

MEDIA, BUSINESS, PUBLIC POLICY
ISSUES FROM PENNZOIL-TEXACO CASE
TO BE RESEARCHED AT NORTHWESTERN

Medill School of Journalism gets a set of litigation & communication documents donated by Pennzoil along with money for their care & research start-up costs. "Pennzoil's

response to our request for its documents is a prime example of the new awareness major corporations have of the importance of the broader role they now play in our society," says dean Edward Bassett.

School's grad prgms in corp pr & biz journalism will do the research. Cooperative arrangements will be formed with U's J.L. Kellogg Grad School of Mgmt & the School of Law.

Second phase will examine how well the news media kept the public informed based on the information available at each stage of the case. "Our graduate programs at Medill are concerned with the roles of the media & the business community in participating in the public forums as significant policy issues are resolved. The Pennzoil-Texaco case offers a major opportunity for joint research in this field," says Bassett.

ITEMS OF INTEREST FOR PRACTITIONERS

¶What makes a PR pro? When Bill Gaskill (ex-chrm T.J. Ross & Assoc and of Rutgers U.) died last week, his obit listed these memberships: Amer. Sociological Soc., Amer Statistical Assn, Academy of Political Science, Amer Assn of Public Opinion Research, Phi Beta Kappa, PRSA. Clearly his vision extended beyond the 1-way sales pitch of marketing & the media mania of public relations.

¶"Investors proved the value of 'perceived' value over one-dimensional statistical judgments on October 19th," says John Budd (vp-pr Emhart). (See prr 1/21.) He told the Boston NIRI chpt that investor rels may be an "endangered species" unless it beefs-up its relevance to the CEO & correspondingly widens its role beyond mechanical number-crunching. It must change its focus from short-term performance to achievement of long-term objectives. "In the real world, the promise of financial gain that attracts investors rests more on corporate credibility than on accounting."

¶Call for papers. Forum for Applied Research & Public Policy seeks manuscripts from a variety of perspectives in the fields of energy, environment & economic development, with particular emphasis on public policy in those fields. Quarterly pub'n is dedicated to clear communication, minimizing use of scholarly or technical jargon. Promotes exchange of ideas, e.g., storage of high-level nuclear waste, future of energy conservation, contamination of groundwater, rural economic conditions, generation & distribution of electric power, need for global environmental awareness. (400 West Summit Hill Dr., Knoxville, Tenn. 37901; 615/632-8042)

¶Study of city marketing programs underway at Cleveland State U. to learn how metropolitan areas big & small attract business investment, people thru advertising, public relations, direct mail, special events. Forward interesting programs for inclusion to: John T. Bailey, CSU, College of Urban Affairs, Euclid Avenue at E. 24th Street, Cleveland 44115.

¶DIED. Herb Kassner, longtime PRSA stalwart, mbr of its task forces on professionalism. He was chief pao, Corps of Engineers, Lower Miss. Valley Div, Vicksburg, Miss.

pr reporter

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WITH HEALTHCARE REPLACING SCHOOLS AS THE MAJOR U.S. SOCIAL ISSUE,
OLD QUESTION OF MARKETING - PR BALANCE IS SPOTLIGHTED IN HOSPITALS;
IS THE COMPETITION HEATING UP OR COOLING DOWN? AN IN-DEPTH REVIEW

Competition -- which gave us the airline, hamburger & banking wars -- made marketing the buzzword & panacea. A good place to observe the phenomenon is hospitals, because a few years ago marketing was unheard of there. They didn't have to do much more than keep their image "high tech" (to attract the best doctors) & "big brother" (to win community support).

Hospitals found themselves in a patient chase due to 1) changes in reimbursement structure (Medicare, DRGs); 2) overcapacity (HMOs, physician group practices, etc). Many in hospital public relations embraced marketing as the wave of the future. From fewer than a dozen hospital marketing officers in early 80s, field has burgeoned to nearly 4,000 marketing titles today.

William Novelli (Doremus, Porter & Novelli, DC), reminded PRSA's Health Section last week that 10 years ago "the battle lines were drawn and the problems laid out" between pr & mktg. What progress have we made since then?

Marketing guru Phil Kotler finds 5 ways marketing & pr can relate. The options:

1. Remain separate but equal functions. Sensible because mktg serves & satisfies customer needs at a profit while pr works to produce goodwill among publics so they support the orgn. But cultural differences abound -- so the 2 often have negative stereotypes of each other.
2. Remain equal but overlapping functions. Mktg managers could borrow assistance for product/service publicity while pr counsels mktg on handling customer complaints.
3. Marketing dominates. Asserts pr is a fundamental mktg tool, existing to support & further mktg objectives thru promotion & advertising.
4. PR dominates. Because an orgn's well-being depends on how it is viewed by all key publics, where mktg's chief concern is customer satisfaction.
5. Integrate marketing & pr as same function. It's being tried in health-care -- i.e. Amer. Soc. for Hospital Mktg & PR. "Marketing" was added.



In Battle To Fill Beds,
PR Fell Thru The Cracks

Image & relationships were perceived as "soft" with new emphasis put on profitability, strategic planning, product development. PR got back burnered as hospitals spent millions on marketing.

But marketing at the expense of public relations creates new problems. And, there's a conflict in wearing both hats. "In marketing, I have a competitive instinct and look at the marketplace in terms of what it will buy. I can't think this way and at the same time think about coalition building and public accommodation," says Mike Killian, dir mktg & pa, Wm. Beaumont Hosp, Royal Oak, Mi.

As Frank Weaver (dpa & corp. dev'l, Cleveland Clinic) sees it, "The term mktg was misapplied. What people really meant was promotion & advertising. Institutions still hadn't properly grasped such mktg basics as research, product development & strategic planning." Question is whether that has changed.

"It comes down to money -- more profit for the hospital or the physician, less & less focus on the care of the patient. But if you want people to give to fund-raising or capital improvement, they're not going to be impressed by profitability. They're going to remember what the guy next door said about how his family was cared for -- and that's where public relations comes in," Ed James, 40-year veteran of hospital management, told prr.

A Marketing Time-Out

Tho '87 survey from Modern Healthcare reported 24% budget increase for marketing activities, two problems surfaced:

1. Marketers had little to report in terms of success;
2. Few healthcare marketers were trained in marketing. (26% came from pr, 14% from medical admn, 14% from comty rels, only 6% from consumer product cos.)

Hospitals called a "time-out," concerned that mktg was not being evaluated on ROI (return on investment). Criticism was that hospitals were "pretending to do marketing" but were actually just applying promo & advtg.

Recognition of the relationship factor is causing a re-thinking. CEOs want to know what all those advertising dollars are buying -- and in many cases, they're finding it's not the answer for selling healthcare.

Hospitals Are In The
Relationship Business

"We can generate volume thru advertising on only a very few programs -- emergency rooms, obstetrics, just a handful. Hospitals are saying, 'If this is like McDonald's where as long as you spend the bucks in advertising you get patients, then maybe this isn't the most appropriate business for us to be in. Let's get back to the reality of how we use our position in society to a better advantage.

"The real payoff in healthcare is the relationship marketing business, where we bond physicians and patients to our organization -- and, of course, public relations has been in the relationship business for a long time," Ken Trester, dir of plng & mktg, U.Mich Med Ctr (Ann Arbor), told prr.

Relationships are what count, adds James. "I'd much rather have 50 silver-haired ladies who've been around the hospital for 15 years, seeing everyone treated well and speaking well of the hospital in the community; than to spend thousands for a big hoopla which means nothing -- no credibility."

Balance Is The Trend

"The business of which is on the front or back burner isn't the issue. The issue is that the hospital industry is maturing & both functions have grown up, evolving in different directions," Killian feels.

He sees them working together: marketing as a line function, with emphasis on product management and sales, and public relations as a staff function, playing a critical role in long-term relationships with the community, medical staff, government, etc.

Does PR Belong Under Marketing?

Novelli says no. "It is a management function in its own right that should have direct access to the top & be involved in every dept. PR pros are the ones who can help hospitals thru tough times, by maintaining good relationships with health consumers & medical staffs." Novelli suggests three steps for pr to improve its position:

1. Conceptualize pr on a broader scale than it's currently seen. He cites Kotler: "Marketers are always looking at economic and other analytical factors, but they've failed to study political science. They should examine the conflicts, the special interests & pressure groups, the vested interests, the political realities. Marketing can no longer sit back in a defensive posture when power is being used against them -- they have to go out there & influence the external environment. What are the tools & techniques of political power and public opinion formation? They are public affairs and public relations at the broadest level.
2. Stop saying pr can't be measured or evaluated. Evaluation is possible & should be integrated -- research is available, affordable & useful. It's not for marketers alone.
3. Study & learn marketing. Not just the jargon -- the principles, tools & applications of the trade. Two reasons: a) marketing is an effective process of problem-solving & behavior change; b) marketing has a hardnose business perspective which might sharpen & improve pr practices. (But Novelli notes that marketing people he knows are woefully ignorant of pr principles & application, and he suggests they study public relations).

Word-of-mouth & reputation are far from dead. '86 Survey by Nat'l Research Corp lists these factors for choosing a hospital -- showing need for both mktg & pr (1-10 scale; mean scores). *Major users & decisionmakers on healthcare.

Factor	Overall	Women*	Elderly*	Men	25-34
Medical staff quality	9.46	9.55	9.39	9.36	9.39
Quality emergency care	9.15	9.34	9.07	8.94	9.07
Nursing care	9.04	9.28	9.09	8.78	8.90
Complete services	8.87	9.03	9.00	8.70	8.61
Newest equipment	8.79	9.02	8.88	8.53	8.47
Doctor's recommendation	8.78	9.08	8.93	8.44	8.76
Courteous employees	8.48	8.75	8.54	8.17	8.43
Pleasant surroundings	8.13	8.32	8.43	7.92	7.84
Cost of care	7.52	7.77	8.03	7.25	7.18
Treated there before	7.29	7.53	7.90	7.02	7.14
Convenience to home	7.26	7.49	7.97	7.00	6.90
Family's recommendation	6.83	6.95	6.96	6.71	6.77
Private rooms	6.16	6.25	6.38	6.06	5.70
Friend's recommendation	6.11	6.15	6.34	6.06	6.13