

Again with public perception

In today's *Washington Post*, Steven Pearlstein writes about Wall Street executives (more specifically AIG executives) who are so blind to public perception that they keep stumbling and looking worse. In case you have been avoiding the news, AIG gave some of its top executives millions of dollars in bonuses, while on the receiving end of government/taxpayer money. Nobody but AIG is happy about this. Currently and mostly due to the economic crisis, there is a tremendous amount of populist rage and ill will toward Wall Street and "fat cats" such as Bernie Madoff, who seem to be living the high life while many people are down in the dumps.

Yesterday I wrote about the Facebook redesign and many others have been writing/complaining across the blogosphere and in real life.

What do AIG and Facebook have in common? Not understanding how they are perceived and that perception matters. Both companies have proceeded with business as usual without so much a look in the rear view mirror. Perception is currency, in the most real, dollar sense, which is why the practice of public relations exists. Companies hire PR agencies to help them manage and in most cases improve the public perception of them.

Sometimes, as in the case of Facebook, there seems to be a complete disregard for how core audiences will react to news and changes. There are simple ways to prevent this: testing in the form of focus groups or surveys or even simple conversations with current users. It's about getting outside the bubble. Come to think of it, don't bubbles always burst? Soap bubbles, housing bubbles, tech bubbles to name a few.

In the case of AIG, it has much to do with Wall Street culture, in which greed is good (as the movie *Wall Street*

pointed out) and money is king. The more money, the better. After all, Wall Street is not some nonprofit organization with some altruistic purpose in mind. The whole raison d'être for it is to make money. So it stands to reason that the only thing AIG execs understand is money. Something soft and unmeasurable like public anger is a small price to pay. Except when it isn't. I think the fat cat era may be nearing its end (at least until the next bubble forms).



How Not to Make Friends

Well folks, Facebook has done it again. It has irritated its legions of users by changing its layout. Apparently the folks at Facebook are not too savvy when it comes to public perception. If this was the first time, then we could let it pass. After all, Matt Zuckerberg is all of 12 years old or something such. But this is the upteenth time the company does something that alienates its core public, and thus creates NEGATIVE publicity for itself. Case in point, read this blog entry in the Huffington Post. Facebook has been down this road before. And it doesn't learn. I really wonder if Facebook understands anything at all about public relations. I don't expect Zuckerberg to understand, but he should know enough to hire somebody that can provide him with communications counsel. If the company keeps doing stuff like this, it will become the Tylenol Poisoning example for the next generation (you know, how Tylenol dealt with crisis back in the 80s when someone tampered with its products...). This is not a crisis, per se, but it creates ill will. Some people will use Facebook less, and that translates into fewer eyeballs for its one major source of revenue, the ads. And do I have to spell out

what less revenue means? If so, let me introduce you to the Seattle Post-Intelligencer, now online only.

It is ironic in the nth degree that Facebook is an online meeting place for friends. Friends like each other, generally speaking, and I am not liking Facebook right now.



Time to sharpen your online skills

The bad news for print continues to pour in. New research from Pew indicates that many Americans do not consider having a local newspaper important. It is as if management knows this. McClatchy, the owner of the *Miami Herald* and other newspapers, just announced personnel cuts this week. The bottom line is that newspapers are hurting and many people don't care. Why? Because many people get their news online or from TV.

Recently, I read how a PR guy was lamenting the downfall of trade publications. I read this on his BLOG. He, like many PR folk, schooled in the "old" days, learned that to do media relations you reached out to print journalists. A nice, print piece in a trade magazine was truly a prize for the client. I also learned to do PR this way. And nothing was more exciting than seeing your client's name in the newspaper, especially on the front page. But the reality has shifted. More and more, the news is being reported on and broken online. Many people do not read the newspaper, and during the day, certainly do not watch TV. What these people do however, is access the Internet. Many offices allow unlimited Internet access, and certain folk, do their work ON the Internet. In any case, it

is time for PR people, and advertising people, and in fact, all communications people, to accept this reality.

Instead of lamenting that blogs now are main sources of information, and that no one is reading trade publications, you must ADAPT to the new realities. Of course, newspapers are not quite dead yet, but teach yourself how to use the online world. Here are a few suggestions:

1) Are there **influential blogs** in your area of expertise? Find out and follow. Not every blog is created equal. The PR guy I mentioned before made the blanket statement that blogs are unreliable. How wrong he is. Very few people would call The Huffington Post or Politico or the Daily Beast unreliable. Yes, they contain opinion, but it is LEADING opinion.

2) **Learn where your potential clients/customers/target audience goes to get their news AND entertainment.** After all, the Web is not just about information. Lots of people play games on the Internet, listen to music and find out about their hobbies.

3) Enhance your **web writing skills**. Writing for the web is not the same as writing for print. You have to be more concise. You have to be more choppy. People read differently online than in print.

4) **Explore multimedia.** People are more visual on the web. And the web allows for video/audio in addition to text.

In sum, stay ahead of the game. Nothing is to be gained from wringing our hands and lamenting the end of print. Instead, find new opportunities. I am sure in the late 1940s, PR people everywhere were concerned about the box in everyone's livingroom. By now, most PR agencies are experts at B-roll and media training. Right?



Information dispatch

In case you haven't heard by now, Facebook had silently changed their terms of service a few days ago and then, when caught by a media observer and reported all over the news, was forced to backtrack because of public outrage over the ownership of information. What is interesting about this is that yet again, Facebook shows a complete lack of awareness about public opinion, and more importantly, how to handle such public opinion. It may have something to do with the very young, and obviously not media savvy, CEO Matt Zuckerberg. Facebook is a new concept and a new company, and as such, does not have methods in place to disseminate information effectively to both its members and the public at large. It does not seem to understand that there is always someone watching and that you must have a plan to deal with issues as they arise.

Unfortunately, this is the second time that Facebook is being reactionary because of public outrage. The first was last year when it announced a rather invasive advertising plan based on various items on people's profiles, and then selling things to their friends based on those profiles. There was outrage over privacy. In fact, privacy seems to be Facebook's Achilles' heel. The company cannot seem to find the right balance between protecting its users' privacy and the needs to grow revenue and membership.

It hurts any company's credibility to have the media inform its customers of a change in terms of service. It hurts Facebook to have to retract and retrace steps. Many people are now confused about what is private or not private on their profiles. It will cause some people to get off Facebook and others to change the way they use Facebook. In short, a

failure to communicate clearly and directly has created a load a negative publicity for Facebook, and has alienated its core customer base.

I hope that this time Facebook reconsiders its public relations program, if indeed it has any. I would advise Facebook to hire PR counsel and to focus on how to best communicate with its public.

The dawn of a new (communications) era

One of the first things that signaled the start of the new Obama administration was the changeover of the Whitehouse.gov website. The new website, which shares many elements with the Obama campaign website, was up and running at 12 noon, even before the flubbed swearing-in took place. In a sense, the new website is the product of people who haven't been in the White House very long. It still has the campaign feel, talking about the Agenda, and showing the Whistle Stop tour Obama and Biden took the weekend before the Inaugural. What is more updated about the website is that you can now sign up for email updates and like many other organizational websites in America today, it has a blog. And, as the website claims:

“WhiteHouse.gov will be a central part of President Obama's pledge to make his the most transparent and accountable administration in American history.”

The website has been getting a lot of attention. Here's an article from Politico via Yahoo on the presidential bios on the website.

Obama will certainly be a more “electronic” president. Much has been made about his BlackBerry “addiction.” He was able to garner much of his support among the GenY/media/social media savvy people because of his campaign know-how regarding Web 2.0. Let’s see how this plays out.

Update: Interesting takefrom the *Atlanta Journal-Constitution* on the PR skills of the new administration, helping create a positive perception, and apparently an area where Bush was not as media-savvy.

Customer communications in an unstable era

As we saw yesterday, we are officially in a era of market volatility and our financial institutions are in freefall. I am speaking of course of the 500 point drop the Dow experienced due in no small part to the Lehman Brothers failure and the Bank of America buyout of Merrill Lynch. This has spawned talk of the security of regular deposits at commercial banks and the Fed’s ability to actually insure this money. At the same time, oil prices fell below \$100 because investors fear a drop in demand. OK. Are we economically unstable? YES. Are the fundamentals of our economy as strong as John McCain thinks they are? I don’t think so.

In this steadily worrisome environment, United Airlines announced that it will raise the price of a second checked bag to \$50, affecting one in seven of their customers. The company continues to claim that the rising price of oil has forced it to continue to squeeze its customers. This comes after United scrapped a plan to provide only cold meals, for purchase, on

international flights. Now, I am not a United frequent flyer, or an investor, so I did not receive a communique from the company. The news media reported these changes and all I can say is, I am not inclined to fly United, ever. These fees and changes are being reported but they don't seem to be creating a public relations problem for United. But they should. A company that continues to increase its fees to its customers is not doing enough to examine if it operates efficiently. On the other hand, Southwest Airlines has seen an opening here and has a very clever commercial that tallies the additional fees other airlines are charging and compares it to its non-additional fee fare. Who do you think wins?

This brings me to banking. As mentioned above, there may be real worries relating to the safety of your deposits. Today, I received a email from ING Direct, the online bank where I have an account, thanking me for my business and continued trust. The email assures me that my deposit is safe and that ING is not engaging in selling off loans etc, like Lehman and Merrill did (that is subtext). In any case, this is smart customer communications. Talk about a problem and show how you are dealing with it. I think it is smarter than what United seems to be doing—talking about a problem that affect the company and NOT assuring customers but rather using them as additional piggy banks. What successful companies know is that customers are the reason they exist. Without customers, there is no business. Alienating customers is never a good policy!

Bottom line: kudos to ING Direct for its direct (albeit somewhat self-serving) communication and thumbs-down to United to continuing to raise the bar on fees to customers, and announcing it via press release.