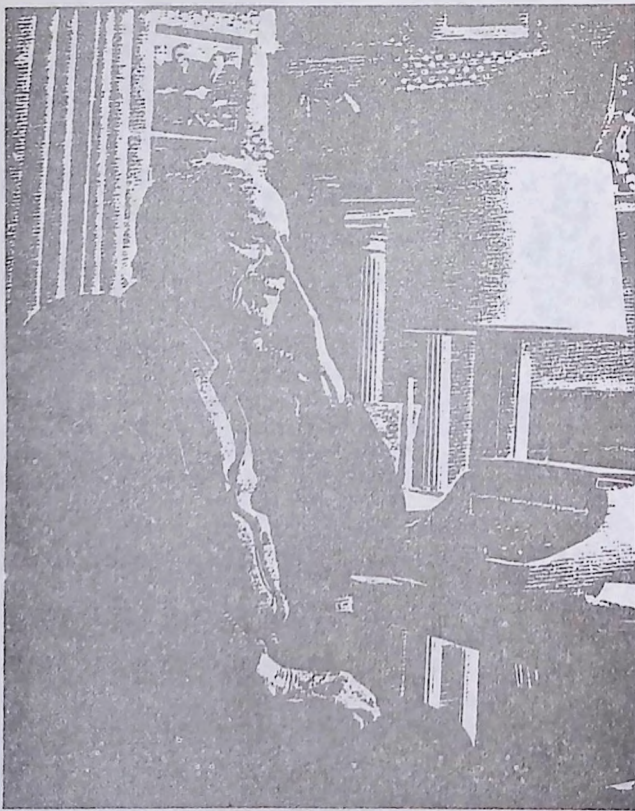


# Forbes

As I See It

*Public relations is now on a roll, with new, powerful high-tech gimmicks and marketing techniques. But to Edward Bernays, it's just old wine in new bottles.*

## Beyond ballyhoo



Public relations doyen Edward Bernays  
"Public relations is playing billiards, not pool."

By Allan Dodds Frank  
and Lisa Gubernick

**I**S T. BOONE PICKENS really an "aw shucks" sort of guy, or is he a bristly takeover artist with an ego big enough to fill a ten-gallon hat? More than a few people who know Pickens personally would have no hesitation answering the latter. But T. Boone's public persona has lately come across as a homey nice guy.

Why? Not least because starting in 1982 Pickens paid about \$500,000 to the Hill & Knowlton public relations agency to help shape his image as a friend of the small shareholder and a battler for investor rights.

Such has been the mission of high-level PR since publicist Ivy Lee in the early 1900s persuaded John D. Rockefeller that handing out dimes would get him a better break in the newspapers. In the 1980s the PR man's services are in demand as never before. Billings are rising at a blistering 15% annual rate, and the business is in the midst of a takeover binge that has seen two of the nation's largest advertising agencies acquire the two largest PR firms, Hill & Knowlton and Burson Marsteller.

To hear the flacks talk, they're hot not just because companies are more than ever in the public eye but because public relations firms in the last decade have acquired a whole new arsenal of scientific techniques and high-tech gadgets to help them pitch and plant clients' stories. Videotape "press releases," national public opinion polls, lobbying offices in capitals around the world—all are part of flackery's bold new superhype. The pitch gets heard because the media are multiplying, particularly electronic media like broadcast and cable TV and radio, which devour information and constantly clamor for more.

Much of the PR game may be new but is any of it really different? For all the newfangled jargon of "awareness quotients" and "crisis containment," has anything really changed? FORBES figured no one should know better than Edward Bernays, at 93 the oldest living (and still practicing) PR agent in the game. A nephew of Sigmund Freud, Bernays has numbered among his clients Thomas Edison, the Procter & Gamble Co. and even Diaghilev's Ballet Russe.

In a career that spanned two world wars and the birth of deodorant soap, Bernays still counts among his



## It's only rock 'n' roll, but they like it

**I**n the world of superhype it's getting ever harder to tell just when public interest succumbs to commercial exploitation of legitimate social concerns. How else can you account for Live Aid, the international rock 'n' roll extravaganza called to benefit the starving masses of Ethiopia and other African countries?

Sure, the benefit might have raised \$50 million to buy food. But it also produced many times that in public relations benefits and free advertising for record companies, their artists, the media involved and the corporate sponsors.

If the Live Aid producers are to be believed, more of the world's 500 million television sets were able to tune in to the 16-hour, 56-act benefit on July 13 than could tune in to any other show in history. By hooking up 13 satellites to reach over 128 countries simultaneously, and shipping four hours of videotaped highlights to 22 additional countries, the rock 'n' roll extravaganza was piped to a potential audience of more than 1.8 billion people—more than a third of the humans alive on the planet.

A number of foreign television networks, including Britain's BBC, declined to carry commercials from the show, but the whole affair was one big billboard for the performers involved—as well as for corporate sponsors AT&T, Pepsi, Kodak and Chevrolet, which chipped in some \$750,000 apiece in seed money and had their names displayed on banners across the stage for all the world to see.

For the price of three-quarters of a minute of Super Bowl advertising time, those sponsors got 16 hours' worth of what advertising and public relations people call "impressions," valued by commercial advertisers at \$10,500 per million viewers.

John Costello, Pepsi's senior vice president of marketing, estimates his soft drink company got 350 million favorable impressions—at one-third the cost of reaching that audience in prime time—in the U.S. alone. That was just from 26 minutes of advertising that Pepsi bought on MTV and various syndicated broadcasts. Says Henry Kaska of Kodak, regarding how his firm made out: "The donation was one of the most productive expenditures we've ever made."

For MTV, which broadcast the entire show, Live Aid was a superbonanza, bringing in an audience of 8 million cable viewers, 20 times normal size. "Nobody paid for the size of the audience they got," says MTV Executive Vice President Robert Pittman. "The guys who were in there probably made the best media buy of their lives."

What was good for the corporate sponsors and advertisers was great for the musicians as well as the companies and products they associated themselves with on stage. Likewise, the event was a big plus for record companies and blank tape manufacturers. Even for the biggest stars who showed, the public relations benefits far surpassed their ordinary concert fees. Record sales for some bands tripled, compared with increases of 10% to 20% after a concert tour. Oldtimers like Joan Baez and Peter, Paul and Mary, whose records have been languishing in the discount bins, had to be grateful for the chance to introduce their material to a whole new age group.

What's next? Word is out that—are you ready for it!—the "Farm Aid" concert is scheduled for later this month. The goal is to raise money for America's debt-ridden farmers. After that, who knows? Anyone for Bank Aid?—Allen Dodds Frank

oped a near-monopoly of the public's attention.

*How do you make sure that the public wants to receive your message?*

**Bernays:** You have to know your public and figure out how to make it respond, starting with surveys. I used to do surveys by standing around the Gaiety Theatre in Times Square and trying to figure out what people's economic status was from how they dressed. All that's changed. Polling has become a science—you can get the answer to anything within 3%.

*What do you think of the new school of "adversarial" PR as practiced by people like Herb Schmetz at Mobil Oil?*

**Bernays:** He withdrew advertising from the *Wall Street Journal* because he felt the *Journal* treated Mobil unjustly. To use economic pressure to affect a medium serving the public interest is like trying to use money to manipulate the media—it doesn't work.

*Do you think that the Live Aid concert benefited its sponsors?*

**Bernays:** So long as they reached the

audience they were aiming for. Having my client associated with a positive, warm event like Live Aid is more effective than having him toot his own horn. Public relations is playing billiards, not pool.

Actually, it's a lot like a concert we promoted for the Metropolitan Opera in 1916. It was a benefit for the children of Enrique Granados, a Spanish composer killed when the Germans torpedoed an unarmed French passenger ship during World War I. Unfortunately, that concert only reached the people in the audience.

*So nothing has really changed?*

**Bernays:** No, it's just gotten bigger and better.

*Public relations agencies are now going into all kinds of ancillary businesses, such as management consulting. Are they the proper provider of those services?*

**Bernays:** No. That's like a lawyer who owned a book publishing company telling his clients to buy those books. A public relations company in, say, internal management consulting has no real credibility that it is providing

unbiased advice to its client.

*Many big advertising agencies now own public relations firms. What do you think of the trend?*

**Bernays:** I think it's horrible. It's just like a drug company owning a medical school.

*How did you bill your clients?*

**Bernays:** We decided that public relations advice is more important than legal advice, because legal advice is based on precedent but public relations advice might actually establish precedent. So we found out what lawyers charged, and we charged more. Up to then—1919, 1920—the most PR people received was \$125 a week. Our first fees were \$12,000 annual retainers and rose sharply from that.

*How did you justify that high price?*

**Bernays:** On the basis of a Latin phrase, *quantum meruit*—as much as it deserves. If you're paid money for your services, the man or the corporation is much more likely to do what you suggest if you charge a high fee than if you charge very little. □