

IPRPN Special Report

Uses And Abuses Of The Internet: A Trend Analysis For Public Relations Practitioners

From the Research Desk of the IPRPN
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Is The Internet a Threat or a Promise?

No major new technology comes without a cost or risks and the Internet – the linkage of computing power to global telecommunication – is no different. There's no shortage of people who see it as a threat to privacy and simply another way for capitalism to enrich itself.

We're inclined to come down somewhere between the extremes, but tending toward the positive. It seems to us that the Internet has huge potential to empower the individual and most of the Internet "menaces" we're warned about are special-interest group alarmism, or ills that can be controlled with self-regulation and a **few** very well drafted laws.

The 'Net enables the individual to access information – and to speak – with a power unprecedented in human history, in a largely unregulated environment. Like the frontier in 1860 or so, this environment is dizzyingly open with possibilities (and a few dangers) and it is still mutating in ways nobody can completely forecast. This report is simply our take on what it means for people in the public relations business, at this point in time.

Consider just some of the benefits, and risks, it now presents:

- Stock scammers are using the 'Net to promote worthless investments to the gullible – but canny investors are using it to access the huge databases of advice and records (including the names of stock scammers) from all over the world. Information they could never have gotten only a few years ago.
- Environmental activists were among the first to realize the potential of the 'Net to dig up information about their enemies, to propagate their point of view, and to network with other activists of like mind. This global link-up has made it extremely difficult for polluters to find anywhere to hide. Unfortunately, it also made it possible for environmentalists to stampede governments into ill-considered legislation and regulation.



IPRPN is the world's first and only website for independent public relations practitioners. An Internet-based "virtual" organization, it consists of consultants who have in common a passionate desire to improve their practices and make their businesses more professionally satisfying and profitable.

The Network rests on a very simple, but powerful, idea: *all of us are smarter than any one of us.* By sharing our best ideas, by reacting to and debating each others' ideas, by partnering with each other, by helping solve each others' problems, each of us becomes smarter and stronger and more competitive.

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The ideas and energy of each; the strength of many.

- Big Business and Big Political Parties are using it to proclaim their views (no aspiring politician is without his or her own Website), and those with enough money can use it to enrich their sites with glamorous content more likely to attract attention. But at the end of the day, the Internet is like a huge bazaar: no passerby has to enter anyone's shop, and any passerby can open his own. More important, groups of skeptics can erect their soap-box and use it to "expose" the false claims of anyone else in the bazaar. If the 'Net allows the rich and powerful to expose their views and cultivate support, it also allows their critics to carry out investigative research, unearth previously-unobtainable government records, and network with other people of like mind, all over the world. This unregulated flow of information and points of view didn't bring down communism all by itself, but it certainly helped.
- It gives hitherto relatively powerless individuals a podium from which to address the world...yet, by also giving a voice to millions of others, it raises the "volume" of "noise" that still makes it hard for the sober and articulate individual to be heard.
- Thousands – hundreds of thousands – of people are using the communication power of the 'Net to reach out to like-minded others, to share information and resources, and to work together. This power has already shifted the balance of power between health care "consumers" (ie., patients) and "providers" (i.e. Drug companies, doctors, nurses, chiropractors and other professionals). Patients are taking more responsibility for their own health – searching out cures and medicines, talking to other sufferers, debating "treatment modalities", etc.

The Growing Demand for "Regulation": Government vs. The Internet

If there's one thing no self-respecting politician or bureaucrat can stand, it's a phenomenon it can't regulate or control. For such people, the Internet is a "problem" that cries out for the kind of "solution" that is their stock in trade: taxation and regulation.

From the ill-fated "Communications Decency Act," struck down by the U.S. Supreme Court, to calls from a European Union Commissioner for new international standards to regulate the 'Net, politicians and bureaucrats are weighing means to bring the 'Net under greater control.

Scott Bradner, a consultant with Harvard's University Information Systems, noted, "(European Commissioner Martin) Bangemann's biggest problem is he does not understand it was the lack of government-imposed standards that got the Internet to where it is today. The flexibility to experiment is the Internet's underlying strength



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– it may look like chaos to people like Bangemann, but in that chaos lies innovation.”

So...where are we as we approach the Millennium?

The Internet hasn't turned our world upside down but you can feel it starting to tilt.

It gives individuals (and corporations and governments) access to vastly greater amounts of information – instantly – across national boundaries. In that sense, it's a revolution akin to the invention of moveable type. (Marshall McLuhan was the first to point out that the advent of moveable type began a revolution that made possible the Renaissance and the Reformation, accelerated the breakdown of the power centres of the medieval world, and started the world down the path toward democracy and capitalism.)

Agreed, the Internet doesn't change the fundamental realities of effective communication and persuasion **in the medium itself**. Like other media, it is capable of being exploited equally by good and evil.

Think of radio and television. Radio helped make Hitler – and Roosevelt. Television helped make Ronald Reagan – and undid Joe McCarthy. The big difference between the Net and earlier communication technologies, is that the individual can publish on the Net, and link up with other individuals, in a way that have never been possible with radio or television.

You have to be a millionaire to start a TV station, and a billionaire to start a network. You can use the 'Net effectively for a few hundred or thousand dollars.

For public relations people, the single most useful aspect of the 'Net, is for research.

The 'Net is a cornucopia of valuable information for public relations people and their clients and employers. Accessing this information takes study and practice, because, despite the steady improvement of Search Engines and Indexes, the 'Net is still a vast sea of unorganized information, a global library without a card index (and in some cases, shelves full of books without titles). But leading-edge public relations people are learning how to use the 'Net to research consumer and social trends, competitive intelligence, product information and much, much more.

Corporations are in increased danger of "attacks from Cyberspace"

In the last two years the following incidents took place:



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- Samsung Electronics America reported that someone was “spamming” phony email messages, allegedly from Samsung’s legal counsel, accusing people of hacking, flaming and other Net “crimes.” The emails didn’t emanate from Samsung, but rather, apparently, from a disgruntled customer who decided to strike back at the company, using the Net. However, this spam attack annoyed a large number of people: at its peak, Samsung was receiving between 6,000 and 10,000 angry email messages from recipients of the original communication. The company put the FBI on the case, and has joined the campaign to ban “spam” from the ‘Net.
- Designer Tommy Hilfiger was the target of a blizzard of messages posted on various newsgroups, alleging that he had made racist comments while appearing on The Oprah Winfrey Show, leading Oprah to throw him off the show. In reality, he never appeared on the show.
- Trading patterns in a number of stocks were investigated because of market regulators’ suspicion that price movements were being manipulated by short sellers (seeking to drive down the price of targeted stocks), and by bucket shops and unscrupulous brokers (seeking to drive up the prices of others). One such stock, Ashton Mining, saw its price soar from \$1.70 to \$7.65 on the Toronto Stock Exchange on the strength of misinformation about its diamond exploration project. The company says the misinformation was promulgated on ‘Net Newsgroups by individual investors.
- Speculation by Internet investors tipped the news media off to the possibility that Bre-X Mining Ltd., one of the hottest stocks of the 1990’s, was a fraud.
- Earlier in the decade, a debate between mathematicians on Internet Newsgroups led to Intel’s recall of the Pentium chip, a recall which reportedly cost the company almost a billion dollars.

“I think the Internet is a wonderful tool because it’s inexpensive, easily accessed and because it provides massive amounts of information to people at virtually no cost,” said Mary Schapiro, president of NASD Regulation Inc., the self-regulation arm of the U.S. brokerage industry. “And for those very same reasons, it is a wonderful vehicle to perpetrate a fraud.”

This phenomenon has led the SEC and several brokerage houses to begin full-time Net market surveillance and test out tools to monitor broker emails, looking for tell-tale phrases such as “hot little tech stock” or “the next Microsoft.” The Ontario Securities Commission shut down a



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Website called The Federal Bureau of Investments that was offering free investment advice. Regulations will not apply to 'Net-based newsletters that are circulated to paid subscribers, the OSC said.

The 'Net has also facilitated the growth of a perfectly legal form of industrial intelligence-gathering. In a story in *The Ottawa Citizen*, Professor Jonathan Calof of the University of Ottawa, says Canadian and American companies are behind their Asian and European competitors in searching Internet sites, career advertisements, court documents, government filings and other accessible data for information on their competitors. Samsung has a corporate intelligence office in New York with a full-time staff of 200 officers who carry out this intelligence-gathering and submit reports to head office three times a week. Matsushita Electric (makers of Panasonic and Quasar consumer electronics products) requires its staff to enter such information into the company's central computer system. According to Professor Calof, Xerox Inc. is an acknowledged master of competitive intelligence and has used it to head off the entry of competitors into important new areas of business.

For those with the brains to realize it, the 'Net can be "the great equalizer." If your competitor is using it to research you, you can use it to research **him**. If a stock scammer is using it wrongly, you can use the 'Net to access SEC and National Association of Security Dealers disciplinary actions.

How are corporations dealing with this?

The smart companies are monitoring what people, and other corporations, are saying about them, their products and their competitors on the 'Net (both the World Wide Web, Newsgroups, online chat lines, and Listservers). This kind of monitoring can be automated to a degree, but even the most automated gathering-system still requires human intelligence to analyze the data that is captured. A number of contract monitoring and analysis services provide this for a fee. (See www.ewatch.com as well as www.invigilator.com)

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