

pr reporter

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TWENTY-THIRD ANNUAL SURVEY OF THE PROFESSION -- PART II

BOTTOM LINE ISSUE -- EITHER MARKETPLACE, GOVERNMENT OR FUNDING -- IS MAJOR CONCERN OF ALL GROUPS; PUBLIC CONFIDENCE ISSUE RISES IN IMPORTANCE; EMPLOYEE RELATIONS AGAIN A MAJOR TOPIC, MANAGERIAL PROBLEMS SEEN

Marketplace issues dominate the concerns of practitioners, accounting for almost a quarter (23.1%) of all comments on the question: "What are the most important issues/problems facing your organization/industry/major clients?"

Over half of 21 industry groups listed issues such as increasing domestic and foreign competition, shrinking markets and the struggle to maintain market share as their top concern. Although the depth of this concern was even greater two years ago (with 30.6% of all comments), it is still over twice as large as the second category, government, which received 11% of all comments.

Marketplace issues lead in these industries: transportation, travel/tourism, healthcare/hospitals, other financial service companies, other consulting firms, conglomerates, banks, advertising agencies, public relations firms, consumer product companies, and industrials. Government issues lead with insurance companies, utilities, and trade & professional associations. And funding issues are the top concern of educational institutions, social agencies, and all levels of government. The common denominator of these three issue categories is the bottom line: getting revenue and staying alive.

Competition -- the Encroaching Reality

Practitioners report from all regions and a wide variety of industries about increasing competition:

- Competition from large, national public relations firms (Seattle pr firm)
- Japanese drive to usurp computer/electronic market/technology leadership (Silicon Valley industrial co.)
- Nonbank competition (dpr of New Orleans); interstate bank acquisitions (Milwaukee bank)
- Competition from other financial svcs organizations branching to insurance (Iowa insurance co.)
- Competition from generic drugs (Research Triangle, N.C. consumer product co.)
- Determining the proper niche in our marketing strategy (Shreveport, La. hospital)

Even trade & professional associations see competition affecting them. For example, a Buffalo dpr noted, "increasing competition for our seminar programs, which had been a primary source of revenues."



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1987's MOST IMPORTANT ISSUES/PROBLEMS AS SEEN BY INDUSTRY GROUPS				
<u>Issues</u>	<u>No. of Comments</u>	<u>% of Comments</u>	<u>Industry Group with Top & Next to Top % of Mentions</u>	<u>% of Mentions in Indus- try Group</u>
MARKETPLACE: Increase in Domestic & Foreign Competition, Market Share	482	23.1	Transportation Travel/Tourism	45.0 43.3
GOVERNMENT: Deregulation/Regulation, Taxation	230	11.0	Insurance Utilities	31.1 26.3
PUBLIC CONFIDENCE: Public Image, Public Understanding & Support	216	10.3	Government-Federal Social Agencies	23.1 20.2
EMPLOYEE RELATIONS: Recruitment, Communication, Morale, Staff Shortages	214	10.3	Other Financial Svcs Travel/Tourism	22.2 20.0
FUNDING/BUDGET CUTS: e.g., Decrease in Federal Funding	208	10.0	Education-Administration Social Agencies	27.4 21.3
ECONOMY: Recession, Mergers, Foreign Trade	191	9.1	Banks Conglomerates	21.1 17.6
MANAGEMENT/CORPORATE CULTURE: Restructuring, Need for Vision	145	6.9	Other Financial Svcs Industrials	8.9 8.0
PUBLIC RELATIONS PROFESSION: Understanding of PR, Its Effectiveness & Reputation	119	5.7	Advertising Agencies PR Firms	31.1 14.3
SOCIAL ISSUES: AIDS, Education, Ethics, Indigent Care, Literacy	114	5.5	Healthcare-Other Government-Federal	18.8 13.8
ENVIRONMENT/RESOURCES: Acid Rain, Hazardous Waste, Depletion of Resources	75	3.6	Utilities Industrials	10.6 4.2
OTHER ISSUES:				
Technology	37	1.8	Transportation	28.6
Cost Containment	26	1.2	Hospitals	21.8
Consumerism	6	0.3	Other Consulting	9.1
Demographics	6	0.3	Education-Academic	2.9
Special Interest Groups	5	0.2	Consumer Companies	4.2
Energy	2	0.1	Utilities	1.7
Misc.	12	0.6		
TOTAL	2088	100.00		

INSURANCE COMPANIES FEAR GOVERNMENT
MORE THAN THE MARKETPLACE

Tort reform and repeal of McCarran-Ferguson top the list of a Wausau, Wis. dpr.

In Chicago another dpr contemplates state vs. federal legislation, while in Milwaukee a pr coord sees the potential for more unfavorable legislation. Other government-related concerns are risk classification, liability reform and highway safety.

Besides government and marketing issues, a wide variety of other concerns are on the minds of insurance people:

- Lawyer and consumer opposition to our positions (Chicago)
- Realignment of responsibility for paying for healthcare (Syracuse)
- The specter of AIDS (Montreal)
- Latent health/environmental health injuries; e.g., radon, asbestos, DES (Hartford)

ECONOMY MERGES WITH MARKETPLACE
AS TOP CONCERN OF BANKS;
PUBLIC CONFIDENCE BECOMES WORRISOME

The economy spells "survival, survival, survival" for banks, reports a New York vp-pr. Interest rate volatility as well as competition & deregulation, concern a Seattle adv. & sls. promo mgr. Bad loans, particularly to less developed nations, bother a St. Louis vp & mpr. A New York ass't vp of staff comms includes the world economy in her assessment of problems facing banking. The ultimate concern, as stated by a Louisville vp of corp comms, is future profitability.

An increasing number of bank failures has elevated public confidence to a fourth major concern of banks, following the marketplace, the economy, and government. Recent plunge in the stock market will undoubtedly heighten concern over bank credibility. Customers are becoming wary, says a Houston asst vp-mktg. In Detroit, a vp-pr is also worried about consumer confidence.

Other problems:

- The basic issue for banks is stability of the system (Augusta)
- What's needed is "more understanding by the public, customers & gov't for adequate profits" (Harrisburg)
- Banks are hampered in this regard by a bad national press (Findlay, Ohio)
- Also by a "lack of expertise of 'financial' reporters," (Rochester, NY)
- Consumer activism doesn't help, either, (Syracuse, NY)

Management, itself, becomes both an issue and solution. A change to a sales culture is reported by a Seattle vp & mgr of corp comms. And a Montreal sr pub afrs adviser focuses on financial industry restructuring.

Other financial service companies share these bank concerns. For example, a sr vp corp comms in Los Angeles refers to the "economic distress in oil patch and agricultural areas." Two practitioners -- one from Minneapolis, the other from Braintree, Mass. -- use the scary words "crisis communications" to describe the most important issues facing them. Better internal communications and the building of a "cohesive culture," are needed, says a sr vp & dir of corp comms.

HUMAN RESOURCES AND QUALITY OF THE
PUBLIC RELATIONS PROFESSION ARE MAJOR
CONCERNS OF PUBLIC RELATIONS FIRMS

"Attracting and retaining the best people in the face of inability to recruit personnel with senior skills" are the employee relations problems facing chairmen, presidents and exec vp's of pr firms in Los Angeles, Tulsa & Toronto.

What they are worried about is "growth, teamwork, motivation, organization and supervision of employees, in the words of a Portsmouth, NH sr. counsel. "Lower level staff want to move up faster than ready, and are not willing to learn basic work to move on," complains a NYC acc't supvr.

Echoing last year's major concern -- the public relations profession itself -- many pr counselors seek to improve the quality of public relations services and, thereby, its reputation among managers and the media. The issue is "making PR 'pay off,'" says a Tampa pres; or, in client terms, "providing measurable solutions for business problems and demonstrating impact and value from public relations strategies," reports a sr vp from NYC.

Some counselors see an identity crisis for public relations:

- We have to "redefine what public relations is vis-a-vis marketing" (Minneapolis vp)
- Educational institutions have to help by "turning out exceptional writers" (vp and group mgr from Chicago who specializes in crisis management and food products)
- Add ethics to the list of needed improvements (New Durham, NH sr counsel)

Advertising agencies are also concerned about ethics, specifically with regard to medical marketing, advertising and publicity, says a Houston pr coord.

Client and management outlook also come under scrutiny. One counselor complains about the short term outlook of his clients, and a Houston acc't exec laments the "lack of vision on the part of upper management." Says a Rockville, Md. exec vp, there is "decreasing concern for responsibility to do long-range thinking and performance at the CEO and top levels."

PR counselors also list economic issues:

- increasing interest rates
- possible trade pact between US and Canada
- the agricultural depression
- coping with the continuing recession in resource industries
- Florida service tax

Finally, a pr firm pres. from Lexington, Ky. worries about the possibility of an economic decline in the next 12 months.

FUNDING AND SOCIAL ISSUES ARE SPECIAL
CONCERN OF NONPROFITS AND GOVERNMENT

"Income development and volunteer development" dominate the concern of a Chicago dir of comms. There is a "need to generate 24-50% greater private sector contributions to fund services," warns a NYC dir of mktg & comms. Some practitioners, like a pr coord for a museum in Toledo, see a need for 'marketing more effectively to reach the public via various target audiences to increase the number of visitors and income at the retail level."

While income constraints limit services, society's needs grow. Listed as social issues are AIDS, greater blood supply, malnutrition, disasters on the international level, and, as stated by a NYC dir of mktg & comms: the "challenge to serve the rising population of under-class youth who are a growing percentage of the total US population."

Some social agencies see themselves as fighting basic trends in society. Says a St. Paul, Minn., dir of comms: "our basic message contradicts that of society's, especially consumerism -- the 'buy and you will be happy, fulfilled' message." Public confidence becomes a factor as some agencies must win "acceptance of the agency's purpose in the community."

Federal government practitioners list public confidence as their top concern and funding as their second. As stated by a Knoxville comms specialist, his concern is to "maintain federal funding for programs and provide meaningful services to the general public."

Additions to the list of social issues are:

- national day care programs
- crime prevention
- importation of illicit drugs and pornography to Canada
- teenage pregnancy and acceptance of parental responsibilities
- and, more generally, the entry of urban values into rural settings

Consumer product companies are also concerned about some social issues. A Pittsburgh gen'l mgr of comms & labor rels worries about product tampering and a Seattle mpr about crime, violence and robberies. An NYC practitioner even lists terrorism.

IT'S BACK:

ENVIRONMENT IS A MAJOR CONCERN OF UTILITIES AND INDUSTRIALS

Although government is their major concern and marketplace issues their second, industrials list the environment as one of their problems. An Indiana pub afrs dir lists acid rain as a major issue, and others list management and protection of ground water supply and "environmental stewardship in relation to wastes."

The environmental concerns of industrials are irradiation, waste treatment and groundwater, supply of timber resources, and, generally, environmental legislation and staying in compliance with government regulations.

Utilities are also concerned about public confidence. The "credibility of the total business is slipping," says a Kansas City dir of adv/comms svcs. Others speak of the need for "nuclear acceptance" and "emergency planning."

The economy and accompanying marketplace conditions continue to plague industrials. As seen by a Silicon Valley mgr of pr: "Organizing our company's strategies and key marketing messages in clear, 'saleable' form for public dissemination is the solution to the Japanese drive to gain market leadership in the US."

An Oakland vp of corp pr sees the challenge as: "Restoring our operations to full competitiveness, communicating the corporation's progress in returning to profitability, and reducing corporate debt while at the same time retaining people and business units necessary for the present and future."

One industrial mktg mgr in Wilmington, Mass. attributes some problems to technology: "The extraordinary pace of change in product technology makes communication difficult to implement in terms of campaigns & long-term programs."

Industrials also list a wide range of other issues:

- Media illiteracy/irresponsibility (Los Angeles)
- South Africa (Palo Alto)
- US's infrastructure -- construction & repair (Birmingham)
- Changing mix of required work skills and the need for training obsolete workers (Phoenix)

CONSUMERISM AND ENERGY ISSUES
ASSIGNED LOW PRIORITY

Consumerism and energy issues continue their low ratings on the issues agenda. Only one bank sr pr officer in Syracuse, NY reported consumer activism, and a dir of corp comms of a consumer products company in West Michigan referred to "California's Proposition 65 and similar consumerist 'scare' programs."

Energy was commented upon by two mgrs of pr -- one in an industrial company in Corpus Christi, Tex. who lamented the "lack of a national energy policy," and another in New Orleans who referred to "unrealistically low oil prices."

MARKETPLACE, PUBLIC CONFIDENCE,
FUNDING ISSUES ALSO DRIVE
PRSA-IABC UNIFICATION TALKS

Along with PRSA's Demonstrating Professionalism Initiative, this is the field's big issue. Status:

a) 21 topic reports by paired teams of senior members from each org'n were delivered in September;

b) Chet Burger's task force met 2 weeks ago to discuss them;

c) there was substantial agreement on benefits of uniting & on many other reports;

d) main problem areas seem to be finance, some aspects of governance & IABC's international membership quest.

That last one was unexpected. Report on the topic stated 83% of IABC members are in the US, 13% in Canada, 4% overseas. But feeling for internationalism reportedly ran high at the meeting. Annual conference in London last summer lost large sums, directly served only 124 UK members.

But it spotlighted international nature of today's world -- & therefore of the practice. This approach is vitally important to some in IABC. PRSA has 1% non-US members.

Driving force towards unity is the market. Duplicate dues, unnecessary competition for sparse available time, potentially stronger budgets for needed programs such as professional development have been constantly mentioned since urge to merge began in 1979.

As IABC builder John Bailey told prr in '84, on resigning as pres: "Think how much research, professional development & public relations for the profession could be accomplished for one million dollars -- that's how much is wasted in duplicated overheads."

Finances, often troublesome in mergers, are problematic. IABC has a large deficit, PRSA for several years has been building a safety fund.

But bottom line, the stickler is whether a unified professional society can in fact enhance professionalism -- & the public confidence that goes with it. Houston counselor Philip Taggart says it like this:

"With a merger, I see less emphasis on converting the taskmaster to manager or professional, more emphasis on creating larger numbers of taskmasters. This is the road to destruction for public relations as a management function -- already threatened by large numbers of the "task oriented". This causes CEOs to turn to legal, personnel or marketing officers to gain insight on organizational purpose and group relationships fundamental to effective communication."