

ARE BRITISH COMPANIES MORE SOPHISTICATED THAN AMERICAN COMPANIES IN USE OF PR?

So claims a report by London-based Shandwick Consulting Group -- which bills itself as the world's largest independent public relations firm following acquisition of Rogers & Cowan.

Tho it may come as a shock to those familiar with both countries, here are some highlights:

1. Separate pr dep'ts are more likely in UK companies (30%) than US counterparts (15%) where pr is more likely to fall under marketing or other function.
2. Use of pr consultants is more prevalent among Brit companies (78%) than in US companies (39%). Both countries claim benefits of external advice are a) specialist expertise, b) new perspectives and c) creative input.
3. PR strategy documents are used by 39% of UK respondents compared to 25% in US. 32% of US companies compared to 53% in UK refer to pr strategy in their overall corporate plan.
4. Ability to measure pr effectiveness is cited as possible by 44% of US respondents compared to 23% in UK. (Perhaps this is why many would rate UK public relations less sophisticated.)
5. Both countries are most satisfied with efforts in employee communications; least satisfied in area of public affairs. Over 80% in each country consider their company's public relations to be cost-effective. (Copy from Shandwick, 50 Upper Brook St, London W1Y 1PG)

USEFUL INFORMATION FOR PRACTITIONERS

¶2 ways to promote your firm. 1) Freely share your professional knowledge. From Chester Burger Company comes Jim Lukaszewski's monthly Executive Action Checklist. It carries info that execs can use and media can run. June issue offers ways to find out what is really going on in your org'n. Gives attributes of a direct-boss contact program; describes the response form for employees' use; offers free sample of an employee feedback form. (171 Madison Ave, NYC 10016-5143) 2) Send company profile with note attached: "In the event you have a client conflict... possibly you'll think of us." That's what Makovsky & Company (NYC) did. Profile was a reprint of a Business Age article.

¶Outline of the basics of financial & investor relations is available to help prepare execs of companies that are planning to or have recently gone public. In its 20 pages, "Street Talk" summarizes legal, SEC & stock exchange requirements for disclosure, financial report preparation and dealings with analysts, money managers, shareholders & the media. (Free from Watt, Roop & Co, 525 National City Bank Building, Cleveland 44114)

HAVE YOU RESPONDED

...to prr's 23rd Annual Survey of the Profession? Last week you received the yellow survey questionnaire. If you haven't yet filled it out, please do so now and return it to us. The sooner we receive it, the sooner we can get results to you. If you've misplaced yours, give us a call (603/778-0514) and we'll send another right out. Thanks for participating!

# pr reporter

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FLORIDA ENACTS 5% TAX ON SERVICES INCLUDING PUBLIC RELATIONS;  
PUTS ORGANIZATIONAL BUDGETS & FIRMS' RECEIVABLES INTO NEW BALLGAME

"People are just beginning to realize they are going to be taxed beginning July 1 and are trying to figure out how to do it, but the state isn't ready to tell them yet. So we've got lots of confusion," Deanne Roberts of Roberts & Hice (Tampa) told prr. She has been following the issue for PRSA's Counselors Academy.

PR Firms' Concerns 1. Tax will have to be paid on receivables. "In many cases, we'll have to pay the tax before we receive the money from our clients." So firms have to build up cash reserves to pre-pay the taxes that will be collected monthly. Firms presently pay sales tax on tangibles, but never before on fees, "and that's the biggest part of our income."

2. Many clients aren't aware they'll have to pay taxes. Concern is that the next time budgets are reviewed, pr expenses might be entered as a line item. Which means firms will receive 5% less. "So we've got to work hard to make sure the tax is an add-on and not part of their overall budget."

Some practitioners are optimistic and don't feel it will adversely affect business. "I'm not expecting clients to call and say they're going to reduce our budget by 5%," Bruce Rubin, Bruce Rubin Assocs (Miami), told prr. "Nobody's happy about this, but we're coping." Roger Pynn, Curley & Pynn Public Relations Mgmt (Orlando), concurs: "No client has indicated this will change their pattern of work." Pynn feels strongly that the state needs the money and is willing to pay for services needed. Too many say "don't gore my ox, gore someone else's."

Confusion The final bill won't be available for study till June 15. So practitioners are in suspense, not knowing how to report, what has to be reported or in what form. "The guidelines are being written even as we speak," Peter Hollister of Hollister, Trubow & Assocs (Gainesville) told prr. And many groups are still trying to change them. "Everybody in the legislature is being pressured by some special interest group to introduce bills putting one service

Florida has granted some exemptions, reports Roberts -- and pr tools were used to get them. One went to barbers & beauticians. "While you sat there getting your hair cut or styled, they'd tell you about the tax and ask you to sign a petition which they had available. They got thousands of signatures. And they found a strong senator who said during floor debate, 'We need to do this for the little people who stand on their feet all day.' A lot of other people also stand on their feet all day, but these were well organized and got exempted."



or another back into exemption. But most bills are getting beaten down," he reports.

Advertisers & lawyers are reacting strongly. Florida Bar is suing the state saying tax is a violation of constitutional rights. "But the governor is a bright guy. He's asking the Florida Supreme Court to rule on that before July 1 when the tax starts," explains Roberts. National advertisers such as Kraft, Procter & Gamble are boycotting or reducing the amount of advertising placed in Florida media & the ad community is cancelling Florida conventions to "punish the state."

Broadcasters have put together a campaign to go to the consumers about the ills of the tax. But the governor got legal counsel, determined it falls under the Fairness Doctrine so he gets equal time to refute. "This is a very savvy governor who's under tremendous pressure to raise money for our infrastructure. Florida is basically a service economy so the way to raise big money is to tax service firms. And he's going for it, no-holds-barred. Everytime someone comes up with something, he nips in the bud any backlash. He's a formidable opponent," claims Roberts.

Service Tax In Other States Tax on services is "a precedent that other states will have to look out for," believes Hollister. Ohio was a previous target. This year similar bills were defeated in Minnesota & Washington.

Proposed 6% Minnesota tax received "a loud outcry from the advertising community and a modest one from public relations. Principal issue raised was it would be a mandated price increase for Minnesota firms and that would put them at a disadvantage with out-of-state firms. They could do the same work for 6% less. That was a compelling argument," John Beardsley of Padilla, Speer, Burdick & Beardsley (Mpls) told prr. Washington's bill was strongly fought by the adv'g community as well but "it was also a political tax issue that just didn't pass," reports Jay Rockey, The Rockey Company (Seattle).

MERGER IS A 4-LETTER WORD TO MANY;  
HOW TO COLOR ONE FRIENDLY

When American Water Works Service Co. decided to merge 2 subsidiaries in West Virginia, "I tried to communicate a friendly, business-as-usual, only-our-name-has-changed attitude so people wouldn't feel it was a hostile takeover," Cathryn Harris, regional comty rels dir, told prr.

Challenge lay in the 2 largest cities, Huntington & Charleston. Each was served by one of the 2 merging companies. "I was raised in Huntington and all my life I heard about how Charleston got everything. So I knew there was a grassroots rivalry, or could be." Also, Huntington had lost a lot of jobs and had high unemployment -- adding to the fear of a merger.

1-on-1 interviews with key people in Huntington showed that the key concern was whether there would be loss of jobs. Once they learned the answer was no, they had no problem with the merger.

Program won an IABC Gold Quill Award of Merit for internal/multiple audience programs & campaigns from a one-person office. Harris enjoys working alone because she likes diversity. "I worked for a full-service firm before. But they get so big and you have to decide which segment you want. I like dabbling in all of them." And there's a lot to do. "It's certain death if you're not organized and a good time manager. Every time I write my year end report I think, 'Did we do all that?' It's like writing: you know you can always change what you've written but there's a time when you have to say 'that's enough' and move along to something else."

Customers' key concern was whether their bills would increase. Again the answer was no, which defused their fear.

Interviews were done only in Huntington because company there was undergoing a complete name & logo change. Charleston company was merely adding "American" to its name, its logo was staying the same.

To stress friendly merger, notification to vendors was titled, "Business as usual." Bill inserts to customers read, "A new name for an old friend." Issue was also addressed via the mgr's VIP letter -- written to area biz leaders on a regular basis.

For employees, a special one sheet bulletin was produced & updated 3 times carrying the message of the change. President spoke on 2 occasions to employees in Huntington "because they were the ones thinking that if jobs were to be lost, they would be lost there."

PSYCHOGRAPHICS SHARPENS ITS FOCUS  
AS CASE STUDIES OF USEFULNESS APPEAR

SRI International's VALS (values, attitudes & lifestyles) still segments the population into 9 groups (see prr 9/20/82).

But national surveys are underway designed to "test the typology" 1) to see if there are any new, emerging VALS types of people, and 2) to test how the VALS types as a group might be shifting in their value structure, John Garrett, VALS marketing consultant, told prr. "Every 2 years we take an extensive look at the typology to keep it current." Results will be available early November.

2 Successful Uses  
Of VALS Research

1. Chevron wanted better & more favorable awareness among its consumers on the West Coast. Research was designed to find which target groups had what opinion of the oil company.

"We were able to target specific markets -- 'societally conscious' & 'experiential' among the 'inner-directeds' -- where we needed to increase positive awareness." Often these two markets are the most vocal about any dissatisfaction. They are leary that huge companies merely take from society & natural resources, giving nothing back.

Chevron's "People Do" campaigns showed, thru its employees, that it was giving something back. Company built a natural refuge in Southern California for an endangered butterfly; employees put landing platforms for eagles on top of power poles "so they wouldn't fry their feathers when they landed"; used oil tanks were sandblasted and placed in the ocean for certain species of fish to incorporate in their habitat as shelter. Campaign has run for 1 1/2 yrs. Have recontacted the target groups. Found awareness had increased positively. In addition, it increased sales at the gas pump, "which it wasn't designed to do."

2. These same two groups of inner-directeds are the most vocal about their dissatisfaction with utilities. Again because the companies are monolithic and appear to take from society rather than give. A motivator of these 2 inner-directed groups is that they help those less fortunate than themselves. Garrett suggests letting underprivileged consumers choose their own billing cycle so they can pay when they receive their social security or welfare checks. "This doesn't directly benefit the 2 target groups but it does create positive awareness among them for the utility." (More info from SRI International, 333 Ravenswood Ave, Menlo Park, Calif 94025)