

A Way Forward for Public Relations

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Good morning to all of you.

I am pleased to be here to provide you with my view of a way forward for public relations. Our profession can be the communications discipline of choice in the 21st century. In order to achieve that lofty objective, we will have to work together to change the ingrained bias against PR. We are a vital senior management discipline that can assure organizations the license to operate with the enthusiastic participation of their critical stakeholders. The best PR campaigns are based on truth and transparency in the pursuit of the public good, not on spin.

I will describe the operating environment for the PR practitioner. You will enter a world that will be profoundly different than the one faced by students just a few years ago. The mass market paradigm that has defined how people receive messages of all kinds since World War II, is crumbling. That era was defined by the pyramid of influence in which elites such as financial analysts, regulators and business media received complex messages. The CEO was the sole face of the company appearing infrequently and using, tightly scripted messages. Advertising, which was the primary way to reach mass audience, was simplistic and image-focused not the fact-oriented.

It was a time of trust in institutions; government was effective, business was in the ascendant. The mainstream media was believed by most people. For years, opinion polls rated Walter Cronkite, the legendary anchor of the CBS Evening News, as “The Most Trusted Man in America.” He would famously conclude his nightly newscasts with the statement, “That’s the way it is on” and would then simply tack on the date. There were relatively few media, both print and broadcast. Three ads in prime-time TV reached 95% of US women in 1967.

What we have now is the evolution of a horizontal axis of communications that complements the traditional top down vertical axis. We are witnessing the democratization of information. There is no longer a single source everyone agrees is always accurate. The sweet spot for companies is the intersection of vertical and horizontal, the controlled, top-down and the spontaneous peer-to-peer discussion. How and why is this happening?

Since the new millennium, we have seen major declines in confidence in business, government and the media. Corporate scandals involving Vivendi, Enron, Global Crossing, and United Healthcare have sapped the reservoir of goodwill built in the happier decade of the 1990s when CEOs were rock stars. The US Government has lost respect, through the failure to find weapons of mass destruction in Iraq and its botched efforts to cope with the devastating consequences of Hurricane Katrina. The media has been criticized on quality, including the 60 Minutes report on President Bush’s National Guard service and the

Jayson Blair scandal at the New York Times. The dispersion of media is so profound that by the year 2000 it required 50 ads on national TV to reach the same 95% of women.

The Me2 Revolution, the reliance on peers in a personal web of trust, means that we are in the midst of a continuous conversation. The confident consumer is determined to co-create brands and to have his voice heard. Edelman's Trust Barometer 2006 showed that the most credible source of information in the US was a "person like myself" at 68%, up from 22% in 2003, far outpacing a CEO at 28%. The continued roll-out of broadband high speed connections makes this revolution possible.

The empowered employee is another new activist group. Employees can be a powerful force, when asked for their views and given information before it is released by the corporation to the general public. Some companies, such as Microsoft, have welcomed this development by encouraging employees to blog—at last count the company has 5,000 bloggers. Companies that fail to adapt will find that the vacuum will be filled by renegade content, such as the immortal "DeltaSucks.com" on problems at the airline or the Vault.com, repository of company horror stories.

The trust void has been filled in part by non governmental organizations such as Greenpeace, Amnesty International and Doctors Without Borders. These watchdog groups are perceived to be selfless crusaders for good. They are credible sources on human rights, environment and other

social issues. They utilize the free media and peer-to-peer communications as their key weapons. They operate in a supra-national frame. The NGO sector is now highest ranked in trust in almost all of the 11 countries covered by the Edelman Trust Barometer and NGO brands exceed corporate brands in trust in Europe.

The media business is being drastically reshaped. The past five years have seen an acceleration of the movement away from traditional platforms such as television networks and newspapers toward Internet based alternatives including social networks and web portals that act as aggregators of content. Subscription based media, such as cable TV or higher end online subscription options such as the NYTimes Select, is expected to continue its rapid growth of 9% per year, while advertising supported media is to decline at 3% per year.

The significance of this change is enormous. The greatest reckoning will come for media where the number of viewer and reader hours is substantially less than amount of advertising dollars currently being spent there, specifically in newspapers and broadcast networks.

What's changed for newspapers? Classified advertising for jobs has moved on-line, while traditional advertisers such as airlines and retailers have been reduced in number by mergers. The advertising subsidy that existed for accountability news has been yanked away. A newspaper on-line ad costs only 1/7 of an ad in the printed copy. One simple explanation for the price discrepancy is that the

average reader of the New York Times print edition spends 35 minutes reading the paper; the average reader of NYTimes.com spends only 8.5 minutes on the site.

Why does this matter? Newspapers have been the primary provider of “accountability news” on politics and business. This has been the key “news hole” for PR professionals. Alex Jones, dean of the Shorenstein Center at the Kennedy School at Harvard, notes that today there are only three great newspapers in the United States. They are Wall Street Journal, New York Times and The Washington Post. This is down from 20 in 1980. The Philadelphia Inquirer had 500 reporters in 2000. That paper will have 300 reporters by the end of this year. This will force it to concentrate on only four areas: business, sports, metro, and lifestyle.

The newspaper industry is not standing still. The Wall Street Journal has launched a Saturday edition, which is focused on lifestyle and fashion to attract a different sort of advertiser and to retain readers in their leisure time. It is asking its print reporters to multi-task by writing stories throughout the day for the on-line offering and foreign editions, including video content. The New York Times has started several magazines, to subsidize its core news coverage. Its Style Magazine features a perfume critic, Chandler Burr, whose column is named Scent Strip

The business and news magazines are in the midst of similar wrenching change. The number of ad pages in the top three business magazines, Business Week, Forbes and Fortune, is exactly half of what it was in year 2000 while

Time Magazine advertising in 2006 is down 15% from 2005. The problem lies in how to make a weekly relevant to an audience demanding immediacy and participation. One solution is to reshape the weekly magazine, from a broad world view to a collection of vertical silos with deep knowledge and to offer an online version updated constantly. Forbes.com has opened up its once “walled garden” to include stories from 125 different sources including wire services and other web sites in order to create deep knowledge in a few vertical markets such as technology and financial services. Newsweek now is sharing its content with Facebook, the social networking site, in an effort to reach a younger demographic. BusinessWeek now places 46% of its total content exclusively on line versus 33% in 2005.

Similar change is underway in the broadcast TV business. NBC is cutting its news division team by 5% and network news viewership has been cut in half during the past 15 years, from 60 million from 30 million. The average age of a viewer of national evening news broadcasts is about 60 years old. TV is now the fourth most popular activity for teens, behind being on-line, being with friends and going to the movies. To reach younger viewers, ABC News is repurposing its content; 300,000 people download the ABC Nightly News via i-Tunes each week.

The success of Fox News Channel has made a strong business case for ideologically driven news coverage. The assumption is that the politically like-minded viewers will be drawn to a channel that endlessly espouses their views.

This is a move away from objectivity, the journalistic standard for the past century.

The cable TV brands have done a better job of accommodating this new reality. The top two web sites for news are ESPN.com and CNN.com. However, CNN's ratings are at their lowest point since 1990. Its leading anchor personality, Lou Dobbs, has adopted a sharp populist tone, blasting US companies that outsource jobs. MTV, with 90 million viewers each week, is now seeking to grow by providing content on cell phones and other mobile devices. There is a merging of news and entertainment; witness the phenomenal success of *The Colbert Report* and *The Daily Show*.

Trade media or B-to-B media is still demonstrating relative health according to a report compiled by Veronis Suhler, an investment bank focusing on media. Driven by online, B-to-B media spending is expected to increase 6.3 percent in 2006. To compete with blogs, trade media such as IDG are offering video as well as print interviews. They are hosting conferences as an additional revenue source.

Consumer magazines appear immune from the inexorable decline in traditional media. Specialist publications in categories such as food, fitness, travel and leisure, gardening and fashion are thick with advertising. Many of the consumer magazines have developed companion web sites which extend the mainstream media experience via photos, video and podcasts. The Conde Nast company is launching destination sites, such as Epicurious and

Lipstick, which attract their own audience through exclusive content.

The social media brands are experiencing rapid growth, lead by MySpace and YouTube. These brands are premised on consumer generated content, often humorous and of low production quality but regarded as genuine and credible. A study by Yahoo indicates that one person will create content, 10 will repurpose it and 90 will view it. There has even been a movement recently towards social networking sites that are devoted to specific ethnic niches like African-Americans, Asians and Latinos. Stories on news website DIGG.com are ranked by users, whose votes determine the value of the news. Web portals are fighting to keep eyeballs by creating online reality shows games like “Gold Rush,” with game clues posted on other Time Warner sites such as Mapquest.com and PeopleMagazine.com.

There are now more than 60 million weblogs, or blogs for short, are often premised on expert knowledge of a specific category and they reflect the personal views of the writer. The most recent study of the blogosphere by Edelman and Technorati shows that in the US, 34 of the top 100 blogs are focused on technology and political topics and tend to link to other A-List bloggers. This is in contrast to the experience in Italy and France where blogs tend to be personal journals, often linking to mainstream media. In the Japanese blogosphere, celebrity and tech blogs are often the most popular. In some markets, such as China, bulletin boards are the most important place for conversation. One

hundred and ten million Chinese actively post to message boards.

Some of the most popular blogs are providing the type of industry coverage and analysis that had been previously offered by trade and enthusiast media. A blog called Techcrunch has covered the ups and downs of all of the new tech start-ups. Techcrunch not only provides keen analysis of all things Web 2.0, it breaks hard news. A few weeks ago Techcrunch was the first information source to publish that Google was in talks to buy YouTube a few days before the deal. Blogs are now an on-ramp to the mainstream media.

Here are a few conclusions about the evolution of media, each of which has profound implications for how you will practice public relations:

First, there is a dispersion of authority. No longer are nightly newscasts a touchstone for the nation. Many people do not believe a story the first time they see it. They require repetition in order to believe.

Second, there is increasing convergence, so that ESPN is now also ESPN.com and ESPN news alerts on cell. News is repurposed across platforms. News therefore requires pictures and video, not just words.

Third, consumer generated content is not a fad, nor is it simply event driven such as in the London bombings of last summer. Richard Sambrook, director of the BBC's global

news division, says the audience is on the field and wants to play in the game.

Fourth, there is more opinion and less objectivity. There is more celebrity and local news, less global and accountability news.

Fifth, there is more subject specificity, and less general knowledge. It is a time of rich vertical content

Sixth, despite the proliferation of media options during the past decade some are just tuning out. Twenty-five percent of Americans with a high school diploma receive no news from any information source each day. We are getting to the point of the information “haves” and “have nots” based in part on ability to pay.

Given this fast-changing environment in which you will practice public relations, I would like to give you some specific advice about your course of study while you are still in school. You will need to have a broad base of knowledge. You will have to be able to quickly to grasp and communicate an ever more complex set of facts in a knowledgeable manner.

You will be working in a more global world. The ability to speak a second language fluently and understand other cultures will be a requirement. Therefore, I would recommend that you take a foreign language and achieve fluency. English alone is not sufficient for the PR leaders of

tomorrow. I would also consider living abroad for a semester to get a sense of how another culture lives.

I would suggest that you take two or three engineering and sciences courses, so that you can understand and explain technological advances. You will be asked to explain cutting edge developments in areas like biotechnology and nanotechnology. Others of you may be called upon to lead the discussions of privacy rights versus the capabilities of next generation communications technologies.

Take business courses outside of marketing and PR. Try to become familiar with the very basics of accounting and finance, so that you are taken seriously when you meet with senior level executives in the C-suite. You will need to provide investors, politicians and NGOs with a rationale for business decisions.

There has never been a more important moment for public relations. When I began my career, we were often dismissed as publicists. Market forces have given us an unprecedented opportunity to move our profession forward to a position of primacy among communications disciplines. We are ideally suited to a world that is premised upon dialogue, credible sources and relationship building.

Here are a few ideas for PR in the 21st Century:

First, embrace the Me2Revolution, the peer-to-peer horizontal communication that is premised on a rich

dialogue. Companies have to give up the usual comfort of the “message triangle,” highly scripted remarks designed to give executives control of the narrative. In the new world, sole reliance on top down delivery of messages by the CEO, followed by simplistic advertising to the mass audience will lead to diminished credibility. While we continue to pursue stories in mainstream media, we should also have relationships with bloggers and enter conversations on message boards.

Second, adopt a big idea that becomes the narrative for the brand or company. One example is Dove’s Campaign for Real Beauty, which reconsiders female self-image by using real women as the models.

Third, recognize that the new credible source of information about a company is the employee. Consider an “inside-out” paradigm for releasing important news—tell your employees first, then let them talk to friends and family.

Fourth, speak with your passionate consumers, the self-appointed experts who enter chat rooms and write blogs. Invite them in as co-creators of your brand future. Adopt the paradox of transparency, in which companies reveal what they learn in scientific trials as soon as possible, instead of keeping everything close to the vest. The new model is a “prosumer” who produces and consumes, where cumulative personal experiences are the wisdom of the crowd. The Starbucks “Cheer Pass” is an example of a

consumer promotion that works in both real and virtual worlds.

Fifth, engage your critics. Come to a place of mutual advantage with civil society. Note the experience of GE. CEO Jeff Immelt decided that GE would offer an array of environmentally friendly products at a premium price, so that environmentalism went beyond philanthropy to being smart business. To forge this offering, GE partnered with the World Resources Institute, a Washington based NGO. Its Eco-Imagination program helped GE instill pride in its work force, empower its sales force to seek new customers and improve relations with regulators and elected officials.

Sixth, offer true depth of content. Your company is most credible if it allows stakeholders to access easily both positive and negative views. You must always offer a reliable source of data in a contentious communications context, such as LowerManhattan.info, which gives information about the rebuilding of downtown Manhattan post 9-11. You need to offer depth of content, replete with links to independent sources of information, video and photographic supporting materials

Seventh and most important is a new level of expectation of you as a professional practitioner. Public relations must move beyond the stereotypes of spin, artifice and half-truths. The best practice must be adoption of complete transparency: who you are, why you are advocating a position and the company funding your work. You must commit to credible advocacy, in which you immediately

update content based on latest knowledge. Listen to the broad range of stakeholders, then return for feedback consistently. If you make a mistake, acknowledge it. Aim for a journalistic level of accuracy because our material is now often used as primary source data, not just as the basis of proposing stories to journalists. Apply “The Page Principles,” which were written by one of the founders of our profession Arthur Page, the former PR chief at AT&T. My favorites are “tell the truth,” and “prove it with action.”

I pose these questions to you, the future leaders of the profession. Can we facilitate an open exchange of ideas that is so central to a democratic society? Can we put aside short term gains from attack style PR in favor of a real debate on issues? Can we get beyond an American-centric view of the PR business? Can we give up control of message?

In a world in which information is easy to access but true knowledge is hard to achieve, our profession must strive for deep relationships with stakeholders based on trust. We do this by involving them, by offering them a voice in the outcome and by allowing them to examine a complete set of facts. The Me2Revolution is a responsibility, not just an opportunity, for public relations. Go out and make it happen!