ITEMS OF IMPORTANCE TO PRACTITIONERS

¶Customers want to be "served, not sold, involved, not told." Richard Edelman, Edelman Public Relations Worldwide (Chi), puts it this way: "There's great skepticism about advertising & about the process of being sold. People want to know the facts & to make their own decision. Think about automobiles. No longer do you buy on the basis of the sexy ads with the beach scenes. Now you want to know about the warranty, the experience others had with repairs & service, the resale value, the finance rate."

¶The federal gov't knows the value of transparent communication. Witness the CIA's report last Wednesday on the TWA crash. Not just a report stating what it found, but a thorough discussion of the process that led to its conclusion. Report goes beyond being "open." Open implies something else is closed, which raises questions. CIA's report is transparent -- everything is laid on the line. Its thoroughness leaves no questions.

¶Another survey shows importance of building employee relationships. American Society for Quality research, conducted by Gallup, looked at the product & service quality of information & networking technologies. Of 1,001 adults interviewed by phone, 64% say product quality has increased over the last 3 yrs; 56% say service quality has increased. However, 20% say product quality has declined, & 31% say service quality has declined. Of those reporting a decline in service quality, employee indifference (23%) leads the reasons given for the decline. Others are: companies sacrificing service to increase profits (14%); good service is not available (10%); bad or inadequate mgmt of customer service (7%); inadequately trained people (6%); good service is too expensive (6%); downsizing (6%); automation/computers (4%). (ASQ, Box 3005, Milwaukee 53201; 800/248-1946)

¶A powerful brand translates into better stock performance, finds study by Corporate Branding Partnership (CBP). It shows that stocks of the 20 US public companies with the strongest brand power -- measure of reputation & recognition among key audiences -- gained market value during the roller coaster market at the end of October. The stocks of the 20 companies with the weakest brand power lost a combined $19.8 billion in market value. CBP uses a proprietary database to measure brand power for 700 publicly held corporations. Strongest brands include Coke & Microsoft; weakest include Kansas City Southern & Unitrin. (CBP, 470 West av, Stamford 06902; 203/327-6333)

WHO'S WHO IN PUBLIC RELATIONS

HONORS. Harold Burson receives the Atlas Award for Lifetime Achievement in International PR from the International Section of PRSA.

Prudential Insurance earns 1997 W. Howard Chase Award for Excellence in Issue Management for its Spirit of Community program (prr 9/18/95).

In 2 yrs of operation, program has achieved: participation by 20,000 middle & high school students; 500 Prudential employees actively involved; 1,200 students in 40 cities trained in leadership & comty service skills.

NEW STUDY VERIFIES THAT EVEN FOR HI-TECH PRODUCTS, SYMBOLS, PEERS & OPINION LEADERS DRIVE PURCHASE BEHAVIOR

The leadership secret of Silicon Valley's most successful companies is Momentum Management, Ron Ricci of Cunningham Communications (Palo Alto) told the PRSA conference in Nashville.

• Packaged products are likely to follow the buying processes of high tech, so understanding how the momentum principle applies is critical if practitioners are to remain on the cutting edge, Ricci believes.

"We were doing all the things expected of public relations people and it didn't matter," Ricci told PRSA. "We were promoting IBM's OS2 perfectly and it didn't matter. No one was buying it."

> When it became clear neither product quality, brand strength, financial strength or loyal customers were sufficient to distinguish winners from losers among high tech companies, the search for what does matter led back to customers -- and what's inside their heads.
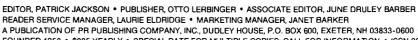
KEY IS CUSTOMER PERCEPTION　His team conducted hundreds of customer interviews to learn exactly what constitutes their perspective of the buying decision process. They said:

1. People don't trust themselves buying technology products. Is it the right choice? Do I know enough to know? These questions plague individual customers and small & large business customers alike.

2. People don't trust the companies they're buying from. Will the product be obsolete tomorrow? Will the cost drop next week?

3. Is it the right time? The industry has been very wrong. Remember the promised paperless office? Pen computing that would replace the mouse?

4. Peer to peer exchanges play the major role in the purchase decision. "It's no longer the trade & business press but shoppers & users talking to each other.... What's it like working with that company? Does the product do what you need it to do? It's now like buying a car or a lawn mower. We seek out those we trust who've had some experience with the product or company -- i.e. opinion leaders."

"In the end, customers buy neither the cheapest nor the best. Best is relative. Two personal computers have the exact same components -- the cheaper has the longer warranty, the more expensive has a different label. They're exactly the same product." [True of everything today]

THEORY OF MOMENTUM   The purchase process felt like the idea of *momentum* in physics -- the product of mass, speed & direction, such that the success of the product seems inevitable.

- "We talked to several thousand customers. 60% of the buying decision involves some way of assessing **leadership momentum** in a company. The other 40% is due to random error & personal bias."

- When applying the momentum principle, the question becomes, "Where is the **moment** that's the right time to act?"

Cases:
- Microsoft has good **mass**
- Netscape didn't have mass but it did have **direction**

  Caution: Microsoft has momentum but customers don't trust the company. "Its challenge is to convince people Microsoft doesn't want to conquer the world, that it's not the 'evil empire.'"

TECHNOLOGY DECISIONS ARE MORE COMPLEX THAN OTHERS Key points:

- Technology products are never finished, unlike clothes or furniture. They're based on software, so the products are never static. Therefore:

  a. I won't own it for a long time, unlike other capital equipment, but it is more expensive than other equipment.

  b. The pace of product change is faster. The first Hewlett-Packard printer took 5 years to develop. Now a new one emerges every 9 months. "You get one up & running and it's time to buy a new one."

IN THIS FLUX, "PEOPLE LOOK FOR SYMBOLS" Cunningham's research says the symbols include:

1. **Standards** or threads of continuity, expressed through the company's message and story. "Will what they've had in the past work in the future?"

2. A company's **eco-system** or the **economic value** of what it does and that of all the companies dependent upon its products. "Novell has a GNP of between $20 and $30 billion -- the total of the value of others that build upon or support what it produces.

3. **Vision** is critical because customers live in the future. Being able to speculate about what that future will be inspires customer confidence.

  - *Oracle's Larry Ellison produces a new vision every two years. "Business decisionmakers didn't care what Oracle actually did but cared deeply about what Ellison said the future was going to be. It's no longer enough to use vision to motivate employees and customers ... it's used to assure a sense of safety about the future."*

ELEMENTS OF MASS:

1. **The right kinds of customers** required to be perceived as a leader: Not numbers of customers but representatives within certain industries: financial services, health care & entertainment. "These are 'leading indicator' industries."

2. **The company's eco-system**.

3. **Peer references**: "Fortune does a piece on Lou Gerstner & hardly talks about him at all: it quotes IBM's customers."

ELEMENTS OF PACE OR SPEED:

1. Product announcements as such are not important but the **pace of introduction of new products** is. "Publicly traded companies must always focus on how many products they introduced in the year."

ELEMENTS OF DIRECTION:

1. The vision expressed in ways that the future is manifest. "Winners don't hide their product plans -- they publish road maps. They tell others where they're going, to build confidence in their direction."

HOW AN ORGANIZATION BECOMES RESPECTED Some techniques & tools:

- **Web sites must be owned by public relations** to assure they effectively communicate all these things.

- **Beta testing** works: "Just be certain what you're doing is recognized as a test. You cannot tell a customer it's done when it's not."

- **Create a concept lab** and invite customers to walk around with your works-in-progress that manifest your vision of the future.

- **Encourage customer discussion forums** on a Web site -- and monitor discussions among user groups about your product.

The question for **pr** becomes, "How can we influence the state of mind of the buyer?" We've moved beyond the image business to the behavior business.

READER QUERY: "Why does prr continue to use the Courier typeface?" asked a participant at the PRSA conference. We've heard readers say it's "old fashioned," "not current" with today's technology & the bells & whistles software can bring to formatting. prr has resisted buying into that expectation. Our rationale has been to: 1) keep a low profile format, letting the content carry the attention; 2) seek a personal, typed look (a news *letter*) rather than a slick, computer generated format that 3) adds another level of separation between reader & words. **Advice, please: What typeface should we use? Are there other options to consider?**