

Review of the state of public relations in Croatia

Croatian PR in general

The profession of public relations in Croatia is one of the youngest within the area of consultancy activities that has significantly been developing since the mid 90s. Like most countries in transition, Croatia, too, has experienced a radical transformation in the area of the trade of services and business communications. Unlike the east-European type of economy, the Yugoslav type represented a substitute for the planned or market economy. This means that the area of marketing, advertising and the visual identity of brand names was considerably developed, and the opening of the market to western products and trends has made it possible for the domestic advertising market to develop unhindered. In the area of public relations, the term of economic propaganda most frequently combined the current PR models of communication, while the legal system restrained the diversity of opinions and exchange of information.

In this context, the current PR in Croatia has been developing only since the mid 90s, which in relation to, say, the USA means almost a 100-year lagging behind. Though in some areas PR developed very fast, it remained almost unknown in some industrial branches and social processes. The areas of consumer product market thus show the greatest growth of PR and marketing services, so that in this segment the industry follows the world trends. Leading the way are the telecommunications and banking sectors which, together with advertising upgraded the specific PR forms like community relations, internal communications, image campaigns and so forth. Taking into account the rather modest achievements of the national industry, the real corporate PR has only a few companies, which also goes for investment relations, because only three to four largest companies have been listed in the first stock exchange quotations.

Following the consumer PR, crisis communication accounts for the greatest part of PR services, because almost 80% of users decide to make use of PR in situations of crises. Due to lack of knowledge concerning the range and methodology of PR managers' work, this frequently leads to too great expectations and conflicts in the relation agency-client. As a matter of fact, in crisis situations it is the unplanned approach of companies to public relations that is primarily revealed. Clients expect the solution of their problems within an unrealistic term, while at the same time they are not ready to share relevant information about the company that would contribute to the solution of the problem.

How our clients measure the PR effects

Though the methodology of measuring the PR effects varies from client to client, it can generally be said that company managements that use PR for a longer period also assess its effect at a higher quality level. The measurement of the effect according to announcements is mostly connected with the crisis PR or with clients who order once-only PR services and consequently have unrealistic expectations regarding publishing and its results. Yet, most clients still think that engaging a PR agency automatically means publishing, in the form and place they have had in mind in the targeted media. An additional problem is contained in the failure to understand the fact that every publishing has not the same value and will not achieve the same effect. So, assessments regarding the value of the PR service are made as a package deal. For instance, in case the company has been absent from the media for a few days, it is considered that the PR has not successfully completed their job. There is another extreme, so too many publications in the media could be considered a badly-performed job, as this could result in new queries posed by journalists and the general public, which is in most cases undesirable (not on account of targeted policy of non-transparentness in the way Croatian companies run their business, but on account of failing to understand PR and the insensitiveness toward the public).

Clients who have longer experience working with PR experts and the media generally know when and how to place information concerning their own interest. In their demands they are more realistic and allow long term planning and a working out of different strategies.

Full service or specialisation

Though most agencies, regardless of their size and actual possibilities, try to offer the so called full service, one can notice the development of specialization directed at specific sectors: e.g. tourism, banks, telecommunications... Though most PR managers have excellent opportunities of acquiring new technologies and their tools, their realization is closely connected with the rest of industries. For example, the concept of socially sensitive enterprises in Croatia can be carried out in only a few larger companies. Domestic managers could carry out some projects at a higher quality level than their western colleagues, simply because they understand the specific quality of the market. More and more domestic PR agencies enter the market of the former Yugoslavia – beside using similar languages managers know very well what they can apply in the given social environment.

PR industry in terms of its reputation and its size

The PR industry is in a constant rising trend, and presently there are more than 25 PR agencies, whether subsidiaries of great world houses or domestic agencies that have mostly developed in recent years. As reputation is gained by people who have created a brand or image of a profession, We think that PR in Croatia has not yet reached the desired level of image, i.e. social usefulness and identifiability. The industry is markedly dynamic which can be seen in the free fluctuation of the employees. This need not be good, as there is a special problem present in the constant lack of quality and continuous education and training of experts.

In the next few years the growing of sectors is imminent, as the number of agencies so far actually cannot satisfy the real needs of the market. Though the potentials are great, the PR industry itself cannot develop without the rest of the national economy that has, in many segments, not yet reached the volume from the beginning of the 90s. PR will progress in the area of business to business and the corporate PR, but at the moment these needs are not present. The majority of Croatian companies are troubled by problems of liquidity, and competitiveness, and with many of them privatization processes have not yet been completed. All the mentioned facts direct the attention of the management and the managers toward the areas that are of more importance to them at this moment. Or to express it in a simpler way: managers find it more essential now to try accumulate the financial means for the legally prescribed lay-off pays and compensations than carry out a PR activity that would explain to the local community, the trade unions, the employees and the media what the reasons are that make lay-offs unavoidable.

Fees & income

In the area of marketing and advertising, agencies realize income worth millions, which puts them, along the telecommunications sector, among the most profitable sectors in the country. Incomes realized through PR activities are considerably lower and vary depending on the client's profile. Agencies working for the consumer product market (more precisely for banks, telecommunications and the like) realize most of the yearly income of the domestic PR agencies. Other incomes are evenly distributed through sectors, and in recent years there is a marked trend of engaging agencies by the state, institutions, local communities, etc.

Surveys

According to the research carried out in 2003 by the "Croatian Association for public relations", there is a department coordinating communications activities in 47% of companies. Only 15% of persons in charge of communications have agreed to divulge the amount of the yearly budget that comes up to £58,500 on the average, and the greatest part of the budget consists of: external communications (38.8%), marketing communications/advertising (36.4%) and internal communications (31.6%). Regarding the engagement of an outside agency, one third of the companies have regular collaboration, while 17.2% of organizations collaborate occasionally.