

The Interel Global Public Affairs Survey

2015



Interel Global Public Affairs Survey 2015

Respect growing for the public affairs industry as it moves closer to the C-Suite

Key findings

- The importance of a strategic approach to public affairs is increasingly recognised at the highest levels in business
- Public affairs is 'professionalising' – there is an increase in regulation and self-regulation, and in voluntary declarations of clients on a public register
- There is optimism about growth in the sector over the next 12 months but a parallel trend towards taking more public affairs work in house
- Strategic advice is the most called-for public affairs service with political risk still a top concern for business globally.
- Confidence is high in the industry in relation to revenue, but with more project work and fewer retainers, fewer consultancies plan to hire new staff in 2015 than in 2014.

Analysis

The second annual Interel Public Affairs Survey of CEOs of independent public affairs consultancies in 50 countries concludes that the status of the industry is growing and that public affairs professionals are working higher up the decision-making chain, delivering more strategic advice than in 2014 and at a higher level.

Optimism in the industry

Independent public affairs consultancies remain optimistic about prospects in the coming year. 95% expect the industry to grow in the next 12 months – no change over 2014.

However there is a general sense of a shift in the market – 78% of respondents think that the amount of public affairs work done in-house will increase over the next 12 months, compared with 68% in 2014.

What are we doing most of?

We're providing strategic advice – which ties in with the perception that public affairs is increasingly adding value at the top end of business decision-making. For 41% of respondents, this is their primary activity, after stakeholder engagement and issues monitoring and intelligence gathering.

Political risk

Concern about the impact of political risk is the main reason businesses are seeking out strategic advice and support this year. More than 90% of respondents say that business is more concerned about political risk than it was 5 years ago. However there has been a big change in perceptions in relation to governments and their attitude towards business. In 2014, 62% of our respondents thought that governments were making it more difficult to do business. In 2015, this has fallen by almost half to just 33%.

Revenues growing

In line with the general perception of optimism in the industry, our CEOs are generally confident about the next 12 months. For 83%, revenues increased during the last 12 months, and 58% expect this trend to continue.

However project-based work is increasing at the expense of retainers, and there is slightly less confidence around hiring. In 2014, 82% planned to hire in the next 12 months – but in 2015, this figure fell to 58%.

Growth sectors

Energy, health, technology and food and drink are the highest growth areas for public affairs professionals in 2015.

We added some specific questions on technology this year and the biggest issues on the agenda globally are:-

- Cyber security, privacy and data protection – equally important,
- Followed by net neutrality, big data and internet of things.

There's significant disruption globally in the technology sector, caused by new entrants to the market. 72% highlight significant disruption, but interestingly, they also say that the disruptive entrants are trying to shape the regulatory environment – 65% say that the 'disrupters' in the tech sector 'proactively' engage with government.

Professionalisation of public affairs

The 'professionalisation' of public affairs seems to be well underway, with 66% of respondents saying that the industry is regulated or self-regulating, compared with 55% in 2014. Voluntary declarations of clients on a register have also increased from 8% to a significant 28%, indicating greater transparency in lobbying – or at least a trend in that direction. This is also reflected in the fact that a growing number of respondents say that their main interlocutor is a respected part of the client's management team (75% in 2015 vs 68% in 2014).



Profile of the industry

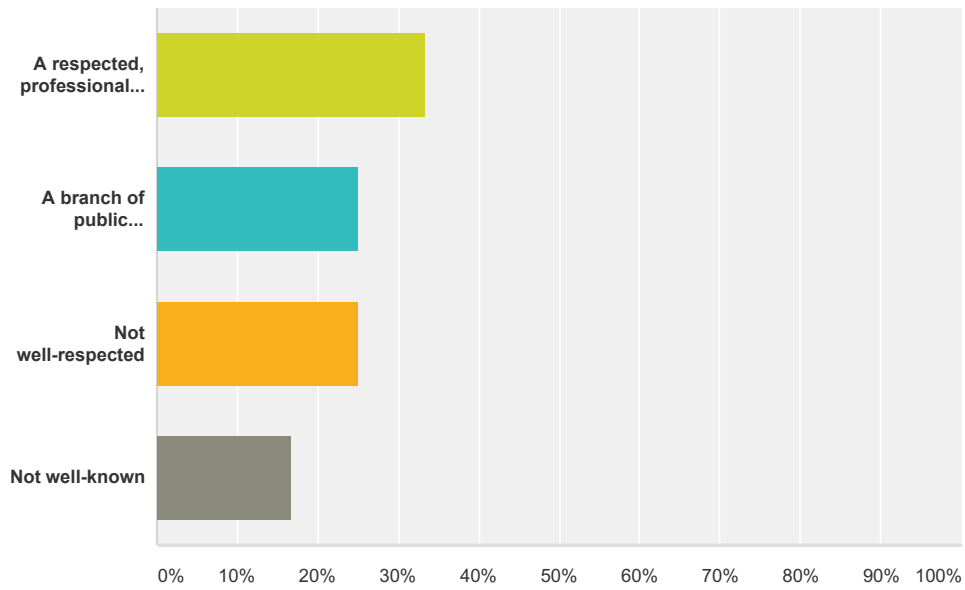
Our global partnership of independent public affairs consultancies employs slightly more women than men, recruits predominately from business and government and is increasingly employing a digital director as part of the core team – 37% employed a digital director in 2015, compared with 33% in 2014.

The 2014 survey is at www.interelgroup.com/pdfs/survey.pdf

The Interel Public Affairs Survey was completed by the CEOs of independent public affairs agencies which are members of the Interel Global Partnership - an established network of public affairs specialists who work together on multi-country and global accounts. Together, we have offices in 50 countries around the world. The survey was completed during May 2015 and is repeated annually.

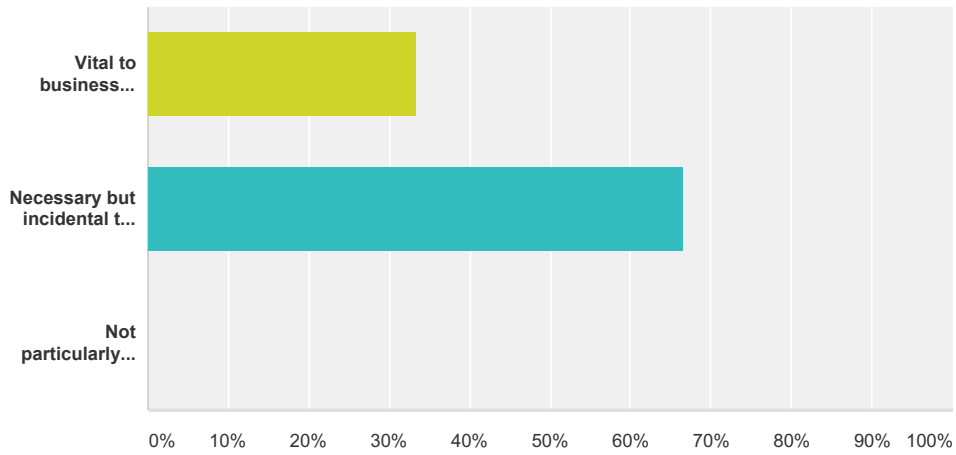
About Interel:- We are a specialist independent public affairs consultancy with offices in Brussels, London, Paris, Berlin, Beijing, Delhi and Washington DC. We have over 30 years' experience of helping clients to understand and navigate the interface between politics and policy, business and the media.

Q1 In your market, is public affairs seen as:-



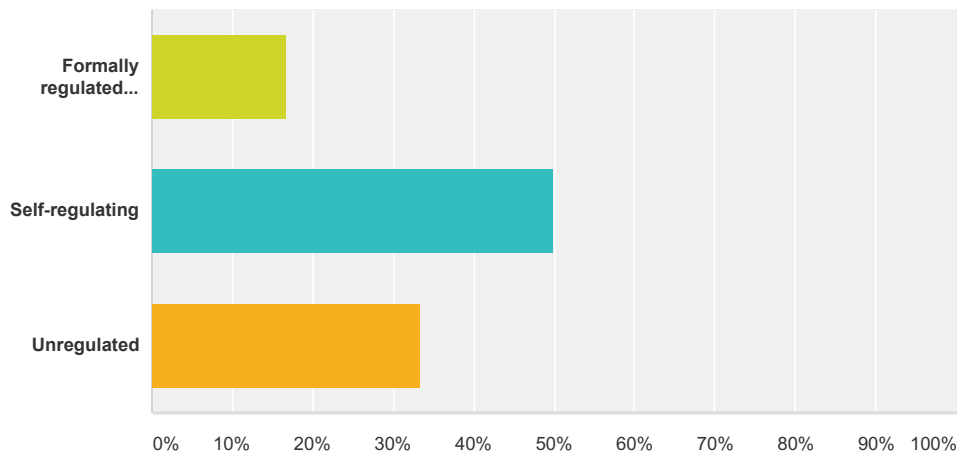
Answer Choices	Responses
A respected, professionalised service	33.33%
A branch of public relations	25.00%
Not well-respected	25.00%
Not well-known	16.67%

Q2 For businesses in your country, is public affairs/government relations seen as:-



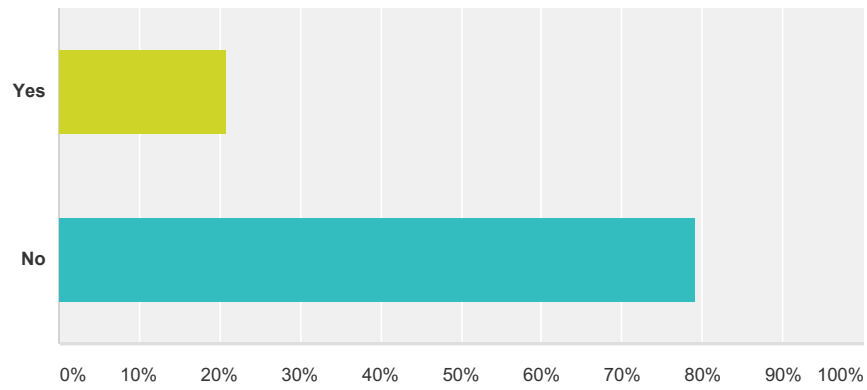
Answer Choices	Responses
Vital to business success	33.33%
Necessary but incidental to business success	66.67%
Not particularly important to business success	0.00%

Q3 In your market, is the public affairs industry:-



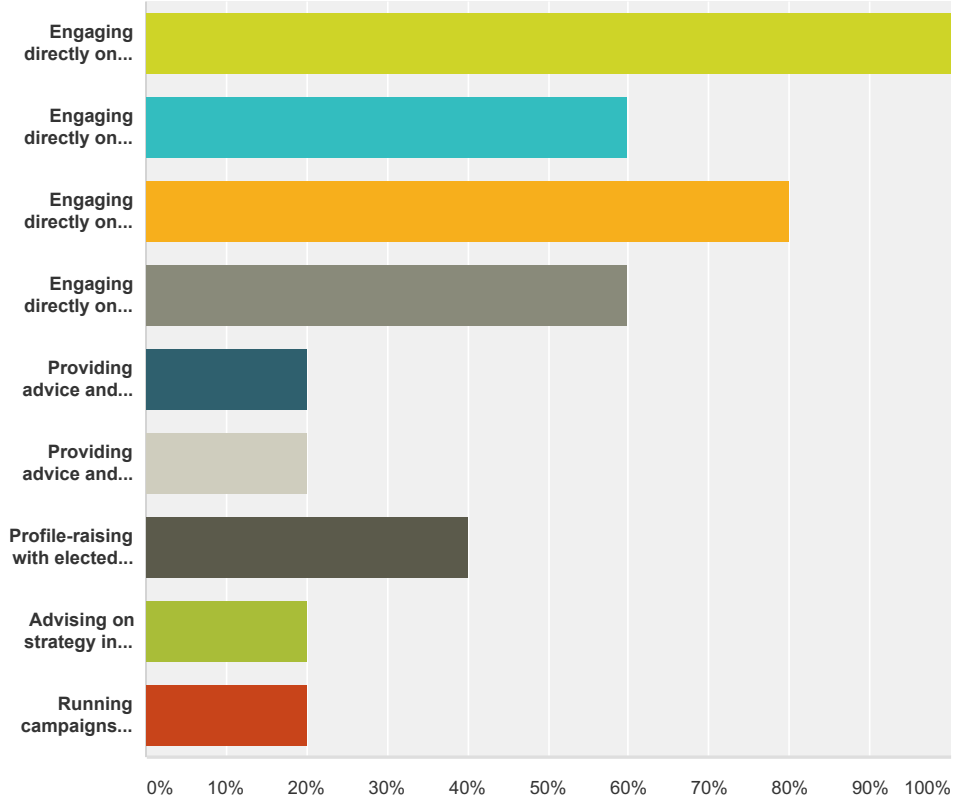
Answer Choices	Responses
Formally regulated through legislation	16.67%
Self-regulating	50.00%
Unregulated	33.33%

Q4 Are you obliged to register in order to provide lobbying services to clients?



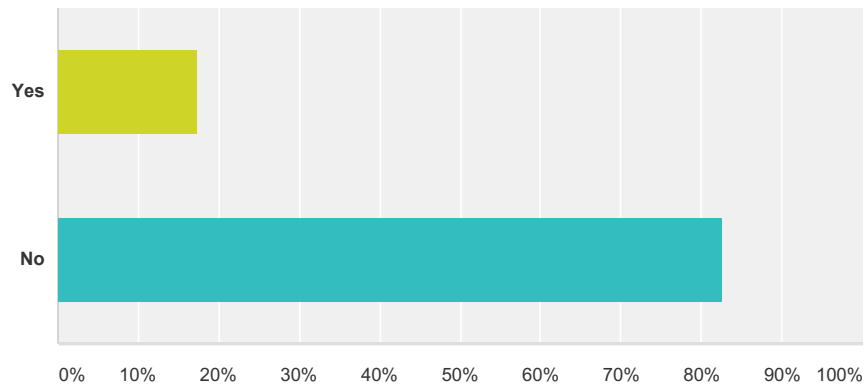
Answer Choices	Responses
Yes	20.83%
No	79.17%

Q5 If you are obliged to register, which of the following are included in the definition of lobbying for the purposes of registration? In a professional capacity:-



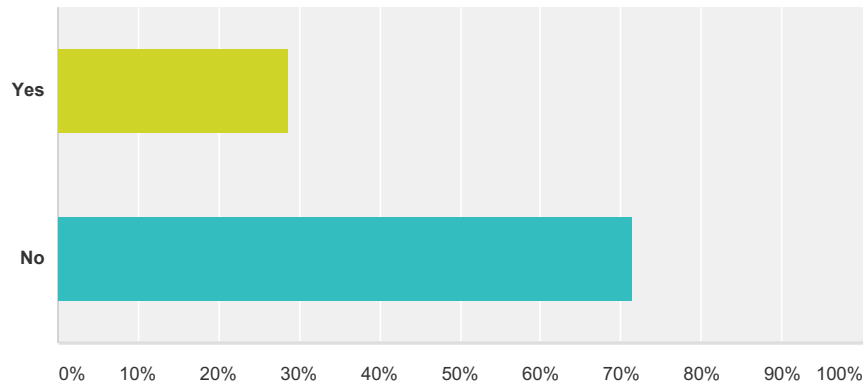
Answer Choices	Responses
Engaging directly on issues with elected representatives in person	100.00%
Engaging directly on issues with elected representatives in writing	60.00%
Engaging directly on issues with civil servants or other state officials in person	80.00%
Engaging directly on issues with civil servants or other state officials in writing	60.00%
Providing advice and analysis of the activities of elected officials	20.00%
Providing advice and analysis of the activities of civil servants or other state officials	20.00%
Profile-raising with elected officials	40.00%
Advising on strategy in relation to engaging with elected officials and policy makers	20.00%
Running campaigns designed to achieve political objectives, which do not involve direct contact with elected representatives or officials	20.00%

Q6 Are you obliged to declare your clients on a public register:-



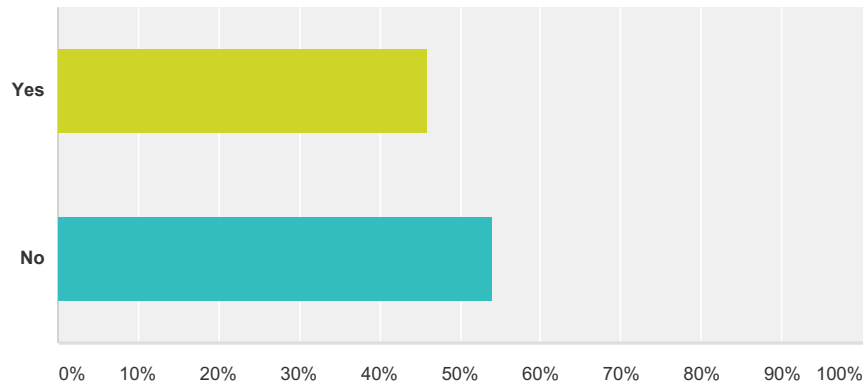
Answer Choices	Responses
Yes	17.39%
No	82.61%

Q7 If you are not obliged to declare your clients, do you voluntarily declare your clients on a public register:-



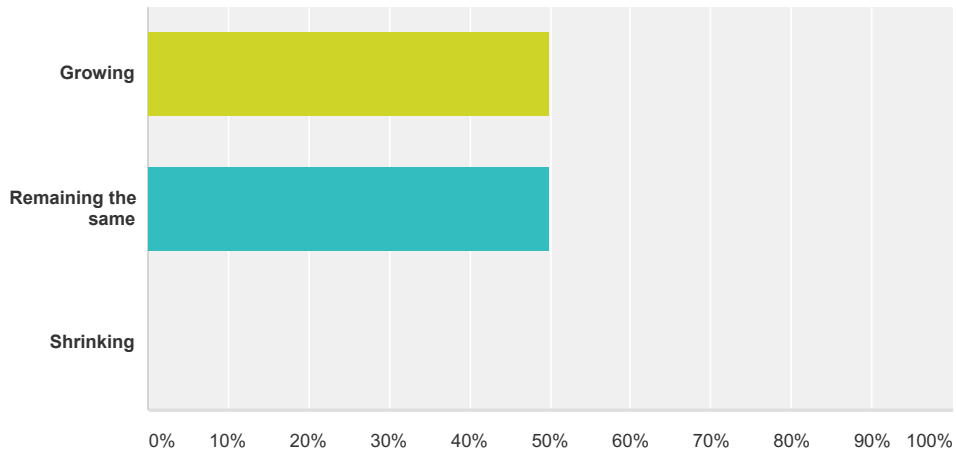
Answer Choices	Responses
Yes	28.57%
No	71.43%

Q8 Do you expect further regulation of the public affairs industry in your market in 2015/16:-



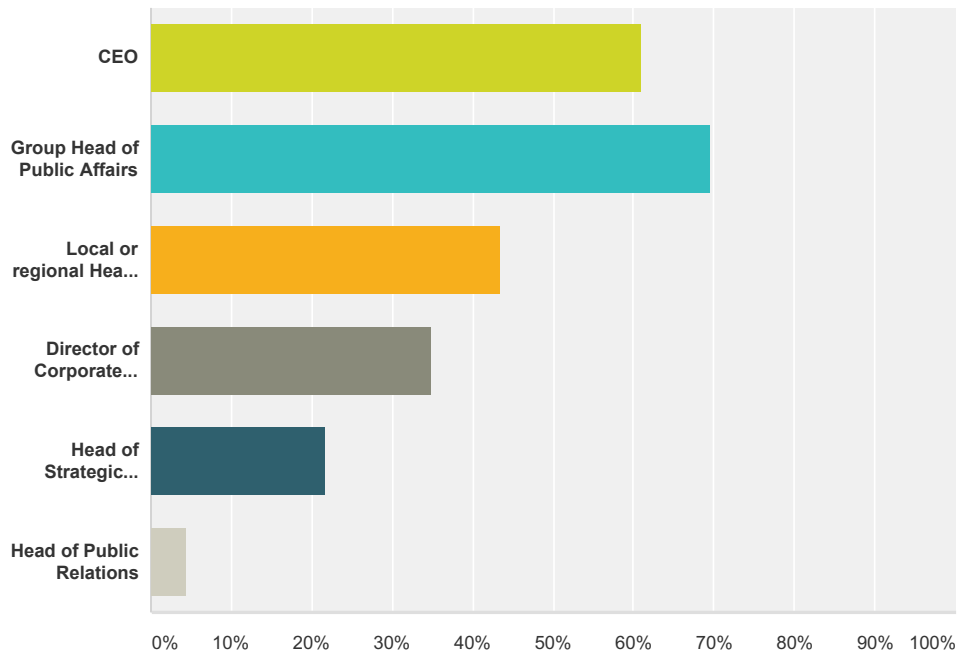
Answer Choices	Responses
Yes	45.83%
No	54.17%

Q9 In your market at the moment, are in-house public affairs teams in major companies generally:-



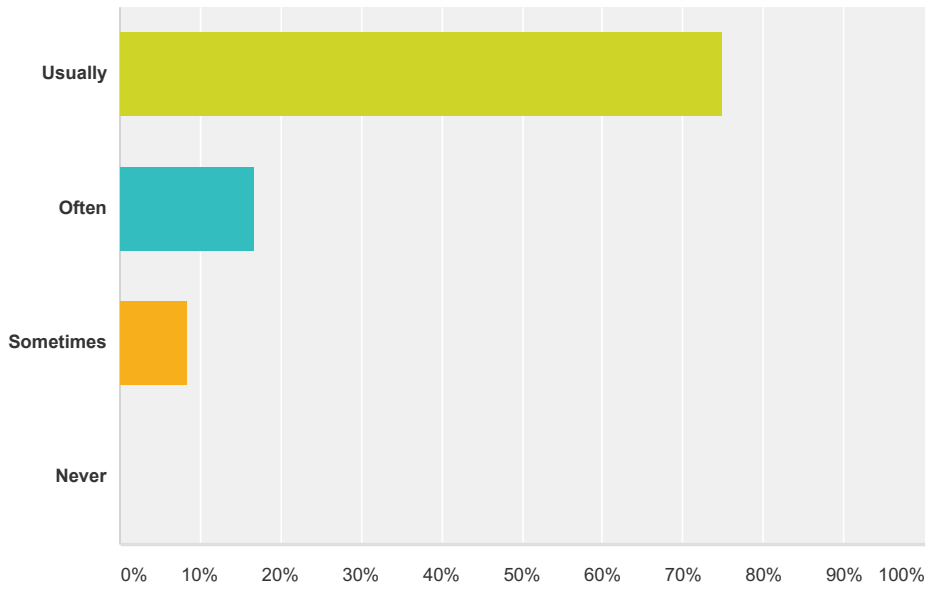
Answer Choices	Responses
Growing	50.00%
Remaining the same	50.00%
Shrinking	0.00%

Q10 Who tends to be your main interlocutor in client businesses:-



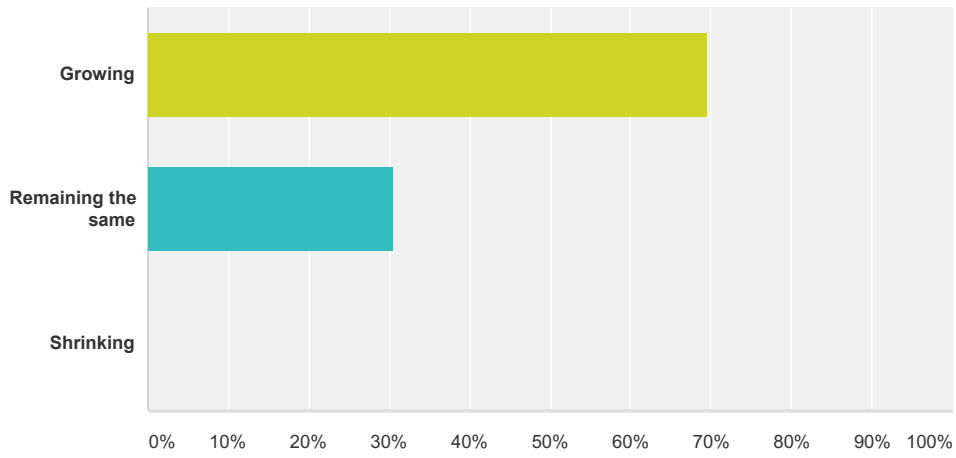
Answer Choices	Responses
CEO	60.87%
Group Head of Public Affairs	69.57%
Local or regional Head of Public	43.48%
Director of Corporate Affairs	34.78%
Head of Strategic Communication	21.74%
Head of Public Relations	4.35%

Q11 In general, would you say that your main interlocutor is a respected part of the senior management team:-



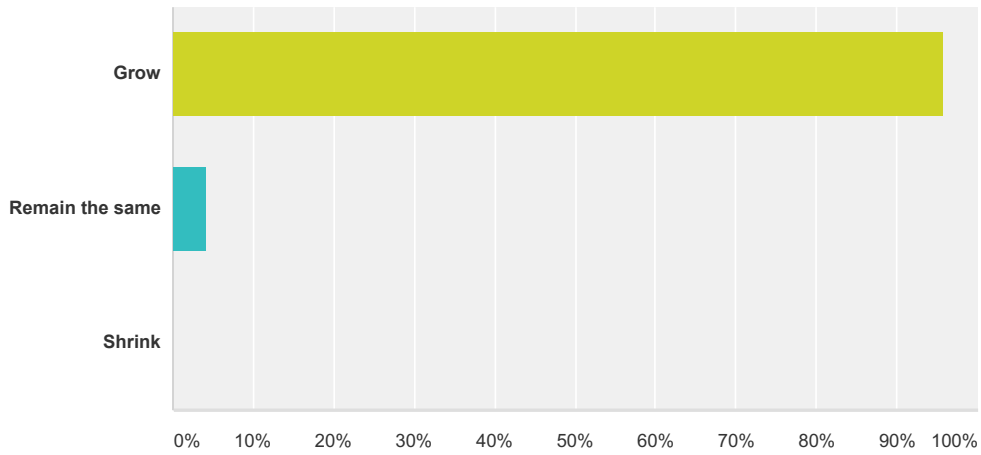
Answer Choices	Responses
Usually	75.00%
Often	16.67%
Sometimes	8.33%
Never	0.00%

Q12 In your market, is the public affairs industry in general:-



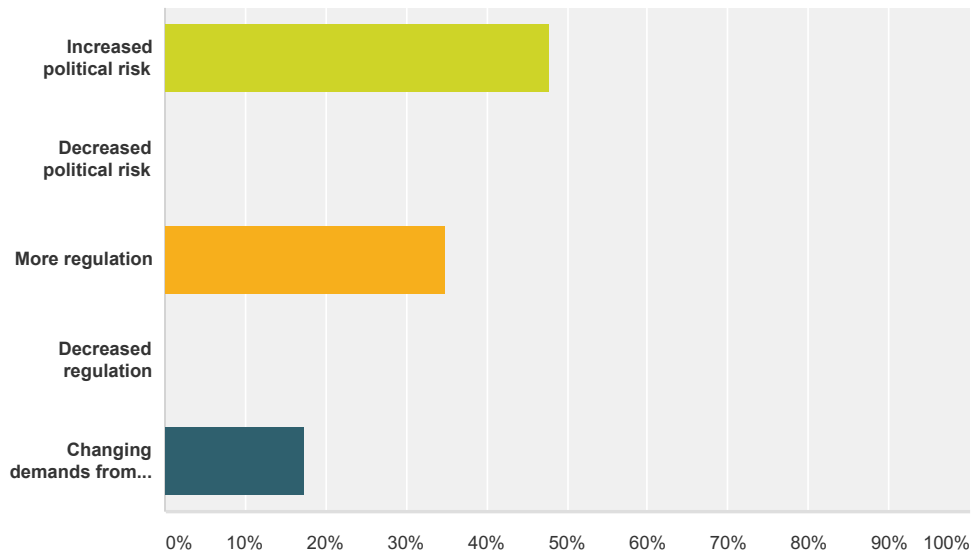
Answer Choices	Responses
Growing	69.57%
Remaining the same	30.43%
Shrinking	0.00%

Q13 Over the next 5 years, do you expect the public affairs industry in your market to:-



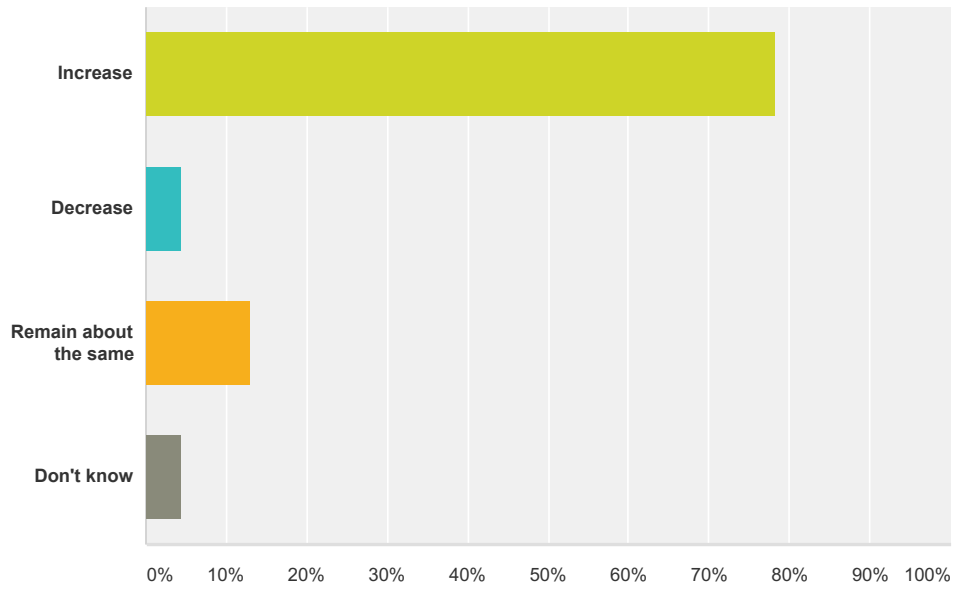
Answer Choices	Responses
Grow	95.83%
Remain the same	4.17%
Shrink	0.00%

Q14 What is driving change in the public affairs industry in your market:-



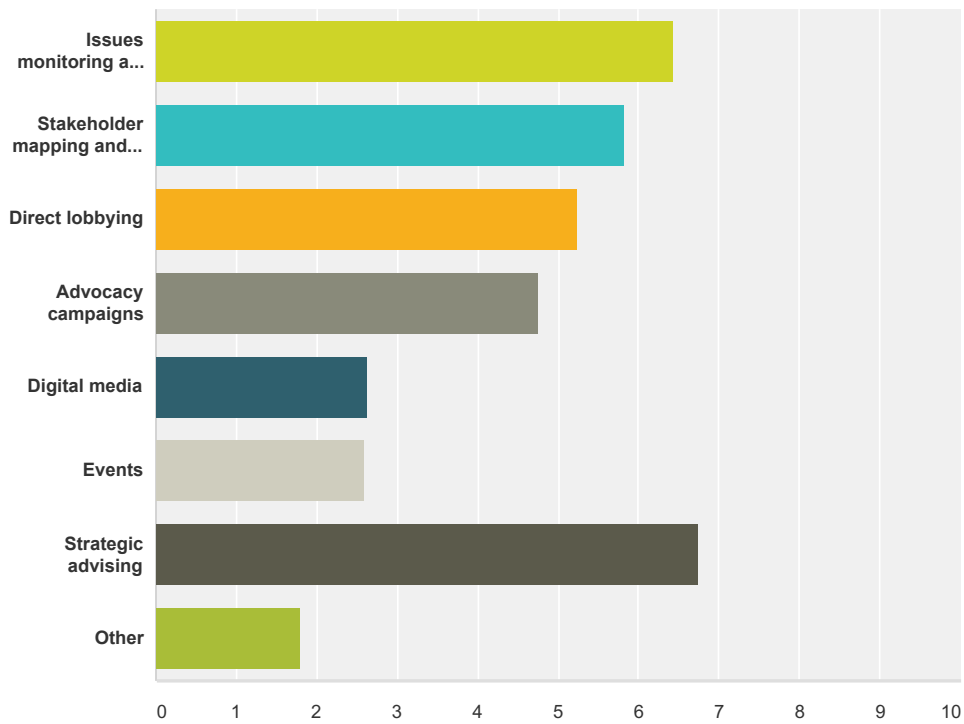
Answer Choices	Responses
Increased political risk	47.83%
Decreased political risk	0.00%
More regulation	34.78%
Decreased regulation	0.00%
Changing demands from business	17.39%

Q15 Do you think that the amount of public affairs work done in-house over the next 5 years will:-



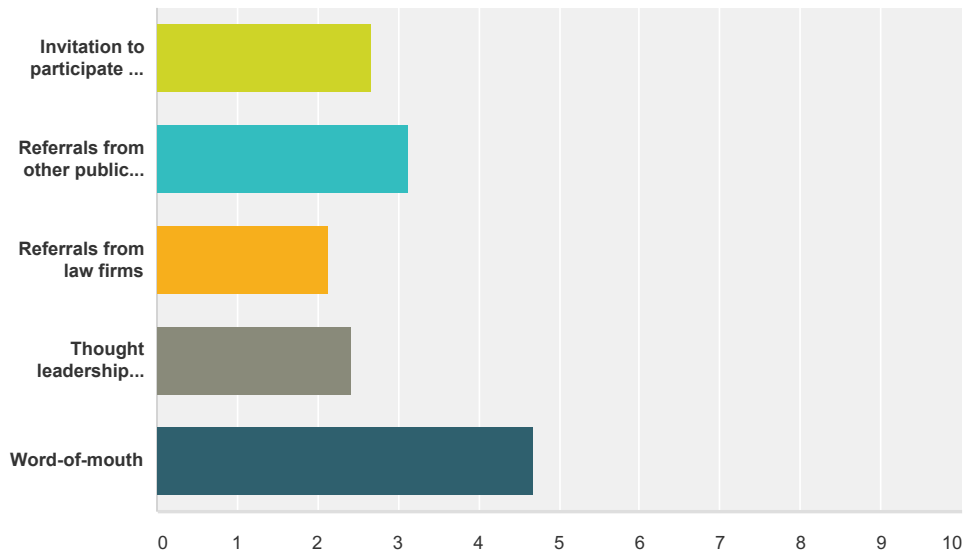
Answer Choices	Responses
Increase	78.26%
Decrease	4.35%
Remain about the same	13.04%
Don't know	4.35%

Q16 Which of the following do you spend most time on for clients? Please rank in order (1 = most time, 8 = least time)



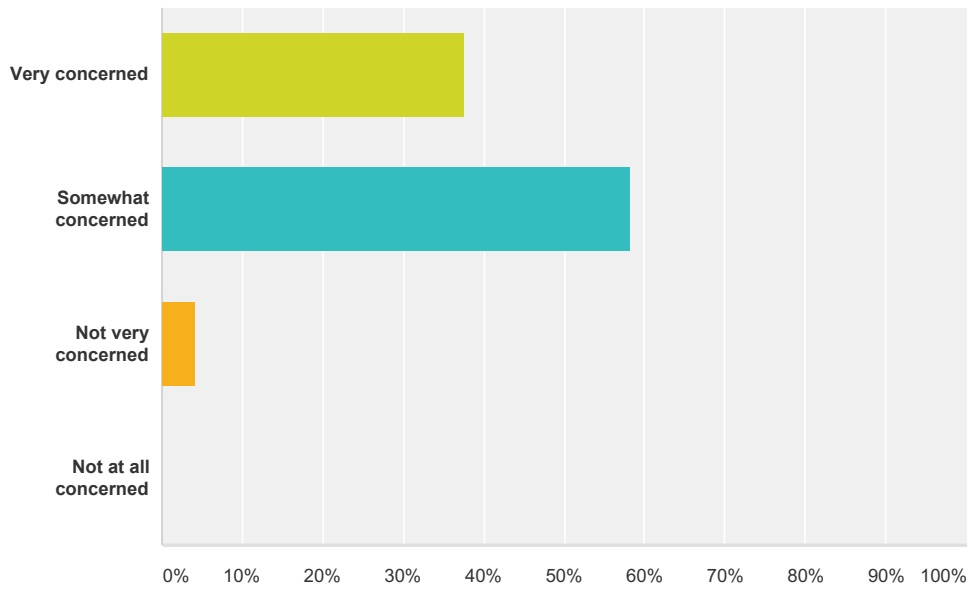
	1	2	3	4	5	6	7	8	Score
Issues monitoring and intelligence gathering	41.67%	12.50%	8.33%	20.83%	16.67%	0.00%	0.00%	0.00%	6.42
Stakeholder mapping and engagement	0.00%	25.00%	41.67%	29.17%	0.00%	4.17%	0.00%	0.00%	5.83
Direct lobbying	16.67%	20.83%	20.83%	8.33%	8.33%	4.17%	12.50%	8.33%	5.25
Advocacy campaigns	0.00%	16.67%	8.33%	16.67%	50.00%	8.33%	0.00%	0.00%	4.75
Digital media	0.00%	0.00%	4.17%	4.17%	4.17%	37.50%	37.50%	12.50%	2.63
Events	0.00%	0.00%	0.00%	4.17%	12.50%	33.33%	37.50%	12.50%	2.58
Strategic advising	41.67%	25.00%	12.50%	12.50%	4.17%	4.17%	0.00%	0.00%	6.75
Other	0.00%	0.00%	4.17%	4.17%	4.17%	8.33%	12.50%	66.67%	1.79

Q17 Please rank the below in terms of most productive new business channel



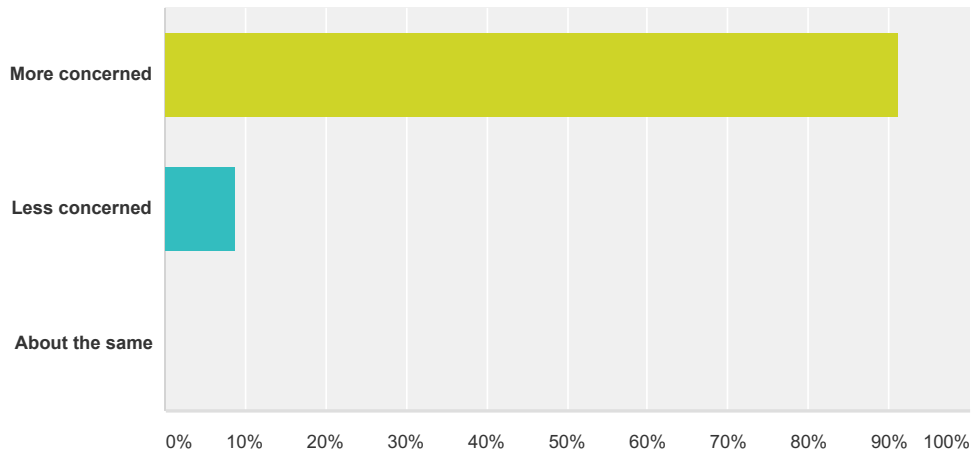
	1	2	3	4	5	Score
Invitation to participate in RFPs	8.33%	20.83%	25.00%	20.83%	25.00%	2.67
Referrals from other public affairs firms	12.50%	33.33%	16.67%	29.17%	8.33%	3.13
Referrals from law firms	4.17%	8.33%	20.83%	29.17%	37.50%	2.13
Thought leadership (i.e. publications, speaking).	0.00%	20.83%	29.17%	20.83%	29.17%	2.42
Word-of-mouth	75.00%	16.67%	8.33%	0.00%	0.00%	4.67

Q18 How concerned are businesses in your market at the moment about political risk:-



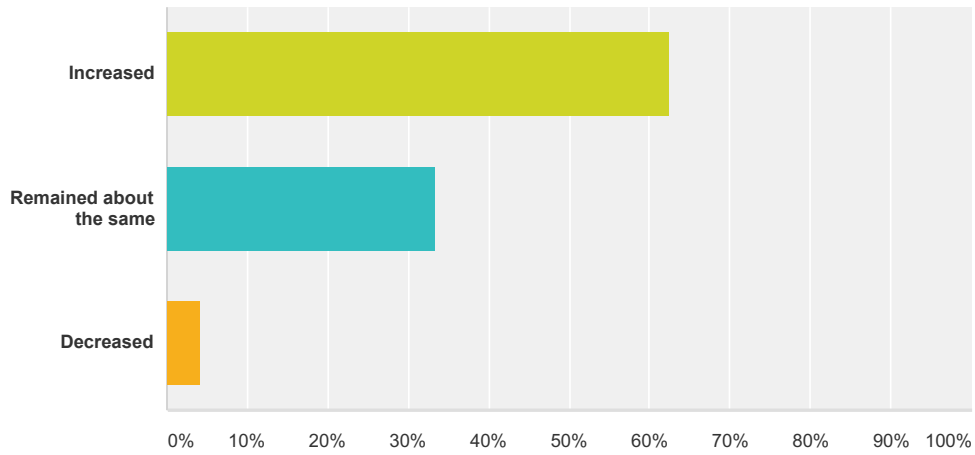
Answer Choices	Responses
Very concerned	37.50%
Somewhat concerned	58.33%
Not very concerned	4.17%
Not at all concerned	0.00%

Q19 How would you compare attitudes to political risk today to attitudes 5 years ago:-



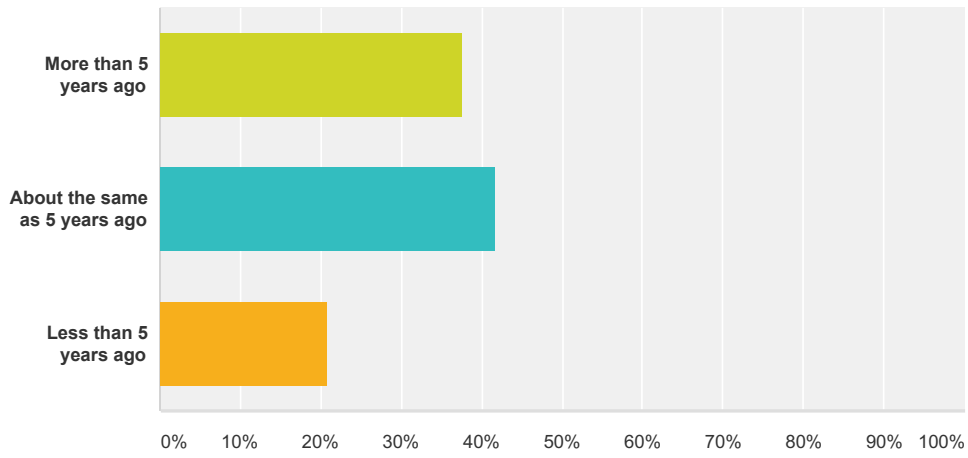
Answer Choices	Responses
More concerned	91.30%
Less concerned	8.70%
About the same	0.00%

Q20 Over the last 5 years, has the amount of regulation affecting business in your market:-



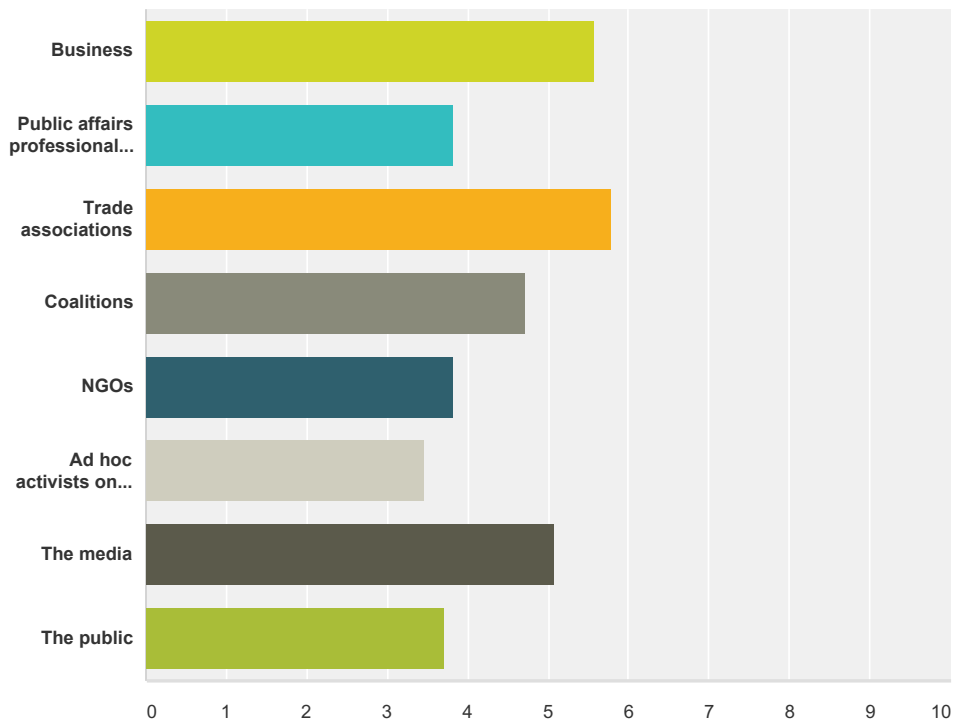
Answer Choices	Responses
Increased	62.50%
Remained about the same	33.33%
Decreased	4.17%

**Q21 Today, does the government listen to
business in your market:-**



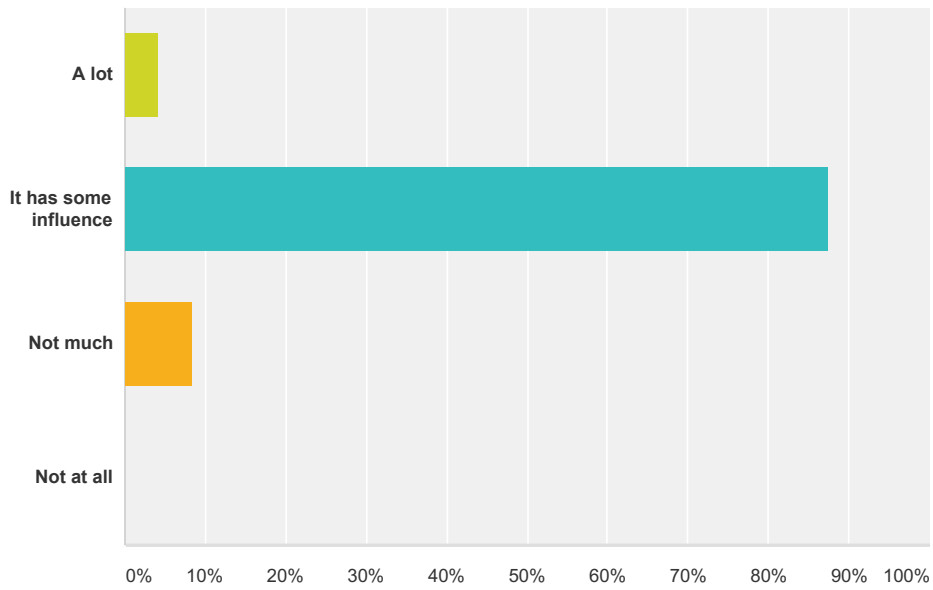
Answer Choices	Responses
More than 5 years ago	37.50%
About the same as 5 years ago	41.67%
Less than 5 years ago	20.83%

Q22 Who has the most influence over government policy in your market? Please rank (1= most influence, 9= least influence)



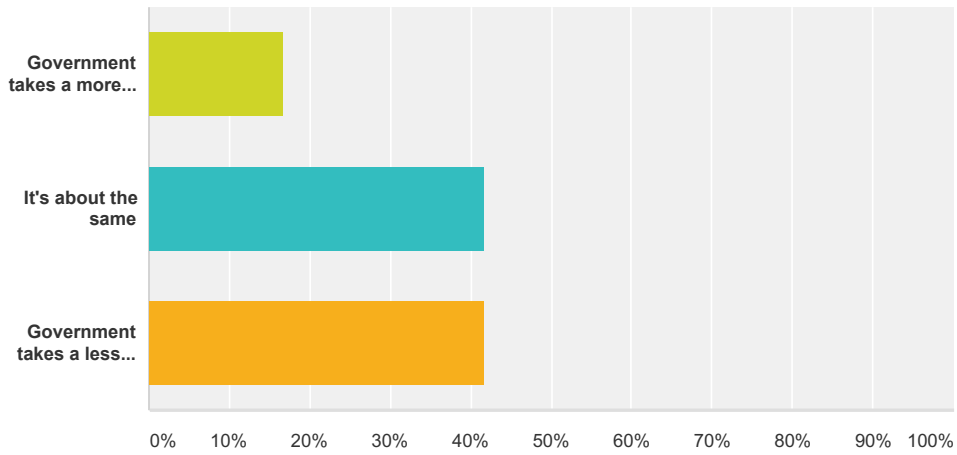
	1	2	3	4	5	6	7	8	Score
Business	25.00%	8.33%	29.17%	12.50%	8.33%	4.17%	4.17%	8.33%	5.58
Public affairs professionals speaking for business	4.17%	16.67%	8.33%	8.33%	16.67%	4.17%	20.83%	20.83%	3.83
Trade associations	29.17%	20.83%	16.67%	4.17%	0.00%	20.83%	8.33%	0.00%	5.79
Coalitions	0.00%	8.33%	29.17%	16.67%	25.00%	16.67%	0.00%	4.17%	4.71
NGOs	8.33%	0.00%	8.33%	20.83%	16.67%	8.33%	33.33%	4.17%	3.83
Ad hoc activists on specific issues	4.17%	4.17%	4.17%	16.67%	8.33%	33.33%	12.50%	16.67%	3.46
The media	16.67%	20.83%	4.17%	12.50%	20.83%	12.50%	8.33%	4.17%	5.08
The public	12.50%	20.83%	0.00%	8.33%	4.17%	0.00%	12.50%	41.67%	3.71

Q23 Is debate on social media influencing government policy:-



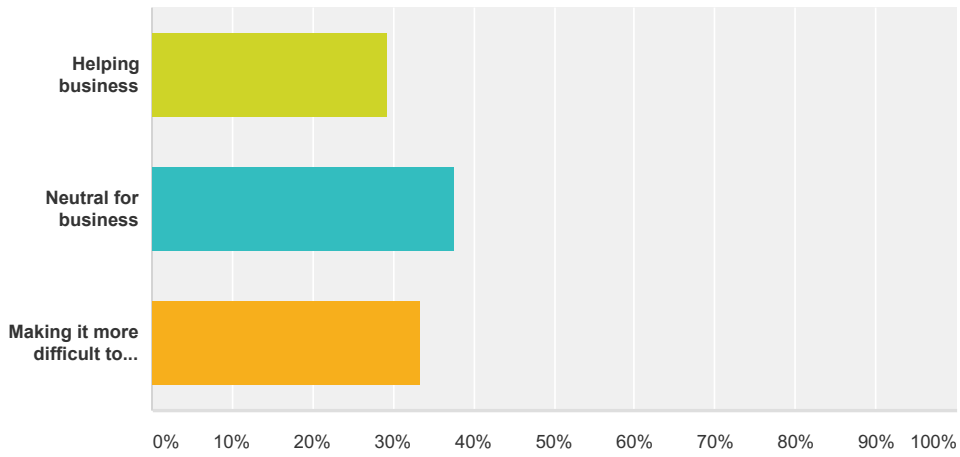
Answer Choices	Responses
A lot	4.17%
It has some influence	87.50%
Not much	8.33%
Not at all	0.00%

Q24 Has the way government decides policy priorities changed in your market over the last 5 years:-



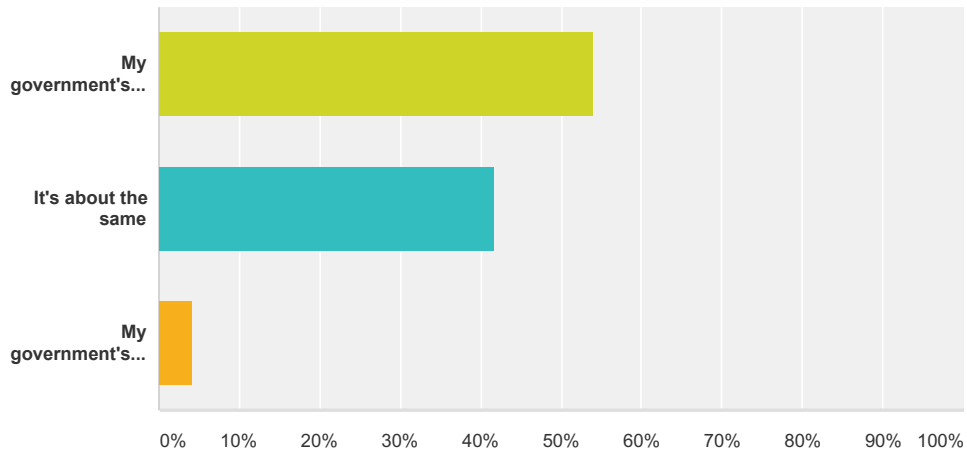
Answer Choices	Responses
Government takes a more long term view	16.67%
It's about the same	41.67%
Government takes a less strategic and more short term approach	41.67%

Q25 Is government policy in your market:-



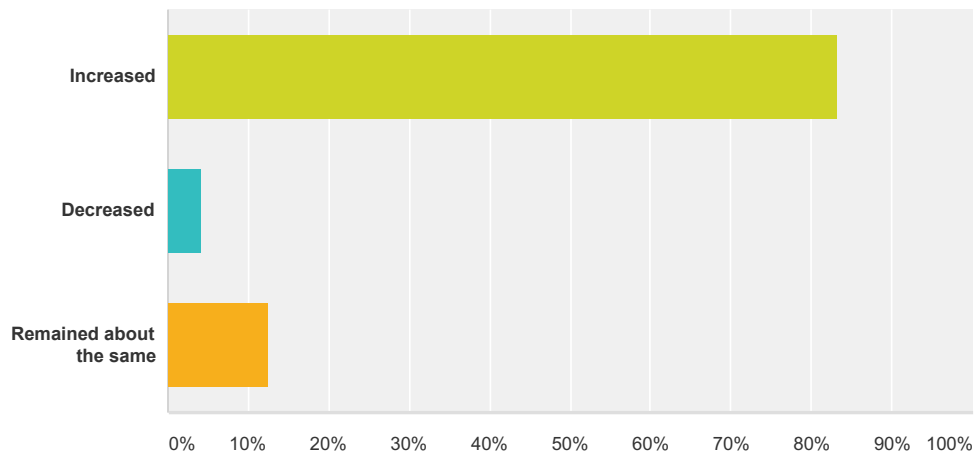
Answer Choices	Responses
Helping business	29.17%
Neutral for business	37.50%
Making it more difficult to do business	33.33%

Q26 In relation to globalisation - in comparison with 5 years ago, do you think that:-



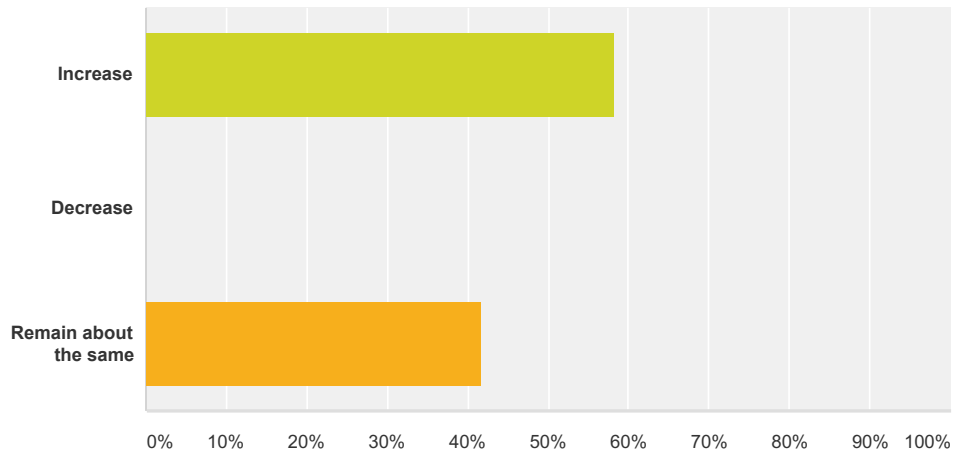
Answer Choices	Responses
My government's legislative programme is more influenced by global trends	54.17%
It's about the same	41.67%
My government's legislative programme is less influenced by global trends	4.17%

Q29 In the last 2 years has your revenue:-



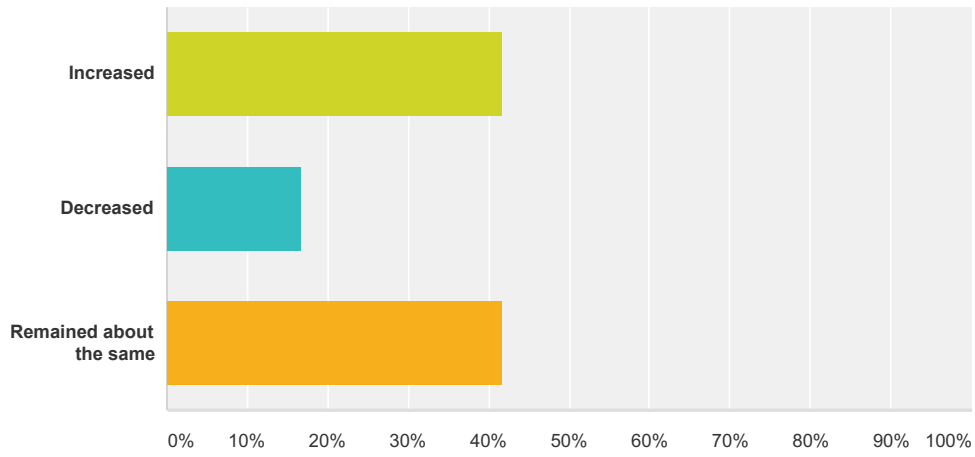
Answer Choices	Responses
Increased	83.33%
Decreased	4.17%
Remained about the same	12.50%

Q30 How do you expect public affairs budgets to evolve over the next 12 months?



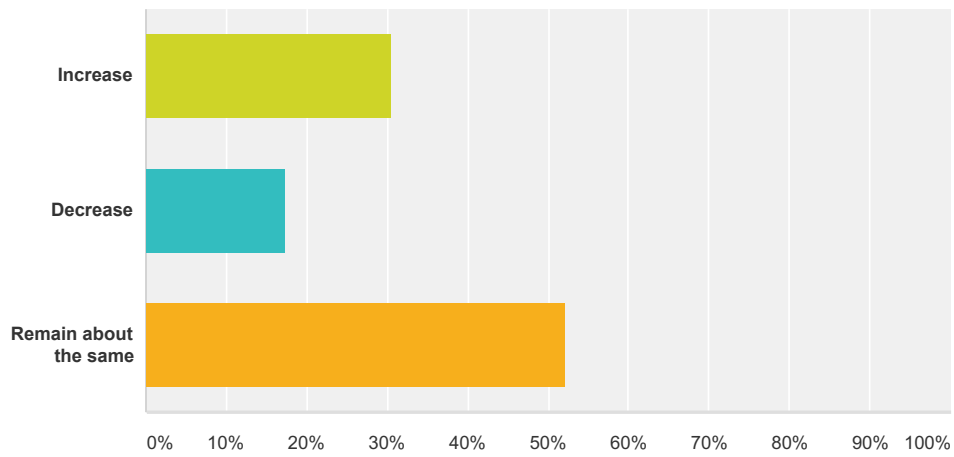
Answer Choices	Responses
Increase	58.33%
Decrease	0.00%
Remain about the same	41.67%

Q31 Over the last 12 months, has the number of clients who pay a retainer (monthly fee):



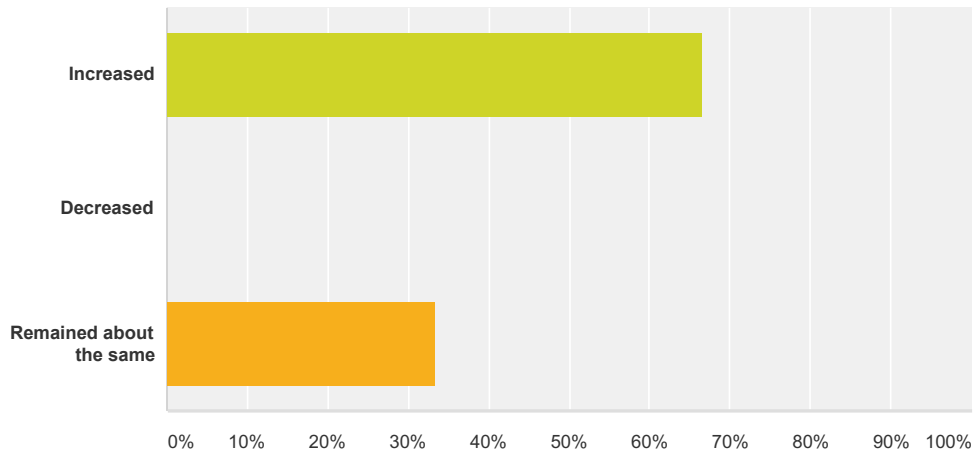
Answer Choices	Responses
Increased	41.67%
Decreased	16.67%
Remained about the same	41.67%

Q32 And over the next 12 months, do you think that the number of clients on a retainer (monthly fee) will:-



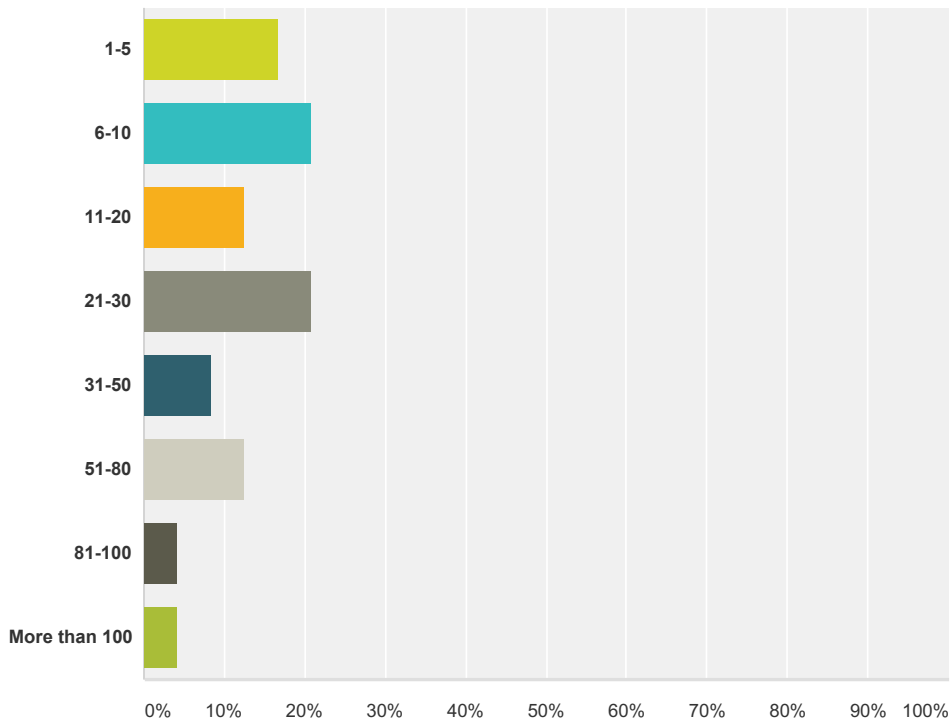
Answer Choices	Responses
Increase	30.43%
Decrease	17.39%
Remain about the same	52.17%

Q33 Over the last 12 months, has the amount of project-based work:-



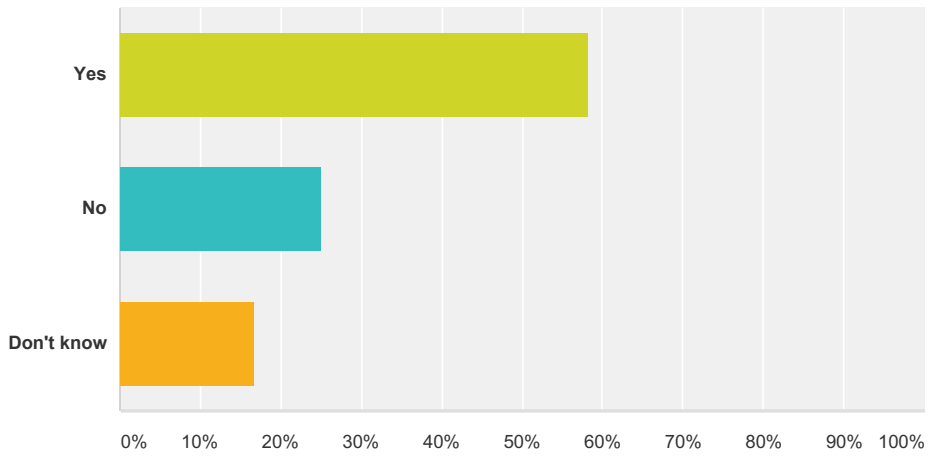
Answer Choices	Responses
Increased	66.67%
Decreased	0.00%
Remained about the same	33.33%

Q34 How many full-time members of staff do you employ:-



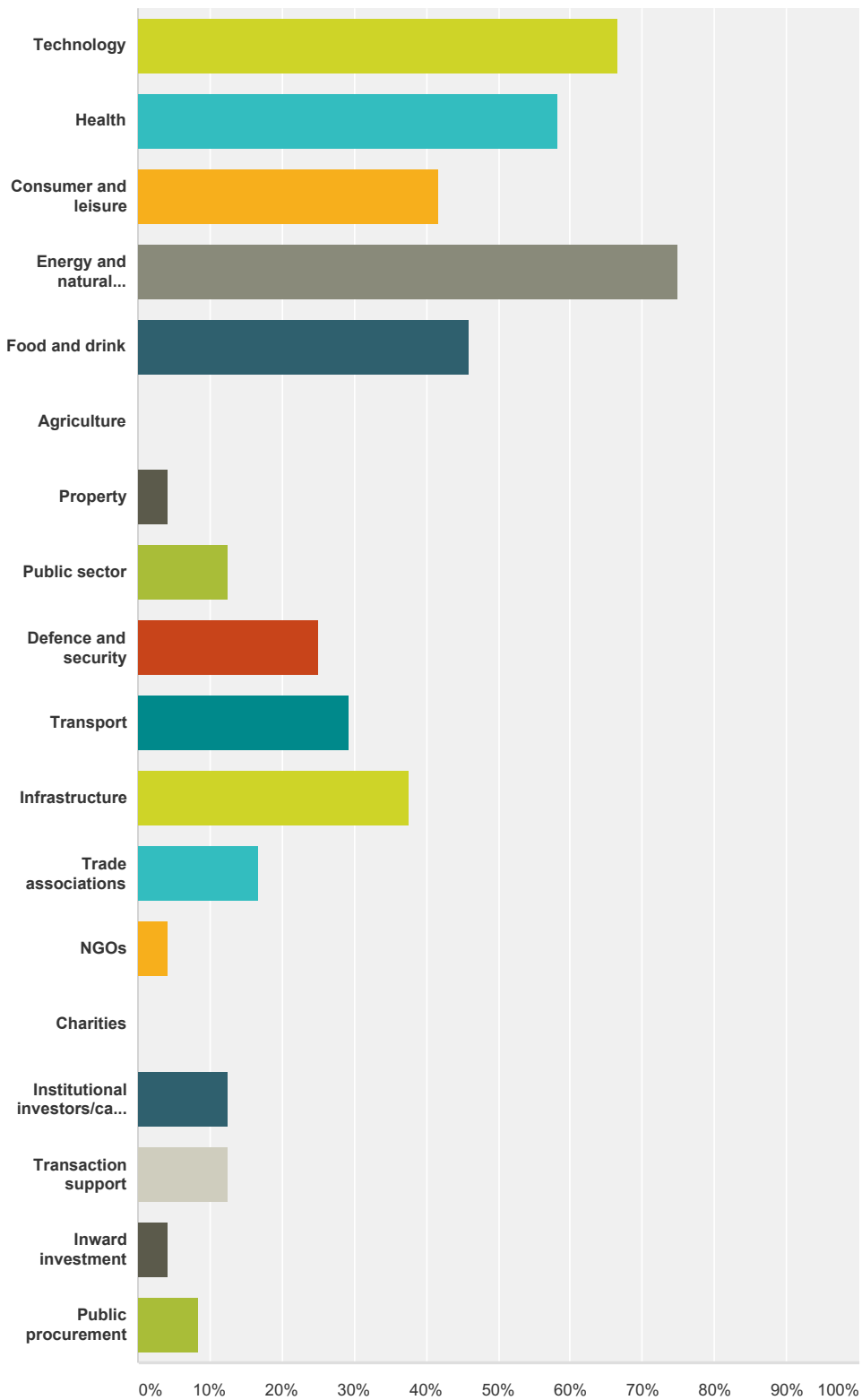
Answer Choices	Responses
1-5	16.67%
6-10	20.83%
11-20	12.50%
21-30	20.83%
31-50	8.33%
51-80	12.50%
81-100	4.17%
More than 100	4.17%

Q35 Do you expect to hire more staff in the next 12 months:-



Answer Choices	Responses
Yes	58.33%
No	25.00%
Don't know	16.67%

Q36 Which sectors do you think will generate most work for you in the next 12 months. Please choose 5:-

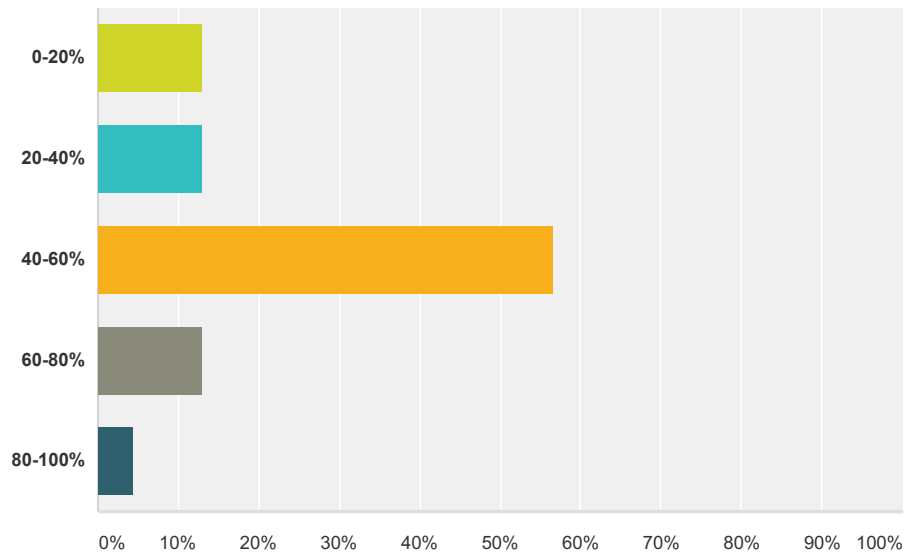


Answer Choices	Responses
Technology	66.67%

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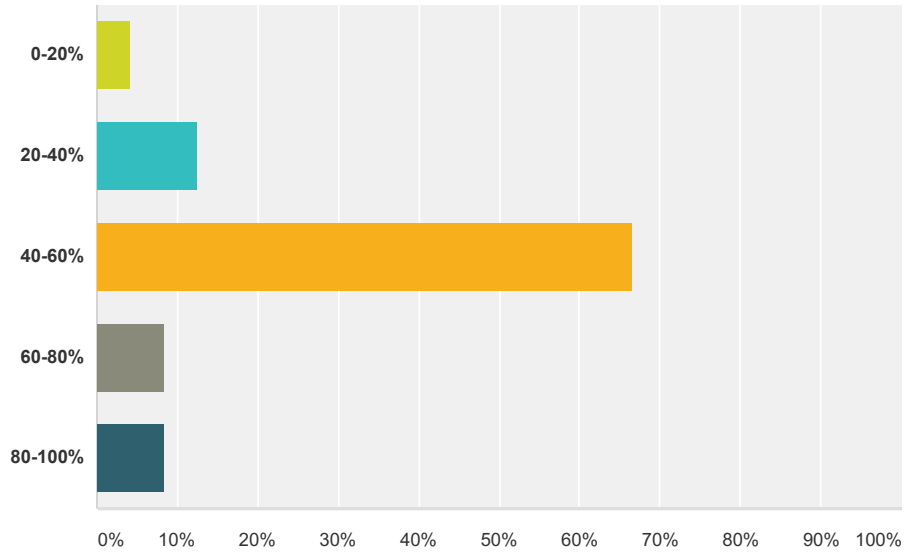
Health	58.33%
Consumer and leisure	41.67%
Energy and natural resources	75.00%
Food and drink	45.83%
Agriculture	0.00%
Property	4.17%
Public sector	12.50%
Defence and security	25.00%
Transport	29.17%
Infrastructure	37.50%
Trade associations	16.67%
NGOs	4.17%
Charities	0.00%
Institutional investors/capital markets	12.50%
Transaction support	12.50%
Inward investment	4.17%
Public procurement	8.33%

Q37 What percentage of your staff are male:-



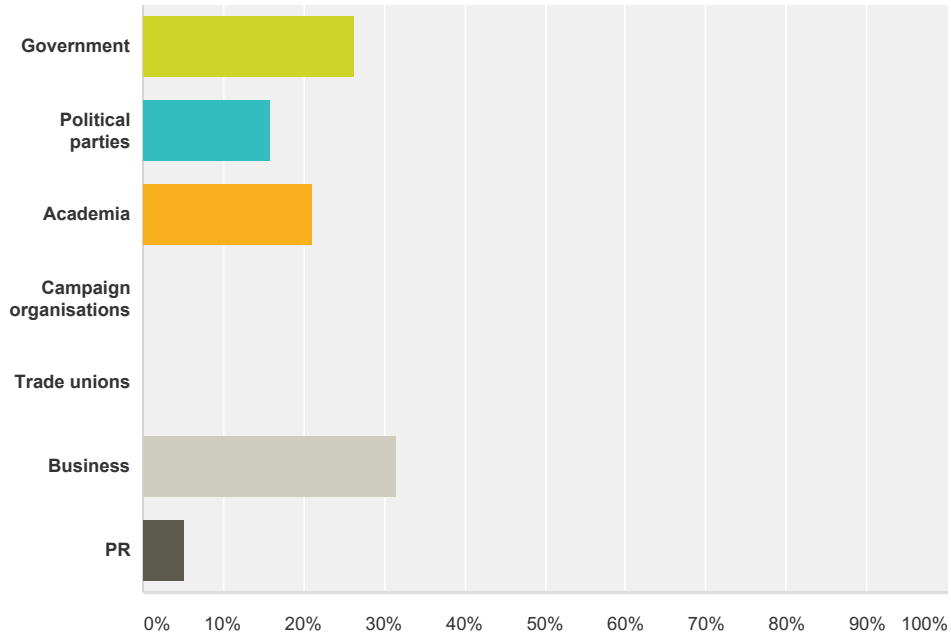
Answer Choices	Responses
0-20%	13.04%
20-40%	13.04%
40-60%	56.52%
60-80%	13.04%
80-100%	4.35%

Q38 What percentage of your staff are female:-



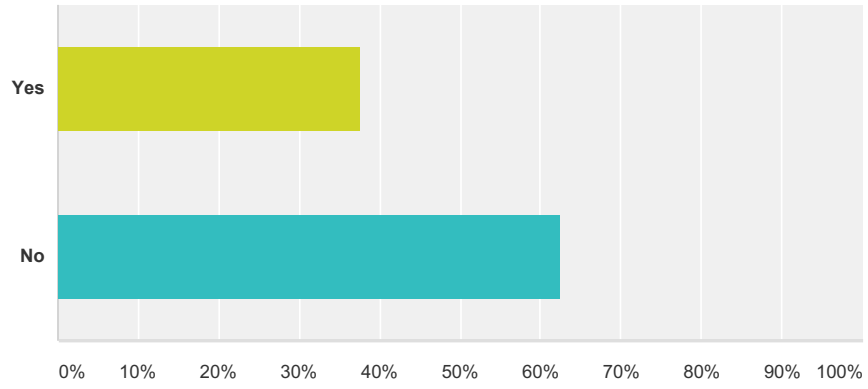
Answer Choices	Responses
0-20%	4.17%
20-40%	12.50%
40-60%	66.67%
60-80%	8.33%
80-100%	8.33%

Q39 Where do you prefer to recruit your staff from:-



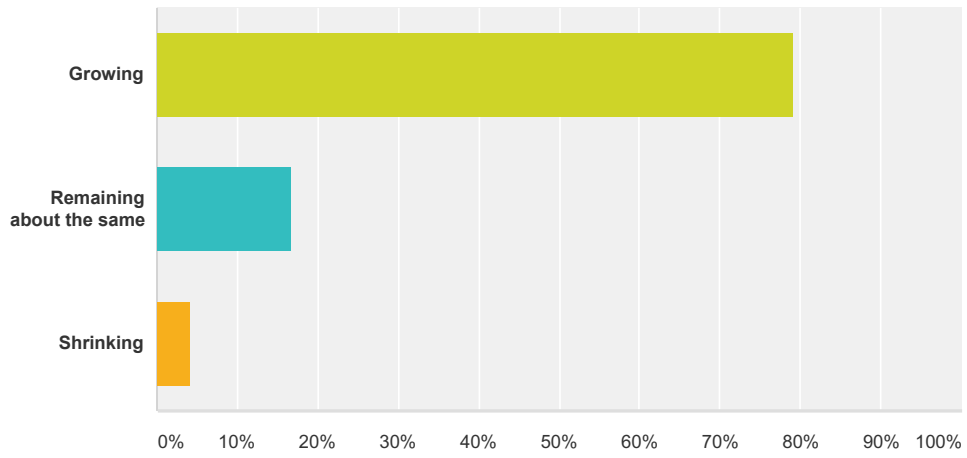
Answer Choices	Responses
Government	26.32%
Political parties	15.79%
Academia	21.05%
Campaign organisations	0.00%
Trade unions	0.00%
Business	31.58%
PR	5.26%

Q40 Does your business employ a digital director:-



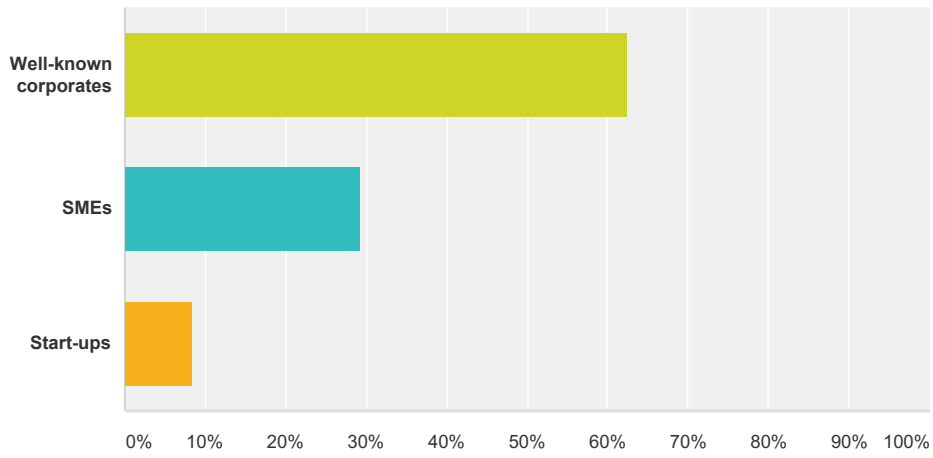
Answer Choices	Responses
Yes	37.50%
No	62.50%

Q41 Is the technology sector in your market:-



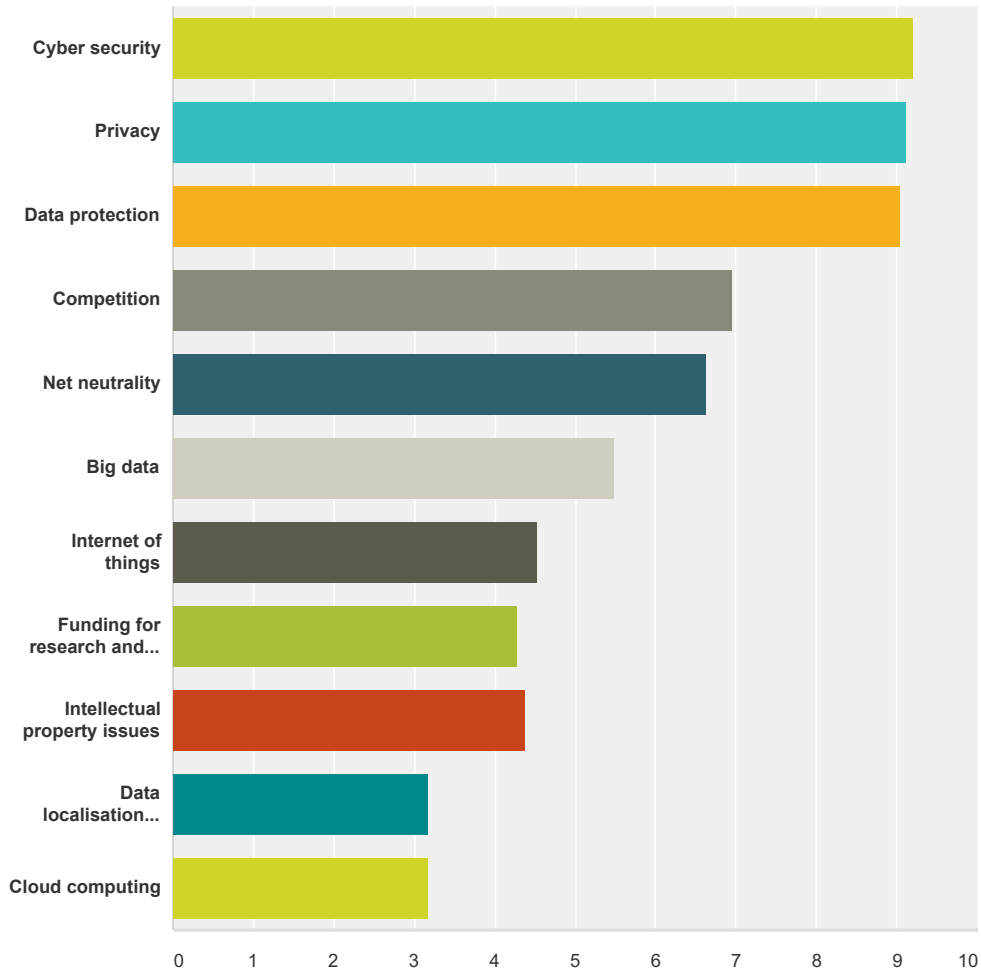
Answer Choices	Responses
Growing	79.17%
Remaining about the same	16.67%
Shrinking	4.17%

Q42 What kind of businesses are driving growth in the sector?



Answer Choices	Responses
Well-known corporates	62.50%
SMEs	29.17%
Start-ups	8.33%

Q43 What are the biggest public affairs issues in the technology sector at the moment? Please rank in order of importance.

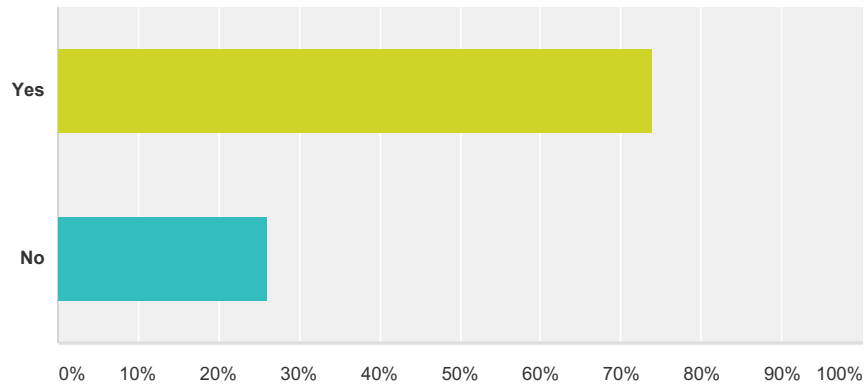


	1	2	3	4	5	6	7	8	9	10	11	Score
Cyber security	29.17%	25.00%	8.33%	25.00%	8.33%	0.00%	0.00%	4.17%	0.00%	0.00%	0.00%	9.21
Privacy	20.83%	25.00%	20.83%	16.67%	12.50%	4.17%	0.00%	0.00%	0.00%	0.00%	0.00%	9.13
Data protection	16.67%	20.83%	33.33%	12.50%	12.50%	4.17%	0.00%	0.00%	0.00%	0.00%	0.00%	9.04
Competition	4.17%	4.17%	16.67%	25.00%	12.50%	8.33%	20.83%	0.00%	4.17%	0.00%	4.17%	6.96
Net neutrality	8.33%	8.33%	0.00%	0.00%	37.50%	16.67%	12.50%	12.50%	4.17%	0.00%	0.00%	6.63
Big data	0.00%	0.00%	4.17%	12.50%	4.17%	37.50%	12.50%	16.67%	4.17%	8.33%	0.00%	5.50
Internet of things	4.17%	0.00%	4.17%	0.00%	4.17%	8.33%	33.33%	8.33%	25.00%	4.17%	8.33%	4.54
Funding for research and innovation	8.33%	0.00%	4.17%	0.00%	0.00%	4.17%	12.50%	33.33%	8.33%	25.00%	4.17%	4.29

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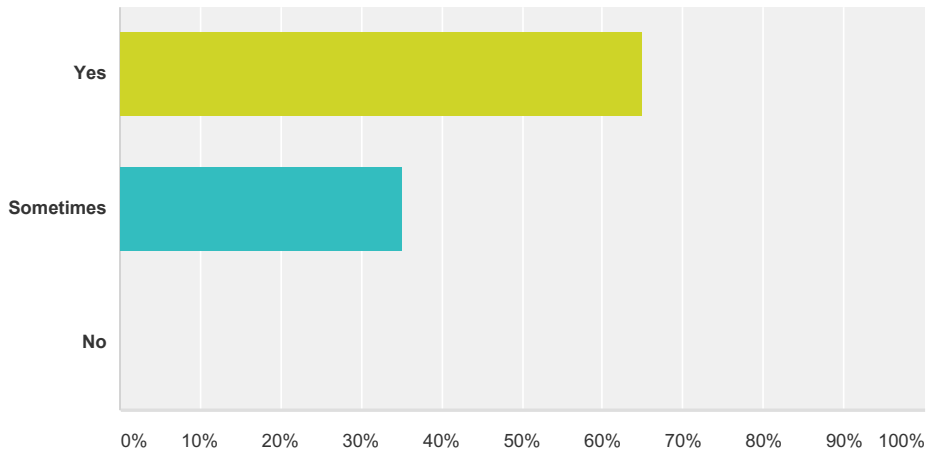
Intellectual property issues	4.17%	8.33%	0.00%	8.33%	0.00%	8.33%	0.00%	16.67%	29.17%	12.50%	12.50%	4.38
Data localisation responsibilities	0.00%	4.17%	8.33%	0.00%	4.17%	0.00%	4.17%	4.17%	8.33%	41.67%	25.00%	3.17
Cloud computing	4.17%	4.17%	0.00%	0.00%	4.17%	8.33%	4.17%	4.17%	16.67%	8.33%	45.83%	3.17

Q44 Are you seeing a lot of disruption in the market from technology-based start-ups eg Uber, AirBnB, Transferwise?



Answer Choices	Responses
Yes	73.91%
No	26.09%

Q45 If yes, are these disruptive start-ups engaging proactively with regulators and policy makers?



Answer Choices	Responses
Yes	65.00%
Sometimes	35.00%
No	0.00%