

SEMANTICS & PHRASEMAKING STILL PERSUASIVE

Hamel: "Think about who you listen to. The Past or the future? Who do you speak for?
The old guard or the vanguard?"

Tapscott: "My 12 year old says, 'Adults are obsessed by technology' – that is, adults are full of fears & uncertainties while kids take it for granted – "like the air."

Ries: "The key is positioning: Be the first or best in something. If you're not the first or the best, change the parameters, **create a new category that you can be #1 in.**"

These new-order thinkers know how to put down old line industries & thinkers. Hamel says we're all "becoming ignorant at an accelerating rate – the senior executive team faster than the rest of the organization." Tapscott speaks of the POTS business: plain old telephone service.

- **Never has there been a bigger gap between rhetoric & reality**, e.g. 677,797 US layoffs last year when we say "People are our most important asset" & "We value your opinion." One challenge is to figure out how to communicate to the post-industrial employee who is

- A free agent
- Authority adverse
- Shareholder
- Perfectly informed
- Intellectual capital

SUGGESTED ROLES FOR PRACTITIONERS LEADING ORG'NS TO THE NEW ERA

1. **Be an antidote to denial.** Be the truth tellers, don't let managers fool themselves
2. **Be the enemy of orthodoxy.** Ask, what are the dogmas? Don't subscribe to out-of-date beliefs. Used to be the "hierarchy of experience", now it's the "hierarchy of innovation"
3. **Be the lightning rod for the future.** Understand the revolutionary. Look at the world with a wide-angle lens, not a crystal ball. Search for underappreciated trends
4. **Be a megaphone for the dispossessed.** Although the common belief is "change must start at the top", how often does a revolution start with the monarchy? Change comes from activists – folks with more passion than power. But how many organizations train or even encourage them?

ITEM OF IMPORTANCE TO PRACTITIONERS

- ¶ **Pheromones catching on commercially.** The advent of true dogsniffing to humans (pr 9/25/95) began when the discoverer that people, too, relate unconsciously based on pheromones started a company (Athena, whose ads are now more widespread) to market them. True to its market niche, Victoria's Secret has made them sexy. Here's the pitch: "Want to send a secret signal? Use *secret signal* pheromone fragrance enhancer. We took the essence of animal magnetism (the synthetic pheromone Androstenol) & put it into *secret signal*" that just might boost your confidence & enhance your self esteem." Soon we won't have to build relationships, just buy carloads of these chemicals.

TECHNOLOGY IS CHANGING EXPECTATIONS & COMMUNICATIONS...
BUT IN THE END, IT'S STILL ABOUT RELATIONSHIP-BUILDING

Surfing the Information Tidal Wave was the theme of PRSA's International Conference last week – but the technical gurus brought in as plenary session speakers all said the goal is building relationships. Strategy expert Gary Hamel (chrm, Strategos & visiting prof, London Business School), branding specialists Al & Laura Ries (Ries & Ries) & e-guru Don Tapscott (chrm, The Alliance for Converging Technologies), each discussed technology's burgeoning influence: How the way we communicate with each other, feel about brands and think & act is changing.

- **But underlying it all is the continuing dictum that relationships are key, each said**

PR HAS THE CRITICAL ROLE IN BUILDING BRANDS, NOT ADVERTISING

"If you build a brand the business will follow; if you don't build a brand you won't have a business in the future." Here's why – explained in Al & daughter Laura's book *22 Immutable Laws of Branding*:

1. **The Law of Expansion – the power of a brand is inversely proportional to its scope.** The more things you put your name on, the less powerful the brand. E.g., Saturn has the highest sales rate of any carmaker, with an average of 776 cars/dealer/year. Other car manufacturers all want a piece of every part of the market – big, small, expensive, inexpensive, luxury, economy. Volkswagen's market share was much higher when it offered only the Beetle than now when they produce a wide variety of cars. Spread too far becomes spread too thin = overused & meaningless
2. **The Law of Contraction – a brand becomes stronger when you narrow its focus.** Starbucks is a much more powerful brand than a typical coffee shop that sells a bit of everything. FedEx, focused on overnight delivery, is a more powerful brand than Emery, delivery leader when FedEx emerged, which handles all types of deliveries
3. **The Law of Publicity – the birth of a brand is achieved with publicity not advertising.** The Body Shop's success & name recognition has come without spending any money on advertising; Starbucks spent less than \$10 million total on advertising in its 1st 10 years of business. And don't forget Beanie Babies – \$400 million in sales & \$0 spent on advertising
4. **The Law of Advertising – once born, a brand needs advertising to stay healthy.** However you can't advertise in a vacuum & publicity provides the credibility needed. If you say your product is better, who's going to believe you? There's not much credibility since everyone says their product is better. If your product is perceived as the leader, quality is assumed. Advertising without publicity is a waste of money – remember the "Got Milk?" campaign? The ads are very popular & celebrities clamor to be included, but milk consumption is actually declining because there was no accompanying publicity to let us know when we should drink milk & why



5. **The Law of the Word** – “A brand should strive to own a word in the mind of the consumer. The most powerful concept is a single word in the mind. You can't own everything, but if you can own one word, consumers will attribute many others to you.” For example: Volvo = Safety. FedEx = Overnight. Volvo is known to be #1 in safety, thus making it America's best-selling foreign luxury car. Is it also well built? Well, it must be if it's safe...

- To practice the Law of the Word, follow these steps: 1) Come up with the word; 2) Focus the credentials; 3) Focus the name; 4) Focus the message; 5) Focus the medium for getting your message out (More info & the rest of the Laws from www.ries.com)

TECH GURU TAPSCOTT: PR SHOULD BE “PUBLIC RELATIONSHIPS”

The digital economy is leading to a “complete re-invention of what we know as ‘pr.’” The way we conduct business, build wealth, create relationships is drastically changing. “Trust is the *sine qua non* of the digital economy. Be in the trust business, because that's the challenge of the Cyberage.”

Coming of age now are the first members of the Net Generation & they are changing the way we do business. For the first time, children are authorities ([pr](#) 2/8). Some complain this access to information is not good for kids, that it's either creating victims or criminals. Tapscott's research finds that in fact it's not only pulling them away from mindless television, but providing them with an interactive environment in which they share knowledge, build sites, develop games & learn new techniques.

- Kids have such influence in the digital arena they are being brought in as consultants to the Business Council, an org'n of the 100 top CEOs in America!

3 EMERGING BUSINESS MODELS

1. Creating a great business web, not just a website. Successful businesses need more than

just eyeballs visiting their websites, they need to capture hearts – **which means developing relationships with those visiting**

There are several types of business webs, which he urged every practitioner to check out:

- a) “Agora” (Greek for “marketplace”) = ebay.com & amazon.com
- b) “Aggregation” = aol.com
- c) “Value chain”, in which the net is a platform for designer products
- d) “Alliance”, such as Linux, which is run exclusively by volunteers
- e) “The distributive network”, the ideal system linking all the above

2. Disintermediation/Reintermediation.

As information needs change, middlemen are getting squeezed out. You can take a tour of a virtual hotel & decide yourself if you want to go there. A site like Travelocity cuts out the need for travel agents, by presenting consumers with a list of the best fares available, what flights are available with a specific airline, etc.

- **Insurance agents & even supermarkets** aren't needed. You can get quotes & data on every possible insurance policy, plus ordering food for home delivery within 30 minutes
- **Banks:** 20% will bank on the net by '00. This represents 1/3rd of bank profits. Which means they have to increase their fees to support existing infrastructure & so lose customers. Or – get

e-systems that tell of *all* dealings & potential business with each customer. Then if they're late with a payment, instead of dunning them & losing their business, banks can use this overall relationship to help them find ways to make the payment, change their pay schedule et al.

3. Marketing in an interactive world. Generation.com wants options:

- They want customization
- They want to change their minds
- They want to try before they buy
- Technology doesn't dazzle/function counts
- Pricing is majorly affected. Sites like Priceline.com allow consumers to name their own price.

Brands change from being images to being 2-way relationships mediated by the web. Brands can be instantly established (Netscape) or destroyed (Intel pentium chip debacle) on the web. Value comes to the fore since multiple choices are readily available online (find me the best cookie...here's my definition of what's “best”).

PR has focused on “messages to marketplaces” – but will become public relationship-building.

HAMEL: “CHANGE ITSELF IS CHANGING” SO MUST MAKE ORG'NS “FUTURE PROOF” – WORD-OF-MOUTH BECOMES “WORD OF MOUSE”

The world is changing so fast even issue anticipation can't keep up – “change itself is changing”. So how do we future-proof? Innovation is the fundamental advantage. “More of the same is not good enough. McDonald's found out people have reached their hamburger limit,” according to Gary Hamel.

Can you out-innovate the innovators? Incremental improvement won't work any more. Non-linear innovation is key now – searching & listening somewhere else, thinking outside the box is where you'll find the next idea. **Is your org'n like this ... or is it risk-averse?**

- Org'ns can either be: *Rule Makers* – they're first, establish the rules. Or *Rule Takers* – #2 or #3, living off the rules set by #1. Or *Rule Breakers* – those that break all the rules
- Be radical. Think about how to be different. Plain oreos to doublestuffed oreos, to green doublestuffed oreos at St. Patrick's Day & orange ones for Halloween

From 1900-1950 we were in an R&D phase. Big Science was key & the innovators were scientists creating breakthroughs. From 1950-2000 it's been Big Brands – driven by consumer marketing creating manufacturing wants. In the future, 2000 onward, society will be driven by Big Ideas – entrepreneurs creating business models. But most org'ns are led by “stewards, not entrepreneurs.”

- **“Word of mouse”** will link consumers to consumers (no longer word-of-mouth). Companies like Travelocity or an online insurance “broker” are neutral infomediaries – filtering out biased self-interest of companies to give consumers the overall information they need to make educated purchasing decisions. [[pr](#) 4/6/98, People want to be Served, not Sold; Involved, not Told]
- **People want neutrality.** Amazon.com was starting to accept \$ for placement order of books in its listings. People say give me neutral, I'll pay to filter out the bias (software like At Guard makes it possible to filter out advertising on the Web)
- When it comes to trust, the bad news is that business leaders & government are on the bottom