Cooling: Hong Kong, Myanmar

4.3: Agency Performance

Within Asia Pacific, communications and public affairs agencies of all shapes and sizes report generally buoyant trading conditions, albeit with a few markets, such as Hong Kong, entering a period of transition that has dampened expectations.

Rachel Catanach, Senior Partner and President, Greater China, at FleishmanHillard says 2017 was “steady” in her region. Echoing her competitors, Catanach suggests the era of rapid growth in markets such as Mainland China has come to an end. “We are a mature company in a mature market. But for 2018 we’re already seeing a strong pipeline and I think it’s going to be a good year for us.”

Ogilvy’s APAC CEO, Scott Kronick, is also upbeat about the year ahead. “We certainly hit our revenue and profit figures for the region and grew impressively. We are also forecasting growth for this coming year and we are optimistic about the opportunities. We have received a number of significant briefs recently that are coming to us from markets around the region.”

At WE, each market in its APAC portfolio is delivering double-digit growth. The fast-moving markets are Australia, Singapore, China and India, although marketing services appear to be tougher in Hong Kong. “I think Hong Kong is going through a bit of a slowdown, but it will be back,” says Alan VanderMolen, WE’s global president.

Kiri Sinclair, founder of Hong Kong’s Sinclair agency, agrees that Hong Kong has been challenging. But she senses that a two-year bear market, where people were reluctant to spend PR and marketing budgets, is ending. “There is still risk aversion among clients. They want to see that we can do the work – particularly on the social and digital side. Once we prove we can do this, alongside PR, then we access higher budgets. This is happening,” she insists.

After many years of fast growth in China, where it is now the second-biggest international player, Ruder Finn expects to see big growth numbers emerge from its smaller markets such as India, Singapore and Malaysia in 2018.

Edelman’s Bob Grove employs 1,600 people across brand, reputation and specialist services in APACMEA. Grove reports marginal growth in the year to June 2017, with the 2017-18 year getting off to a solid start. Edelman, however, still reports “good growth in China” and cites India, Korea and Japan as growth hotspots, along with smaller markets such as Vietnam and Malaysia.

Jane Morgan, Managing Director, Golin Hong Kong says the firm grew in 2017, but that it wasn’t an easy task. Having hired new staff to “enhance bench strength”, Morgan is upbeat about 2018, expecting strong performance in healthcare, finance and FMCG, with content-related activity driving business.

4.4: Small and Mid-Size

Optimism about growth this year is not confined to the big agencies, despite fierce competition among a new breed of smaller-scale firms, many of which have expanded from domestic bases in Europe and North America. Angela Campbell-Noë, Senior Partner at Tulchan Communications in Singapore, reported “another record year” for the 15-strong agency, which started out in London. “There is strong momentum within the business. I feel more confident going into 2018 than I did going into last year,” she says.

Singapore-based Baldwin Boyle Shand, an offshoot of its New Zealand-based parent firm, achieved “very strong” growth in Singapore and South East Asia, working with multinational companies to grow their business and protect their reputation in the region. “We are seeing faster growth coming out of Singapore and South East Asia than other markets at the moment. Outside of Singapore, Malaysia, the Philippines and Indonesia are quite exciting markets for our clients. As a New Zealand-headquartered agency, we’re also seeing a lot of activity from New Zealand businesses targeting offshore growth,” says Managing Director Carl Stephens.

Agencies are also looking beyond their core and hub markets to drive growth and distinguish themselves from the competition. Take Brunswick as an example. The firm opened its doors in Singapore in 2013, rapidly building business in the city state, supporting global clients in the region to gain the confidence of a local client base. The firm is also very strong in Thailand, servicing clients there from its Singapore and Hong Kong offices.


> Continued Over

“There is strong momentum within the business. I feel more confident going into 2018 than I did going into last year.”



Angela Campbell-Noë, Senior Partner
Tulchan Communications

4.5: China - Still Good for Growth?



For some agencies, China continues to drive good growth, particularly among those focused on public policy and the regulatory environment. However there is a strong sense that MNCs are scaling back their expenditure as China's growth slows and markets reach a level of stability and maturity in common with Western economies.

The behaviour of the Chinese government towards foreign business over the past two years has had a negative impact on foreign MNCs in China. But this is not necessarily bad for consulting firms. Says one agency head: "When things are going well, clients spend more on strategic communications. So that is good for us. And when things are not going so well, clients spend more in crises and avoiding crises. And that is also good for us. A good agency can add value in good times and bad times."

APCO Worldwide's James Robinson notes the opening-up of smart public private partnerships in China, specifically in areas where foreign participation may have been restricted until relatively recently. "This is starting to break open new areas for expansion for our clients, such as in financial services and technology," he says.

Other respondents note the strategic importance of Shenzhen for technology business and Shanghai for its growth in healthcare and sports-related marketing activities.

But the goals are wider. "This year has really been the year of Indonesia. Indonesia is a hot market for us at the moment and we hope to do more in coming years," says Holgate.

Paul Mottram, Managing Director of Allison+Partners All Told, says China and Singapore are leading the growth of this relatively recent APAC market entrant. Among its services, Allison+Partners has a Global China practice which is focused on providing counsel to Chinese firms that need to engage overseas marketing and communications services. While some agencies have identified a reluctance among Chinese businesses to commit spending to these areas, there are strong signs that is changing, particularly at the high level and strategic end of the market. Says Mottram: "We are increasingly helping mainland China companies, such as Tencent, grow overseas."

Markets once considered as static or slow growing seem to have come alive in the past few years. FTI Consulting's Christine Wood says that China, Japan, India and Korea are focal points for global MNCs looking to enter new Asian markets due to regulatory change, especially in the financial services industry and predicts business opportunity in these markets in 2018 and beyond.

For Klareco, formerly Bell Pottinger, Singapore remains its biggest market, but the firm describes itself as targeting growth opportunities through offices across the region.

Klareco has also expanded its operations into Indonesia through an exclusive partnership agreement with Kiroyan Partners. "This year we are expecting strong performance in all markets, with an absolute baseline everywhere to do better than 2017," says Managing Director Mark Worthington.

Pure-play financial services firms are cautious as 2018 gets under way, partly as a result of economic uncertainties underlined by recent market volatility. Despite this uncertainty, one leading financial services consulting firm says Japan looks set to deliver good growth prospects. The Abe government's policy agenda is driving overseas activity by Japanese firms and their investor relations activities with shareholders and markets. The result of this, according to the agency head, is that local offices are referring business back to Europe and the West, even if they are not conducting or billing the business here in Asia.

“The bulk of what we do today is still traditional PR. I continue to be amused by the Facebook and LinkedIn commentary and in the industry media that we’ve seen the death of traditional PR. Well, someone forgot to tell the client.”



Scott Pettet,
Senior Vice President,
Lewis PR

4.7: Practice Areas and Sectors

For many agencies, digital and creative are the two big growth areas, with companies drafting in media planners, producers, designers and animators to tackle the new client demands.

Public affairs and reputation management are also key growth areas for many firms. Sectorally, technology is proving to be a strong revenue generator, with healthcare, energy, consumer goods, and travel and tourism being big growth areas for many consulting firms. Financial services appears to be a mixed bag for agencies, with those geared towards M&A and capital market activities expressing a cautious outlook for the short to medium term.

At FTI Consulting, where Christine Wood leads aspects of the strategic communications function throughout Asia, the company is focused on building its leading edge strength in financial services while investing in the provision of senior public affairs support, by providing market-entry assistance to the firm’s global multi-national clients. “The business environment has changed. We grew in 2017 and I think we will grow in 2018. We are seeing much more outbound corporate communications activity, with China State Owned Enterprises and corporations in particular, as they develop their brands on an international stage,” she says.

Ruder Finn has grown quickly in Asia, employing more than 450 people across the region, with three-quarters in China. The build-out takes Ruder Finn beyond PR into marketing, advertising, legal and strategic consulting. “Digital, advertising and marketing – and alignment of all three – are the fastest growing sectors for us,” reports Chairman Jean-Michel Dumont.

Looking at his competitors, Racepoint Global’s Deputy Managing Director Mark Jackson reckons many agencies that present themselves as integrated are, in reality, “PR agencies with a bit of digital bolted on”. However, most agencies now insist they are offering a fully integrated suite of services, and will use this to position themselves for growth in 2018 and beyond.

4.6: Emerging Markets: Myanmar

Myanmar offers a small number of potentially high-growth sectors. However, there are signs that early market entrants are finding the market tougher than they expected. Beyond a general lift in consumer brands and the fledgling technology sector, the head of one agency identifies infrastructure development, such as ports and power, as core sectors that could drive business. But he adds: “Partly because of ongoing political concerns, Myanmar is not going to be as big as the hype suggested, but the economy is on track for steady growth, growing six to seven per cent.”

PR agencies already in Myanmar say clients are pulling back as a result of the political uncertainty.



WE's Alan VanderMolen predicts "dramatic" revenue growth in 2018 in APAC, driven by organic growth and revenue secured through recent acquisitions. For WE, practice growth areas are digital, analytics and creative and the core growth sectors are consumer, health and technology.

Weber Shandwick's Baxter Jolly adopts a similar position. "Integration and consolidation remain key focuses, not only for our business but clearly industry-wide. Saying that, the PR and media heritage remains very important. Additionally, through the new business wins over recent years, we have seen that the data-driven approach is strongly resonating with clients and as a result we recently acquired data and analytics firm Bomoda, adding further expertise for us to service clients with unique programmes through insights," he says.

However, Scott Pettet, Senior Vice President at LEWIS APAC, warns against assuming that clients only want digital. "The bulk of what we do today is still traditional PR. I continue to be amused by the Facebook and LinkedIn commentary and in the industry media that we've seen the death of traditional PR. Well, someone forgot to tell the client!"

Several public affairs agencies also report a solid performance last year. North Head, a smaller public affairs and communications agency that has been operating in China for seven years, reports growth at between 10 and 20 per cent typically, but it achieved close to 30 per cent in the last full financial year. Co-Founder Robert Magyar says around 80 per cent of revenues relate to public affairs and government affairs work, although this increasingly has a digital component.

In China, public affairs agencies report a significant uptick in health-related work. "We have a very activist government in China, healthcare reforms are progressing dramatically, so industry bodies and healthcare companies need significant support," adds Magyar. North Head also reports a significant increase in government-related work, representing, for example, the EU Delegation to China and the British Government's trade promotion agency.

Ruder Finn's Dumont is confident "across the board" for 2018, looking to extend market share in key markets. Beyond the automotive and luxury goods market, Dumont says business is expanding quickly in technology and healthcare.

Within China, Dumont also reports public affairs and trade promotion as growth areas, signing up a few municipalities and provinces to represent them on a global basis.

Sectorally, WE's VanderMolen has mapped out his journey. "We're moving aggressively into corporate with our WATATAWA acquisition and into health and consumer. We're strong on brand-building and consumer relations. Our marketing communications business is growing at the same pace as our corporate communications in Asia. The areas of our business where we use predictive analytics to test content is on fire."

Agency Growth Areas:

- Technology and disruptive industries
- Healthcare, life sciences and consumer
- Paid-media, digital, analytics and creative

4.8: Asia's Digital Lead

In many respects, the digital and social media markets in Asia are leading the way globally. "China is the most advanced market in the world when it comes to digital communications and India is a very interesting market in this respect," says Allison+Partners' Paul Mottram.

Mottram also reports strong growth in the firm's All Told business, which he says uses market research as a basis to assist clients to communicate their core narrative across earned, owned and paid media. "We are helping clients to tell these stories to their audiences and to bring them alive through consulting on messaging and branding, through video, content and design," he says.

APCO Worldwide's James Robinson says China is currently leading global digital advance. "Our service offering in digital is now catching up, and even leapfrogging the work we do in other parts of the world," he says. "Clients are moving from thinking tactically to strategically in China. We are developing really smart digital positioning strategies for them."

He says the work commissioned in Asian markets is moving from "moment of time", such as events, to "being more strategic", particularly around ongoing issues and corporate reputation.

FleishmanHillard splits its 200-strong Greater China workforce into sectoral practices, such as financial, technology, healthcare and sports marketing, and has created a dedicated team for digital. "But when it comes to digital we expect everyone to do it," says Rachel Catanach. In China, the company is responding to market shifts by appointing new staff with ecommerce and specialist technology capabilities. "But we still have more to do before we achieve our goal of being a digitally led communications agency."

To achieve this, Catanach would like to bring on board technically capable people "who can do for the PR industry what they have done for the advertising industry".

Along with content, integration is a buzzword of the 2018 interviews. Kiri Sinclair says 50 per cent of her clients engaged her firm for an integrated project, with 75 per cent

> Continued Over

of clients procuring services beyond core PR – meaning only one in four now buys pure-play media relations. Sinclair's revenue grew last year by 50 per cent, with digital powering much of the growth. Profit grew even faster as a result of economies of scale and greater efficiency.

"Content development and social are our big growth areas and budgets are increasing. It's no longer about creating digital copy, it is about helping clients understand that strong strategy creates really meaningful content and campaigns that cross over online to offline or PR to social."

For some high-end strategic consulting agencies, digital has become an unexpectedly important part of the business. In China, North Head, a government relations and strategic communications consultancy, finds itself integrating digital channels such as video and WeChat into

its campaigns. "This has become such a core part of what we do, even in government relations, that social media management now drives a great deal of our business," says Magyar. "I didn't think digital would affect our kind of work in such a short time."

Landmark Public Affairs' Managing Director, Richard Andrew, notes that the speed of social media rests uneasily with traditional government relations operations – where the timelines are normally medium to long-term. As such he highlights his firm's various investments in 'the internet of things' including a new Twitter account, a revamped LinkedIn page and even the LPA Blog. "This is as much a defensive move as it is an offensive one," Andrew says. "The 'internet of things' is the base line so we are embracing it – especially in the dynamism of The Asian Century."

4.9: Constraints and Issues

Agencies are not beyond the scrutiny of their stakeholders. They face challenges on many fronts. In this regard, 2017 proved to be a tough year for at least one agency globally, and here in Asia Pacific. In Singapore, Mark Worthington and Ang Shih-Huei were forced to put together an incredibly swift management buy-out after their parent company, Bell Pottinger, was forced into liquidation following an ethics scandal in South Africa. Faced with huge uncertainty, Worthington and Ang took swift action to take control of the company, renaming it Klareco in a matter of hours, then buying it from the administrator within days.

Worthington admits the firm had a "very difficult period" during the collapse of Bell Pottinger, but says proactive communication helped preserve the client base and enabled the business to turn around quickly once they had insulated the Asian operation from the failed global parent company. After just six months Worthington says the company has made a number of significant new hires and major new business wins.

Agencies focusing heavily on financial communications said 2017 proved tough, citing capital controls in China, which affected M&A activities, the continuing fallout from Brexit, and economic issues linked to the Trump White House.

This leads one agency to say 2018 is very much a "wait and see" year in terms of projections.

WE's Alan VanderMolen says clients' purchasing habits can be a constraint in APAC. "The entire industry, agency and client side, are experiencing a tremendous change. Where you have agency change aligned with client change, it's terrific. But where the two are mismatched, you tend to have that lag in buying rhetoric versus buying behaviour."

In terms of challenges, Baldwin Boyle Shand's

Carl Stephens believes budgets are getting tighter, meaning agencies are having to work harder and deliver more to justify their fees.


This appears to be a challenge for all agencies, regardless of size. Says Edelman's Bob Grove: "People is without a doubt the leading issue we have. Beyond that, in terms of constraints, the uncertainty of the global environment means that long-term investment and planning cycles for campaigns are less. That means we are dealing with shorter campaign cycles, which makes it more difficult to build momentum and achieve impact." Grove adds that the recent switch from retained business to project-related work "has settled". "But within that, in campaign terms, we tend to see short bursts," he says.

Text 100 reports that retained contracts were harder to come by in 2017, although the firm saw an uptick in project work towards the end of 2017. "We are seeing a lot of growth coming from project spend, clients are taking a far more campaign-based approach to procuring services."

Landmark Public Affairs Managing Director Richard Andrew notes that over recent years there has been a slow but distinctive shift from retainer type client engagements to spot project client engagements. "This has the net effect of proportionately increasing the administrative work relative to the value-added advisory services work," he said.

Andrew says maintaining the best-in-class advisory services means some reliance on creating and sustaining a network of high-quality external advisers across Asia. This may be an administrative burden but Andrew said that it also means that "Landmark can scale up or scale down based on the varying and diverse requirements and work streams of Landmark's clients".

4.10: Global Headquarters



Almost all senior agency-side professionals interviewed believe their global management understand the market realities they confront in Asia Pacific. A handful said their global bosses still failed to understand the sheer diversity and complexity of the markets they are engaging with, although most believe the financial targets being set are realistic. Some even believe their firms are not being ambitious enough about APAC revenue potential.

However, there are reasons for caution when managing expectations. As growth rates slow in maturing markets such as China, one agency head says their attention is now diverted by “other parts of the world where clients are willing to open their wallets more generously”.

“For our business, the Middle East is top of the list at the moment, driven by some huge global client engagements. We just haven’t seen these sorts of clients in Asia recently. However, as Chinese clients become more sophisticated and globally ambitious, so their business will grow.”

Some agency leads believe their HQs still have more to learn about the realities they confront on the ground in this region.

The head of one agency that recently entered APAC says his global office “is sympathetic, open and willing to learn” but does not yet fully grasp the nuances of the market in Asia. “Take recruitment, for example,” he says. “They don’t understand the difficulties of using LinkedIn in China, which is why we have to use recruitment consultants. I have to explain to them about VPNs and how they are not reliable. We have to have that conversation about once a month.”

And other practitioners suggest clients sometimes lack understanding of the Asia Pacific communications arena. LEWIS’s Scott Pettet agrees that globally there is still a lot of work to do. “Asia generally speaking is a misunderstood part of the world for global communications executives based outside the region. They don’t understand the geography, the politics, the diversity, the complexity of the region. Education is an ongoing challenge,” he says.



4.11: Competition

New market entrants concede the marketplace can be difficult, partly as a result of an influx of new agencies from the US and Northern Europe. Mark Jackson, Deputy Managing Director of Racepoint Global, says trading conditions for relatively new market entrants can prove tough, given the level of competition in markets such as Hong Kong. In 2018 he hopes to generate significant revenue, remaining focused on clients in technology and life sciences.

The key constraints for firms such as Racepoint is, believes Jackson, a “pigeonholing” culture among the prospective client base. “A lot of clients still want a PR agency, or a social agency, or an advertising agency. When you say ‘we can do it all’, there can be some confusion about how to use an integrated agency.”

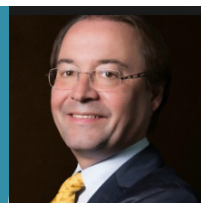
To overcome this, Jackson says his firm targets Chief Marketing Officers, which in turn gets the agency closer to “the big business challenges”.

Edelman’s Grove agrees that agency focus has shifted towards the CMO. “Clients are looking to build people’s trust with their brand or earn attention for their brand. We have a lot more engagement now with Chief Marketing Officers who realize they cannot achieve this through paid advertising alone. Our earned-centric approach works in the current communications mix. It feeds into their brand and business outcomes,” he says.

4.12: Networked Firms

The ownership structure of agencies is an important factor in determining how the agency is organised and financed – and the scope of services it can potentially offer to clients. FleishmanHillard’s Rachel Catanach,

“I am only a phone call away from the decision maker. That is really efficient. On a company basis it allows us to be nimble and reactive to the market. If a decision makes sense, and I can prove it makes sense, we can actually do it quickly.”



Jean-Michel Dumont,
Chairman,
Ruder Finn

whose firm is part of Omnicom, says client deliverables are enhanced by being able to collaborate across diverse agency offerings. “In Asia Pacific we work very closely with the other Omnicom brands. We have very good relationships with them,” she says.

Jane Morgan, Managing Director of Golin Hong Kong, highlights the upside of being part of a global network. “For employees it means increased regional and international experience with access to global leaders and talent. For clients it means they have enhanced resources and capabilities as and when they need it. Golin has over 60 offices worldwide and experts spread throughout. Then there’s IPG. If we receive an integrated client brief but we don’t have the full capability, then we partner with our sister agencies within IPG; increasingly we see clients asking for a ‘one team’ model and we are perfectly placed to provide that.”

At Ogilvy, Scott Kronick sees clear advantages to being part of a global marcomms powerhouse. “Clients want global, consistent solutions and we are able to provide that within our network. We love this for our staff movements around the world as well. Furthermore, our global network gives us breadth and depth of talent and ideas that go well beyond what one market may be able to provide,” he says.

That said, adds Kronick, the approach to client management has to feel local. “Size and scale are important for large clients, but quality and personalised service are paramount to our success,” he says.

4.13: Independent Firms

But the benefits of being independently owned rather than part of a global network appeal to Ruder Finn Chairman Jean-Michel Dumont. “I am only a phone call away from the decision maker. That is really efficient. On a company basis it allows us to be nimble and reactive to the market. If a decision makes sense, and I can prove it makes sense, we can actually do it quickly.”

On the flip side, “the pockets are not that deep”, Dumont concedes. “We have to finance everything we do. As an eternal optimist it makes us incredibly creative in the way we operate.”

VanderMolen says being independently owned gives WE a sense of “self-determination”. “We can make the long-term investment decisions we want to make through a long-term lens, without the need for immediate returns. We are patient. This means we are client-led and customer-led, versus investor-led. Those are all pluses.” Adds VanderMolen: “It’s fun to be able to run fast, and to have a smaller infrastructure than the holding companies.”

> Continued Over

“Being a part of this large network provides us with greater access to a deep knowledge bank. In addition, colleagues around the world are able to contribute to learnings, insights and ideas for our people and our clients.”



Baxter Jolly,
CEO, Asia Pacific,
Weber Shandwick

Grove, who worked closely with VanderMolen during his time at Edelman, agrees that independents approach investment differently. “We take a long-term view of the market so we can, for example, invest in new skill sets at a scale and speed that our competitors have struggled to do.”

Beyond ownership issues, the way agencies are structured globally can have a big impact, our 2018 State of the Industry research confirms. Allison+Partners’ Paul Mottram says the agency is structured on a very flat basis globally, with a single, worldwide P&L. This, he believes, is a big benefit: “We are extremely collaborative. We can work with each other in the way that other agencies struggle to do. This enables us to form teams very easily based on what clients need. The financial structures of other agencies tend to work against that.”

4.14: Boutique Operators

Similar sentiments are expressed among boutique operators. Tulchan’s Campbell-Noë concedes that being independent means that networked business is almost unheard of, but she doesn’t think this is necessarily an impediment. “The upside is that we have developed Tulchan as a successful and sustainable local business; we have never been complacent and we have never been supported in the way you are in a big network business.”

Clients can expect smaller agencies to be more adaptable. “If a client changes tack, or wants something different, we will do our utmost to deliver irrespective of the original brief. My experience with the bigger agencies is that they will try and talk the client out of it because they have already invested in the original route,” says Racepoint Global’s Mark Jackson.

On the size question, Campbell-Noë says small has clear advantages, even if it means smaller agencies are not viewed as “one-stop shops” that can automatically deliver multi-market access. “When it comes to really strategic work, the more independent boutique operators like Tulchan are winning. Clients are more important to us, whereas in the bigger networks they often get lost.”

To overcome this, several smaller agencies are informally and formally engaging in groups that frequently refer business to one another and create collaborative forces to pitch for cross-border or cross-practice business that would otherwise go to the big, globally networked agencies.

To rebuild the global connectivity that the Bell Pottinger network offered, Klareco has joined Global Communication Partners, a specialist financial and corporate communications network. Managing Director Mark Worthington says Klareco was “aggressively courted” by international networks of independents. “They see us as a rare piece in the puzzle, as an Asia entity which is independent and operates in multiple markets,” he says.

Small agencies insist they have an advantage over their international counterparts. Sinclair says many agency practitioners are “bored of the politics” of big agencies. “Our time is focused on managing clients, not managing up. We don’t have the systems and overheads of major agencies. We can also be far more flexible. When a client comes to us and says ‘can you do this?’, we say ‘yes’, and then work out how we do it. Our clients look for that flexibility.”

On the flip side, Sinclair concedes that smaller agencies can be impacted by “not having a global brand behind them.”

Allied to this, corporations are increasingly finding that their marketing, PR and public affairs activities have to take place as close to local markets as possible. This is an opportunity for agencies, but it can be challenging to build the “in-market capabilities” required to do this, particularly in terms of delivering senior-level strategic services. “Having all the required skill sets in every market is very difficult, especially when in some markets they don’t exist,” says Klareco’s Worthington, who predicts that having a “one Klareco” approach and a nimble “hub capability” that can support the teams into local markets will be important for growth.

The sheer breadth of the communications landscape means that medium-sized agencies have to balance where and when to target their resources. “Tough decisions have to be taken about where we direct most of our effort,” says LEWIS’s Scott Pettet.

In this sense, Landmark’s Richard Andrew concludes that: “There are benefits to being ‘boutique’ as we have the flexibility to move dynamically with this changing landscape of client needs and demands. Our strategy as a firm is to grow realistically, thoughtfully and sustainably. Successfully managing the ‘administrative burden’ has been one of the secrets to our recent successes.”



4.15: Agency-Client Relationships

In what should be an issue of concern, our research this year reveals a significant and ongoing mismatch between agencies and their prospective client base, both in terms of expectations and the perceived value agencies deliver for their clients.

The extent to which companies use agencies can be cultural, process-driven and based on circumstance and need. One Head of Function adds: "Sometimes, with agencies in Asia the sales pitch is a little better than the delivery. But the agencies we work with long-term, such as Vriens & Partners and Asia Group Advisors, generally deliver well for us."

On the basis of this year's interviews, there appears to be a need for agency and in-house leadership to forge stronger connections and to be more open in their discussions about future relationships. Agencies have to be careful that they don't run too far ahead of their client base. Alan VanderMolen, who was brought in as International President of WE to deliver global growth, says that agencies need to "align with purchaser needs" while strengthening their network offering to succeed.

Tulchan Communications' Campbell-Noë says shifts in client behaviour should drive another wave of expansion. "On the whole, in the region, we would like to see clients being more ambitious in their communications. In addition to this, as a business priority, all companies should be more thoughtful about preparing for crises which can have a lasting impact on more than just a company's reputation."

Why agencies are drafted in varies from company to company, although there is a growing sense that agencies are perceived as more important for capacity-building than strategic counsel, possibly as a result of cost pressures.

Jonathan Dong, Head of Corporate Affairs at Nestlé Greater China, spent five years on the agency side. He accepts there is a mismatch, but believes the problem may lie in-house. "I know what it is like to work on both sides. I have great respect for those in the agencies. But in China it is hard for agencies to fully understand my business. This is because companies are reducing fees, while raising what they expect from agencies. As a result, the role of the agency as a strategic consultant is being compromised. On the other hand, there is also a lack of respect from in-house teams for their agency partners. The agencies are too often used as an extension of their arms and legs."

> Continued Over

For most in-house professionals, the logistical issues such as news conferences and product launches, often dismissed as mundane process-driven work, hold little appeal. It is no surprise then that this is the sort of work routinely sent out to agencies.

One regional government affairs chief says she needs agencies as “door openers”. She adds: “Based on this requirement the quality varies widely across the region, and sometimes across consultancies from country to country.”

The Regional Head of Communications for a global tech firm puts it bluntly. “We bring our agencies in for regular briefings. But we would not have them as the gatekeeper. They are never going to understand the business as much as the in-house team. Sad as it is for them, I tend to think that the best model is to use them for arms and legs, at least in this part of the world.”

4.16: Market Sophistication

The sophistication of agencies in different markets is also a cause of concern for some in-house clients. For example, ANZ Bank’s Peter Parussini fears that the agency sector in New Zealand is failing to keep up to speed with market change and the resulting client need. “They are too locked into the old way of doing PR. They lack the storytelling skills. But this is less so within regional PR agencies.”

The Vice President of Public Affairs for a globally renowned American firm says the public affairs consulting sector is “variable across markets”. “It’s harder to find strong agency support in South East Asia than in China. India remains very challenging,” she says.

There also appear to be cultural issues that stop agencies and in-house teams deepening their relationships. Agencies seeking to deliver “value-added” services to Asia’s rapidly growing army of multinationals often fall at the first hurdle, unable to fully grasp the company culture of the client, says one communications professional working for a complex Chinese technology giant. “We obviously want agencies who you can trust, who are thinkers. But we seem to draw the line at value-added services, where we are sceptical. It’s difficult to explain our eco-system and how we work. So what they end up proposing is either not of interest to us or it becomes clear they are outsiders who don’t understand our company culture.”

Agencies are also warned against overstating their value, particularly when claiming to be equally capable

“Our preference is to work with agencies whom we know. It’s also important to work with agencies and people who know our business enough to provide timely support.”



Agnes Hui,
Head of Group Corporate
Communications at
Wharf (Holdings) Limited

across the spectrum of services. “It’s difficult for agencies to escape their roots. They tend to be good at what they started out doing,” observes one former agency figure now working client-side.

Reliance on, and attitudes towards, agencies continues to vary widely across the in-house spectrum of companies. Says Cargill’s Bruce Blakeman: “It’s very difficult for an outside agency to understand a business with the depth and breadth of Cargill. So we normally rely on PR agencies when it comes to the more mechanical pieces.”

But there are solutions to this. In Hong Kong, says Agnes Hui, Wharf’s model is to work with agencies with long-standing connections. “Our preference is to work with agencies whom we know. It’s also important to work with agencies and people who know our business enough to provide timely support,” says Hui.

4.17: Procurement Policy

Looking across Asia, WE’s VanderMolen warns against a client-side “commodity purchasing” mentality. “Procurement approaches can be your best friend or your worst enemy. Where they are your worst enemy they buy professional services like they buy screws. It’s getting better, but it’s an issue here in Asia.”

Ruder Finn’s Dumont agrees with VanderMolen. “We have seen the rise of the purchasing department. This is not always something pleasant to work with,” he concludes. Text 100’s Ha notes that pressures are emerging as a result of client side procurement processes, which even include auctions where consultancies bid for work. “Agencies are being squeezed by procurement approaches. When your sole focus is on driving costs down at the expense of everything else, you create a lose-lose situation for both brands and agencies,” he says.

With PR and digital budgets under pressure, it is likely that larger-scale agency contracts will be subject to greater procurement processes in the coming years.

STATE OF THE INDUSTRY REPORT

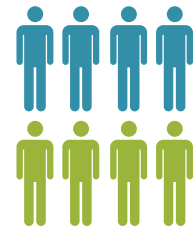
2018

A Report By Prospect and PublicAffairsAsia



SECTION 5:
People Issues

SECTION 5: People Issues



While there are many external challenges confronting the corporate communications and corporate affairs industry in Asia Pacific, the biggest single problem is people-related. As the industry continues to grow, and with digital demanding new skill sets, companies and agencies are competing for top talent. Having worked hard to identify good people who fit their business, companies now find they have to work even harder to retain them. We asked top industry figures how they go about doing this.

5.1: The Talent Pool

Since joining Golin in Hong Kong over a year ago, Managing Director Jane Morgan has put a strong focus on recruiting talent, training staff and developing new ways of working with clients. “Communications has never been as complicated as it is now,” she says. “Many of the CMOs we spoke to in 2017 cited speed and strategic partnership as core to any agency relationship. We have brought in leaders who have solid reputations in their field and have set the teams up to be as agile as possible.”

While the problems of hiring in bustling markets such as Hong Kong and Singapore are well documented, several industry figures say it is even more difficult to find talent in less international markets such as Malaysia and Thailand. Says Brunswick’s Kate Holgate: “Recruiting outside of Singapore is challenging, particularly at the mid-levels. We find identifying people to work at a senior advisory level difficult. We need a greater pool of mid-levelers, from other agencies, from journalism or from the financial sector.”

Kiri Sinclair says the two biggest constraints she faces are people-related. “We don’t have a natural talent pool in Hong Kong so there is a lot of on-the-job training. We don’t have a great track record of professional talent emerging straight from university,” she says.

“We don’t have a natural talent pool in Hong Kong so there is a lot of on-the-job training. We don’t have a great track record of professional talent emerging straight from university”



Kiri Sinclair, Founder and Managing Director, Sinclair

Ogilvy employs over 1,000 staff in the region. President and CEO Scott Kronick says the firm goes to huge efforts to ensure its workforce is adequately skilled and able to move up the ladder.

“We have a Chief Talent and Development officer and his role is to ensure our staff around the region are trained properly. We also spend a lot of time on talent and staff development and succession plans. This is very important to us in Asia,” he says.

5.2: Retention

The problem of recruitment appears particularly acute at the mid-level and the top of the agency sector. Agency-side, wage inflation is therefore of concern, with rival agencies willing to make generous offers to woo top talent. Says Ogilvy’s Kronick: “The biggest talent issues are retention and keeping pace with compensation offers that are being presented to our most prized staff members.”

While it is disappointing and a major challenge to growing the business, Tulchan’s Campbell-Noë says it is inevitable that some younger staff will leave. “The competition for talent is intense and inevitably people are always interested in what other opportunities are available.”

But she adds: “We offer our colleagues interesting work, competitive remuneration, the potential for travel and more responsibility than they would get elsewhere.” North Head’s Robert Magyar has had similar success: 80 per cent of his firm’s 25-strong workforce have been with the firm for more than three years, the majority coming in with postgraduate qualifications. “With a longer tenure you can train and educate colleagues to bring them to a level – meaning we probably have the strongest team we have ever had,” he says.

Staff retention drives client retention, Magyar believes. “We don’t change people around; teams are consistent. That stability, in leadership and teams is a major added value for clients.”

FTI Consulting’s Christine Wood believes longevity works for both the agency and the client and can be a clinching factor in winning business. “First and foremost we are a people business. When we present at a global pitch I know I have worked with my international counterparts for over a decade. Not many agencies can say that,” she says.

5.3: Localisation

The drive to localise appears to be intensifying among Western MNCs operating in Asia. One corporate affairs chief in China predicts this trend will accelerate in the PRC. "An expat brings different perspectives, but frankly it doesn't seem to work well today in China. External circumstances are changing so fast. The lack of language skills prevents them translating their international perspective into day-to-day work."

Wharf's Agnes Hui says Asian firms focused on Asian markets are unlikely to have a diverse workforce. "Our focus is on China and Hong Kong, so we tend to hire local people. Hong Kong is international so we keep ourselves open to people with a different background that would add value to the company. But in China we tend to give priority to local people who know the local market and are more familiar with local practices."

Says Cargill's Bruce Blakeman: "I don't have expats working for me. I'm the only expat on my team. If you're working in China ... you're Chinese. And if you're doing corporate affairs work... there's a high likelihood you have government ministry experience."

Jason Kendy, UBS's Head of Communications and Branding in Japan and Korea, says it is incumbent on companies to understand the rationale behind localisation. It is not just to make the profile of the company workforce look local, it is to ensure that messaging is understood, authentic and in tune with local attitudes, customs and norms.

"Korea is very different to China. China is very different to Singapore. Singapore is very different to Thailand. And they are all very different to the United States. My company gives me a lot of leeway to say 'that message is not going to work here' and to do what is needed to get it right for the Japanese market," Kendy says.

But one Singaporean regional government relations chief takes a less rigid line. "We do try to hire locals. But what is more important for me is whether they speak the language, have the experience and can navigate the market."

Localisation can have its drawbacks: there is a risk to career progression if individuals are embedded in Asia's more culturally challenging markets for too long.

But expatriates might suffer in the same way. Says Kendy: "Foreigners in Japan are highly valued if they speak Japanese and have proven track records with the Japanese model. Companies will, however, keep you here for ever, not wanting to move you out to something different. That's a roadblock."

Fledgling agencies report an over-reliance on international talent in the early phase of their development. In Myanmar, the small office of a regional agency is split 50/50 between local and expatriate staff. "Local staff have language capabilities, local experience and networks. The international staff bring report-writing skills and client-management capabilities. It is an obvious division of labour," says the office head.



5.4: Internationalisation

Within some large Asian companies, efforts are focused on the reverse of localisation - the need to internationalise their communications functions. For Nissan, for example, when hiring in Japan, the challenge is securing talent that "understands the global marketplace".

"There are not that many people living and working in Japan currently who have experience of supporting global brands," says the firm's Amanda Groty. "In Japan you need a Japan-focused media team. But a global function has to be international to provide consistency. For us, the biggest change has been the hiring of more people from outside the region who have international brand experience."

5.5: Career Development

Career development is an important factor, ranking at 4.1 out of 5 in terms of level of importance in our Salary Survey research (see full details in Section 1).

For many mid-level staff, moving to a regional management role is desirable but difficult. However, there are signs that this is changing. One Manila-based practitioner believes that South East Asia is now “more integrated”, which means that regional roles, once the almost exclusive domain of expatriates, are opening up to local talent in a way not seen four or five years ago. The possibility of working overseas and in regional roles is a benefit that agencies could do more to promote to their junior and middle tiers, pointing to role models such as Weber Shandwick’s Baxter Jolly as ambassadors for Asian nationals working in communications.

At the mid-level, the ability to gain experience abroad is seen as a plus point of the agency sector. “We are seeing increasing demand from our staff for international experience,” says Ruder Finn’s Dumont, who will himself leave the region shortly to take on an international role. “We are increasing transfers and exchange programmes to achieve this.”

Sanofi’s Alan Brindell, who is based in Australia, says it is vital to engage staff and show them how their careers could develop. “We have a younger workforce. You need to keep them engaged. They are keen for development and career growth. We need to focus on their talent and skills,” he says.

To achieve this agencies are developing a range of new programmes. “Colleagues demand more one-on-one engagement in their career development. As a result we introduced the Employee Experience (EX) to help elevate our employer brand and foster collaboration and connectivity across the business,” says Weber Shandwick’s Asia Pacific CEO

“We don’t have a rigid team structure. We have open communication and work on projects based on our preferences and our interests, such as arts or travel. We have the flexibility to choose.”



Holly Chan,
Senior Account Manager,
Sinclair

change, which is the nature of agency life, particularly at the junior to mid-level.”

The route to the middle tier of the APAC agency market is varied. Take Jennifer Brindisi who started off as a lobbyist “at the intersection of policy and business” in London. Now an Account Director with FleishmanHillard in Hong Kong, she works across four or five big client contracts.

“When I was headhunted to work for FleishmanHillard, it was a chance to work internationally. Being based in Hong Kong, a lot of my role now is helping clients to better understand the variations between markets in Asia. That’s a constant conversation which surprised me. But, of course, if you’re sitting outside the region, how can you be expected to know all the nuances of one market versus another, or all the differences between China’s first and fourth-tier cities.”

Despite moving to an in-house role, Quilindo believes the agency sector is a better learning environment. That said, she feels agencies could do more to invest in the skills of existing staff and create a cooperative culture among young agencies with many new graduates. “I have noticed that millennials will jump to a different job very frequently and don’t really think too much about how this will look on their CV,” she says.

Not all junior and mid-level staff feel the need to move from job to job. Holly Chan, Senior Account Manager at Sinclair, started out on her communications career five years ago and has closely watched the digital wave as it swept across the industry. Having remained with the firm for five years, she has been promoted four times and is committed to her role, feeling she has been supported by the firm in terms of training and development.

“We don’t have a rigid team structure. We have open communication and work on projects based on our preferences and our interests, such as arts or travel. We have the flexibility to choose. You have the opportunity to work across clients and issues, from the first meeting, through planning to execution of the project.”

5.6: Mid-Levels

This year we interviewed mid-level practitioners agency-side to try to assess why so many would prefer to make a move in-house. As our survey reveals, very few see themselves moving back to agency work after leaving it.

Diane Quilindo, formerly an Account Manager with WE Communications, was responsible for three to four clients and spent a significant portion of time on new business proposals and client management.

Since joining the industry, she has seen big shifts. “You’ve got to be able to do digital, traditional, ad buy and much more” she says. “There is a lot of ad hoc work in this business, like editing a photograph to get out to social or putting together news clippings for coverage reports. Some people think that this role is quite glamorous because we get to help organise events and deal with the media, but very often it is not. It is still an exciting industry to be part of, though, because you can learn so much.”

Quilindo, who has moved to an in-house role since the interview, concedes there is a revolving door in many agencies. “In the agency world a lot of people leave after a few years to gain different experience at either another agency or move to an in-house role. There is always a lot of



5.7: Adaptability

Sanofi's Alan Brindell says it is essential to balance "personal and professional development" and for staff to be open to change. "You want to be seen as an expert, but also as a team player. Proving value is very important as you climb the corporate ladder. You have got to grow and you have got to change – you have to change what you do on an almost daily basis."

At a senior level, concerns exist that the industry is failing to develop the skills required to confront change. Ruder Finn's Jean-Michel Dumont identifies the adaptability of staff and new hires as a key issue. "Teams need to be able to adapt to the fast-changing environment and the new requirements of our clients," he says.

In certain key markets, particularly Singapore, senior communicators say there can be a lack of creative thinking and spontaneity among their teams. One Singapore-based head of a regional function says it's difficult to get staff who want to adapt and "think out of the box". "The media industry is changing. I am looking for people who have creative flair, who are hungry and who can hustle. That's a big, big challenge," she says.

Thai Union's Whitney Small returned to Bangkok to take on a global role after leading Ford's Asia Pacific and Africa communications from its Shanghai HQ. She is concerned by the poor quality of PR talent in markets such as Thailand. "It's very disappointing. It is as if the industry has not grown one iota here in the last two decades," she says.

Small says having a team of all the talents is no longer enough. "We have mixed the team up in terms of nationality. You have to have language capabilities. We work in many languages, including English, French, Thai and Burmese."

Those with an agency background are often more capable of planning and managing competing demands, according to our research. One Regional Head of Communications for a technology firm says agency experience is essential among those she targets for in-house roles. "Agency people can be better at planning. Not all in-house people have that capability," she says.

5.8: Corporate Values

When asked what factors they value, respondents to the salary survey ranked "company culture" and "trust in management" as their top factors – more important even than salary and work/life balance.

In our face-to-face interviews, practitioners often stressed the need to hire staff who shared the values of the company they work for. Catherine Etheredge, Head of Communications for New Zealand Super Fund, New Zealand's NZ\$35 billion sovereign wealth fund, says it is important to feel like a "feature of the organisation".

She heads a team of three, which works closely with the corporate strategy function. "I enjoy working between business and government. It's an organisation with a very clear public purpose, and a global and outward-looking view. Communications allows you to work closely with CEOs. That's really rewarding."

Etheredge also stresses the need for near-absolute alignment between communicators and the companies they work for. "When you are working in communications, you have to think clearly about the organisation you choose to work for. If you are a media spokesperson like I am, or if you're in government relations, you are an advocate for the organisation and you need to be committed to the purpose of it. You are the voice and face of the organisation, so you need to feel very comfortable and aligned with the organisation."

"You are the voice and face of the organisation, so you need to feel very comfortable and aligned with the organisation."



Catherine Etheredge,
Head of Communications,
New Zealand Super Fund

Good Communicators Need:

- Empathy with their business
- Understanding of its mission and values
- Solid, adaptable communications skills

5.9: Motivation

Staff don't only need to empathise with the businesses they work for, they also need to show real enthusiasm for the nature of their role. To this end, PR people should have an interest in what makes a good story and public affairs people should really be current affairs addicts. But this is not always the case.

One mid-level interviewee says he is surprised that some colleagues in public affairs take little interest in political debate. "That's our job," he says. "We have to be passionate about politics, policy and current affairs."

The thrill of the pitch, and the rough and tumble of politics, is what keeps many public affairs professionals engaged. "I could not imagine sitting in the same job, day in, day out," says Damian Kelly, Senior Public Affairs Manager, New South Wales Business Chamber. "Working in public affairs, we are all at the mercy of government decisions and announcements, governments rising and falling. There is never the opportunity to be comfortable in this role."

5.11: Writing Skills

The need for top-quality writing skills remains fundamental to the future of the communications industry. One agency manager says recruiting procedures should be adapted so more emphasis is put on writing skills. "Most communications takes place over email. Being able to write and communicate, and capture different tones of writing, is fundamental and an ever-growing requirement."

Peter Parussini, Head of Corporate Affairs at ANZ Bank New Zealand, leads a 30-strong team in New Zealand. The team is still structured around core competencies. "But I have tried to have a team which is multi-skilled. You need people who can operate across the blurred lines between different areas," he adds.

Parussini took a well-trodden path in the early 1990s when he moved from journalism to PR. In recent years, Parussini says this has been less common, with new recruits coming in as graduates without a media background. But he believes history is now repeating itself.

"Now what's happening is that we are going back to recruiting those people with traditional media skills. My team now has more people from journalism backgrounds than ever before," he says. "We don't need them because of their contacts within news media any more. We need people who can tell stories, who can see a story and tell it, or express it in video form."

Wharf's Agnes Hui insists that finding candidates with the "soft skills" is vital. "We need people with the ability to learn and a right attitude in addition to good bilingual writing skills," she says.

5.10: Agency or In-house?

While our Salary Survey research reveals little appetite for in-house professionals to move back to the agency sector, some are never saying never. "In the medium term, it might be interesting to try the agency route. To deal with more issues and a broader range of clients and topics," says one Philippines practitioner who would like to take on a regional role.

With the drive towards integration, some professionals suggest there is now less scope to specialise. However, others believe that specialist roles can be more satisfying. "Policy-based work is more interesting and it is more intellectually demanding. You can take a lot more satisfaction from that," says one professional who has moved from a public affairs role to a broader communications job. "And I would like to do that in an in-house environment".

Like the vast majority of in-house practitioners, Shravani Dang, Group Vice President of Communications and Marketing at the Avantha Group, would be reluctant to move into an agency role. That said, she points to the similarities between the experience of some in-house practitioners and those working for consultancies. "As the Group Head of Corporate Communications, every group company is for me a client, and they have to be serviced well. So there are parallels," she says.

5.12: Specialisation

The introduction of integrated communications, partly driven by digital, appears to be working against the grain of specialised communications, where teams were made up of individuals with narrow but deep areas of expertise.

Edelman's Bob Grove says his current workforce is comprised of 70 per cent in traditional PR and communications and 30 per cent in horizontal specialist practices such as digital, planning and analytics. "Digital no longer stands alone and is integrated into pretty much everything we do. It is part of our growth story, whether we are doing corporate reputation or consumer brand work," adds Grove.

In recent years Edelman has been targeting new recruits in the areas of paid media, social CRM and analytics. The firm has also invested heavily in creative, planning and digital capabilities. "We still need PR people, but PR people with a specialism to offer such as public affairs, brand strategy or deep industry sector knowledge," says Grove.

In today's market, Agnes Hui believes entry-level staff tend to move away from specialisms. "People want to learn everything and deal with every aspect of corporate communications. Young people I have come across are curious and are keen to try everything."

Bob Grove challenges the assumption that integration means less specialisation. While Edelman believes digital must be fully integrated into all its service offerings, Grove believes that the future of the industry will rest on specialist offerings driven by specialist communicators rather than generalists. "Crisis, risk, public affairs - these are all becoming specialist career streams. This is welcomed by clients who get a deeper advisory service," he adds.

One digital communications lead believes that companies need to think more holistically when building teams. "It can be a bit limiting if you never step out of your narrow area of expertise. You can be too compartmentalised and too specialised. It should be more like a SWAT team, because some people have more than one skill."

5.13: Work-Life Balance

Work-life balance remains a big issue, particularly in the agency sector, where there is a perception that the job entails long hours. The issue is also a concern to regional management, who believe the drive towards localisation necessitates more travel to domestic markets.

To attract and retain talent, agencies appear to be giving the issue of work-life balance more attention. Kiri Sinclair, founder of medium-sized agency Sinclair, runs a workforce of 35 across offices located in Hong Kong and

Shanghai. The majority of staff are local and about a third are international, she reports. "We have a very family-orientated fun culture, free from office politics, where we emphasise the importance of work-life balance," she says, as she prepares to move to a larger creative Hong Kong office space early in 2018.

Sinclair says that building a culture where "people can put their family first" requires consultancy leadership to unite to "change the way that agencies work".

However, some organisations fail to grasp the day-to-day realities their staff confront. The Assistant VP of Branding and Communications for a South East Asian power company says domestic travel is overlooked by management as being an issue. "I love the dynamism of communications. We don't do the same thing over and over again. But our plants are nationwide so we have to travel a lot. This is very challenging."

At the senior level, travel is difficult but essential. Says Edelman's Bob Grove: "Markets have gone more local. So being able to go deep into any individual market myself is difficult, given I cover a lot of them. This means being on the road with our people and our clients to better understand and address the business challenges at hand rather than providing regional template solutions."

5.14: The Corporate Ladder

While many in-house practitioners target leadership roles within the communications sphere, few go on to tackle management roles within the broader commercial environment. One exception is John Pagani, a former journalist and political spin doctor, who made a move into external relations and commercial management in the oil and gas sector in 2012.

While he still manages external relations for New Zealand Oil and Gas, an US\$80 million firm, Pagani is taking on wider commercial responsibilities for the business. "We are a small player in a very big industry and it is difficult to match the capabilities of some of the very big operators we partner with," he says.

Pagani is currently the exception but insists it has been a good move professionally. "The ability to develop competencies in business disciplines, financial management, negotiation and human resources has been great," he says. "What I have realised in taking on more commercial and financial responsibilities is that financial people tell stories too. Projections are based on assumptions which are themselves stories."

5.15: The Future



The future for the profession in Asia looks positive. Digital has undoubtedly shaken the kaleidoscope, but many of the challenges are no greater than those confronted by previous generations. While the battle for talent remains fierce, there are signs that there is a growing pool of talent out there in the marketplace. Whether it will ever be enough to match the growing demand for effective communicators remains a moot point.

Issues such as work-life balance, career development and training are being given more priority, with agencies seeking to use these factors as key differentiators to both attract and keep hold of top talent.

In-house, the push for integration is changing the way people work, but many companies appear committed to ensuring their teams retain specialists capable of handling issues such as crisis and issues management and public policy work.

In the background, there are longer-term concerns. Some practitioners fear that the advance of technologies such as Artificial Intelligence (AI) may result in another transformative period in the communications industry. However, concerns that AI could do to the communications industry what robotics did to the automotive industry appear, for now at least, unfounded. Indeed, some professionals are confident that AI can take some of the mundane and routine work out of the communications profession. "There are a lot of tasks which can and should be automated, such as hitting one button and the content is posted to all social media, or the photos are cropped and set at the right resolution for different platforms."

Even if communications is not directly impacted by such shifts, one Communications Director says technological change will dramatically alter the business environment, and believes corporate communications functions will be central to communicating both good and bad news as these changes work their way through organisations and their workforces.

"We need to know what's going on in digital and further afield in Silicon Valley with developments in robotics and technology more generally, going beyond what would be in corporate communications and public affairs. Our CEO has taken the lead in creating a division that looks at the way technology will impact our business," she says.

So long as there is something to communicate, the corporate communications and corporate affairs functions appear to be in a safe place.

PublicAffairsAsia



PublicAffairsAsia is the network for senior government relations, corporate affairs and corporate communications professionals operating across the Asia Pacific region. We offer cutting edge insight through events, intelligence, publications, awards and our professional development programme PublicAffairsAsia Advance. We also connect corporations to their stakeholders through a series of online briefings and events: convening MNCs, governmental groups and NGOs on neutral platforms to debate emerging policy, regulatory and partnership-based developments.

For more information about how to engage with us contact Craig Hoy by email craighoy@publicaffairsasia.com, or visit our website: www.publicaffairsasia.com



Prospect is a global talent resource consultancy within the PR and corporate communications sector with offices in London and Asia. Our long standing dedication to this field enables us to provide a truly insightful and value-added service to clients. In Asia, Prospect specialises in providing mid to senior level talent to global PR/PA consultancies and major corporates across the Asia Pacific region. With an office in Hong Kong and Singapore and a very strong network across the Asia Pacific region, Prospect is unique in its specialism of the PR and corporate communications industry across all sectors.

From internal communications, government relations and media relations through to corporate affairs and CSR, Prospect has the knowledge and capabilities to advise on the trends in the Asia market, offering advice on recruiting and retaining staff and assuring the fit is right.

For any enquiries across the Asia-Pacific region, please contact Emma Dale, Co-Founder and Managing Director (Asia), +852 9177 8123, via email at emma@prospectresourcing.com or visit www.prospectresourcing.com