

W.R. Grace's "The Deficit Trials" -- issue ad where children in the 21st century bring their parents to trial for wrecking the economy with unchecked deficits -- has been shown on cable & most of the independent tv stations around the country. Even CBS agreed to show the ad with minor changes. But, as a result of Grace's outspoken stance, networks are "gun shy," according to some issue advertisers.

Stations at the local level are more willing to take a chance for several reasons:

A. Relaxed regulatory atmosphere of the Reagan administration. "Today, people seem to be less worried. The FCC almost seems to be reinforcing & promoting the idea of an open, free marketplace of ideas," believes Jim Griffin of the DC ABC affiliate, WJLA-TV.

B. "Given the current political climate, there's not much strong feeling for or against anything. So station managers are willing to take the chance and place an ad because they feel they're not going to be criticized by their local community," says Philip Sparks, dpa, Amer Federation of State, County & Municipal Employees.

C. Others believe it's a matter of money. "Even the networks may ultimately decide to revise their policies on issue advertising if their ad revenues continue to dwindle," says Mike Jablons, TV Bureau of Advertising.

The Democratic Party & other "progressive" groups are not eager to see the Fairness Doctrine overturned in either of 2 court cases pending this fall. If overturned, issue ads would increase in number -- striking fear in those who prefer enlightened debate to emotional ads. Public's increasing sophistication about these messages and the principle of "congruent acceptance" are counter balances.

But, says Sparks, "in the battle for public opinion, success or failure often depends on how much money you have. If you stack the money on the left against the money on the right, there's no contest. The left will spend \$100,000 campaigning against nuclear energy. The right will spend \$1 million." Of course, all this assumes ads & media messages are influential -- something scholarly studies are still unable to prove.

Advice To Potential Issue Advertisers 1. Be subtle & imaginative. "Don't go in and hit someone over the head. Simply state your message clearly without being too contentious. You get a lot further when you present your message in an educational, informational way," advises Jablons.

2. Deal with stations individually, submitting story boards before going to the expense of producing the ads.

3. Prepare different tag lines for the same ad. Show the strongest one first. If the station objects, you will have a softer one at the ready.

4. Know the rules and read the political climate. 6 months can change what was fairly non-controversial into a hot topic, leading a station to turn down what was before a bland message.

5. Strongly worded ads can be counter-productive. Strident ads promoting support for Reagan on Nicaragua did the opposite. It failed to change the position of the 9 targeted Democratic congressmen. In fact, people registered dislike for the ads, to the extent they supported the congressmen, not Reagan.

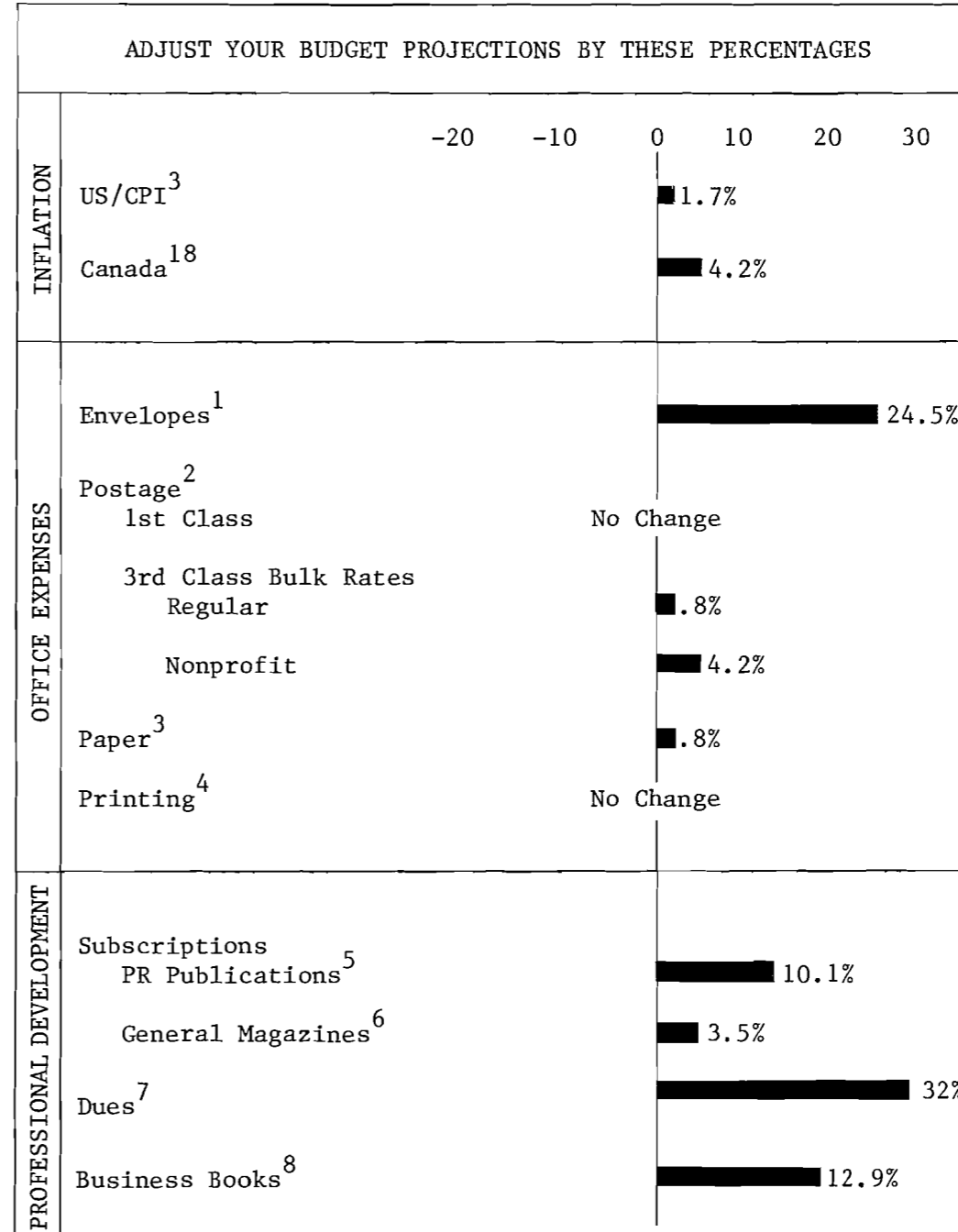
pr reporter

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ANNUAL BUDGETEER ISSUE: LONG DISTANCE CALLS DROP 20%
BUT ALMOST EVERYTHING ELSE PR PROGRAMS USE IS GOING UP



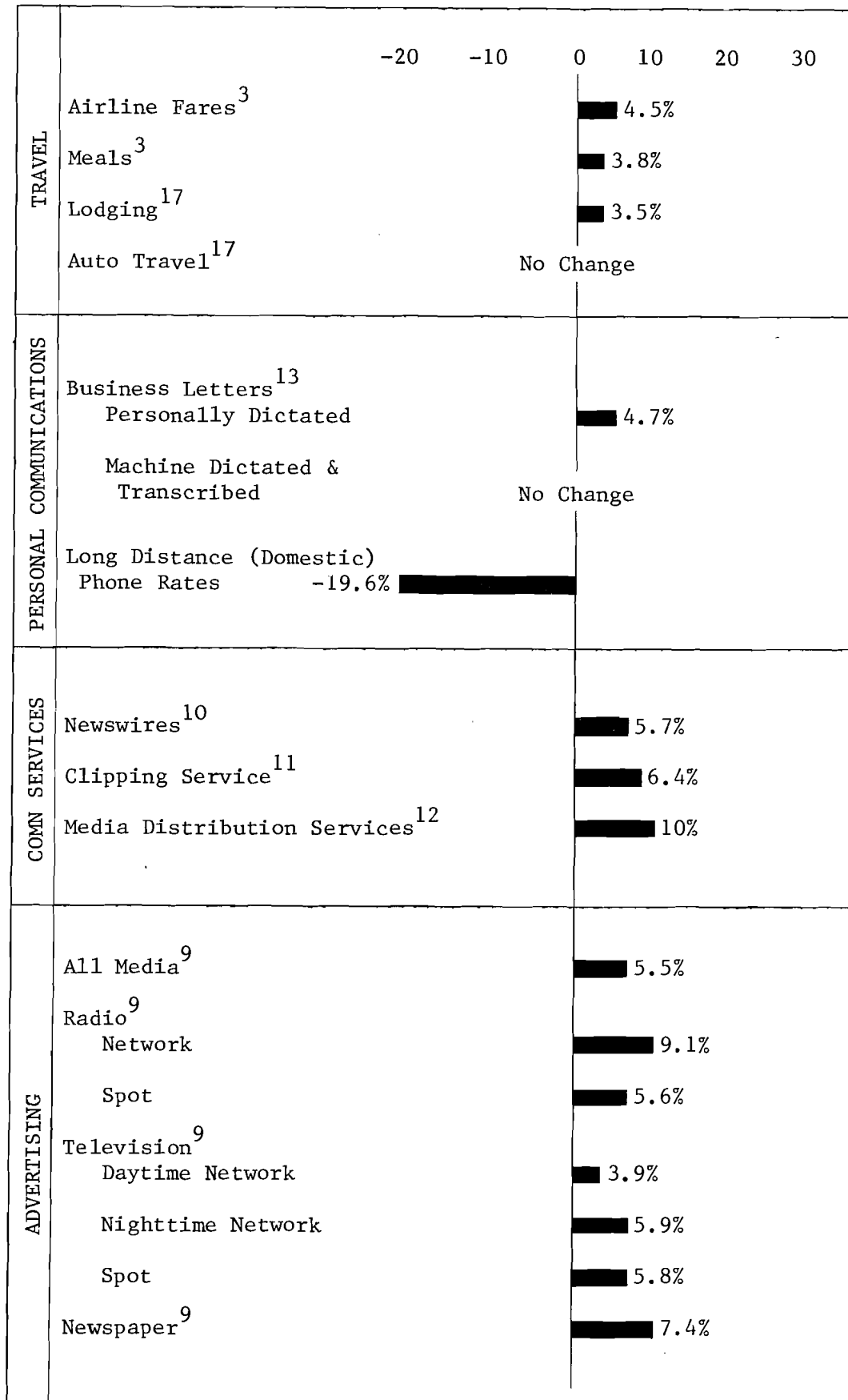
Inflation may be curbed, but the particular purchases made by public relations practitioners are running at rates far above the inflation base.

COMPUTERS. However, if you're in the market for a computer, there's good news. Microcomputer prices are dropping. Down 15.7% from last year. Average cost now about \$3,000. Downward trend is expected to continue and experts aren't sure when costs will level off. Minicomputers are down 1.7% (average price \$56,900). Mainframes are up 2.8% (average price \$1,120,000).

Newer, more sophisticated programming is driving the average software price up. But according to Pam Crosby at Microcomputer Software Ass'n, word processing

& some data analysis programs are fairly stable & becoming less expensive.





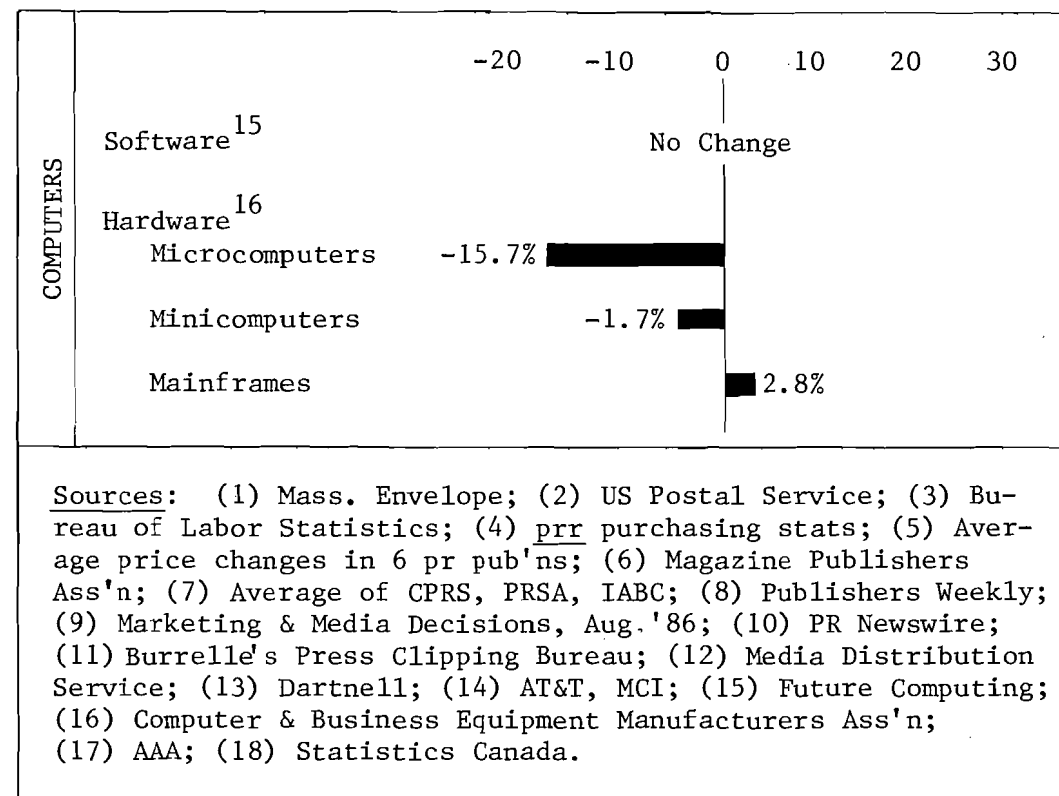
PHONE RATES. Competition among long-distance companies is reflected in the rates. Down 19.6% from last year. It now costs \$3.75 for a 10 min. call from Boston to San Francisco. Last year it cost \$4.65.

TRAVEL. Lodging & meals are up 3.5% & 3.8% respectively. Auto travel is holding at 23.2¢ per mile.

POSTAGE. First class rates remain steady. Third class bulk rates increased slightly (.8%). But non-profit rates jumped 4.2% from '85.

PROFESSIONAL DEVELOPMENT. PR publications rose 10.1%. Biz books are up 12.9%, averaging \$28.59 per book. Collectively, dues in the basic professional societies went up 32%. However, one ass'n remained the same (PRSA), a second increased dues by 35% in '86 (IABC) and a third rose 64% since the last budgeteer issue (CPRS).

OTHER ITEMS. The cost of personally dictating



Sources: (1) Mass. Envelope; (2) US Postal Service; (3) Bureau of Labor Statistics; (4) prr purchasing stats; (5) Average price changes in 6 pr pub'ns; (6) Magazine Publishers Ass'n; (7) Average of CPRS, PRSA, IABC; (8) Publishers Weekly; (9) Marketing & Media Decisions, Aug. '86; (10) PR Newswire; (11) Burrelle's Press Clipping Bureau; (12) Media Distribution Service; (13) Dartnell; (14) AT&T, MCI; (15) Future Computing; (16) Computer & Business Equipment Manufacturers Ass'n; (17) AAA; (18) Statistics Canada.

a business letter averages \$8.92 (up 4.7%) whereas a machine dictated & transcribed letter remains at '85 prices -- averaging \$6.22.

Advertising costs continue to rise, as are news-wire & clipping services. Media distribution services are up 10%.

Costs of printing & paper remain relatively stable. Envelope prices, however, leaped. As of Aug '85, prr reported no change. Shortly afterwards, how-

ever, prices rose by 8%. They again increased by 8% in January '86 and September.

PHOTOGRAPHIC SERVICES. This year prr stalked the elusive photographer to determine rates. We found no industry-wide figures available. Here's what we heard from various sources:

¶Because fees are determined by many variables, photographers prefer a flat fee per hour or assignment -- plus travel expenses, film, prints, models, etc.

¶The fee varies among photographers according to degree of experience, talent & how good they are at selling themselves.

¶It pays to negotiate costs at the outset.

¶Some on-location charges: \$65/hour (Hawthorne, NJ); \$45/hour (LA); \$100/hour (Houston).

SOME CLAIM A LOT MORE MONEY WILL GO INTO ISSUE ADVERTISING. QUESTION STILL IS: DOES IT WORK?

What we're seeing now is just the "tip of the iceberg." Incentive for growth, says one issue advertiser in Washington Journalism Review, is that it's much more "chic" for advocacy groups to raise money for tv ads than a 30-minute educational film.

A leading advocate, W.R. Grace finds the networks "totally inconsistent about what they've permitted on the air and what they've prohibited." CEO J. Peter Grace berates the "controversy" test given issue ads. "If a network determines an ad is too opinionated, it will reject it. The network makes this judgment subjectively. It's pot luck. They ought to clearly spell out their policies and allow more flexibility to participate in the dialogue."