

- **Virtual ads**, produced by digital insertion technology, are woven into content on tv; e.g., fans watching a game on tv will see what seems to be product billboards on the walls behind the home plate, but fans at the game will not see them because the billboards actually don't exist.
- **Viral marketing** (pr 3/5), mainly through e-mail, targets opinion leaders among consumers and lets them spread commercial messages through word of mouth. Ogilvy Interactive set up a viral division in September 2000.

Marketers claim they want to establish a close and meaningful relationship with consumers. As these new forms of advertising proliferate, consumer irritation is bound to grow. Consumer groups, such as Ralph Nader's 3-year-old Commercial Alert group, may attack some of the practices. Its director, Gary Ruskin, complains: "There's an effort to make a seamless Web between commercials and programming."

In response, industry groups such as the American Association of Advertising Agencies and the Independent Television Commission are considering self-regulation.

ITEMS OF INTEREST TO PRACTITIONERS

- ¶ **International Year of Volunteers 2001** started Dec. 5, 2000 and will end Dec. 5, 2001. Its purpose is to build public awareness about volunteering, to recognize volunteers and to encourage more people to engage in volunteer efforts. Any org'n, business, gov't entity, family, group, individual or coalition can register if it conducts at least two activities. Each month has a different theme. June 16 will be "Join Hands Day." Its purpose is to bring youth and adults together to improve their own communities. It may result in friendships that will be made across generations, and it "will be an important first step in bringing more young people into leadership roles in many organizations." (More info: www.iyv2001us.org)
- ¶ **Good relationships are earned with good public relations.** Look at the results of two different ways to achieve a personal need: Microsoft's Bill & Melinda Gates' approach to building their massive 65,000 square foot home conflicts directly with former Microsoft president Jon Shirley's. *USA Today* reports the process of building Shirley's 23,000 square foot home has infuriated neighbors with "traffic, project changes and endless delays." The Shirleys are now facing a lawsuit from neighbors and the town. Contrast this with the Gates, who are being honored with "Bill & Melinda Day" in their hometown. How did they do it and build a home three times the size? A neighbor reports, "The Gates invited them to their old house to see the construction plans beforehand. They published a newsletter to inform neighbors about the project and even paid to have their neighbors' cars washed when construction dust was a problem. When the Gates house was finished, the first party was for the construction crew, and the second party was for the neighbors. They deserve respect because they earned it." Next time your organization risks disrupting, inconveniencing or irritating neighbors, customers or even employees, consider what the organization can do to "earn respect."
- ¶ **Protect your opinion leader lists** from employee misuse (or just plain bad judgment) is a word to the wise. This can be difficult when access to the list must be universal enough to make its use part of everyday routine. However, clear guidelines on use need to be established (perhaps even legally protected). *NYTimes* (5/21) reports how pr manager at a Stamford-based co. used company database to advertise her home for sale (including reporter contacts at *NYTimes*). A career-switching employee at another org'n used his lists for soliciting clients in his new line of work (non-competing with past employer). How are you protecting your opinion leader, contact, media, marketing or other lists from employee misuse? (Copy from prr)

PHARMACEUTICALS FACE UPHILL COMMUNICATIONS CHALLENGE

Some real communication failures have occurred in the pharmaceutical industry, admitted Bill Nielsen, corp. vp of Johnson & Johnson's public affairs and corporate communication, at a Global Public Affairs Institute conference on "Managing Public Affairs in Health Revolution" (held Jan. 31-Feb.1, 2001). "Lay people and the media to which they turn need better understanding of genetics, biotechnology and science in general.... [The industry hasn't] done a good enough job of educating." The conference was "designed to build a sense of urgency about the need for public affairs counsel at organizations' highest levels and to generate significant opportunities for key practitioners to hone their skills," said Nielsen in his opening remarks.

LESSONS FROM RECENT SOUTH AFRICAN CRISIS

The industry's retreat in the South Africa AIDS controversy demonstrates the severe public relations challenge faced by leading multinational drug companies. Last year, about 4.7M South Africans – one in nine – carried HIV, and AIDS killed a quarter of a million. Facing this disaster, the government threatened to ignore drug patents in order to make drugs available. Protesters chanted slogans such as "Life Before Profit" and carried posters calling CEO of GlaxoSmithKline, "deadlier than the virus."

The drug industry, said the *Wall Street Journal* (4/23), was "reeling from an unprecedented wave of public scorn" that undermined its ability to conduct their business as usual – "by finding and patenting a few new drugs, pricing them high and marketing them aggressively." As *The Economist* (3/10) pointed out, "How to increase poor people's access to costly, life-saving drugs is one of the most vexing questions facing governments, drug companies and medical charities."

Thirty-nine drug companies – including Bristol-Myers Squibb, GlaxoSmithKline, Merck and Eli Lilly – filed a lawsuit aimed at protecting their "constitutional rights" to protect intellectual property rights. But facing criticism from the South African government as well as from the European Community, the World Health Organization, France's National AIDS Council, and many activist and NGO groups, the pharmaceutical companies recognized they were losing the public relations battle and they had to recoup some moral high ground. Here's what two CEOs learned:

- "We don't exist in a vacuum," said J.P. Garnier, CEO of GlaxoSmithKline. "We're a very major corporation. We're not insensitive to public opinion. That is a factor in our decision-making."
- Companies "need to demonstrate that intellectual property is not an obstacle" to access in developing countries, said Raymond Gilmartin, Merck's chairman and CEO. He also warns his fellow CEOs, "If we don't solve the drug access problem, then our intellectual property is at risk."

Main lesson: Recognize the power of public opinion, especially when reinforced by activists and government, when dealing with a desperate issue.

CLOSER & IMPROVED GOVERNMENT RELATIONS – ON NATIONAL & INTERNATIONAL LEVEL – IS CRITICAL

Pfizer establishes partnerships. Partnerships are the key solution, writes Pfizer's CEO Henry McKinnell in the company's 2000 Annual Report: "Through partnerships, we can replace the destructive cycle of poverty and disease with a virtuous cycle of investment and health. To do so requires a new model of cooperation among governments, private industry and nongovernmental organizations (NGOs)." To illustrate his point, he mentions the company's Diflucan program with the South African Ministry of Health, a novel public/private alliance easing the suffering of AIDS patients.

But McKinnell warns that if governments weaken intellectual property rights through such means as "compulsory licensing," the longer-term consequences are that new cures and treatments will be slowed or stopped. He suggests that governments in the developed world have an important role to play through "burden-sharing." By "agreeing to pay a fair share of the costs of innovation in the marketplace," drug companies can "provide products affordably in the poorer regions."

A country's infrastructure is also important, said Paula Luff, Pfizer's ass't dir of corporate affairs, at the Global Public Affairs Institute conference: "We need to get the message out earlier that this isn't just a pricing issue. It involves who pays for what and how the care is delivered." Among other important infrastructure factors are trained providers and laboratory facilities.

International public affairs actions are recommended by Nobel laureate Gary Becker in *Business Week* (4/23). He writes that a better strategy than essentially giving away drugs is "for international organizations such as the World Bank to negotiate with drug companies to buy large quantities of the AIDS cocktails." Drug companies had slashed the price of AIDS drugs to a little more than they cost to manufacture.

United Nations Secretary-General Kofi Annan is now attempting to work out a comprehensive plan financed by rich nations to fight AIDS and other infectious diseases in poor countries. Participants on the industry side are the CEOs of Abbott Laboratories, Bristol-Myers Squibb, Boehringer Ingelheim, Pfizer, Roche Holdings and GlaxoSmithKline.

WILL THERE BE A RIPPLE EFFECT?

What the pharmaceuticals now fear is the ripple effect of concessions made in South

Africa. Will other developing countries be emboldened to demand cheaper drugs? And will the U.S. Congress, with Democratic control in the Senate, along with several states, seek to control prices – either directly or through Medicare and other group purchases?

REACHING YOUNG PEOPLE STILL A PROBLEM FOR LOCAL NEWSPAPERS, WHICH REMAIN BEST COMMUNITY-WIDE MEDIUM

Young people aged 18-29 are the least likely to read a newspaper every day. Only 16% do, compared to 42% aged 30-59 and 69% aged 60 and above. But the encouraging news is that **young people, more than other groups, believe the information they get from stories in the local newspaper:** 18% vs. only 6% in the 30-59 group and 5% in the 60 plus group. The challenge to the newspaper industry is to convert these positive beliefs into future readership. Findings are from an *American Journalism Review/Ford Foundation* (AJR/FF) nationwide survey of 1,174 people conducted in August by the Center for Survey Research and Analysis at the U of Connecticut.

Latest figures from the Audit Bureau of Circulations' March 31 semiannual report show circulation of major newspapers either flat or declining slightly (see box). One reason often cited: "The Internet is bound to do serious damage to the newspaper business." 12% of people first look to the Internet for breaking news, according to a 1998 survey by Jupiter, a consulting firm. Since peaking in 1991, newspaper circulation has been falling.

According to the AJR/FF survey, only 51% of the population reads a daily paper regularly, down from 67% in 1977. Daily newspaper readership is now only 42%. Most respondents (77%) read a newspaper only "at least once a week," and 19% a few times a week. Other important findings:

- Local newspapers now at least rate higher on accuracy. Compared with the past few years, 31% say they are more accurate, with 35% of young readers aged 18-29 and women giving the highest ratings – 35% and 33% respectively.
- The trend in believability is static: 70% report it's the same. The 11% who say news reporting in the local newspaper they read most often has become more believable is balanced by 12% who find it less believable.
- Information in stories is useful for making decisions about public life and specific issues in the community by a high percentage of respondents: 22% say very useful and 60% somewhat useful.

USA Today remains the top-selling newspaper, reports ABC, with an average daily circulation of 1.85 million. The *Wall Street Journal* is second with 1.82M and the *New York Times* third with 1.6M. All grew slightly during the previous six months. *Los Angeles Times*, however, dropped from 1.11M to 1.06M.

Newspapers are at least holding their own ground, Carl Stepp, assoc prof, U Md, told pr. "They haven't been swamped by the electronic and online media, and they remain reasonably popular with a critical mass audience.... And they are still the closest thing we have to a community-wide medium." Stepp also believes newspapers remain an effective avenue for reaching activists and decision-makers.

INTERSTITIAL, SUPERSTITIAL AND OTHER NEW FORMS OF ADS WILL ASSAULT CONSUMERS AND, MAYBE, TURN THEM OFF

Marketers are turning to new forms of highly intrusive advertising to reach the elusive consumer. Designed as a solution to consumers' advertising fatigue, these non-conventional ads provide a "stealth" means of reaching people while they're on the Internet or engaged in some other activity. But the question is, will viewers become so annoyed that they'll turn against the advertiser?

Several new forms of advertising are in use:

- **Pop-up** and **interstitial ads** interrupt Web users while they're surfing on the Internet.
- **Superstitial ads** load up in the background of a Web page when the user is reading a Web page and the Internet connection is idle. When the user clicks on a link to go to another page, the animated ad will play while the other page loads. Taco Bell ran such an ad last summer; its featured animated sheep achieved a 12% click-through rate. Superstitials containing audio, animation and video represented 2% of Internet advertising revenue in the second quarter of 2000.