

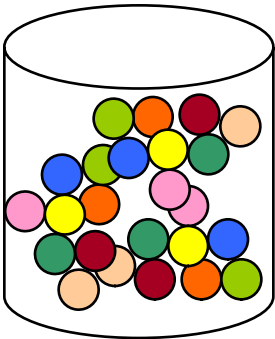
Communication Index 2005

17 January 2006

The aim of the project is to try and map all investment in communication/public relations activities made within Swedish communication and public relations operations

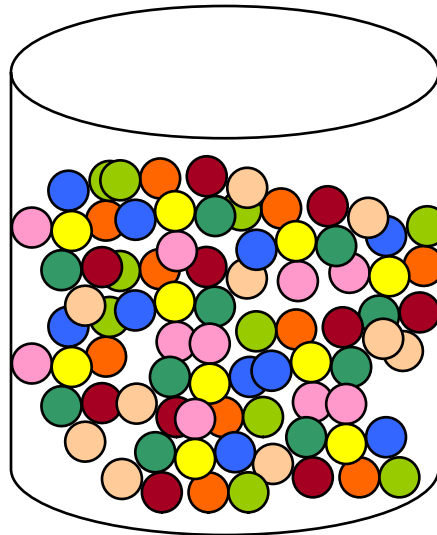
The method in principle

Respondents – public relations directors & public relations managers



297

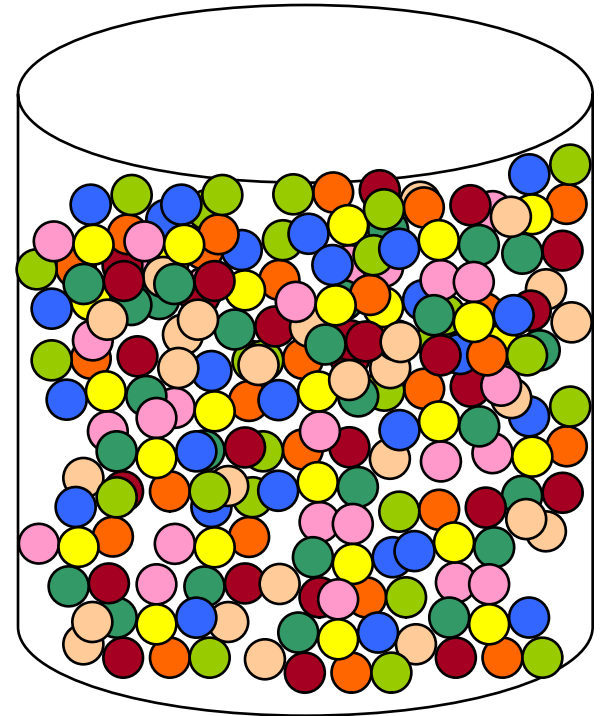
Selection – members of the Swedish Public Relations Association in the “right” position



816

36% (73% of public relations directors)

Population – public relations directors & managers in Sweden



4030

The method in detail

- Sources of actual population: Statistics Sweden, OM, Swedish Government Offices
- Unlisted companies = Statistics Sweden's company statistics – listed companies
- Questions re. total investments (budgets) and allocation
- Average value & model principle for estimating PR investments
- For unlisted companies with 100-499 employees, a model of 25% of PR investments for unlisted companies has been defined
- Companies with fewer than 100 employees as well as organisations are not included



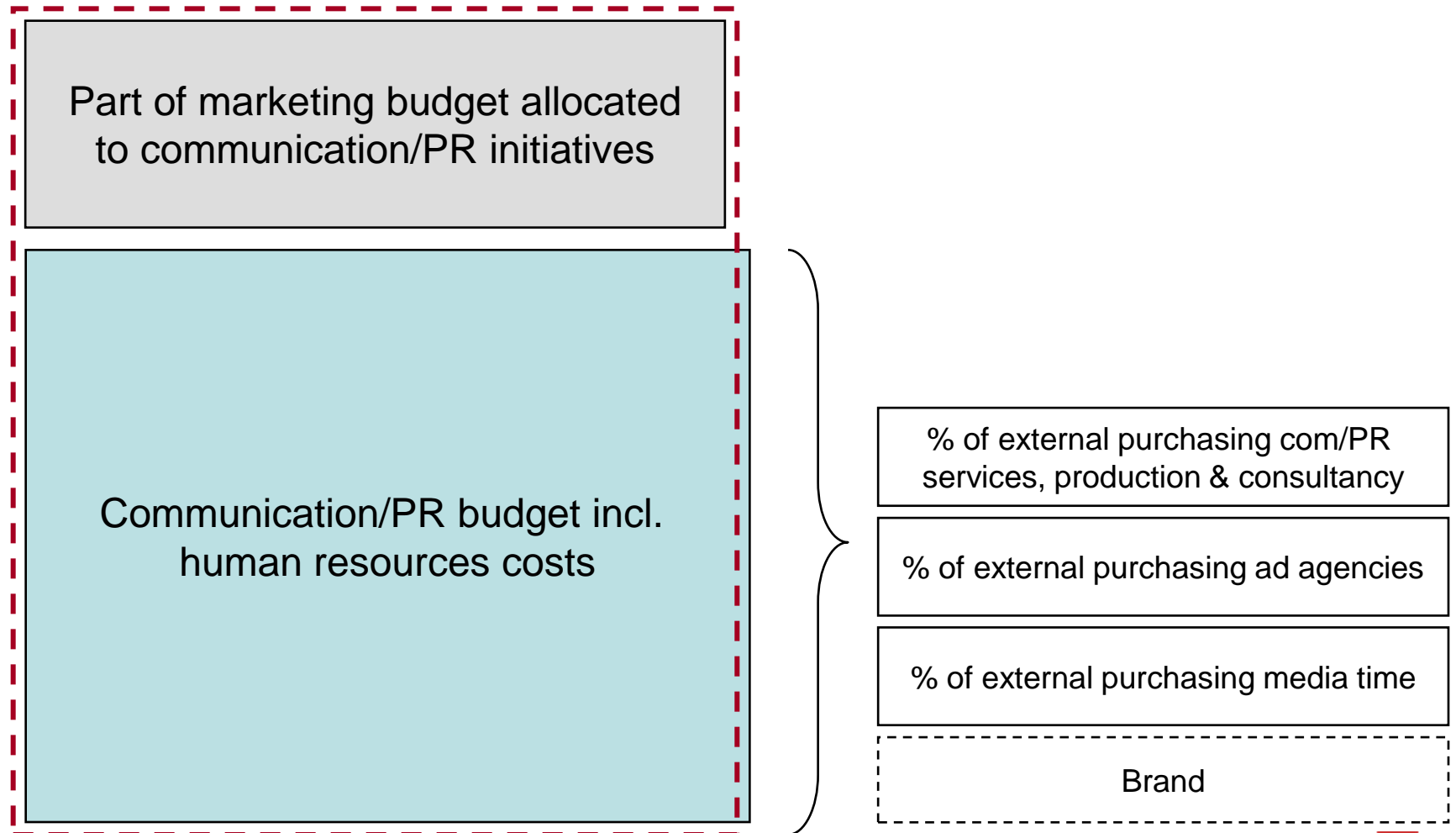
Population and respondents

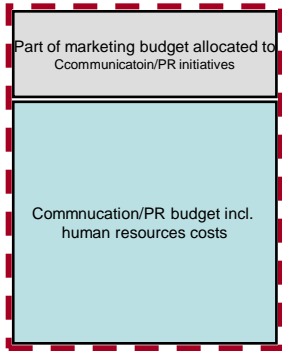
| Category | No. | Resp | Source |
|-------------------------------|------------|--------------|---------------------|
| Listed | 332 | 80 | OM |
| Unlisted (500+, 100-499)3 132 | 78 | SCB - listed | |
| Municipalities | 290 | 53 | SALAR* |
| County councils | 20 | 14 | SALAR* |
| State/authorities | 256 | 72 | Gov. offices (2004) |
| | | 297 | |

* Swedish Association of Local Authorities and Regions

Results – total investment in communication

Total communication investment





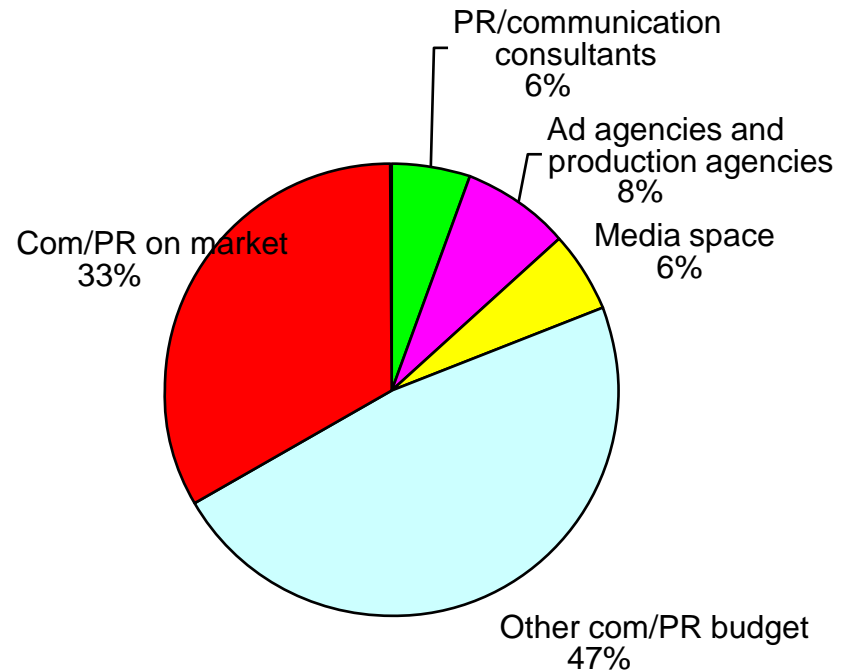
36,000,000,000

...or SEK 4,000 per capita per year

- Ericsson invoices SEK 38,400,000,000 per quarter
- State's annual interest rate charges are SEK 46,000,000,000 per year
- Arla turns over SEK 20,000,000,000 per year
- Healthcare in Västra Götaland costs SEK 36,000,000,000
- Advertising industry turns over: 50,000,000,000 per year (sales)
- Star Wars merchandise sales were SEK 36,000,000,000

What's the money spent on?

| Total com/PR investments |
|---|
| % of ext. purchasing com/PR services, production & consulting |
| % of ext. purchasing ad agencies |
| % of ext. purchasing media time |
| Communication/PR on the market |



Communication/PR departments' budgets

| 2005 | No. | Ave. value | Subtotal |
|------------------|------------|-------------------|-----------------------|
| Listed | 332 | 19,000,000 | 6,308,000,000 |
| Unlisted 500+ | 759 | 9,132,031 | 6,928,888,095 |
| Unlisted 100-499 | 2,373 | 2,283,008 | 5,417,577,391 |
| Municipalities | 290 | 3,448,696 | 1,000,121,840 |
| County councils | 20 | 14,885,381 | 297,707,619 |
| State | 256 | 15,000,000 | 3,840,000,000 |
| Total | | | 23,792,294,945 |

12,000,000,000 of marketing budgets are communication & PR investments!

| 2005 | No. | Ave. value | Subtotal |
|------------------|------------|-------------------|-----------------------|
| Listed | 332 | 1,612,353 | 535,301,196 |
| Unlisted 500+ | 759 | 8,253,182 | 6,262,065,307 |
| Unlisted 100-499 | 2,373 | 2,063,296 | 4,896,200,222 |
| Municipalities | 290 | 710,667 | 206,093,334 |
| County councils | 20 | 0 | 0 |
| State | 256 | 402,068 | 102,929,408 |
| Total | | | 12,002,589,467 |

PR and communication services cost two billion

| 2005 | No. | Subtotal |
|------------------|------------|----------------------|
| Listed | 332 | 516,242,404 |
| Unlisted 500+ | 759 | 712,887,749 |
| Unlisted 100-499 | 2,373 | 557,394,563 |
| Municipalities | 290 | 36,859,580 |
| County councils | 20 | 44,500,000 |
| State | 256 | 116,373,248 |
| Total | | 1,984,257,545 |

The results include the purchase of consultancy and productive communication and PR services.

Other results

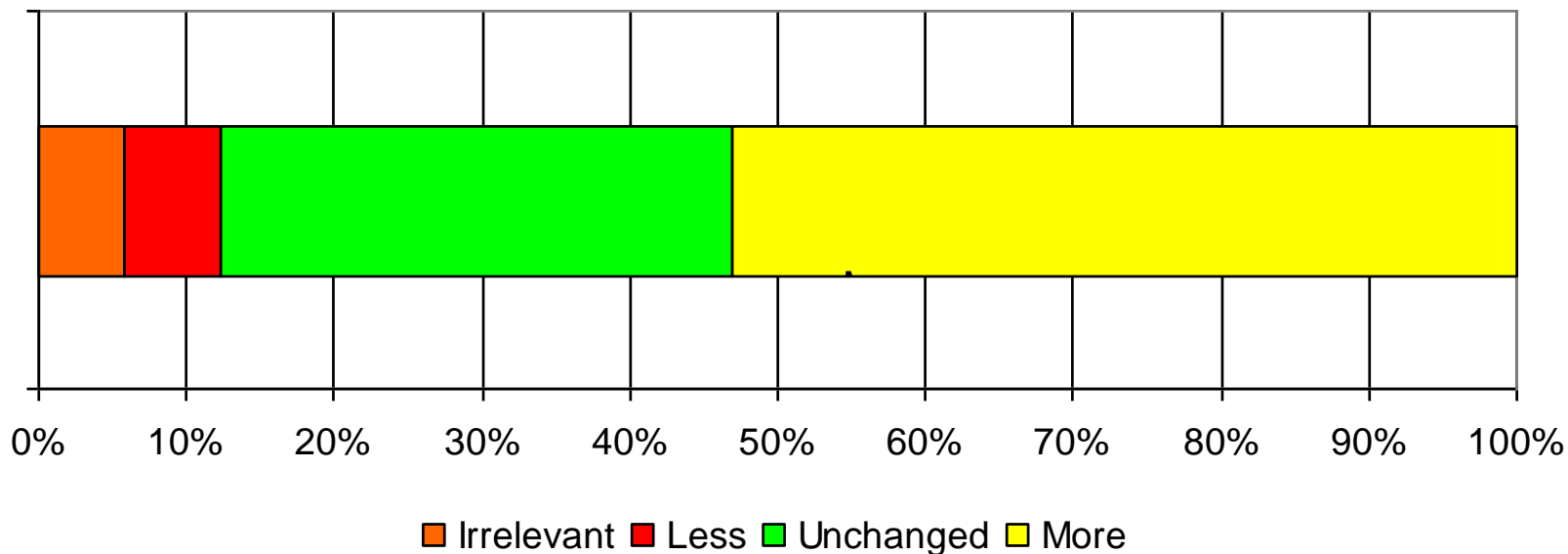
Three out of four report to MD or DG

- Com/PR departments have on average 6.8 employees
- 70% report to the managing director or director general, 3% to the marketing director and 5% to the business area's dir./adm. manager
- 35% think that marketing and Com/PR departments work together on marketing communication
- 38% think that the budget for marketing communication has fallen in the past five years
- 31% think that work focuses more on brand-building communication to the detriment of product advertising in the past five years



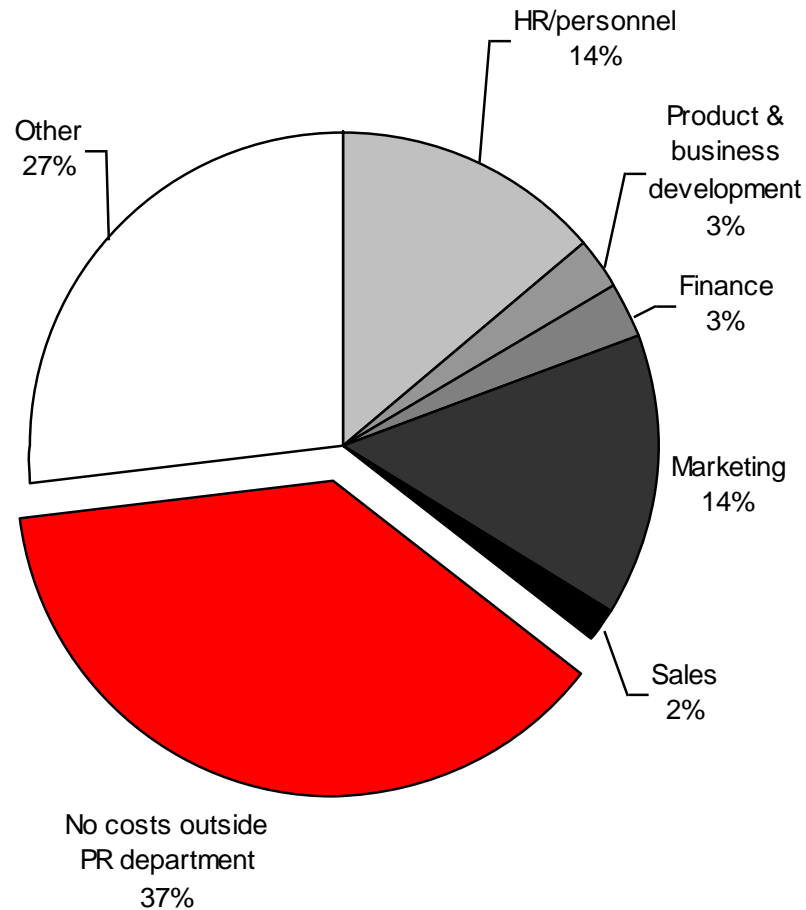
More influence over funds!

q14 How has the way you influence how the company uses its total communication budget changed in the past five years?



63% admit to using other budgets

q17 The cost of PR work is not necessarily incurred in the PR department



Compared results

| | UK, (2005) PR association | Italy, (2003) PR association | Benchmark study | Timbro (2005) |
|-------------------------|---|--|--|---|
| Survey area | Turnover in communication/PR industry in UK | Turnover in communication/PR industry in Italy | Large companies and organisations' investments in communication/PR | State authorities' investment in opinion-forming |
| Measuring method | Total industry turnover/total no. employees x no. employees in PR | Estimated industry index/capita | Tax based on 16 respondents' (PR dir. & managers) budgets | Questionnaire to all authorities where tax is paid on investments |
| Results | 91 billion SEK 1,516 per capita | 111 billion SEK 1,725 per capita | 6 billion | 2 billion |

Summary

36 billion – Com/PR industry bigger than we thought

Com/PR is spread throughout operations and appears in budgets other than just marketing and Com/PR

Clear majority of communication/PR managers report to MD or DG

PR and communication consultancy industry – 2 billion

Reasons and explanations?

Panel

Inger Dunér (Regional social insurance office)

Bengt Möller (Vasakronan)

Henry Sténson (Ericsson)

Lars-Göran Johansson (Electrolux)

Some explanatory hypotheses...

- Globalisation and a more globular Sweden
 - The world comes to Sweden
 - Public sector, medium-sized companies, national brands
- Technology and media explosion
 - Transparency, directness, comparability
- Consistent and strict inspection
 - Compliance, CSR
- The “interested party rose” is pensioned off
 - More, and more active, stakeholders
- Responsibility to brand more than advertising
 - Alternative to bought channels
 - Small and precise target groups
 - Constant presence – “word of mouth”, “guerrilla”