

Cone Communications, a Boston-based strategy firm that links companies and social issues, commissioned the Roper Center to conduct study in two phases: 1) face-to-face interviews in the homes of 1,994 adult respondents; 2) via phone interviews of 1,030 adults from October 26-28.

STRATEGIZE GIVING, COMMUNICATE EFFORTS

Companies don't necessarily have to give more, but "they need to spend it in a way that is relevant," says Chan. "Right now, most companies are giving a mile wide and an inch deep. Instead, they need to practice **selective giving and focus their funds.**"

Forming relationships and making long-term commitments is essential, says Chan. Sophisticated companies will move beyond merely writing checks and conducting short-term promotions to creating deeper commitments and relationships. "These activities should be long-term, credible and integrated into the company's overall business strategy, and they should involve consumers, employees and communities." (For more information, contact Ann Chan at 617/272-8403.)

COLLAPSE OF ENRON TEACHES LESSONS ABOUT IMPORTANCE OF RELATIONSHIPS AND PUBLIC RELATIONS

Enron Corp., the 7th largest American corporation, with revenues of \$101 billion and a stock market value, at its peak, of \$63 billion, collapsed and filed for bankruptcy – the largest in the nation's history. The cause: financial institutions made loans to the company and investors bought stock on the basis of "irrational exuberance." Although they didn't understand Enron's complex business operations, they were captured by a fantasy promoted at every occasion by its CEO Kenneth Lay. A company didn't have to own assets; all it had to do was to make clever trading deals. It was the biggest trader and marketer of electricity and natural gas – and later, virtually anything, including network bandwidth – making a profit on small price differences between suppliers and demanders. Enron's failure highlights some important public relations principles:

- **Disclose financial information** – in a full and timely fashion – to earn investor and customer trust. But Lay and CFO Andrew Fastow created a scarcely penetrable maze of financial structures, said the *Financial Times*. Bankers and investors were working on misleading or inadequate information, e.g., about a series of partnerships that moved debts off the company's balance sheet. Nevertheless, as many old-economy energy-industry analysts told the *New York Times*, "Many [investors] openly acknowledged their lack of understanding of Enron's new lines of business – but hey, the company told such a good story. Why quibble over a few murky details?"
- **Counterbalance a business based on impersonal transactions with programs of relationship building.** Enron failed to do this (unless you call paying \$100 million to name Houston's new baseball stadium Enron Field relationship building). Said one investor to the *Financial Times*, "They were ruthless. That's why they had no friends when they were in trouble."
- **Beware of arrogance**, or what *Business Week* called the "weening ambition" of its once widely admired top executives Lay and Fastow. Investment banks resented their "we're smarter than you guys" attitude. Arrogance caused deafness to the voices – and warnings – of others.

HAPPY HOLIDAYS TO EVERYONE!

This is the last issue of 2001. Look for our *First-Of-The-Year Issue* on January 7, 2002.



JOURNALISM TRENDS, POST 9/11: THE PUBLIC LIKES AND TRUSTS THE PRESS AGAIN, BUT REPORTERS FACE UNIQUE CHALLENGES

The news business is in trouble, said a keynote speaker at the Association for Education in Journalism and Mass Communication's annual convention in August. In the squalid wake of so much "secret lives of Clinton and Condit" coverage, the public cultivated a contempt for the press and for press reports. Conference attendees didn't know that events would reverse the tide of public opinion.

The latest tracking from Pew Research Center for People and the Press (DC) finds that **Americans are now praising the news media** for its coverage of the "War on Terrorism." Of 1,500 respondents, those who think "media gets facts straight" has risen from 35% in early September to 46% today – the best such grade since 1992. The rise in positive attitudes has to do with more people seeing the press as professional, moral, patriotic and compassionate. "All things being equal, this poll shows for the first time in a long time a better opinion of the American news media," states Andrew Kohut, director of the Center.

APPETITE FOR NEWS HAS GROWN

The hunger for news has become voracious since 9/11, confirms Jan Schaffer, exec. dir. for the affiliated Pew Center for Civic Journalism (DC), in an interview with *pr*. A full 66% of respondents say they are more interested in the news now – much higher than the 49% expressing increased interest a decade ago as a result of the Gulf war. Schaffer notes other trends:

1. **Global can mean local.** "9/11 opened up opportunities for news organizations to make stories about ordinary people very compelling. You see this in the *New York Times* with their daily obituaries of the attack victims" – often with photographs, bringing the attacks to a personal level.
2. **Knowledge-building within coverage.** The media failed to educate the public about the Middle East, what was going on there, why so many hate the West. Now they have to catch up. "We are seeing an emergence of educational news. They're not so much news stories, but civic primers." Schaffer notes that the *Seattle Times* recently featured a piece about turbans. "There are seven ways to tie a turban and each way signifies something different."
3. **Interactivity.** People are learning facts at the same time as journalists and have a sense of membership with the press. The public wants to play a role in events, hence you see more pieces of

POINTS TO PONDER

- While public opinion of the press is rising, **how will that affect your or your client's organization** when it becomes the media's focus?
- No matter how highly regarded, the media's function is still **agenda setting** – telling us what to think about, not what to think.
- The media's influence can never override the **importance of one-on-one relationships.**



information coming out, such as “where you can help” or “where you can donate money or blood” and “where you can join a chatroom.” “People want ownership of the story.”

- 4. **Customized consumption.** People are grabbing news items from various sources. “Gen Y and Gen X are skilled at taking components of various news pieces from CNN, newspapers, web sites, even the online satirical ‘Onion.’” Younger people, although better educated, are less well informed.

THORNY ISSUES FOR JOURNALISTS

Although journalists are held in high favor since the attacks, there are new sticky wickets with which to grapple. Among them:

- A. **Censorship.** “People want the media to play a role, but they’re okay with a little censorship – if it’s in the country’s interest,” notes Schaffer. The study indicates that by a 53% - 39% margin, the respondents say it is more important for the government to be able to censor stories it believes could threaten national security than for the media to be able to report news it sees as in the national interest. By a comparable margin, Americans say the military should exert more control over news about the war rather than leave most decisions to the media.

BUT THE PRESS NEEDS TO DO WHAT IT HAS ALWAYS DONE

Although it can deal with a bit of military censorship, the public is not comfortable with the media substituting propaganda for news, nor does it prefer the press to be “lapdog rather than watchdog.”

The survey finds a majority of respondents favor war coverage that is neutral rather than pro-American – and 73% favor coverage that portrays all points of view, including those of countries unfriendly to the United States, over pro-American news. Roughly half believe press scrutiny of the military keeps the nation prepared, compared with 37% who say it weakens the country's defense. By a larger margin (54%-32%), the public thinks criticism of political leaders prevents wrongdoing rather than that it prevents those leaders from doing their jobs.

- B. **Patriotism:** “This is a real discomfort zone for journalists,” says Schaffer. “One school of thought is that you have to be so objective so as to not show favoritism toward democracy. Another says the press is one of the legs of democracy.” That is, to make democracy work you need a free press (and vice versa). Hence, there are new arguments about whether or not reporters should wear flag pins on their lapels. (ABC News, for example, won’t let their reporters wear them, so Cokie Roberts opts for a gold American Eagle on her collar.) Nevertheless, the survey indicates that **the public supports shows of patriotism.** “The public is pretty comfortable with signs that journalists care whether democracy rises or falls.” The struggle for journalists is to remain unbiased, “not to paint the conflict into *good guys vs. bad guys.*”

- C. **Terminology.** The struggle to remain objective has led some to eschew terms they believe are value-laden, such as “terrorist.” Reuters opted for “alleged hijackers” and was excoriated by some commentators, such as Bill O’Reilly of Fox News.

- D. **Religion.** Many aspects of this conflict are religious – jihad, Ramadan, assertions about Muslims, etc. “Journalists don’t ‘do God’ very well,” explains Schaffer. “They struggle with ways to report people’s faith and values.” They strive to be respectful without being hokey. “They had trouble with the Elian Gonzales story,” which had religious overtones for many Cuban Americans. Some journalists reported that aspect in a glib and condescending way.

WHERE THE PUBLIC GETS ITS NEWS

Cable is the primary source – most (53%) turn to it for reports about terrorism and the war, and the number doing so has increased since mid-September. Only 17% rely on network tv as a primary source and 18% on local tv. Non-tv sources lag well behind cable, although the number relying mostly on newspapers has tripled (from 11% to 34%) since the week of the attacks. (Contact Jan Schaffer @ 202/331-3200. For copy of latest Pew Research Center Study, visit www.people-press.org.)

CONSUMERS EXPECT CORPORATIONS TO SUPPORT SOCIAL CAUSES; PR CAN DEVELOP, COMMUNICATE GIVING STRATEGY

Practitioners should advise their clients/CEO that despite today’s unsteady economy, **now is not the time to pull the plug on support for social causes.** The 2001 Cone/Roper Corporate Citizenship Study, conducted nationally before and after September 11th, shows now more than ever, **corporate citizenry matters to people.**

COMPARISON OF RESPONSES ON TWO DATES TO KEY QUESTIONS:

<u>Rewards for Good Corporate Citizens</u>	<u>March</u>	<u>October</u>
A company’s commitment to causes is important when I:		
1. decide which businesses I want to see in my community.	58%	80%;
2. decide what to buy or where to shop.	52%	77%;
3. decide which stocks/mutual funds to invest in.	40%	63%.
4. decide where to work.	48%	76%.
Also, according to March data, employees whose companies have cause-related programs are 38% more likely to say they are proud of their company’s values than are employees whose companies do not have such programs. After 9/11, 83% of Americans believe it’s more important than ever for their bosses to support the needs of society.		
<u>Impact on Holiday Spending</u>	<u>Holiday Season</u>	
	<u>2000</u>	<u>2001</u>
1. I am likely to consider a company’s reputation for supporting causes when purchasing gifts.	61%	76%;
2. I have purchased or plan to purchase a holiday gift that supports a cause.	56%	64%.
<i>(2000 research was conducted by Opinion Research for Cone via telephone interviews with 1000 plus respondents from November 9-12, 2000.)</i>		

Today, 81% of the Americans surveyed agree with the statement, “I am likely to switch brands, when price and quality are equal, to support a cause.” That figure was only 54% last March. “We were completely surprised by how the numbers sky-rocketed,” Ann Chan of Cone told prr. “Everyone now feels they have a role to play in helping out and they believe companies have a role as well.”