

New challenges await PR in 2001

E 4470AD

EDITORIAL

A new year, a new president (finally) and new challenges for a PR industry still managing the effects of heady growth.

There is evidence to suggest that we may well be on the verge of a slowdown, even if the full-blown recession that some pessimists have been predicting doesn't come to pass. Economic growth slowed to 2.4% in the third quarter of 2000, less than half the 5.6% reported in the previous three months. Dick Cheney was careful to point out that the economy "may well be on the front edge of a recession," eager to emphasize that it will have already kicked in before Bush's inauguration this month.

Is this necessarily bad news for the PR world? A slowing economy will certainly mean fewer dollars in client coffers, and, as the dot-com saga of recent months has proved, there is sometimes little warning of your client going bankrupt. Indeed, any agency that has been burned by a dot-com experience is going to be especially wary of the winds of economic bad times.

But there is reason to believe that some areas of public relations will not suffer. As the predictions from leading public relations practitioners suggest in our main feature (see page 16), there is room for optimism, even if the bursting of the dot-com bubble does turn out to have prompted a downturn. For one, if marketing budgets undergo a squeeze, clients will increasingly look for the kind of cost efficient results that PR is more likely to provide than advertising.

Both Jericho Communications CEO Eric Yaverbaum and Burson-Marsteller MD Peter Himler are bullish that PR will continue to prove its worth. "We got a much louder voice this year, and I think that's here to stay," says Yaverbaum.

More specifically, the hothouse of healthcare PR would require a serious economic cooling to affect its fortunes. People will continue to get sick and want the latest treatment, whatever the state of the economy. Ketchum's global healthcare director David Catlett has seen this sector ride through two recessions and sees no reason that 2001 should bring anything other than continued growth.

Likewise within the other firecracker sector of the past 12 months – hi-tech. With none of the top ten agencies reporting anything less than 22% growth in hi-tech income last year, a modest slowdown could actually serve to allow some breathing space and a chance to match resources to accounts.

So don't start thinking about a recruitment freeze yet. As WPP CEO Sir Martin Sorrell told *The New York Times* at the end of last year: "Are there clients cutting budgets? Yes. Are there clients increasing budgets? Yes. By and large, there's no need to panic yet."

But there is no excuse for smug complacency. In an era of renewed pressure to show a return on spending, both clients and agencies will be required to prove the worth of the campaigns they are proposing. In fact, one sector of PR may do particularly well this year – those organizations measuring the effectiveness of PR.