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# O'Dwyer's Newsletter

The Inside News of  
PR and Marketing  
Communications

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## EDELMAN TRUST BAROM. TAKES BIGGEST DIP

The 2017 **Edelman Trust Barometer**, based on 25-minute online interviews with 1,850 respondents drawn from a sampling of more than 33,000 respondents, found the “largest drop ever” in trust in government, business, media and NGOs.

Trust in media fell precipitously to 43% and is at all-time lows in 17 countries, while trust levels in government, at 41%, dropped in 14 markets and is the least

trusted institution in half of the 28 countries surveyed, said Richard Edelman, president and CEO.

The credibility of leaders also is in peril, he noted. CEO credibility dropped 12 points globally to an all-time low of 37 percent, falling in every country studied, while government leaders remain least credible at 29%.

The Barometer found that 53 percent of respondents believe the current overall system has failed them—it is unfair and offers little hope for the future—while only 15 percent believe it is working, and approximately one-third are uncertain.

Even the elites have a lack of faith in the system, with 48 percent of the top quartile in income, 49 percent



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## ABMAC ADVISES BANC OF CALIFORNIA

Banc of California, the publicly traded consumer bank based in Irvine, Calif., is working with **Abernathy MacGregor** through the exit of its CEO and investor pressure to explore options including a sale.

Trouble started last year on reports, started by a blog and followed up by major media, of the bank's ties to disgraced financier Jason Galanis and shareholder pressure that the bank's investigation of the matter was not independent of its board.

The scandal led to delayed earnings and a broader investigation that led to the resignation of its CEO.

The company said this week that an October 18 press release that claimed an independent investigation took place “contained inaccurate statements.” The bank said the SEC has issued a formal order of investigation and subpoena primarily related to the press release.

The crisis has led to calls for reform **from large shareholders like CalSTRS**.

Ian Campbell, vice chairman who heads Abernathy MacGregor's Los Angeles office, leads the Banc of California account.

## SADOUN BECOMES PUBLICIS CHAIR, CEO

Arthur Sadoun, CEO of Publicis Worldwide and head of Publicis Groupe's creative hub Publicis Communications, has been named CEO and chairman of the French PR/ad combine, succeeding longtime leader Maurice Lévy.

Sadoun officially assumes the top executive role on June 1. Lévy, 74, will continue with the holding company as chairman of its supervisory board, an appointment contingent upon shareholders' vote.

Sadoun, 45, joined the multinational marketing conglomerate as CEO of French agency Publicis Conseil in 2006. Three years later he was picked to head Publicis France. In 2013 Sadoun was named Publicis Worldwide CEO and joined the company's management board. Last year, the conglomerate **underwent a massive restructuring effort** in a bid to reorganize its business and leadership model and better coordinate its agencies' resources. As part of that initiative, Sadoun was named head of the newly minted Publicis Communications hub, overseeing creative agencies Publicis Worldwide, MSL, Nurun, Saatchi & Saatchi, BBH and Leo Burnett.

Sadoun becomes Publicis Groupe's third top executive since its founding in 1926.

“I am extremely happy with this choice, which is the most appropriate and judicious for the future of our Groupe, and congratulate Arthur warmly,” Lévy said in a statement. “It's not just any choice, it's a measured and well thought out choice that opens new doors for the future of our amazing Groupe. I have known Arthur for many years. We have worked very closely together. He is a seasoned professional with an inspiring vision of our industry and of our clients' needs. He knows them well, he understands them well and he knows how to deliver the solutions and services they need to grow, develop and transform by selecting the best talent. He has the intelligence, the energy and the passion necessary to master our

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## PR BONUSES DECLINE, HOURLY RATES UP

**The Official PR Salary & Bonus Report**, 2017 edition, released by Spring Associates, Inc., shows that base compensation nationally for corporate communications and PR agency professionals increased by an average 4.8% and 1.2% respectively in 2016.

Corporate communications bonuses nationally averaged 19.7% of base salaries, a 13.3% decrease from the

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Sadoun

## **DMA MEDIA ACQUIRES THENEWSMARKET**

Digital marketing services firm Definition 6 has sold its global content distribution and digital PR agency TheNewsMarket to London-based media services company DMA Media.

The terms of the acquisition were not made public.

Founded in 2000, TheNewsMarket provides broadcast media services, interactive news releases and satellite media tours, connecting agencies and their brands to a network of 36,000 media outlets in nearly 200 countries.

The company, which was **acquired in 2012 by Definition 6** for \$25 million in cash and stocks, maintains offices in San Francisco, New York, London, Munich, Madrid, Ahmedabad and Mumbai. Clients include Adidas, IBM, Volkswagen, LEGO, IKEA, Google and PwC.

In 2009, TheNewsMarket rebranded as Synaptic Digital after the company acquired PR company Medialink.

Following Definition 6's acquisition of the combined entity, TheNewsMarket brand name re-surfaced for International clients, as well as U.S. clients using the company's content hub [www.thenewsmarket.com](http://www.thenewsmarket.com).

Now a brand within DMA, the company will henceforth be known as TheNewsMarket, part of the DMA Media Group. No TNM offices will close in light of the acquisition, and all TNM staff now become DMA employees.

DMA Media CEO Rob Beynon told O'Dwyer's that the deal "was a great move" because both entities offer a complimentary skillset in news, live coverage and video production services for the TheNewsMarket's global client base.

DMA now plans for the [thenewsmarket.com](http://thenewsmarket.com) content hub to showcase data-based stories for major brands, Beynon said.

TNM, in turn, will be supported by DMA's in-house division DMA Productions and will also receive data-driven news content from UK-based data and media production shop Urbs Media, into which DMA has made a strategic investment.

## **NJ'S LOTUS823 ACQUIRES LITNER**

Integrated marketing agency lotus823 has acquired fellow New Jersey PR shop Rachel Litner Associates.

Twenty-year-old RLA, based in Livingston, handles culinary, housewares and lifestyle clients, including Cuisinart, Epicurean and Butler Home Products.

David Hernandez, managing partner of Eatontown-based lotus823, which specializes in consumer tech and health and wellness, said he has personally worked with the PR firm for several years and sees a "significant synergy" in the combination.

M&A specialist The Stevens Group, along with law firms Davis & Gilbert and Fox Rothschild, advised the deal.

RLA founder and president Rachel Litner, who takes a chief strategy officer title at lotus823, said the deal creates robust growth opportunity for both firms.

RLA VP Dan Kulp, an MWW and 5W alum, retains that title at lotus823.

## **MEDIA/SOCIAL MEDIA NEWS**

### **MAJOR BRANDS QUESTION DIGITAL EFFICACY**

Standard Media Index results for Q4 2016 and the full calendar year show that while the total ad market continues to grow, the rate of growth has slowed slightly (-0.8 percent) despite major events such as the Olympics and election coverage.

From 2012 to 2015, digital ad spend has seen a compound growth rate of +19 percent, with the growth rate from 2014 to 2015 topping out at +26.2 percent.

By comparison, year-over-year growth for digital in 2016 is only +13.3 percent, a drop of 50 percent.

"Brands today are marketing in a digital world and we have seen the rapid growth in the sector in the past several years. With that being said, the trajectory of digital spend has recently hit a major speed bump as brands question the efficacy of the medium," said James Fennessy, CEO of SMI.

Fennessy explained that retail, telecommunications and consumer electronics companies have not seen the results they expected from digital and have moved back to TV, in particular over last year's holiday season.

For example, in 2015 Paramount Pictures decreased their TV spend by 3.8 percent then reversed this strategy in 2016 by increasing spend on TV by 24 percent. Also, Target reduced TV spend by 20 percent in 2015 but increased spend by 12 percent in 2016 and Progressive Insurance went from -5.5 percent on TV spend in 2015 to +6.2 percent in 2016.

Facebook and Google contribute heavily to the growth of digital overall with Facebook showing +83 percent jump in 2016. Snapchat's messaging app was +356 percent from 2015 to 2016.

Motion picture companies are steadily moving spend (+33.6 percent) toward digital because they believe that's where the consumer starts and ends their movie going experience.

Other top digital growth categories are food, produce and dairy which increased spend +36.5 percent; alcoholic beverages +33 percent; and prescriptions +26.7 percent.

Magazines, newspapers and radio all saw an overall decrease in ad spend in 2016 down 7.2 percent, 19.9 percent and 1.0 percent respectively.

NBC posted a 20 percent gain, benefiting from the Olympics and NFL games. CBS grew by 3.2 percent, but ABC declined 2.2 percent and FOX was down by 4.6 percent.

Standard Media Index offers real-time, decision-grade data sourced directly from the booking systems of the world's largest media agencies.

**SADOUN TAKES PUBLICIS REINS (Cont'd from 1)** trade in a connected world that is changing and evolving constantly."

Publicis Groupe today also announced that Publicis Media head Steve King, who is also global CEO of ZenithOptimedia, would join Publicis' management board.

Publicis Groupe is the world's third largest communications company by revenue, with more than 77,000 employees in more than 100 countries.

**NEWS OF PR FIRMS****LEVICK ACQUIRES CHASE COMMUNICATIONS**

Levick has acquired Chase Communications, a boutique Washington and San Francisco-based PR and marketing shop focused on healthcare and real estate.

Levick chief Richard Levick called Chase CEO Julie Chase a “longstanding professional colleague,” adding she will chair his Washington-based firm’s real estate practice and advise large company accounts.

Chase’s San Francisco outpost will house Levick’s West Coast practice. Chase VP Felicia Brown, a 20-year veteran of the San Francisco Business Times, continues to manage operations in that city.

Chase set up CC in 1997 and has counseled The JBG Companies, Valeant, Steinberg Architects and MRP Realty, among others.

**Adds Huxley to Chair Risk Practice**

Levick has appointed Sam Huxley as senior VP, chair of its risk and business strategy practice. Huxley left his post at FleishmanHillard where he was global lead of digital crisis and led some of the agency’s high-profile social media issue management efforts.

Prior to FH, Huxley created social media measurement and promotion strategies for brands such as NBC, Chrysler, Sony Pictures, and Honda while at New Media Strategies.

Huxley will work out of Levick’s Washington, D.C., headquarters and serve as an advisor on company accounts. Last summer, another FH staffer, Kathryn DeVito, partner and SVP at the agency’s digital practice in D.C., joined Levick as a senior VP and head of digital.

**NEWS OF SERVICES****SALARY SURVEY (Cont’d from page 1)**

prior year. PR agency bonuses nationally averaged 9.7% of base salaries, a 3.1% decrease from the prior year.

“Overall, I found last year’s agency and corporate compensation figures to be somewhat underwhelming,” said Dennis Spring, president of Spring Associates, Inc. and publisher of the report.

Average earnings nationally for corporate communications pros were up 1.6 percent to \$136,400. On the agency side, average earnings nationally were basically flat at \$104,000 (+0.4 percent).

PR firm hourly billing rates nationally increased approximately 25.6 percent, with the biggest increases coming in the Southeast and West, which had shown the biggest decrease in last year’s report.

The report identified the following eight areas which represent the greatest concentration of communications and PR pros: New York, Atlanta, Chicago, Los Angeles, Boston, Houston, Washington, DC, and San Francisco.

Average corporate communications salary for these areas came in at \$140,820, up 1.4 percent. PR agency executives had an average salary of \$111,630, up 2.8 percent.

The complete report with corporate and PR agency salaries, bonuses and agency hourly billing rates and alternative titles, can be purchased online at [springassociates.com](http://springassociates.com).

**NEW ACCOUNTS****New York Area**

**5W Public Relations**, New York/It’s A 10 Haircare, as AOR for the hair care line, which includes conditioning, styling, restoring, cleansing and finishing products for women and men sold at salons and beauty supply stores around the world. 5W will execute a PR and social media program to elevate It’s A 10 Haircare’s visibility in professional, consumer and business-focused media and position the brand as an innovator in the beauty marketplace.

**East**

**Diamond PR**, Miami/Frenchman’s Reef & Morning Star Marriott Beach Resort, St. Thomas, U.S. Virgin Islands, as AOR for North American PR, including outreach to media, consumers, travel agents and wholesalers. The 470-room property overlooks the Charlotte Amalie Harbor in downtown St. Thomas, has six on-site restaurants, Lazule Sea Spa and more than 60,000 square feet of indoor and outdoor meeting space.

**Communications 21**, Atlanta/The Atlanta Jazz Festival, to develop the festival’s first mobile channel; Envistacom, counterterrorism, cyber and communications solutions to U.S. and coalition partners in the aerospace, defense and intelligence communities, for marketing and digital support; The Georgia Society of the American College of Surgeons, to support its Stop the Bleed initiative designed to educate the public on proper bleeding control techniques.

**PEOPLE****Joined**

**David Chaplin**, comms. director for the Remain campaign during Britain’s EU referendum last year, to Hill+Knowlton Strategies, London, as senior associate director in the WPP powerhouse’s energy and industrials team. Chaplin was strategic communications director for the Britain Stronger In Europe campaign as well as a founding member of the Remain team, and managed the campaign’s overarching media and communications strategy and oversaw the creation and recruitment of its press office function across the UK. Prior to the EU referendum campaign, Chaplin was communications adviser and spokesperson to the Labour Party cabinet minister Douglas Alexander.

**Paul Dyer**, an eight-year-veteran of **W20 Group**, to beauty, fashion and lifestyle PR shop **Lippe Taylor**, as president. He was head of social media at W20 before ultimately being named president of the San Francisco-based communications network’s analytics and insights practice. He was a managing director at consumer PR firm CarryOn Communication and, earlier in his career, was a senior A/E and new media specialist at press release distribution service Marketwire (now Marketwired).

**SuJin Oh** to Steinreich Communications Group, New York, as an A/M. The 25-year PR and journalism veteran most recently spent nearly a decade at Finn Partners, where she handled media placements for consumer products, travel and tourism accounts.

EDELMAN: TRUST PLUMMETS (Cont'd from 1)  
of the college-educated and a 51% majority of the well-informed saying the system has failed.

### **Gap Between General and Informed Public**

The gap between the trust held by the informed public and that of the mass population has widened to 15 points, with the biggest disparities in the U.S. (21 points), U.K. (19 points) and France (18 points). The mass population in 20 countries distrusts their institutions, compared to only six for the informed public.

“The implications of the global trust crisis are deep and wide-ranging,” said Edelman. “It began with the Great Recession of 2008, but like the second and third waves of a tsunami, globalization and technological change have further weakened people’s trust in global institutions. The consequence is virulent populism and nationalism as the mass population has taken control away from the elites.”

Current populist movements are fueled by a lack of trust in the system and economic and societal fears, including corruption (40 percent), immigration (28 percent), globalization (27 percent), eroding social values (25 percent) and the pace of innovation (22 percent). Countries coupling a lack of faith in the system with deep fears, such as the U.S., U.K. and Italy have seen the election of Donald Trump, the Brexit vote and the failed Italian referendum.

### **Media “Echo Chamber” Emerges**

The cycle of distrust, said Edelman, is magnified by the emergence of a media echo chamber that reinforces personal beliefs while shutting out opposing points of view. Respondents favor search engines (59 percent) over human editors (41 percent) and are nearly four times more likely to ignore information that supports a position they do not believe in.

Trust in traditional media fell five points to 57%, the steepest decline among platforms since 2012. Social media dropped three points to 41% while online-only media jumped five points to 51%.

People now view media as part of the elite,” said Edelman. “The result is a proclivity for self-referential media and reliance on peers. The lack of trust in media has also given rise to the fake news phenomenon and politicians speaking directly to the masses. Media outlets must take a more local and social approach.”

There is evidence of even further dispersion of authority. A “person like yourself” (60 percent) is now just as credible a source of information about a company as is a technical (60 percent) or academic (60 percent) expert, and far more credible than a CEO (37 percent) and government official (29 percent). Of the four institutions, business is viewed as the only one that can make a difference, according to respondents. Three out of four agree a company can take actions to both increase profits and improve economic and social conditions in the community where it operates. Moreover, among those who are uncertain about whether the system is working for them, it is business (58 percent) that they trust most.

## **PR OPINION**

**Since most organizations have outsourced many of their PR/communications tasks to outside firms, picking an effective one is crucial.** Clutch and Fraser Seitel have good advice.

We welcome a new player to this area, **Clutch**. With a 21-member staff headed by Mike Beare, formerly at Unisys, it is applying numerical measurements to **help gauge the effectiveness of a PR firm**.

Evidence that PR firms are growing is that 17 of the 25 biggest firms taking part in the O’Dwyer rankings grew in double figures in 2015 topped by **Edelman, which grew 7.2% to \$854 million**.

Companies and institutions are outsourcing PR just as they decided to outsource advertising in the 1960s. There is more creativity and innovation in the agencies since staffers are confronted with a host of issues for different clients each day and can provide independent third-party perspective. Agencies take the hit if something goes wrong.

### **Clutch Uses “Metrics”**

The Clutch agency evaluation process has an “Ability to Deliver” dimension that is comprised of three evaluation criteria, each with several underlying metrics.

Each provider is scored from 1 to 10 on each metric with the values rolled-up to the three evaluation criteria and then an overall score for Ability to Deliver.

The most highly weighted component is feedback from clients. Current and former clients are asked to rate PR firms on a range of qualitative and quantitative topics. Client feedback is weighted by project size and complexity. Quantitative scoring includes the following elements: quality of services and deliverables; overall value and conformance to cost estimates; ability to meet deadlines and meet agreed project schedules; and willingness to refer a colleague to the company.

The client portfolio of the firm is reviewed and the types of projects completed for the clients. Case studies are examined as well as social media presence. Expertise in specialized areas are examined. A full explanation of Clutch process is on its website. Full-length **profiles and client interviews are published**.

### **Seitel’s Urges Competitive Pitches**

While Clutch has a scientific, numbers-driven approach to measuring the effectiveness of PR firms, those shopping for PR can also benefit from the advice of Fraser Seitel, longtime PR counselor and author of one of the three leading college texts on PR, *The Practice of Public Relations*, now in its 15th edition.

Seitel, in **“How to Hire a PR Firm: the Corporate View,”** which is a permanent entry on [odwyerpr.com](http://odwyerpr.com), gives as his first piece of advice, “Whenever possible, seek competitive bids.”

This guards against “consultant complacency,” he notes. Firms know they are in a “fight” and can’t take anything for granted. He advises “hiring creativity,” checking references, negotiating down large initial fees, watching monthly bills closely, and resisting attempts to interview top management.

– **Jack O’Dwyer**