

PUTTING A PRICE ON DISSATISFIED CUSTOMERS

This might be an extremely useful -- or at least motivating -- activity, if one company's experience holds true. Leisure Sports Inc. runs upscale health clubs in Calif., upstages competitors by aiming for customer satisfaction results like Disney, Hyatt, Nordstrom.

Member retention is key to profitability in this, as in most, industries -- since sales & startup costs make the initial period of the relationship a breakeven, possibly a money-loser. LSI computes the total cost of a dissatisfied customer is no less than \$129,366! Industry averages for member loss range from 35-50% annually -- while theirs holds at only 28% -- because staffers "obsess" about satisfying customers.

TV PSAs STILL EFFECTIVE FOR NPOs, ANNUAL STUDY FINDS

Despite a shrinking audience for any particular station, PSAs do achieve exposure, finds a survey of 400 pub svc dirs by West Glen Communications:

- Contrary to popular belief, only 22% air in the late night/early morning. Half run during the hours of 5am - 4pm.
- 70% air for at least 3 months; 17% of those rotate for 6 months or more.
- Celebrity spokespersons don't favorably affect a station's decision to air the PSA. Critical factors include: a) relevance to viewers & station, b) prominence of the NPO, c) worthiness of the cause.
- 98% prefer to receive PSAs via hard copy cassette with accompanying collateral materials.
- Preferred format is 3/4" tape tho there is a growing trend for stations to use Beta (18% in '93, 28% in '95). Demand for 1" dubs has remained steady over the years.
- 40% favor 30 second spots over :60, :20, :15 or :10.

(More from West Glen Comms, 212/921-2800)

WHO'S WHO IN PUBLIC RELATIONS

DIED. Larry Ragan (publisher, The Ragan Report) Nov 5 after a 2-yr bout with Lou Gehrig's disease. He was 73.

In 1970, he launched The Ragan Report in his native Chicago, refusing to flock to DC where many newsletter offices were opening. Ragan Communications has since published 14 other nationally known newsletters. He also served as pres, Newsletter Publishing Ass'n, & was named an IABC fellow.

Reflecting the iconoclast he was, he stuck with his Royal typewriter,

insisting on *personal* (not computer driven) communications. According to his son Mark in 8/3/92 prr: "He says it's the tactile feel of his fingers hitting those old keys that make his style sing." When his Royal broke down, he "went thru these fits every day. We set up an electric, computer-style typewriter in his office but he couldn't write on it. He finally got into a rage and went out to all the old Royal typewriter repair shops in the city and bought 3 Royals. Now we have them sitting among all the computers in our office."

DOE PR CIRCUS SPOTLIGHTS IT & THE PROFESSION -- NEGATIVELY

US Dept of Energy Sec'y Hazel O'Leary came into office from a supposed pr job, evp-corp afrs, Northern States Power (Mpls). Her dept's recent activities demonstrate how misunderstood pr still can be -- not only by its critics, like journalists, but even among those applying its techniques:

1. **Evaluating Media Coverage.** This timeworn tool apparently shocks journalists & other wimps, like the White House. O'Leary has been criticized to the point of threatened job loss for hiring Carma International to do a typical rating of coverage (positive, neutral, negative) & of the reporters who provided it. Wall Street Journal professed such horror it ran 2 major pieces, one a profile of the firms which provide the service -- which may stimulate more of it! Other media reacted similarly. Some revealing sidelights:

- In what is perhaps a clue to its often-flawed communication with the voters, the White House via Press Sec'y Mike McCurry said the activity was "unacceptable." Doesn't he analyze his media coverage? Is that one reason Pres. Clinton's points so often don't get across?
- In a giveaway that shows media's true feeling about balanced coverage, one editorial suggested "reporters receiving low marks might well wear this as a badge of honor that they are doing a good job of covering her department." I.e., finding something to criticize -- rather than reporting on developments -- is the media's role.

What hypocrisy. The people who shove a mike in your face and ask how you feel after your family was just wiped out in a disaster are suddenly sensitive that someone would merely analyze their writings.

2. **Hiring "Expensive" PR Counsel.** "O'Leary has \$260-a-day media advisor" is the head over an AP story implying that such counsel to, among other tasks, "elevate her public profile" is wrong. What will strike pr pros is that anyone with sufficient skill to advise a national figure would work for such rates! Reportedly this is for full-time work.

It was this counselor, Audrey Hoffer, who suggested tracking media, says the story. **Another problematic area:** She maintains an office at DOE but works apart from the pa dep't, "reporting directly to the secretary or her senior advisors." One Clear Voice?



3. **Large Media Relations Staffs.** The AP article claims DOE has 16 media specialists + a press sec'y + a dpa. prr confirmed this & learned their responsibilities are much like any media rels prof'l in the corp world -- doing media comms plan, drafting media advisories, writing news releases, advising principals, identifying key opinion leaders, etc. "But in the public sector we have to be more responsive, answering every request for information," Bill Wicker told prr. Perhaps if DOE spent as much energy & money identifying its opinion leaders and building relationships with them, it could avoid being whipsawed by journalists & build direct rapport with key publics.

LET'S BE CLEAR ABOUT THE ETHICS OF MEDIA / REPORTER TRACKING

The flap over O'Leary's use of Carma and the subsequent -- tho not surprisingly biased -- coverage deserves some thought by practitioners "just to be sure":

- Is there anything inappropriate in this kind of analysis -- for government or any other kind of institution? Is it a Nixonian enemies list, as some media termed it? If so, is that wrong?
- Is it ok for the private sector but somehow not for gov't? Shouldn't we at last overcome the idea that gov't should have different standards -- that ethical behavior is ethical behavior wherever it occurs?
- Is this new -- or is it using a computer for what most practitioners have done anyway on a less systematic basis, that makes it suddenly threatening to some?
- Can it be a useful tool in helping prepare for interviews by knowing in advance likely issues & attitudes? For other planning & strategizing purposes? Or does it matter?
- Can it be helpful in letting us know which messages are not getting across as a starting point for discovering why? If the media isn't picking them up it may be face-to-face isn't either; they're too complicated; they don't directly affect readers.

We research our publics -- why not the media? Does the attention paid to this show that many professionals still have too much focus on the media -- or their bosses do? (Do readers have thoughts on this subject? Send, fax, e-mail your comments to prr. We'll share them in these pages.)

WHEN ORGANIZATIONS DOWNSIZE, WHAT RESEARCH IS NEEDED?

Downsizing jeopardizes relationships with employees as well as customers, the community & stockholders.

That was the view expressed by the majority of almost 100 professionals who attended PRSA's half-day, interactive Research Committee Forum (prr 10/16). In a role-play scenario, CEO Kathy Lewton met with key staff members to discuss detailed plans for downsizing & restructuring a hypo-

thetical corporation. Her mind was already made up about the need to lay off 15,000 employees.

Following their scripts, only the chief financial officer supported her while other directors had these reservations:

- HR director Laurie Grunig warned that morale would be devastated & even the surviving employees would mis-trust management. She asked consideration of alternatives, such as moving to a 4-day work week that would minimize layoffs.
- Marketing director Bob Druckenmiller worried about the impact on the sales force & resulting cuts in services to customers. He noted the existing lag in research & product innovation.
- DPR Pat Jackson warned that layoffs might be interpreted by stockholders as a signal the company was in trouble & that employee dissatisfaction would contaminate product quality & lower productivity. He pleaded for research data so that he would "know how to play this."
- Research director Glen Broom insisted on the need for a plan backed up by research.

Information on the perceptions & concerns of employees, distributors, dealers & others was sorely needed.

After the role-playing scenario, participants divided into one of three groups: strategy, measurement & relationships. They agreed: Whatever research was done would have to support the strategic goals of the corporation. Research would delve into the perceptions, attitudes & expected behavior of employees -- the key stakeholders -- and others affected. As noted by the group concerned with relationships, these questions concerning employees were paramount:

1. How will employees react to the news (or in the researcher's jargon, what would the resultant outcomes/behavior be)?
2. How would the level of trust employees have in management be affected?
3. What expectations & attitudes about fairness do employees have?
4. Do they believe layoffs are really necessary?

Participants differed in their judgment as to whether the harm to relationships was what counted; or whether maintaining relationships was simply a means to obtain desired behaviors.

Quote of The Year: "Executives in the 1950s routinely talked about responsibilities to consumers, workers & communities. Today, CEOs are remarkably quiet, as if the economy had nothing to do with values (emphasis added). We need a serious national discussion about corporate responsibility." -- Sec'y of Labor Robert Reich.