

## DOES GLOBAL PR RAISE THE ETHICS STAKES? AMNESTY INT'L ALLEGES PR FIRMS COVER UP TORTURE BY SAUDI ARABIA

Amnesty Int'l (London) says Saudi Arabia is committing gross human rights violations – including torture, amputations, public executions – & US pr firms are helping to cover them up. AI report titled “Saudi Arabia: A Secret State of Suffering” claims the Riyadh government “spares no effort in keeping its appalling human rights record a secret by employing ... pr firms & lobbyists.” Report goes on to disclose that in '99 alone, the Saudis spent over \$1 M on such efforts from firms like Boland & Madigan, Cassidy & Assocs, Burson-Marsteller, Dutton & Dutton PC, Powell Tate and Shandwick.

Luckily, “**Most news reports didn't pick up on the names of the firms,**” AI's Alistair Howdgett told pr. “We looked at the Dep't of Justice records & saw that Saudi Arabia employed a large number of pr firms, lawyers, lobbyists etc.” He feels it's obvious these firms have been fairly successful at smoke screening these abuses because, despite Saudi Arabia's poor human rights record, the country still enjoys a strong relationship with the US. “The int'l community must now act to ensure that these brutal human rights violations do not go unnoticed or unchallenged,” warns AI exec dir Wm. Schultz.

### ARE THE FIRMS GUILTY?

According to the Justice Dep't, they do pretty basic stuff – “the descriptions that you get are fairly banal, things like representing & assisting in communication, etc.” Howdgett sees “the major problem facing the Saudis is criticism of their human rights record,” so he figures the firms, to be strategic, are most likely involved with covering up alleged abuses. Pretty typical criticism: something's wrong, pr's involved, so pr must be the cause.

- It's widely known Saudi Arabia has its religious police who go after everyone for violations of Muslim law or cleric's edicts – & may be very hard on Christians, Sikhs & other minorities. And a few years back, a Saudi princess was publicly executed for kissing her fiance in public

### DOES THIS ALSO SPOTLIGHT A 2-FACED U.S. POLICY ON RIGHTS?

The US wants Saudi oil, so does it look the other way on human rights, on the fact the supposed no. 1 terrorist is a Saudi (Osama bin Laden) & also that this nation is about as far as you can get from being a democracy?

- Then why are we being so hard on China, a potentially massive trading partner, for its human rights record & for not being a democracy? One's an ally, the other treated like the enemy

### LESSON FOR ALL PRACTITIONERS

It's the ancient issue: Do we merely put forth clients' voices in the Court of Public Opinion? Or are we duty bound to check out clients' ethical practices & the info we promulgate? Probably the former approach, while grounded in the free market of ideas & First Amendment, is too sophisticated in this era of immediate opinion – rushing to judgment without thought, better known as mob rule. Besides, there is the undisputed responsibility for accuracy. Hill & Knowlton was denounced during the Gulf War, remember, for tales out of Kuwait.

At deadline, none of the firms had responded with comment. The activity involved, however, may not be as widespread as Amnesty International thinks. Cassidy & Assocs, Boland & Madigan, Powell Tate and Shandwick are all part of Shandwick International.

## TOP-GROSSING MOVIE SICS HIGHEST-PAID FILM STAR ON PG&E; WHAT TO DO WHEN JULIA ROBERTS PLAYS SEXY ACTIVIST?

Once films attacked industries or social segments in fictional tales. Today they malign specific organizations about actual events (e.g. *A Civil Action* about W. R. Grace, pr 11/2/98) – & *Erin Brockovich* is going a step further by motivating the protagonist to further activism.

- **Now it's a hate case:** The scene this time is the Atlantic coast, not the Pacific. But PG&E is still the target, since its generating company bought a fossil plant in Salem, Mass. “For me, PG&E has a proven pattern of deceit,” Erin Brockovich told the *Boston Globe*. “So anytime I come across a facility of theirs where people say they're getting sick, call me jaded, but I automatically believe them”

The Salem Harbor facility was on the state's “Filthy Five” list before PG&E acquired it. Officials say they're working hard, at great expense, to clean up this legacy – for whose past they can hardly be held responsible. Or at least not until given time to do cleanup. But trial lawyers don't wait. There are fewer fees to be made from corrected abuses.

And with Julia Roberts fronting the case ... a bonanza awaits. Also underway by the firm where Brockovich is a legal secretary (she deserves a promotion, even a partnership) is another Calif class action on behalf of 1,500 employees, their families, residents & farmers claiming their water was contaminated by chromium from the '50s to '70s. The chromium supplier has been added to the suit.

- The initial Brockovich case recited in the movie got a \$333 M settlement. (She did most of the work but got only \$2 M of what would ordinarily be \$111 M in fees). AP says **in the first week after the film's release, 50 potential plaintiffs called her**

### WHAT STRATEGY CAN PR USE?

Whether the Grace film actually caused the filing of additional actions against that company is not clear. But since its release, Grace faces a spate of lawsuits on other topics & for other locales, including class action suits – usually the result of entrepreneurial trial lawyers. This suggests some watched the film for other motives than entertainment – and suggests **a new category of risk management:**

- **Analyze even the least significant opposition** or action against your org'n, not for substance, but for entertainment value. Would an author or producer visualize it as a book turned film?
- **This goes beyond similar assessment vis a vis possible tv interest** or glaring photos, raising questions also about *who* the opponents are. Do they have photogenic qualities – like Brockovich's now well known plunging necklines? Or interesting personalities, life stories or other entertainment values

**And we thought news media were dangerous!**



## CAUTIONARY TALE: E-WORLD IS FAST, FOR BOTH SUCCESSES & FAILURES; DOES THIS MANDATE SPECIAL ETHICAL CARE BY PR?

Most e-tailers who operate solely on the Web will be out of biz by the end of the year, predicts hi-tech analyst Forrester Research. The darlings of the Nasdaq a few months ago, & the only companies media seemed interested in covering during the holiday shopping season, are dying 120 days later.

Amazon.com & others reportedly are looking at opening real stores, as they see e-tailers with reputations already built that way – or in old-fashioned direct mail a la L.L.Bean & Land's End – taking over. Virtual living has pluses – but also minuses. Reality always seems to win. Maybe the overhyping of everything cyber is coming to reality, along with e-stocks.

- **Issue for pr:** Did we merely do the hyping because clients wanted it? Or did we cause it by not practicing professional restraint & perspective? Even if the former, isn't there a macro ethical issue in any case where practitioners don't apply the latter?
- **Ouch!** How many billions will be lost if most e-tailers tank – & what share of the blame lies with overzealous pr?
- **The practice is pandemic.** As one biz reporter put it in a story about IBM's faster new chip, "High-tech firms typically overhype their products but analysts praised IBM's breakthrough" – i.e., you can believe *this* hype *this* time
- **But it isn't necessary.** Persuasion studies have shown for decades that less is more, that understatement (particularly when backed by performance) sells best. Overstatement dulls belief. Coupled with lack of promised performance, it courts disaster. The supposedly required "buzz" of the hi-tech world may have its genesis in the need to gain awareness for not-really-valuable, or unperfected, offerings. Did pr practitioners know? Are they true believers who trusted their own press releases a la Three Mile Island? Many had/have little prior pr experience, which may also be a factor
- **Reputation matters much.** As has been said about Bill Gates, if someone had a nickel for everytime a user has cursed Windows, that person would be richer than he. The lawyers won't say so, but this plus Microsoft's pugnaciousness – & maybe his family's contacts that got him started – play a role in the antitrust action
- **Probably this phenomenon occurs at the rise of each new technology** – ironmaking, oil, telephone, automobile. But seldom have as *many* gotten as rich for such imperfect products as the young nerdy millionaires. When it was IBM's Watsons, the Hewletts & Packards & similar, they had been around awhile & earned reputations by their track records. (Is the upside that it's now more inclusive, more democratic, 'cuz anyone can achieve it?)

**Bottom line:** Even if Forrester's prediction is wrong, this should be a warning to pr on overhyping.

## BUT VETERAN NET SHOPPERS MISS CUSTOMER SERVICE IN BOTH TRADITIONAL & E-VENUES, STUDY FINDS; RELATIONSHIPS ARE KEY IN AN ERA WHEN NEARLY EVERY ORGANIZATION IS A RETAILER

Most org's are retailers at one level or another. Healthcare, education, insurance & others not thought of as such have direct customer contact – so they are. A study of confirmed Net shoppers finds that

while in-store shopping remains the customer service winner when compared with e-tail sites, both fall short of the customer service mark. Consumers are increasingly disenchanted with traditional retailers because of lack of personal service – a 20-yr trend.

## SERVICE REMAINS A CORNERSTONE OF ALL CUSTOMER RELATIONSHIPS

"If there is one clear message being sent by the veteran (4+ years on-line) users, it's that service & overall customer satisfaction will **not** be a thing of the past, despite non-traditional shopping venues," says Kim Knepper, svp, Data Development. "It will be the cornerstone of all successful customer relationships in the future." Findings:

1. **Internet is favored.** These respondents not unexpectedly strongly prefer Net shopping over visiting traditional stores, expecting better prices without sacrifice to quality. But traditional stores have an edge over e-tailers when it comes to taking care of the customer
2. **Most will pay premium for TLC.** Most respondents say they're willing to pay more for better customer service. "Clearly, whether it's in a traditional sales venue, or over the Internet, consumers aren't willing to sacrifice service," says Knepper
3. **Bleak outlet on customer care.** Only 43% feel that companies care about their customers. Only 35% say customer service has improved in 10 years. Furthermore, 31% say they've had a bad customer service experience *in the past week*, and 68% indicate even one bad experience with a company will turn them off forever
4. **Bad news spreads.** 73% of customers let the companies know when they're unhappy, but a whopping 95% tell a friend or acquaintance

## THE GOOD NEWS

1. **Well-targeted communications pays off:** 67% say they will try new brands or services because of targeted messages
2. **Companies that stress customer service will retain patrons.** 98% report loyalty to a "company that cares about me"
3. **Technology actually a plus.** Despite the fact most feel Internet sites are lacking in customer service skills, 64% believe technology has "had a positive impact" on customer service. To solve a purchase problem, 57% say they would prefer to use the Website

**Does technology destroy interpersonal skills?** Interestingly, 24% of these committed Net users would rather use a touch-tone phone (automated v-mail) instead of speaking to a customer service rep.

Researchers at Data Development Corp (NYC) & California-based DIRECTTV surveyed 1,147 veteran Internet users to get their views of shopping on-line vs. in stores. Another spokesperson told pr the study didn't dig in depth to find out what the walk-in and on-line stores are doing to turn customers off. (Copy of study, "Click vs. Brick," at [www.datadc.com](http://www.datadc.com), or call 562/901-0064)