

17 Public Relations

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Publicity,
and
Corporat
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Source: Andy Kropa/Getty Images

Learning Objectives

- LO 17-1** | Describe the roles of public relations, publicity, and corporate advertising in the promotional mix.
- LO 17-2** | Compare the advantages, disadvantages, and effectiveness of public relations and publicity.
- LO 17-3** | Discuss the advantages, disadvantages, and effectiveness of corporate advertising.
- LO 17-4** | Compare the different forms of corporate advertising.

How Much Does Negative Publicity Hurt?

Companies spend millions of dollars and years of efforts to establish a good reputation. This means doing the right things in the eyes of the public—being a good corporate citizen, supporting charitable organizations and causes, maintaining customer satisfaction and more. These companies have learned that having a good corporate reputation will benefit them in numerous ways internally (keeping employees happy and dedicated) and externally (developing customer loyalty). But all that can change in a heartbeat, and for a variety of reasons. Consider these examples:

Fox News—After smooth sailing as cable TV's most watched newscast for three years in a row, and enjoying record advertising revenue, the conservative opinion newscast ran into some rough waters. Liberal media watchdog groups called for protests and boycotts of Fox from consumers and advertisers due to inflammatory comments made by two of their hosts. Tucker Carlson, host of the *Tucker Carlson Tonight* program came under fire after he made the comment that immigrants make the United States “poorer and dirtier and more divided” on a Florida radio talk show. Many blue-chip companies—including Lexus, Jaguar, Pacific Life, and Pfizer—immediately pulled their ads from the program. When watchdog group Media Matters posted other remarks made by Mr. Carlson that it considered to be misogynistic, homophobic, and racially insensitive on social media shortly thereafter, two more advertisers—pharmaceutical company Astra Zeneca and bedding manufacturer Sheex—also pulled their ads. The *Washington Post* newspaper opinion page called for Tucker to be fired. In the first quarter after the boycott, the Tucker Carlson show saw a 45 percent decline in ad revenue. The new advertisers were primarily companies with 1-800 numbers seeking lower-priced ad spots.

Another Fox host—Laura Ingraham—lost many of her sponsors as well after joking on Twitter about Parkland, Florida, high school shooting survivor David Hogg being rejected by a number of colleges. Fox News host Sean Hannity was also subject to boycotts, and Cadillac, Land Rover, Mercedes Benz, and Keurig pulled ads from Fox in protest to his comments. Fox has toned down some of its conservative rhetoric to avoid further such incidents.

Wells Fargo—in the fall of 2016, Wells Fargo Bank announced that it had paid a settlement of \$185 million and laid off 5,300 workers for creating millions of fake bank accounts. Longtime CEO John Stumpf was let go, and a fresh board of directors was put in. The bank also embarked upon a new advertising campaign to apologize and inform the public that it was changing its ways. Unfortunately, more scandals were uncovered, along with some bad operating conditions—more accounts opened, unnecessary mortgage fees, and unneeded auto insurance. Wells also apologized for a “computer glitch” that caused some customers to have their homes foreclosed and upon, and a federal investigation was initiated. Federal Reserve sanctions were still in

place; numerous lawsuits were brought, resulting in a \$142 million class action settlement; and the stock tanked.

Two years later, Wells had still not recovered, and 2019 was expected to be worse, as employees were laid off, hundreds of branches were closed, and an estimated 30 percent of customers closed their accounts, resulting in a \$100 billion loss in revenue. A multimillion-dollar ad campaign called “Trust” was created to try to get back into good graces with consumers. The campaign’s advertising was run nationwide on TV, in print publications, and on digital platforms and mobile channels.

The newly appointed CEO (who was later removed) indicated that the bank’s primary responsibility was to rebuild trust with the team members, customers, communities, shareholders, and regulators. Many wonder if the bank will survive at all!

Sources: Stephen Battaglio, “Fox News Seeks to Calm Advertisers amid Protests,” *Los Angeles Times*, March 14, 2019, pp. C1,5; James F. Peltz, “Wells Fargo Launches Ad Campaign to Leave Accounts Scandal Behind. Not Everyone Is Buying It,” May 9, 2018, www.latimes.com; Matt Egan, “The Two-Year Wells Fargo Horror Story Just Won’t End,” September 7, 2018, www.money.cnn.com.

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LO 17-1

The power of publicity can be positive or negative, as you can see in the lead-in to this chapter. The results often directly impact the companies involved financially as well as in respect to trust, image, and other nonfinancial aspects. Brands and/or companies have ceased to exist as a result of negative publicity, and others can attribute their success to positive messages. As you will see in this chapter, publicity is often out of the control of the marketer, but increasingly the management of publicity as part of the overall public relations function is being adopted as a marketing strategy. While attempts to generate positive publicity are nothing new, as these efforts increase, they signify changes in the public relations functions of companies and organizations. Although the importance and role of public relations in the IMC program may be argued, one thing is clear: The role of public relations in the communications program has changed.

Public relations involves various management functions, which include the management of publicity and corporate image advertising. Public

relations has now assumed a much more important role in IMC programs. This role is less philanthropic and much more marketing-oriented. In this chapter we will examine the role of public relations in the IMC program and how this role has changed over recent years. Like every other aspect of IMC, the public relations function has been changed significantly by digital and social media. Simply put, news travels faster and wider now for most companies and organizations. As a result, the role of public relations and the importance of managing publicity has taken an increased importance.

Publicity, public relations, and corporate advertising all have promotional program elements that may be of great benefit to marketers. They are integral parts of the overall promotional effort that must be managed and coordinated with the other elements of the promotional mix. However, these three tools do not always have the specific objectives of product and service promotion, nor do they always involve the same methods you have become accustomed to as you have read this text. Typically, these activities are designed more to change attitudes toward an organization or issue than to promote specific products or affect behaviors directly (though you will see that this role is changing in some organizations). This chapter explores the roles of public relations, publicity, and corporate advertising; the advantages and disadvantages of each; and the processes by which they are employed.

PUBLIC RELATIONS

What is public relations? How does it differ from other elements of marketing discussed thus far? Perhaps a good starting point is to define what the term *public relations* has traditionally meant and then to introduce its new role.

The Traditional Definition of PR

A variety of books define **public relations (PR)**, but perhaps the most comprehensive definition is that offered by *Public Relations News* (the weekly newsletter of the industry):

The management function which evaluates public attitudes, identifies the policies and procedures of an organization with the public interest, and executes a program of action (and communication) to earn public understanding and acceptance.¹

Public relations is indeed a management function. The term *management* should be used in its broadest sense; it is not limited to business management but extends to other types of organizations, including nonprofit institutions.

In this definition, public relations requires a series of stages, including:

1. The determination and evaluation of public attitudes.
2. The identification of policies and procedures of an organization with a public interest.
3. The development and execution of a communications program page 563 designed to bring about public understanding and acceptance.

This process does not occur all at once. An effective public relations program continues over months or even years.

Finally, this definition reveals that public relations involves much more than activities designed to sell a product or service. The PR program may involve some of the promotional program elements previously discussed but use them in a different way. For example, companies may send press releases to announce new products or changes in the organization, companies may organize special events to create goodwill in the community, and companies may use advertising to state the firm's position on a controversial issue and while these activities continue to be the responsibility of management, the means by which they take place have changed, as you will see.

The New Role of PR

LO 17-2

An increasing number of marketing-oriented companies have established new responsibilities for public relations. In this new role PR takes on a much

broader (and more marketing-oriented) perspective, designed to promote the organization as well as its products and/or services.

The way that companies and organizations use public relations might best be viewed as a continuum. On one end of the continuum is the use of PR from a traditional perspective. In this perspective, public relations is viewed as a nonmarketing function whose primary responsibility is to maintain mutually beneficial relationships between the organization and its publics. In this case, customers or potential customers are only part of numerous publics—employees, investors, neighbors, special-interest groups, and so on. Marketing and public relations are separate departments; if external agencies are used, they are often separate agencies. At the other end of the continuum, public relations is considered primarily a marketing communications function. All noncustomer relationships are perceived as necessary only in a marketing context.² In these organizations, public relations reports to marketing. At the same time, for many companies the PR function is moving more and more toward a new role, which is much closer to a marketing function than a traditional one.

In the new role of public relations, managers envision both strong marketing and strong PR departments. Rather than each department operating independently, the two work closely together, blending their talents to provide the best overall image of the firm and its product or service offerings. As noted by Jonah Bloom, there has always been a cultural gulf separating the two departments, but today's information age demands the two camps work together. Bloom comments, "You'll struggle to peddle your eco-friendly detergent if your company is being slammed for pouring chemicals into a river."³ In a poll conducted among members of the Public Relations Society of America (PRSA) and subscribers to *PR News*, 76 percent of respondents stated that they regularly work with the marketing department; 78 percent thought that the marketing department had a positive perception of the PR department, and an equal number indicated the same perception about marketing. While the degree of coordination differed by activity, the study clearly reflects coordination and cooperation.⁴

Writing in *Advertising Age*, William N. Curry notes that organizations must use caution in establishing this relationship because PR and marketing are not the same thing, and when one department becomes dominant, the

balance required to operate at maximum efficiency is lost.⁵ He says losing sight of the objectives and functions of public relations in an attempt to achieve marketing goals may be detrimental in the long run. Others take an even stronger view that if public relations and marketing distinctions continue to blur, the independence of the PR function will be lost, and it will become much less effective.⁶ In fact, as noted by Cutlip, Center, and Broom, marketing and public relations are complementary functions, “with each making unique but complementary contributions to building and maintaining the many relationships essential for organizational survival and growth. To ignore one is to risk failure in the other.”⁷ This position is page 564 consistent with our perception that public relations is an important part of the IMC process, contributing in its own way but also in a way consistent with marketing goals.

Integrating PR into the Promotional Mix

Given the broader responsibilities of public relations, the issue is how to integrate it into the promotional mix. Companies have a number of ways in which they organize the marketing and public relations functions. Others may outsource the public relations to outside agencies. In this text we regard public relations as an IMC program element. This means that its broad role must include traditional responsibilities, as well as new ones.

Whether public relations takes on a traditional role or a more marketing-oriented one, PR activities are still tied to specific communications objectives. Assessing public attitudes and creating a favorable corporate image are no less important than promoting products or services directly.

Marketing Public Relations Functions

Thomas L. Harris has referred to public relations activities designed to support marketing objectives as **marketing public relations (MPR)** functions.⁸ Marketing objectives that may be aided by public relations activities include raising awareness, informing and educating, gaining understanding, building trust, giving consumers a reason to buy, and

motivating consumer acceptance. MPR adds value to the integrated marketing program in a number of ways:

- *Building marketplace excitement before media advertising breaks.* The announcement of a new product, for example, is an opportunity for the marketer to obtain publicity and to dramatize the product, thereby increasing the effectiveness of ads. When Apple introduces any new product from its iPhones to Apple watches, a great deal of anticipation is created through public relations prior to the availability of the product. The result is that Apple receives a great deal of press coverage and word of mouth. It seems that upon release of any Apple product, consumers wait in lines—sometime for hours—to be the first to own the next innovation, with little or no advertising having been implemented.
- *Improving ROI.* By reducing overall marketing costs, while at the same time delivering meaningful marketing outcomes, MPR helps improve ROI.
- *Creating advertising news where there is no product news.* Ads themselves can be the focus of publicity. There seems to be as much hype about the ads on the Super Bowl as there is for the game itself. [page 565](#) TV commercials frequently find their ways to social sites on the Internet, where they are viewed time and time again and forwarded to others.
- *Introducing a product with little or no advertising.* This strategy has been implemented successfully by a number of companies, including Tesla, Segway, Ty, Crayola, and, of course, Apple. Among others, Gillette uses PR as the lead medium in every new product launch. More and more companies seem to be taking this approach (Exhibit 17–1).
- *Providing a value-added customer service.* Butterball established a hotline where people can call in to receive personal advice on how to prepare their turkeys. The company handled 25,000 calls during the first holiday season. Many companies provide such services on their Internet sites. Chicken of the Sea provides recipes to visitors to its site (which, of course, suggest using Chicken of the Sea tuna).
- *Building brand-to-customer bonds.* The Pillsbury Bake-Off has led to strong brand loyalty among Pillsbury customers, who compete by

submitting baked goods. The contest has taken place annually since 1949, and the winner now receives a \$1 million prize! The winning recipes are posted on the Pillsbury website. Competitor Betty Crocker has used branded video to reach its MPR objectives and also has a helpful website (Exhibit 17–2).

- *Influencing the influentials.* That is, providing information to opinion leaders.
- *Defending products at risk and giving consumers a reason to buy.* By taking constructive actions to defend or promote a company's products, PR can actually give consumers a reason to buy the products. Energizer's national education campaign that urged consumers to change the batteries in their fire alarms when they reset their clocks in the fall resulted in a strong corporate citizen image and increased sales of batteries. Cessna's campaign to convince executives that there are legitimate reasons to buy corporate jets (Exhibit 17–3) is an excellent example of defending a product at risk. Figure 17–1 shows a few more examples.

XHIBIT 17–1

Tesla receives a lot of press coverage prior to releasing models.

ource: Photosite/Shutterstock



XHIBIT 17–2

Betty Crocker's website is designed to create goodwill and build loyalty for its consumers by offering ideas, recipes, coupons, and even an "ask Betty" section where consumers can submit questions.

Source: *Betty Crocker by General Mills Marketing Inc. (GMMI)*

The screenshot shows the Betty Crocker website homepage with a red header featuring the brand logo. Below the header, there are navigation links for Recipes, Ideas, Ask Betty, Videos, Products, and Coupons. A search bar with a magnifying glass icon is also present. The main content area displays a recipe for an "Electric Guitar Cake". The title is "Electric Guitar Cake" and it was posted on October 28, 2009. The recipe includes a video thumbnail, social sharing icons (Facebook, StumbleUpon, Twitter, etc.), and a link to "howdini.com". The description encourages users to "Rock your party with a cake that's guaranteed to impress. For step-by-step instructions from the Betty Crocker Kitchen and [Howdini.com](#), just hit play." To the right of the main article, there is a "Related Videos" section with thumbnails for "How to Make a Princess Castle Cake" and "Princess Doll Birthday Cake". Below the videos, there are two more sections: "Related Recipes" featuring "Electric Guitar Cake" and "'Let's Party' Cake", and a "Comments" section with a 5-star rating and 119 reviews. The overall layout is clean and user-friendly, designed to engage visitors with both visual and textual content.

XHIBIT 17–3

Cessna attempts to aid a product at risk.

Source: *The Cessna Aircraft Company*



FIGURE 17–1

Companies Use MPRs

Cessna

During the last big recession and auto industry sales slump, top executives of Detroit's Big Three car companies went to the nation's capital to ask for a bailout. When the execs traveled on a \$50 million private plane rather than drive, the lawmakers and press bashed them for it. Unfortunately, the backlash had a profound negative effect on jet manufacturers, as numerous orders were canceled or deferred. Production was cut by as much as 56 percent, and as much as one-third of the industry's workers were laid off. One company, Cessna, decided to fight back and give corporate America a reason to buy.

In a hard-hitting print campaign starting in *The Wall Street Journal* called "Rise," Cessna challenged business leaders to not be timid, and recognize private planes are not about ego, but about having the right tools to be productive. Cessna said it was time for the other side of the story to be told. In addition to *The Wall Street Journal*, the ads were run in national business newspapers and magazines as well as aviation trade journals, together with an extensive PR campaign. Four years later Cessna was still receiving requests for reprints of the ads, and sales were on the increase.

Betty Crocker

Faced with the objective of getting more cake bakers to visit its website, Betty Crocker worked with digital video agency Touchstorm to create a series of informational videos targeted to mothers who bake their children's birthday cakes. Analyzing search terms, the two determined that when mothers want information or help in baking cakes, they don't search on brand names, but rather on specific solution terms like "birthday cake." Given this information, a series of high-quality HD videos approximately five minutes in length were created and posted on the Betty Crocker website. To convey the idea that the videos were instructional and not promotional, there was little reference to the Betty Crocker brand. The videos were very engaging, with an average of 75 percent of the content being watched. To date, the videos have driven over 70 million visitors to the website and, more important, are building brand loyalty due to their instructional nature.

WestJet

Canadian airlines carrier WestJet has become very successful in creating a variety of "PR stunts." The Calgary-based airline has also been successful in putting more passengers in seats. A much smaller airline than its main rival Air Canada, WestJet also has a much smaller marketing budget and knows it had to be creative. So to cut through the clutter, the

airline began to pull the PR stunts and video them. The stunts have included an April Fool's ruse that asked passengers to put their hands up in the air during landing and take-off so as to improve aerodynamics that helped save fuel costs. Christmas videos showing the airline surprising people with gifts also proved to lead to popular videos, as have tie-ins to nonprofits. Poking fun at Air Canada is also positively received. Over the past five years, WestJet has amassed over 100 million video views and billions of impressions. Viewers of the videos are then retargeted in an attempt to sell them tickets. Does it work? WestJet says so as its tracking metrics show it has sold millions of dollars worth of flights to people who watch the videos and then immediately purchased tickets.

Source: "WestJet Taps Power of 'PR Stunts,'" www.WARC.com, June 10, 2019.

As shown in Figure 17–2, Harris notes that there are a number of advantages of using MPRs.⁹

FIGURE 17–2

Advantages and Disadvantages of MPRs

Advantages
<ul style="list-style-type: none">▪ It is a cost-effective way to reach the market.▪ It is a highly targeted way to conduct public relations.▪ It benefits from the endorsement of independent and objective third parties who have no association with the product.▪ It achieves credibility.▪ It supports advertising programs by making messages more credible.▪ It breaks through the clutter.▪ It circumvents consumer resistance to sales efforts.▪ There can be improved media involvement among consumers.▪ It can create influence among opinion leaders and trendsetters.

- It can improve ROI.

Disadvantages

- There is a lack of control over the media.
- It is difficult to tie in slogans and other advertising devices.
- Media time and space are not guaranteed.
- There are no standard effectiveness measures.

Sources: Harris, Thomas L., "Marketing PR—The Second Century," *Reputation Management*, January/February 1999, www.prcentral.com, pp. 1–6.

One of the major threats of using an MPR structure, as expressed by Harris, is that public relations functions may become subservient to marketing efforts—a concern expressed by many opponents of MPR. However, if employed properly and used in conjunction with other traditional public relations practices as well as IMC elements, MPR can continue to be used effectively. Weiner also notes that the key to the successful use of MPRs is integration with IMC, though such a task may prove to be difficult to accomplish.

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THE PROCESS OF PUBLIC RELATIONS

The actual process of conducting public relations and integrating it into the promotional mix involves a series of both traditional and marketing-oriented tasks.

Determining and Evaluating Public Attitudes

You have learned that public relations is concerned with people's attitudes toward the firm or specific issues beyond those directed at a product or service. The first question you may ask is why—why is the firm so concerned with the public's attitudes?

One reason is that these attitudes may affect sales of the firm's products. A number of companies have experienced sales declines as a result of consumer boycotts. BP, Amazon, Nike, and Apple are just a few companies that have had to respond to organized pressures. PETA's attack on SeaWorld for alleged mistreatment of the animals in captivity at the parks led SeaWorld to launch a \$10 million ad campaign response addressing the allegations and presenting SeaWorld's position, while accusing PETA of disseminating false information. After a six-year fight, SeaWorld discontinued the killer whale program, noting that the "Shamu" image was no longer viable for the future.¹⁰ Likewise, the media must be concerned with the attitudes of the public. *Fox News*, which is owned by News Corp., lost favor with many in the Republican base for its coverage of the 2016 Republican presidential primaries. Long known as a network favored by conservatives, the network saw a significant drop in perceptions of Fox as providing "fair page 567 and balanced coverage"; viewers were unhappy with the way *Fox News* treated candidate Donald Trump and ignored candidate Dr. Ben Carson. Fox's Buzz score, measured on a -100 to +100 scale, with 0 being neutral, dropped from a high of 38 in 2013 to 17 by summer 2016 according to a BrandIndex survey. If these perceptions were to continue, the result could be a significant drop in ad revenues during national election coverage as the conservative base tuned out.

On the other hand, companies can gain favorable impressions and positive attitudes from consumers by doing the right thing. For example, Intuit sent consumers an apology letter and a free upgrade for changing its TurboTax software and not including a number of forms that were in previous versions, as well as not taking adequate measures to inform its customer base that it was doing so and why. The apology was used as an example of great customer service by bloggers and helped improve attitudes toward the TurboTax product.

Second, no one wants to be perceived as a bad citizen. Corporations exist in communities, and their employees generally both work and live there. Negative attitudes carry over to employee morale and may result in a less-than-optimal working environment internally and in the community.

Due to their concerns about public perceptions, many privately held corporations, publicly held companies, utilities, and media survey public attitudes. The reasons for conducting this research are many, but include the following:

- 1. It provides input into the planning process.** Once the firm has determined public attitudes, they become the starting point in the development of programs designed to maintain favorable positions or change unfavorable ones.
- 2. It serves as an early warning system.** Once a problem exists, it may require substantial time and money to correct. By conducting research, the firm may be able to identify potential problems and handle them effectively before they become serious issues.
- 3. It secures support internally.** If research shows a problem or potential problem exists, it will be much easier for the public relations arm to gain the support it needs to address this problem.
- 4. It increases the effectiveness of the communication.** The better it understands a problem, the better the firm can design communications to deal with it.

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Establishing a PR Plan

For some companies, their PR programs involve little more than press releases, press kits for the media, and/or trade shows and new product announcements.

Further, these tools are often not designed into a formal public relations effort but rather are used only as needed. In other words, no structured program for conducting PR is evident. As we noted earlier, the public relations process is an ongoing one, requiring formalized policies and

procedures for dealing with problems and opportunities. Just as you would not develop an advertising and/or a promotions program without a plan, you should not institute public relations efforts haphazardly. Moreover, the PR plan needs to be integrated into the overall marketing communications program. Figure 17–3 provides some questions marketers should ask to determine whether their PR plan is workable.

FIGURE 17–3

Ten Questions for Evaluating Public Relations Plans

1. Does the plan reflect a thorough understanding of the company's business situation?
2. Has the PR program made good use of research and background sources?
3. Does the plan include full analysis of recent editorial coverage?
4. Do the PR people fully understand the product's strengths and weaknesses?
5. Does the PR program describe several cogent, relevant conclusions from the research?
6. Are the program objectives specific and measurable?
7. Does the program clearly describe what the PR activity will be and how it will benefit the company?
8. Does the program describe how its results will be measured?
9. Do the research, objectives, activities, and evaluations tie together?
10. Has the PR department communicated with marketing throughout the development of the program?

Cutlip and colleagues suggest a four-step process for developing a public relations plan: (1) define public relations problems, (2) plan and program, (3) take action and communicate, and (4) evaluate the program.¹¹ The

questions in Figure 17–3 and the four-step planning process tie in with the promotional planning process stressed throughout this text.

Developing and Executing the PR Program

Because of the broad role that public relations may be asked to play, the PR program may need to extend beyond promotion. A broader definition of the target market, additional communications objectives, and different messages and delivery systems may be employed. Let us examine this process.

Determining Relevant Target Audiences The targets of public relations efforts may vary, with different objectives for each. Some may be directly involved in selling the product; others may affect the firm in a different way (e.g., they may be aimed at stockholders or legislators). These audiences may be internal or external to the firm.

Internal audiences may include the employees, stockholders, and investors of the firm as well as members of the local community, suppliers, and current customers. As noted in Figure 17–1, Cessna’s public relations programs were designed, in part, to reach buyers as well as to improve morale among employees. Why are community members and customers of the firm considered internal rather than external? According to John page 569 Marston, it’s because these groups are already connected with the organization in some way, and the firm normally communicates with them in the ordinary routine of work.¹² **External audiences** are those people who are not closely connected with the organization (e.g., the public at large).

It may be necessary to communicate with these groups on an ongoing basis for a variety of reasons, ranging from ensuring goodwill to introducing new policies, procedures, or even products. A few examples may help.

Employees of the Firm Maintaining morale and showcasing the results of employees’ efforts are often prime objectives of the public relations program. Organizational newsletters, notices on bulletin boards, awards ceremonies and events, direct mail, and annual reports are some of the methods used to communicate with these groups. Exhibit 17–4 shows one

such internal communication used by the College of Business Administration at San Diego State University.

XHIBIT 17-4

An example of a newsletter used for internal communication by the College of Business Administration at San Diego State University.

San Diego State University, College of Business Administration

ADVANCE YOUR CAREER

*Explore graduate programs at the Fowler College of Business.
Applications open August 1st.*

CLICK HERE FOR MORE INFO

Fowler College of Business Staff Spotlight

 <p>FCB Staff Q&A Jason Brown, department Coordinator Marketing, Management & Finance</p> <p>Q: What are some of your responsibilities as Department Coordinator?</p> <p>Some of my job responsibilities include the maintenance and reconciliation of departmental university accounts and Foundation funds, and the coordination of hiring new faculty for the university. While I am still learning many of the processes inherent to the position, I am excited that soon I will be able to bridge some of the gaps between the faculty and administrative areas to the overall benefit of the college.</p> <p>Q: What or who inspires you?</p> <p>My inspiration can change from moment to moment. Sometimes it may be my son, Aaron, or my granddaughter, Chloe, and other times it may be a song that I hear or melody that I play. Whichever it is, my hope is that I can capture the moment in some tangible form to reflect on later.</p>	 <p>FCB Staff Q&A Zena Yang, Coordinator, The Corky McMillin Center For Real Estate</p> <p>Q: What are some of your responsibilities at The Corky McMillin Center for Real Estate?</p> <p>My responsibilities include offering support for our students and our advisory board, marketing activities, engaging with the local real estate community, and event planning and implementation. I also manage the reservation schedules for the Page Pavilion and the college's conference rooms.</p> <p>Q: Of all the places you've lived in the world, which one is your favorite and why?</p> <p>I'd say my favorite is New Zealand. It is, without a doubt, the most jaw-droppingly beautiful country I have ever lived in. New Zealand is full of hidden gems from white sand beaches to secret coves and hiking trails. I do believe that Queenstown is one of the most beautiful places on earth.</p>
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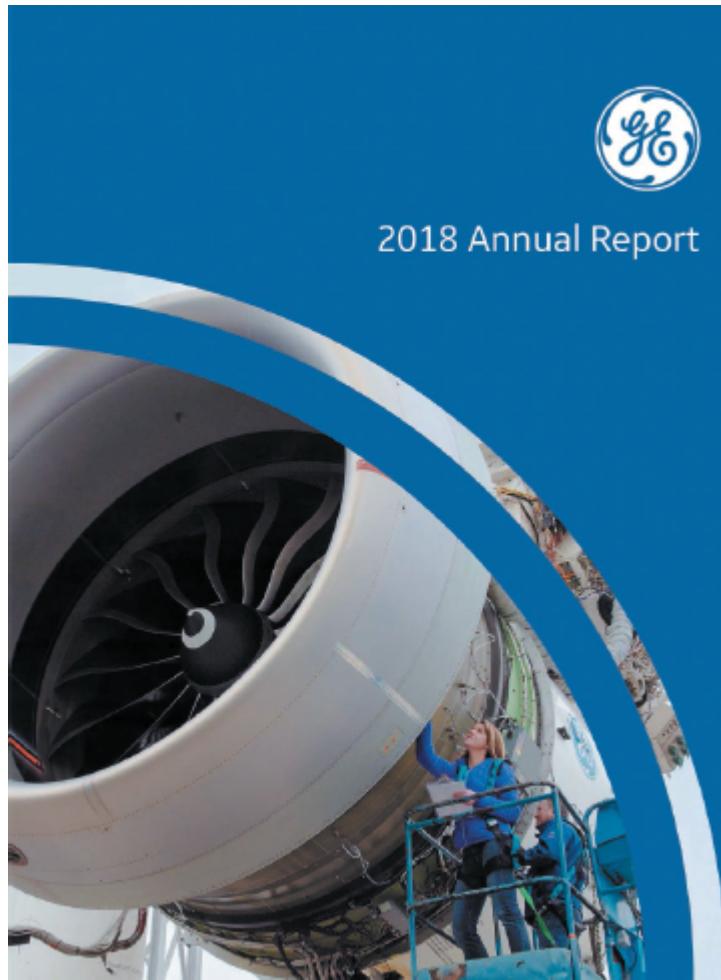
Personal methods of communicating may be as formal as an established grievance committee or as informal as an office Christmas party. Other social events, such as corporate bowling teams or picnics, are also used to create goodwill.

Stockholders and Investors You may think an annual report like the one in Exhibit 17–5 provides stockholders and investors only with financial information regarding the firm. While this is one purpose, annual reports are also a communications channel for informing this audience about why the firm is or is not doing well, outlining future plans, and providing other information that goes beyond numbers.

XHIBIT 17–5

In addition to providing information regarding its finances, GE's Annual Report serves a variety of purposes. To view the report in its entirety, visit <https://www.ge.com/investor-relations/annual-report>.

Source: General Electric Company



It has become very common for companies to use annual reports for public relations purposes—to generate additional investments, to bring more of their stocks “back home” (i.e., become more locally controlled and managed), and to produce funding to solve specific problems, as well as to promote goodwill.

Community Members People who live and work in the community where a firm is located or doing business are often the target of public relations efforts. Such efforts may involve ads informing the community of activities that the organization is engaged in, for example, reducing air pollution, cleaning up water supplies, or preserving wetlands. (The community can be defined very broadly.) As you can see in Exhibit 17–6, a number of oil companies are involved in this form of public relations by demonstrating to people that the organization is a good citizen with their welfare in mind.

XHIBIT 17–6

Citgo demonstrates concern for the community.

Source: Citgo Petroleum Corporation



Suppliers and Customers An organization wishes to maintain *goodwill* with its suppliers as well as its consuming public. If consumers think a company is not socially conscious, they may take their loyalties elsewhere. Suppliers may be inclined to do the same.

Sometimes sponsoring a public relations effort results in direct evidence of success. Certainly Betty Crocker achieved its goal of getting consumers to the website and getting engaged with the brand. Indirect indications of the success of PR efforts may include more customer loyalty, less antagonism, or greater cooperation between the firm and its suppliers or consumers.

Public relations efforts are often targeted to more than one group and are a direct result of concerns initiated in the marketplace. As noted earlier, along with potential consumers, trade association members, human resource directors, buyers, and suppliers often constitute the target audience for PR efforts.

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Relevant audiences may also include people not directly involved with the firm. The press, educators, civic and business groups, governments, and the financial community can be external audiences.

The Media Perhaps among the most critical external publics are the media, which determine what you will read in your newspapers or online, or see on TV and how this news will be presented. Because of the media's power, they should be informed of the firm's actions. Companies issue press releases and communicate through conferences, interviews, and special events. The media are generally receptive to such information as long as it is handled professionally; reporters are always interested in good stories. In turn, the media are also concerned about how the community perceives them. (Remember the *Fox News* example provided earlier.)

Educators A number of organizations provide educators with information regarding their activities. The Advertising Education Foundation (AEF); Data and Marketing Association, formerly the Direct Marketing Association (DMA); the Promotional Products Association International (PPAI); and the Outdoor Advertising Association of America (OAAA); among others, keep educators informed in an attempt to generate goodwill as well as exposure for their causes on both a local and national level. These groups and major corporations provide information regarding innovations, state-of-the-art research, and other items of interest. Marketing EDGE, formerly the Direct Marketing Educational Foundation (DMEF), provides materials including case examples and lecture notes specifically designed for educators (Exhibit 17-7).

XHIBIT 17-7

Marketing EDGE is a nonprofit that provides information to educators about the business of marketing and helps students find employment in the field of marketing.

Source: DMEF

The screenshot shows the homepage of the Marketing EDGE website. At the top, there is a navigation bar with links for "ABOUT US", "STUDENTS", "ACADEMICS", "BUSINESSES", "EVENTS", "PROGRAMS", "CONTRIBUTE", and a "DONATE NOW" button. A search bar is located in the top right corner. Below the navigation bar, there is a section titled "What is Marketing EDGE?" with a brief description and a "LEARN MORE >" link. To the right of this, there is a "MARKETING EDGE NEWS" section with a link to "ALL NEWS >". In the center, there is a banner for the "EDGE 2019 RISING STARS" awards, featuring five headshots of young professionals and some descriptive text.

Educators are a target audience because, like the media, they control the flow of information to certain parties—in this case, people like you. *The Bloomberg News* and *Fortune* magazines attempt to have page 571 professors use their magazines in their classes, as does *The Wall Street Journal*, *The New York Times*, and *Advertising Age*, among others. In addition to selling more magazines and newspapers, such usage also lends credibility to the medium, and (hopefully) the students will continue to use these media after they graduate and start a career.

Civic and Business Organizations The local Jaycees, Kiwanis, and other nonprofit civic organizations also serve as gatekeepers of information. Companies' financial contributions to these groups, speeches at organization functions, and sponsorships are all designed to create goodwill. Corporate executives' service on the boards of nonprofit organizations also generates positive public relations.

Governments Public relations often attempts to influence government bodies directly at both local and national levels. Successful lobbying may mean immediate success for a product, while regulations detrimental to the firm may cost it millions. Imagine for a moment what FDA approval of a

product can mean for sales, or what could happen to the beer and wine industries if TV advertising were banned. The pharmaceutical industry lobbied hard for permission to advertise prescription drugs directly to the consumer. Within the first five years of approval, an estimated 65 million consumers approached their doctors to inquire about the drugs as a result. The industry now spends over \$3.73 billion year on TV advertising. When other media are included, advertising on TV, magazine, digital, newspaper, radio, and out-of-home advertising topped \$6 billion¹³, leading some organizations like the American Medical Association (AMA) to seek the ban to be reinstated¹⁴. While the AMA has not been successful in banning the TV ads, it lobbied hard enough to achieve legislation in 2019 that would require the ads to show prices of the drugs. The top ten most heavily advertised drugs had a list price ranging from \$488 to \$16,938.¹⁵ In turn, environmentalists, trade unions, and other groups with specific agendas also attempt to influence government legislation in their behalf.

Financial Groups In addition to current shareholders, potential shareholders and investors may be relevant target markets for PR efforts. Financial advisors, lending institutions, and others must be kept abreast of new developments as well as of financial information, since they offer the potential for new sources of funding. Press releases and corporate reports play an important role in providing information to these publics.

Implementing the PR Program Once the research has been conducted and the target audiences identified, the public relations program must be developed and delivered to the receivers. A number of PR tools are available for this purpose, including press releases, press conferences, exclusives, interviews, community involvement, the Internet, and social networks and blogs.

The Press Release One of the most important publics is the press. To be used by the press, information must be factual, true, and of interest to the medium as well as to its audience. The source of the **press release** can do

certain things to improve the likelihood that the “news” will be disseminated, such as ensuring that it reaches the right target audience, making it interesting, and making it easy to pass along.

The information in a press release won’t be used unless it is of interest to the users of the medium it is sent to. For example, financial institutions may issue press releases to business trade media and to the editor of the business section of a general-interest newspaper. Organizations like the PR Newswire and PRLog provide services to help disseminate information.

Press Conferences We are all familiar with **press conferences** held by political figures. Although used less often by organizations and corporations, this form of delivery can be very effective. The topic must be of major interest to a specific group before it is likely to gain coverage. Usually major accomplishments (such as the awarding of the next Super Bowl, FIFA, or Olympics location), and major breakthroughs (such as medical cures, emergencies, or catastrophes) warrant a national press conference. On a local level, community events, local developments, and the like may receive coverage. Companies often call press conferences when they have significant news to announce, such as the introduction of a new product or advertising campaign. Sports teams use this tool to attract fan attention and interest when a new star is signed.

Exclusives Although most public relations efforts seek a variety of channels for distribution, an alternative strategy is to offer one particular medium exclusive rights to the story if that medium reaches a substantial number of people in the target audience. Offering an **exclusive** may enhance the likelihood of acceptance. As you watch television over the next few weeks, watch for the various networks’ and local stations’ exclusives. Notice how the media actually use these exclusives to promote themselves.

Interviews When you watch TV or read magazines, pay close attention to the personal interviews. Usually someone will raise specific questions, and a spokesperson provided by the firm will answer them. For example, when NFL player Tyreek Hill of the Kansas City Chiefs was accused of domestic violence, a spokesperson for the Chiefs immediately announced Hill’s suspension from the team and answered questions to reporters about his

future with the team. Similar situations have become somewhat common with athletes in other sports as well. Depending on how significant the issue is, sometimes even top management will get involved. When consumers protested Chick-fil-A's support of antigay Christian organizations, the president, Dan Cahy, stood by his decision in an interview with *The Baptist Press* newspaper.

Community Involvement Many companies and individuals enhance their public image through involvement in the local community. This involvement may take many forms, including membership in local organizations like the Kiwanis or Jaycees and contributions to or participation in community events (Exhibit 17–8).

XHIBIT 17–8

Lacrosse star Paul Rabil's foundation (www.paulrabilfoundation.org) gives back to the community in various ways.

Source: *The Paul Rabil Foundation*



The Internet As discussed in Chapter 15, the Internet has become a means by which companies and organizations can disseminate public relations

information. Just as in the print media, companies have used the Web to establish media relations and government, investor, and community relationships; to deal with crises; and even to conduct cause marketing. Companies have used their websites to address issues, as well as to provide information about products and services, archive press releases, link to other articles and sites, and provide lists of activities and events. Many corporate websites have sections listing their press activities.

Social Networks and Blogs More and more companies and organizations are making use of social networks, blogs, and other Web 2.0 media for public relations purposes. It is now expected that companies will post information on their websites providing announcements and updates on product releases, recalls, or other issues. In addition, many of these companies are using digital media to disseminate this information. Many employed in PR consider themselves employed in a new form of page 573 PR they refer to as **digital public relations**. Digital PR, they say, is an intersection between traditional public relations activities as just discussed and new activities that incorporate digital marketing functions like SEO, social media, and influencer marketing. For example, a study by USC Annenberg School for Communication and Journalism indicated that “87% of PR executives believe the term ‘public relations’ won’t accurately describe the work they will be doing in the near future.”¹⁶ Subway made valuable use of blogs, Facebook, Twitter, and other social media during and after the Jared Fogle incident. One of the many advantages cited for the use of social media is for PR purposes, keeping those on the networks current in events surrounding the company or organization.

Advantages and Disadvantages of PR

Like the other program elements, public relations has both advantages and disadvantages.

Advantages include the following:

1. *Credibility.* Because public relations communications are not perceived in the same light as advertising—that is, the public does not realize the

organization either directly or indirectly paid for them—they tend to have more credibility. The fact that the media are not being compensated for providing the information may lead receivers to consider the news more truthful and credible. For example, an article in newspapers or magazines discussing the virtues of aspirin may be perceived as much more credible than an ad for a particular brand of aspirin.

Automotive awards presented in magazines such as *Motor Trend* have long been known to carry clout with potential car buyers. The influential J.D. Power Awards are now offered for a variety of reasons (quality, customer satisfaction, service, etc.) in a variety of industries (automobile, financial services, airports, etc.). It has become a common practice for car companies and others to promote their achievements (Exhibit 17–9). In one instance, the wife of a recently passed-away spouse received a direct-mail piece from a funeral home touting its services and the fact that it was the recipient of a J.D. Power Award for funeral services.

News about a product may in itself serve as the subject of an ad. Exhibit 17–10 demonstrates how General Mills used favorable publicity from a variety of sources to promote the importance of whole grain in a healthy diet and promote the use of whole grain in its cereals. Note that every cereal box prominently displays the whole-grain ingredients.

2. *Cost.* In both absolute and relative terms, the cost of public relations is very low, especially when the possible effects are considered. While a firm can employ public relations agencies and spend millions of dollars on PR, for smaller companies this form of communication may be the most affordable alternative available. As noted, many services exist to distribute this information at little or no cost. Many public relations programs require little more than the time and expenses associated with putting the program together and getting it distributed, yet they still accomplish their objectives.
3. *Avoidance of clutter.* Because they are typically perceived as news items, public relations messages are not subject to the clutter of ads. A story regarding a new product introduction or breakthrough is treated as a news item and is likely to receive attention.
4. *Lead generation.* Information about technological innovations, medical breakthroughs, and the like results almost immediately in a multitude of

inquiries. These inquiries may give the firm some quality sales leads.

- 5. Ability to reach specific groups.** Because some products appeal to only small market segments, it is not feasible to engage in advertising and/or promotions to reach them. If the firm does not have the financial capabilities to engage in promotional expenditures, the best way to communicate to these groups is through public relations. Social networks and blogs have become extremely valuable in this regard.
- 6. Image building.** Effective public relations helps develop a positive image for the organization. A strong image is insurance against later misfortunes. The strength of the Toyota brand name made it possible for Toyota to get through a series of crises involving mechanical problems, while VW survived the extensive negative press received when it was shown to have manipulated emissions tests on its diesel vehicles.

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XHIBIT 17-9

State Farm Insurance promotes its J.D. Power Award in this public relations ad that proclaims it ranked the “Highest Customer Satisfaction among Auto Insurance Providers.”

Source: State Farm Mutual Automobile Insurance Company

IT'S MORE THAN A PRIVILEGE TO BE YOUR CHOICE FOR LIFE INSURANCE.



IT'S AN HONOR.

Thanks to our customers for honoring us with
J.D. Power's "Highest Customer Satisfaction
Among Life Insurance Providers, Two Years in a Row."



XHIBIT 17-10

General Mills capitalizes on positive publicity.

Source: General Mills Marketing Inc. (GMMI)



Perhaps the major disadvantage of public relations is the potential for not completing the communications process. While public relations messages can break through the clutter of commercials, the receiver may not make the connection to the source. Many firms' PR efforts are never associated with their sponsors in the public mind.

Public relations may also misfire through mismanagement and a lack of coordination with the marketing department. When marketing and PR departments operate independently, there is a danger of inconsistent communications, redundancies in efforts, and so on.

The key to effective public relations is to establish a good program, worthy of public interest, and to manage it properly. To determine if this program is working, the firm must measure the effectiveness of the PR effort.

Measuring the Effectiveness of PR

As with the other promotional program elements, it is important to evaluate the effectiveness of the public relations efforts. In addition to determining the contribution of this program element to attaining communications objectives, the evaluation offers other advantages:

1. It tells management what has been achieved through public relations activities.

2. It provides management with a way to measure public relations achievements quantitatively.
3. It gives management a way to judge the quality of public relations achievements and activities.

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According to the **Public Relations Society of America**, organizations that understand and subscribe to the benefits of public relations evaluation can effectively:

- Validate the results of their efforts.
- Link the results to business outcomes that further the realization of organizational goals.
- Credibly merchandise the impact of the results to those who fund PR programs.
- Set smarter objectives, develop better strategies, and employ more compelling and engaging tactics.
- Make midcourse adjustments and corrections.
- Regularly adapt their measurement approaches based on changing objectives, new competitors, and emerging best practices.¹⁷

In an extensive review of criteria used to measure effectiveness, Professor Jim Macnamara of the University of Technology, Sydney, identified 30 metrics that are broadly used for measuring PR and corporate communication today.¹⁸ In a review of emerging models for measuring public relations effectiveness, Amit Jain concluded that traditional methods no longer work. Jain notes that as digital becomes more and more of the public relations process, new criteria need to be added to previous measures, and new models must be developed.¹⁹ One company suggests that the digital PR organization use a framework based on the concept of a consumer funnel with three levels: (1) brand impact, (2) digital impact, and (3) bottom-line impact. As shown in Figure 17–4, these levels can be broken down into specific categories that can be specifically measured to determine the success of the PR efforts. Cision, along with many others in the PR industry, sees digital PR as the future of the industry.

FIGURE 17–4

Communicators Funnel for Digital Public Relations

Cision Ltd. is a public relations and earned media software company and services provider assisting organizations in digital public relations. The Cision framework involves a communication funnel consisting of three levels:

Brand impact—examines how one's brand is perceived in the marketplace. Brand impact consists of three categories. These categories and their measures include:

1. Awareness—is the market aware of your brand? Is your brand being mentioned? (The number of mentions can serve as a proxy measure for awareness.)
2. Mindshare—finding trends in the mentions and share of voice (counting competitors' mentions compared to yours).
3. Reputation—determining if PR coverage is resonating with the target audience. (Social sharing is a good proxy for audience engagement, sentiment, and pull-through.)

Digital impact—the PR coverage driving traffic to the brand's website or other digital properties. In other words, what actions are the visitors taking?

1. Website traffic—tracking how many visits PR drives to the website. (Measure the percentage PR drives to the site versus overall site traffic. Use traffic measures to determine the effectiveness of the PR effort.)
2. SEO impact—examining referring domains to see how they impact the brands rankings. (Examine high-traffic and low-traffic websites and focus on high-authority sites while avoiding “toxic links.”)
3. Social amplification—determining how viewers are extending the digital footprint across social media platforms. (Employ social media engagement metrics.)

Bottom line—taking behavioral measures such as sales, donations, and business transactions to determine whether they were influenced by the PR effort. (Use analytics provided by systems like Hubspot, Marketo, etc., to determine conversions, revenue, etc.)

Source: Cision Ltd., Cision.com, 2019.

Mark Weiner, in discussing measures of effectiveness specific to MPRs, also suggests using the following methods:²⁰

- *Media content analysis.* Systematically and objectively identifying the characteristics of messages that appear in the media, analyzing the content to determine trends and perceptions relevant to the product or brand.
- *Survey research.* Quantitatively assessing consumers' attitudes toward the product or brand.
- *Marketing-mix modeling.* Drawing data from multiple sources and integrating them to provide insight into the process.

A model known as the PESO model, developed and championed by Gini Dietrich, a leading voice for the PR industry, has now been embraced by public relations practitioners.²¹ The model has been shown to be successful in measuring the effectiveness of digital media in public relations. An excellent example of how the model works when combined with marketing is reflected by Dell at the company's Dell World conference. To communicate information about their first annual Global Technology Adoption Index (GTAI), the PR and marketing teams involved press, native ads, and owned and social media.

In the Dell example, here's how it went:

- Michael Dell announced the Global Technology Adoption Index (GTAI) during the Dell World press conference.
- The GTAI results were shared across Dell's social media platforms (e.g., LinkedIn, Twitter, Facebook), including tweets from the @Dell handle, and the social community was encouraged to use the hashtag #delltechindex.
- Dell's owned media site, Tech Page One, released a story called "Tech Hype Meets Tech Reality" which outlined some of the key findings from the GTAI.
- The PR team pitched the story to journalists and secured media coverage including online tech and business sites like the *Irish Times*, ZDnet, and eWeek.

- The *New York Times* GTAI native advertising campaign was released a day after the news media covered the announcement.
- Online video and content syndication ran on business and technology sites.
- Paid social posts promoted the campaign on LinkedIn and Twitter.
- Infographics were used to accompany all of the above content.

In summary, the role of public relations in the promotional mix is changing. As PR has become more marketing-oriented, and digital marketing has become increasingly important in PR, the criteria by which the programs are evaluated have also changed. At the same time, nonmarketing activities will continue to be part of the public relations department and part of the basis for evaluation.

PUBLICITY

Publicity refers to the generation of news about a person, product, or service that appears in broadcast, digital, or print media. To many marketers, publicity and public relations are synonymous. In fact, publicity is really a subset of the public relations effort.

But there are several major differences. First, publicity is typically a *short-term* strategy, while public relations is a concerted program extending over a period of time. Second, public relations is designed to provide positive information about the firm and is usually controlled by the firm or its agent. Publicity, on the other hand, is not always positive and is not always under the control of, or paid for by, the organization. Both positive and negative publicity often originate from sources other than the firm.

In most organizations, publicity is controlled and disseminated by the public relations department. In this section, we discuss the role publicity plays in the promotional program and some of the ways marketers use and react to these communications.

The Power of Publicity

One of the factors that most set off publicity from the other program elements is the sheer power this form of communication can generate. Unfortunately for marketers, this power is not always realized in the way they would like it to be. Publicity can make or break a product or even a company. At one point, BP's stock dropped to less than one-half of what it was prior to the Gulf spill. The spill, which happened in 2010, cost BP more than \$20 billion in funding the cleanup and lost economic value in the region. By 2013, the money in the fund was almost depleted, and by 2019, the environment had still not returned to normal. Samsung's value declined by billions of dollars when it suffered negative publicity as a result of its exploding cell phone batteries. John Schnatter, founder of Papa John's, was ousted for making a racial slur on a call with investors. When the PR agency refused to defend him, he created his own website, SavePapaJohns.com, to get his message out to the public and Papa John's employees. The two have since parted ways. These are just a few of many examples of the impact that negative publicity can have.

Why is publicity so much more powerful than advertising or sales promotion—or even other forms of public relations? First, publicity is highly credible. Unlike advertising and sales promotions, publicity is not usually seen as being sponsored by the company (in negative instances, it never is). So consumers perceive this information as more objective and place more confidence in it. In fact, media often take great measures to ensure their objectivity and promote the fact that they are not influenced by advertisers or other outside sources.

Publicity information may be perceived as endorsed by the medium in which it appears. For example, publicity regarding a breakthrough in the durability of golf balls will go far to promote them if it is reported by *Golf* magazine. *Car & Driver*'s award for car of the year reflects the magazine's perception of the quality of the auto selected.

Still another reason for publicity's power is its news value and the frequency of exposure it generates. When the publicity is positive, companies stand to benefit. When it is not, companies may suffer negative consequences such as lost sales, impacts on image, and even litigation.

The bottom line is that publicity is news, and people like to pass on information that has news value. Publicity thus results in a significant amount of free, credible, word-of-mouth information regarding the firm and its products.

The Control and Dissemination of Publicity

In the examples cited previously, the control of publicity was not in the hands of the company. In some instances it is the firm's own blunder that allows information to leak out. Companies such as Papa John's, Samsung, and BP could do nothing to stop the media from releasing negative information about them. When publicity becomes news, it is reported by the media, sometimes despite efforts by the firm. In these instances, the organization needs to react to the potential threat created by the news. Unfortunately, simply ignoring the problem will not make it go away.

A good example of one company's efforts to respond to adverse publicity is shown in Exhibit 17–11. Tree Top's problems began when all the major news media reported that the chemical Alar, used by some growers to regulate the growth of apples, might cause cancer in children. Despite published statements by reliable scientific and medical authorities (including the surgeon general) that Alar does not cause cancer, a few special-interest groups were able to generate an extraordinary amount of page 578 adverse publicity, causing concern among consumers and purchasing agents. A few school districts took apples off their menus, and even applesauce and juice were implicated. Tree Top ran the ad shown in Exhibit 17–11 to state its position and alleviate consumers' fears. It also sent a direct mailing to nutritionists and day care operators. The campaign was successful in assuring consumers of the product's safety and rebuilding their confidence.

XHIBIT 17–11

Tree Top responds to the threat of negative publicity.

Source: Tree Top, Inc.



At Tree Top, 100% Pure Means 100% Safe.

Our business is children. And nobody goes to greater lengths to protect their health.

That's why Tree Top instituted strict safety procedures years ago to keep Alar out of our products.

Right from the start, we require growers to certify their fruit is not treated with Alar. Then we sample and test the fruit before it's processed. Over 8,000 of these tests have been conducted in the last year alone. Fact is, we've rejected tons

of apples because they haven't measured up to Tree Top's high standards.

As a final safety check, the finished product is continuously sampled throughout the day, everyday.

As a result, we can assure you that all Tree Top juices and applesauce are 100% safe to consume.

There's been a lot said about Alar lately. But no matter what you've heard, they weren't talking about Tree Top.

We Always Give You 100%*

Another example of effectively countering negative publicity is reflected in Budweiser's response to a class action lawsuit and negative publicity claiming that the brewer was watering down its beer, thereby reducing the alcoholic content and cheating consumers out of millions of dollars. Bud's response advertisement was particularly effective because it not only refuted the claim without giving it credence but at the same time turned the tables by indicating that not only does Bud maintain the brand's integrity, it also demonstrates the fact that they support causes by donating over 71 million cans of drinking water to those in need.

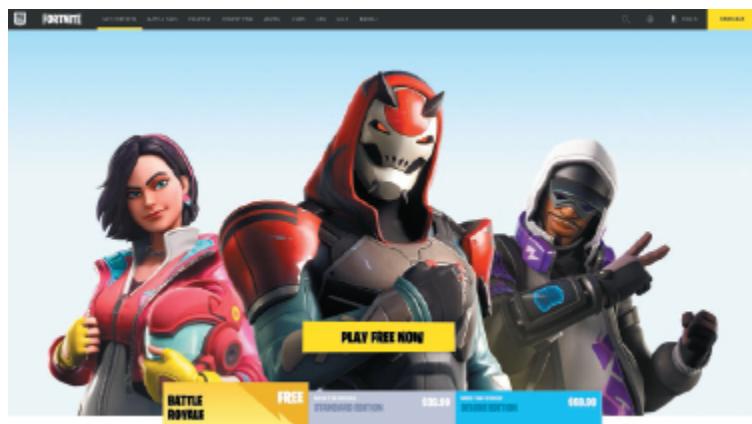
Publicity can also work for marketers. A number of video games have benefited from the publicity generated when they went viral on social media.

Pokemon Go had so many visitors to its site, the site crashed. The app became the top grossing app within a day of its release. Fortnite became a sensation with no advertising dollars spent (Exhibit 17–12). Kids' toys frequently achieve significant sales due to high levels of positive publicity and word-of-mouth advertising. Sales of Cabernet Sauvignon increased an average of 45 percent in the month after a CBS *60 Minutes* report indicating that daily moderate consumption of red wine can reduce the risk of heart disease, and green tea sales skyrocketed when the word spread that consumption of the product was effective in preventing cancer. Products that contain antioxidants are now very popular due to their health benefits. There are many more examples of the positive impact publicity can have.

XHIBIT 17-12

Publicity about Fortnite led to its very high popularity despite zero advertising expenditures.

Source: Epic Games, Inc.



Marketers like to have as much control as possible over the time and place where information is released. One way to do this is with the **video news release (VNR)**, a publicity piece produced by publicists so that stations can air it as a news story. The videos almost never mention that they are produced by the subject organization, and most news stations don't mention it either. Many government agencies have used VNRs, as have the American Dental Association, GM, Motorola, and Nokia, among others. An example is Meghan Markle and Prince Harry's visit to Fraser Island, where King Fisher Bay Resort, which is part of the Accor group, was able to gain

added media coverage because it provided content otherwise not available to mainstream media. The resort used a VNR to offer behind-the-scenes footage and interviews of the Royal couple's stay, which was used in news stories on local channels as well as on international news sites.²² The use of VNRs without disclosing the source has led some consumer advocates to protest such actions. The Consumer Product Safety Commission has published guidelines for the appropriate use of VNRs at www.cpsp.gov.

In their efforts to manage publicity and public relations, marketers are continually learning more about these activities. Courses are offered, websites are devoted to the topic, and books are written on how to manage publicity. These books cover how to make a presentation, whom to contact, how to issue a press release, and what to know about each medium addressed, including TV, radio, newspapers, magazines, the Internet, and direct-response advertising. They discuss such alternative media as news conferences, seminars, events, and personal letters, as well as insights on how to deal with government and other legislative bodies. Because this information is too extensive to include as a single chapter in this text, we suggest you peruse one of the many books available on this subject for additional insights.

Advantages and Disadvantages of Publicity

Publicity offers the advantages of credibility, news value, significant word-of-mouth communications, and a perception of being endorsed by the media. Beyond the potential impact of negative publicity, other major page 579 problems arise from the use of publicity: lack of control, timing, and accuracy.

Lack of Control In the viral world today, there is little control of what information is conveyed. Social networks, blogs, and so on have expanded the number of recipients of messages, while at the same time opening up the information stream to sources that are not confined by standards that may be imposed on traditional media. The result is that once public, the company or organization has lost control over the information. This can often become a costly experience.

Timing Timing of the publicity is not always completely under the control of the marketer. Unless the press thinks the information has very high news value, the timing of the press release is entirely up to the media—if it gets released at all. Thus, the information may be released earlier than desired or too late to make an impact.

Accuracy There are numerous ways to generate publicity. Quite often these means are not in the company's control. Unfortunately, the information sometimes gets lost in translation; that is, it is not always reported the way the provider wishes it to be. As a result, inaccurate information, omissions, or other errors may result. Sometimes when you see a publicity piece that was written from a press release, you wonder if the two are even about the same topic.

Measuring the Effectiveness of Publicity

The methods for measuring the effects of publicity are essentially the same as those discussed earlier under the broader topic of public relations. As noted at that point, traditional models of effectiveness are giving way to new measures as the digital world becomes a more important player in the communications programs of both large and small companies.

CORPORATE ADVERTISING

LO 17-3

One of the more controversial forms of advertising is **corporate advertising**. Actually an extension of the public relations function, corporate advertising does not promote any one specific product or service. Rather, it is designed to promote the firm overall, by enhancing its image, assuming a position on a social issue or cause, or seeking direct involvement

in something. Why is corporate advertising controversial? A number of reasons are offered:

1. *Consumers are not interested in this form of advertising.* Studies have shown that many consumers are not interested in corporate ads. At least part of this may be because consumers do not understand the reasons behind such ads. Of course, much of this confusion results from ads that are not very good from a communications standpoint.
2. *It's a costly form of self-indulgence.* Firms have been accused of engaging in corporate image advertising only to satisfy the egos of top management. This argument stems from the fact that corporate ads are not easy to write. The message to be communicated is not as precise and specific as one designed to position a product, so the top managers often dictate the content of the ad, and the copy reflects their ideas and images of the corporation.
3. *The firm must be in trouble.* Some critics believe the only time firms engage in corporate advertising is when they are in trouble—either in a financial sense or in the public eye—and are advertising to attempt to remedy the problem. There are a number of forms of corporate advertising, each with its own objectives. These critics argue that these objectives have become important only because the firm has not been managed properly.
4. *Corporate advertising is a waste of money.* Given that the ads page 580 do not directly appeal to anyone, are not understood, and do not promote anything specific, critics say the monies could be better spent in other areas. Again, much of this argument has its foundation in the fact that corporate image ads are often intangible. They typically do not ask directly for a purchase; they do not ask for investors. Rather, they present a position or try to create an image. Because they are not specific, many critics believe their purpose is lost on the audience and these ads are not a wise investment of the firm's resources.

Despite these criticisms and others, corporate advertising still enjoys wide usage. A variety of business-to-business and consumer-product companies continue to run corporate image ads, and numerous others have also increased expenditures in this area.

Since the term *corporate advertising* tends to be used as a catchall for any type of advertising run for the direct benefit of the corporation rather than its products or services, much advertising falls into this category. For purposes of this text (and to attempt to bring some perspective to the term), we use it to describe any type of advertising designed to promote the organization itself rather than its products or services.

Objectives of Corporate Advertising

Corporate advertising may be designed with two goals in mind: (1) creating a positive image for the firm and (2) communicating the organization's views on social, business, and environmental issues. More specific applications include:

- Boosting employee morale and smoothing labor relations.
- Helping newly deregulated industries ease consumer uncertainty and answer investor questions.
- Helping diversified companies establish an identity for the parent firm rather than relying solely on brand names.²³

As these objectives indicate, corporate advertising is targeted at both internal and external audiences and involves the promotion of the organization as well as its ideas.

Types of Corporate Advertising

LO 17-4

Marketers seek attainment of corporate advertising's objectives by implementing image, event sponsorships, advocacy, or cause-related advertising. Each form is designed to achieve specific goals.

Image Advertising One form of corporate advertising is devoted to promoting the organization's overall image. **Image advertising** may accomplish a number of objectives, including creating goodwill both internally and externally, creating a position for the company, and generating resources, both human and financial. A number of methods are used:

1. *General image or positioning ads.* As shown in Exhibit 17–13, ads are often designed to create an image of the firm in mind. The exhibit shows how Accenture wants viewers to think about the company as large, but also as flexible enough to adapt to your needs.
2. *Sponsorships.* Firms often run corporate image advertising on TV programs or specials. For example, Liberty Mutual insurance sponsors the program *Antiques Roadshow* on PBS. The sponsorship package includes on-air, online, and outdoor ads promoting the sponsorship and is designed to support Public Broadcasting, while at the same time strengthening the relationship among the brand, home office, and branches. Other companies also sponsor programs on public TV and other educational programs designed to promote the corporation page 581 as a good citizen. By associating itself with high-quality or educational programming, companies like Siemens and Starbucks as well as local sponsors hope for a carryover effect that benefits their own images.

Other examples of sponsorships include those run by P&G (Childrens' Safe Drinking Water Project), American Airlines (UNICEF), and Nike (The Girl Effect). Exhibit 17–14 shows Whirlpool's sponsorship of the Habitat for Humanity and its efforts to fight to eliminate poverty housing. Visa considers sponsorships an important part of its integrated marketing communications. It has sponsored the Olympics, the U.S. decathlon team, FIFA, NFL, NHL, the Toronto International Film Festival, and others. The sponsorships are designed to fulfill specific business objectives while providing support for the recipients. Figure 17–5 shows a few of the companies that decided an Olympic sponsorship would be good for them.

3. *Recruiting.* The ad presented in Exhibit 17–15 is a good example of corporate image advertising designed to attract new employees. The ad

—in McDonald's colors—would certainly catch one's attention. (The tagline underneath reads "We hire individuals.")

4. Generating financial support. Some corporate advertising is designed to generate investments in the corporation. By creating a more favorable image, the firm makes itself attractive to potential stock purchasers and investors. More investments mean more working capital, more monies for research and development, and so on. In this instance, corporate image advertising is almost attempting to make a sale; the product is the firm.

Although there is no concrete evidence that corporate image advertising leads directly to increased investment, many managers believe there is, and that there is a correlation between the price of stock and the amount of corporate advertising done. Firms that spend more on corporate advertising also tend to have higher-priced stocks (though a direct relationship is very difficult to substantiate).

XHIBIT 17–13

Accenture uses corporate image advertising for positioning.

Source: Accenture



FIGURE 17–5

2020 U.S. Olympic Sponsors and Partners

Alibaba

Coca-Cola

Visa

Atos

Intel

P&G

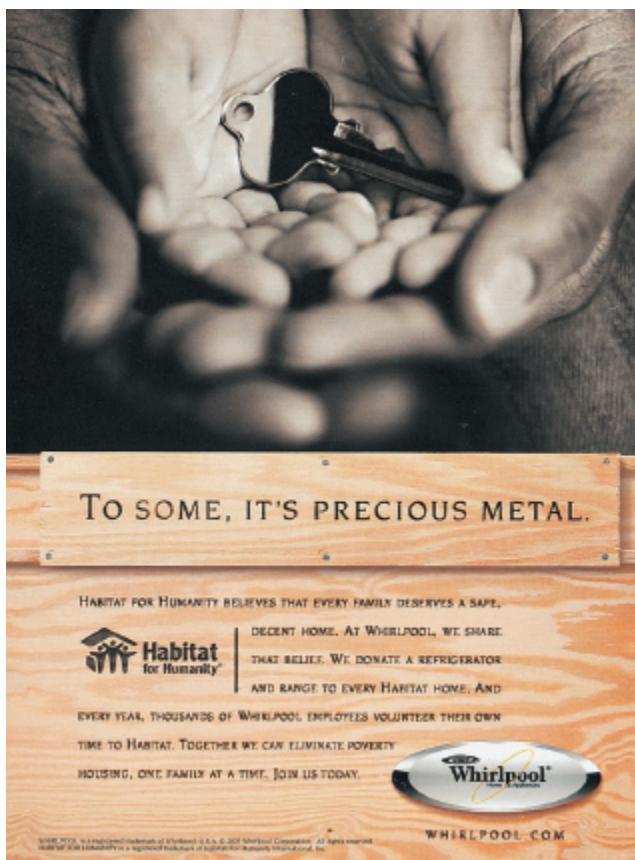
Visa

Source: Fortune, 2019

XHIBIT 17-14

Whirlpool supports the fight to eliminate poverty housing.

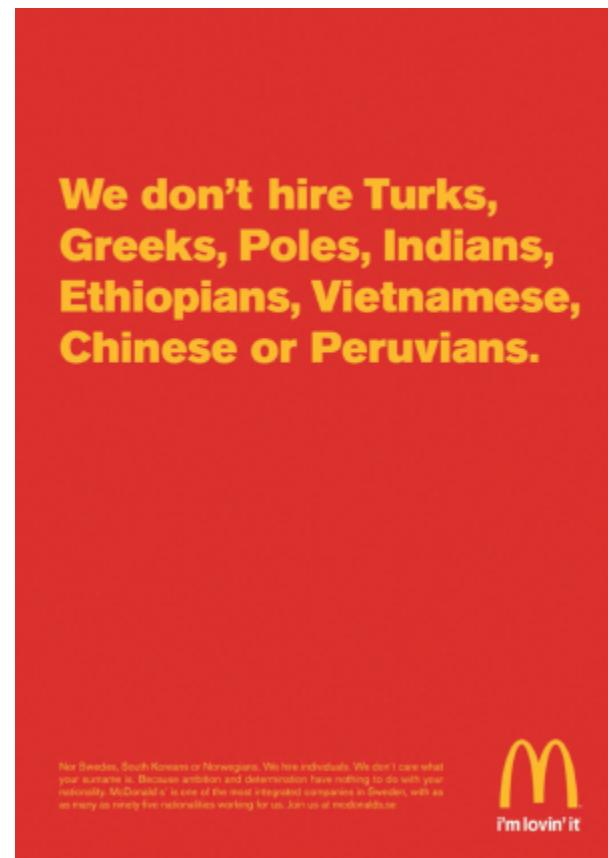
Source: Whirlpool Corporation



XHIBIT 17-15

Corporate image advertising designed to attract employees.

Source: McDonald's



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IMC Perspective 17–1 >>>

What Happened to My Reputation?

Procter & Gamble, Rolex, Google, Apple—for most consumers these names are considered marketing leaders. The companies are admired, considered good corporate citizens, and have excellent reputations. What you may not realize is how difficult it is for them to maintain these positions. You may have heard of the adage, *What have you done for me lately?* While we may typically think of this as applying to individuals, it holds just as true for corporations. Just one mistake can bring down a firm's image in a

heartbeat. Sometimes the mistake may be of their own doing, but in other cases a slight error can create major damage. Consider these examples:

Bud Light—As part of its “Up for Whatever” campaign, the beer company stamped some bottles with the tagline “the perfect beer for removing ‘no’ from your vocabulary for the night.” Unfortunately, photos of the bottles were immediately picked up and posted on Reddit and the *Consumerist*. The next day it was circulated on social media with users claiming that it promoted a rape culture. The buzz got so great that it resulted in a tweet from U.S. Representative Nita Lowey (D-NY), criticizing the company saying that Bud Light should “promote responsible—not reckless—drinking.” Brand perception scores took a major hit. After issuing an apology, Alexander Lambrecht, VP of Anheuser-Busch’s Bud Light division, stated that the company would never condone disrespectful or irresponsible behavior and that the slogan would not be printed on any more bottles. He also noted that now in its second year, the campaign developed more than 140 messages that have been shown to lead to consumer engagement, but this one missed the mark, and it won’t happen again.

Krispy Kreme—In a promotion of its “*Krispy Kreme Klub*,” the company posted the acronym KKK on its Facebook page. Of course, it immediately heard about it from social media followers, and issued an apology as well as the explanation for the mistake.

Tom’s of Maine—As a company that built its reputation for using only natural ingredients in its toothpastes, it wasn’t exactly telling the truth. Once discovered, the misrepresentation led to a class action lawsuit and an eventual agreement to shell out \$4.5 million and change its labeling practices. As noted by Mark Miller at www.brandchannel.com, the agreement didn’t bring any smiles to the faces at Tom’s or its parent company Colgate.

Chase Bank—Chase Bank’s attempt to use a tweet to provide a little “Monday Motivation” encouraging people to become more fiscally responsible led to a backlash for “poor shaming.” The since-deleted tweet was supposedly a hypothetical conversation between a bank customer and the bank, with the customer asking, “Why is my balance so low?” to which the bank responded, “Make coffee at home. . . eat the food that’s already in the fridge. . . you don’t need a cab, it’s only three blocks.” The response was quick and negative. Cale Weissman, a reporter for *Fast Company* noted that Chase charges customers overdraft fees as high as \$34. Ben Walsh—a reporter at *Barrons*—tweeted that he “was sure” that CEO Jamie Dimon, who _____ page 583 was making \$31 million a year, “earned his riches making coffee at home and eating leftovers.” Others argued that the bank and its CEO were “out of touch.” After the tweet was deleted, a new one appeared stating, “Thanks for the feedback Twitter world.”



Tallmaple/Shutterstock

Others—Urban Outfitters drew the ire of Kent State University for marketing a red-stained vintage sweatshirt with the college logo and what looked like blood stains. (In 1970 Ohio National Guardsmen shot and killed four Kent State students during Vietnam War protests.) Zara marketed a striped shirt with a six-pointed yellow badge that resembled uniforms worn at Holocaust concentration camps. Hermès, the maker of handbags that sell for \$10,500 to \$150,000, was asked by Jane Birkin (the actress and singer for whom the bags' line was named) to have her name taken off the bag line to protest the killing of crocodiles, ostriches, and lizards once it was brought to her attention by PETA.

How do these mistakes happen? Companies that are often cited for doing good things (Bud giving out cans of water; Tom's for supporting a number of environmental causes, etc.) can also be on the receiving end of negative publicity. Clearly someone in the organization had to have noticed the slogan “Up for Whatever,” was aware of the meanings of the six-pointed badge, knew about Kent State, and realized the company would draw attention in this day and age—and not positive attention. Apologists claim that America is getting overly sensitive and that it was only a joke gone bad, or a mistake, and mistakes happen. Unfortunately, sometimes mistakes can be very detrimental to a company’s health. Interestingly, even when bad things happen to good companies, something positive can come out of it. In a study of 128 separate incidences in which a celebrity endorser generated negative publicity for a firm, it was shown that if the company takes the right steps, it could lead to a more positive value for the firm. Depending on how quickly the firm responds—it must be within 72 hours—the impact of the negative publicity can lead to about a 2 percent increase in stock value. After the 72-hour window, the impact gets more negative with each passing day. The study also concluded that even if the 72-hour “window of opportunity” is missed, the company must respond to avoid even more of a negative effect.

Sources: Lindsey Rupp and Duane Stanford, “Bud Light Is Sorry for Slogan That Critics Say Endorsed Rape,” April 28, 2015, www.bloomberg.com; Elizabeth Bell, “Hermès,

Bagged by PETA, Sees Jane Birkin Protest Her Namesake Bag," July 29, 2015, www.brandchannel.com; Patricia Odell, "Krispy Kreme Gets Slammed for KKK Promo," February 9, 2015, www.chiefmarketer.com; Mark J. Miller, "Tom's of Maine Admits It's Not Totally Natural with \$4.5M Settlement," July 29, 2015, www.brandchannel.com. Michael Cappetta, "Chase Bank Deletes 'Monday Motivation' tweet after Drawing Social Media Outrage," April 29, 2019, www.nbcnews.com; Jon Gingerich, "Negative Publicity Response Can Boost Brand Value," March 27, 2019, www.odwerpr.com.

This thing called *image* is not unidimensional. Many factors affect it. Figure 17–6 shows the results of three different rankings from three different sources. Note that none of the corporations appear on all three lists, which shows that companies can be respected and attain a strong corporate reputation in a number of ways. The most admired firms did not gain their positions merely by publicity and word of mouth (nor, we guess, did the least admired).

FIGURE 17–6

Corporate Reputations

Most Admired:
1. Apple
2. Amazon
3. Berkshire Hathaway
4. Walt Disney
5. Starbucks

Best Corporate Citizens
1. Microsoft
2. Intel
3. Alphabet (Google)

4. Texas Instruments

5. IBM

Most Reputable

1. Rolex

2. Lego

3. Walt Disney

4. Adidas

5. Microsoft

A positive corporate image cannot be created just from a few advertisements. Quality of products and services, innovation, sound financial practices, good corporate citizenship, and wise marketing are just a few of the factors that contribute to overall image. In addition, the type of product marketed and emotional appeal also contribute. The surveys cited above demonstrate that profits and stock performances have little to do with reputation and that once a reputation is acquired, it has lasting power. At the same time, IMC Perspective 17–1 demonstrates just how difficult it is to maintain a reputation.

Event Sponsorships As we noted in the last section, corporate sponsorships of charities and causes have become a popular form of public relations. While some companies sponsor specific events or causes with primarily traditional public relations objectives in mind, a separate and more marketing-oriented use of sponsorships is also on the increase. Such **event sponsorships** take on a variety of forms, as shown in Figure 17–7. Anything from apparel and equipment (Under Armour's sponsors men's and womens' teams in a variety of sports, and at all levels) to concerts, stadiums, and college football bowl games are now commonly used for corporate sponsorship. Like any other relationship, however, risks must be assumed by both sides in such agreements. For example, many companies that have had

their names placed on stadiums—TWA Dome (St. Louis), PSINet (Baltimore), Fruit of the Loom (Miami)—have gone bankrupt, while others have had their images tarnished—Enron (Enron Field), MCI (MCI Center)—which is not good for the cities or the companies themselves. A risk taken by a company in naming a stadium is the cost of hundreds of millions of dollars, which can cause stockholders and consumers concern over the value of such an investment. At the same time, naming a stadium can lead to increased name exposure—particularly for those companies that don't have strong brand recognition. For example, MetLife insurance, whose name is on the New York Jets and New York Giants stadium, believes it has been a very good investment, based on increased exposure alone. In addition, research has shown that 99 percent of fans can recall the name of the sponsors of their stadiums, and 35 percent say it causes them to have a more favorable impression of the brand.²⁴

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FIGURE 17–7

North American Sponsorship Spending by Property Type

Source: 2018 ESP Properties, LLC.

	2016 Spending	2017 Spending	Increase from 2016	2018 Spending Projected	Increase from 2017 Projected
Sports	\$15.7 billion	\$16.26 billion	3.6%	\$17.05 billion	4.9%
Entertainment	\$2.22 billion	\$2.29 billion	3.2%	\$2.4 billion	4.8%
Causes	\$1.99 billion	\$2.05 billion	3.0%	\$2.14 billion	4.4%
Arts	\$962 million	\$993 million	3.2%	\$1.03 billion	3.7%
Festivals, fairs and annual events	\$878 million	\$903 million	2.8%	\$936 million	3.7%
Associations and membership organizations	\$604 million	\$616 million	2.0%	\$635 million	3.1%

As can be seen, sponsorship expenditures across all categories have increased. Sponsorships of sports events still account for most of the spending.

For example, the NASCAR Sprint Cup Series remains an attractive event to numerous companies, despite the increasing costs of sponsorship (Exhibit

17–16). Many companies are attracted to event sponsorships _____ page 585 because effective IMC programs can be built around them, and promotional tie-ins can be made to local, regional, national, and even international markets. Companies are finding event sponsorships an excellent platform from which to build equity and gain affinity with target audiences as well as a good public relations tool. Hertz rental cars recently signed a sponsorship in NASCAR'S highest tier of competition in the Monster Energy NASCAR Cup. Hertz's name will be visible on the vehicle, driver suit, and crew equipment.²⁵ The Hertz CEO considers it one of the best ways to spend advertising dollars given the ability to reach the specific target market, as well as the number of impressions received for the investment.

XHIBIT 17-16

Hertz believes a NASCAR sponsorship is a good investment.

Action Sports Photography/Shutterstock



Advocacy Advertising A third major form of corporate advertising addresses social, business, or environmental issues. Such **advocacy advertising** is concerned with propagating ideas and elucidating controversial social issues of public importance in a manner that supports the interests of the sponsor.

While still portraying an image for the company or organization, advocacy advertising does so indirectly, by adopting a position on a particular issue rather than promoting the organization itself. An example of advocacy advertising sponsored by the American Heart Association and the American Stroke Association and targeting teens to stop smoking is shown in Exhibit 17–17. Advocacy advertising has increased in use over the past few years and has also met with increased criticism. An advertising campaign sponsored by the Santa Fe Natural Tobacco company was designed to create a more positive image of tobacco. The two-page ad began with a statement, “There are some things in our past you should know about,” and continues on side two with statements that include the fact that the company has been supporting American farmers since the early 1990s, their tobacco is 100 percent additive-free, and it is all grown in the United States. The image of the tobacco industry in the United States has been a negative one for decades despite many attempts to change it.

XHIBIT 17–17

An example of an advocacy ad.

Source: US Department of Health and Human Services



Advocacy ads may be sponsored by a firm or by a trade association and are designed to tell readers how the firm operates or explain management's position on a particular issue. Sometimes the advertising is a response to negative publicity or to the firm's inability to place an important message through its regular public relations channels. At other times, the firm just wants to get certain ideas accepted or to have society understand its concerns.

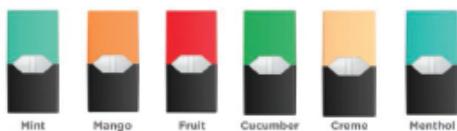
Another form of advocacy advertising, **issue ads** are increasingly appearing in the media (Exhibit 17–18). While considered a form of advocacy advertising, issue ads may have no affiliation with a corporate or trade sponsor but may be sponsored by an organization to bring attention to what they consider to be an important issue. For example, after failed negotiations between the Humane Society of the United States and grocery store chain Trader Joe's, the animal welfare organization placed an issue ad with the headline "Why Won't Trader Joe's Give an Inch?" The response from Trader Joe's customers was enormous, leading the page 586 company to publicly announce that it would convert all of its brand eggs to cage free within three months. As evidence of the potentially harmful effects of vaping began to surface, issue ads were being run on both sides of the issue. The Campaign for Tobacco - Free Kids.org ran the ad shown on the left in Exhibit 17-18 in newspapers in a number of major markets in the U.S. Interestingly, JUUL ran the ad shown on the right in Exhibit 17-18 at about the same time in Time Magazine. In 2007, the U.S. Supreme Court ruled that corporate and union sponsorships of issue ads (previously banned) must be permitted to run. Many believed this decision would lead to a significant increase in issue advertising.²⁶ Facebook and Twitter have both established guidelines regarding issue ads.

XHIBIT 17–18

Issue ads like these are increasingly appearing in the media.

Source: (left): Campaign for Tobacco-Free Kids; (right): World Wildlife Fund

Big Tobacco is back, thanks to JUUL – with a whole new way to get kids hooked on nicotine.



JUUL's flavored e-cigarettes deliver massive doses of nicotine

Don't let sweet-talking ads from JUUL fool you – each JUUL pod delivers the same amount of addictive nicotine as 20 cigarettes. It's no wonder Marlboro-maker Altria spent \$12.8 billion buying into JUUL. Their mint, menthol, fruit, creme and mango flavors have fueled what the FDA warns is a "youth e-cigarette epidemic." It's time to act. Stop flavored e-cigarettes and give our kids, parents and teachers a fighting chance.



tobaccofreekids.org/JUUL

Paid For You Campaign for Tobacco-Free Kids

IT'S TIME TO RAISE THE LEGAL AGE TO PURCHASE TOBACCO PRODUCTS, INCLUDING VAPOR, FROM 18 TO 21.

BECAUSE WHEN YOUTH NEVER START SMOKING
AND VAPING, THEY NEVER HAVE TO STOP.

About 80% of high school students turn 18 before graduating.

And in most states, they can then legally purchase tobacco and vapor products. Some illegally share with or sell those products to underage classmates.

This "social sourcing" accounts for nearly 80% of youth access to vapor products.*

Raising the legal age of purchase to 21+ reduces this social sourcing and can drive steep drops in underage usage.

JUUL Labs applauds the states that have gone to 21+ and supports making it the standard nationwide.

FOR ADULT
SMOKERS ONLY

JUUL^{LA}BS

JUUL.com/T21

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Read Our Privacy Policy at www.JUUL.com/privacy.

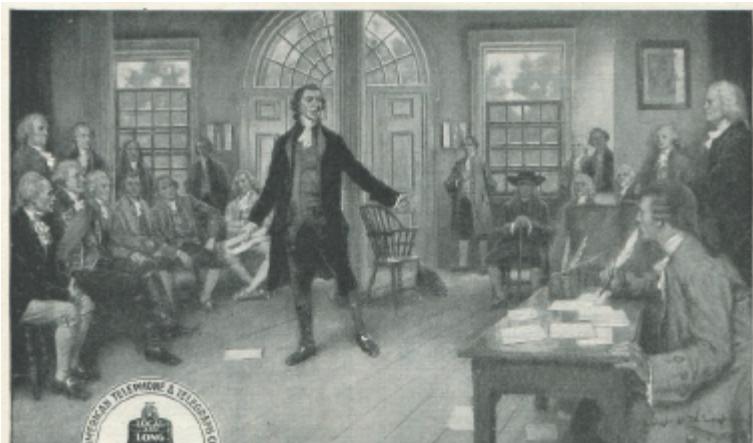
*Thorne R, et al., "Youth Access to Nicotine Products in the United States: Findings from波士頓市的吸烟者、饮酒者和健康研究" (2009). <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2840768/>

Advocacy advertising has been criticized by a number of sources. But as you can see in Exhibit 17–19, this form of communication has been around for a long time. AT&T engaged in issues-oriented advertising way back in 1908 and has continued to employ this form of communication into the 21st century. Critics contend that companies with large advertising budgets purchase too much ad space and time and that advocacy ads may be misleading, but the checks and balances of regular product advertising also operate in this area.

XHIBIT 17–19

AT&T has used advocacy ads for years.

© Paul/Getty Images



Patrick Henry Addressing the First Continental Congress, Philadelphia, 1774

One Nation; One People

WHEN Patrick Henry declared that oppression had effaced the boundaries of the several colonies, he voiced the spirit of the First Continental Congress.

In the crisis, the colonies were willing to unite for their common safety, but at that time the people could not immediately act as a whole because it took so long for news to travel from colony to colony.

The early handicaps of distance and delay were greatly reduced and direct communication was established between communities with the coming of the railroads and the telegraph. They connected places. The telephone connects persons irrespective of place. The telephone system has provided the means of individual

communication which brings into one national family, so to speak, the whole people.

Country wide in its scope, the Bell System carries the spoken word from person to person anywhere, annihilating both time and distance.

The people have become so absolutely unified by means of the facilities for transportation and communication that in any crisis they can decide as a united people and act simultaneously, wherever the location of the seat of government.

In the early days, the capital was moved from place to place because of sectional rivalry, but today Independence Hall is a symbol of union, revered alike in Philadelphia and the most distant American city.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

AND ASSOCIATED COMPANIES

One Policy

One System

Universal Service

Cause-Related Advertising An increasingly popular method of image building is **cause-related marketing**, in which companies link with charities or nonprofit organizations as contributing sponsors. Over \$2 billion was spent on cause marketing in 2019.²⁷ The company benefits from favorable publicity, while the charity receives much-needed funds. Proponents of cause marketing say that association with a cause may differentiate one brand or store from another, increase consumer acceptance of price increases, generate favorable publicity, and even win over skeptical officials who may have an impact on the company. Indeed, one study showed that association with a cause will impact consumers' purchase decisions—making them more likely to buy from the sponsor, while another showed that

consumers are more likely to trust a brand that supports causes.²⁸ Apple, Google, Microsoft, and Pepsi are just a few brands well known for their support of causes. Cause-marketing relationships can take a variety of forms. Making outright donations to a nonprofit cause, having companies volunteer for the cause, donating materials or supplies, running public service announcements, or even providing event refreshments are some of the ways companies get involved. Exhibit 17–20 shows an event titled “High Heels for Hope.” The proceeds from this event went directly to the House of Ruth in Baltimore, Maryland—a cause supporting women and youth who have suffered from domestic violence. The campaign was targeted to those attempting to overcome the impact of domestic violence. Ethical Perspective 17–1 discusses another well-supported cause.

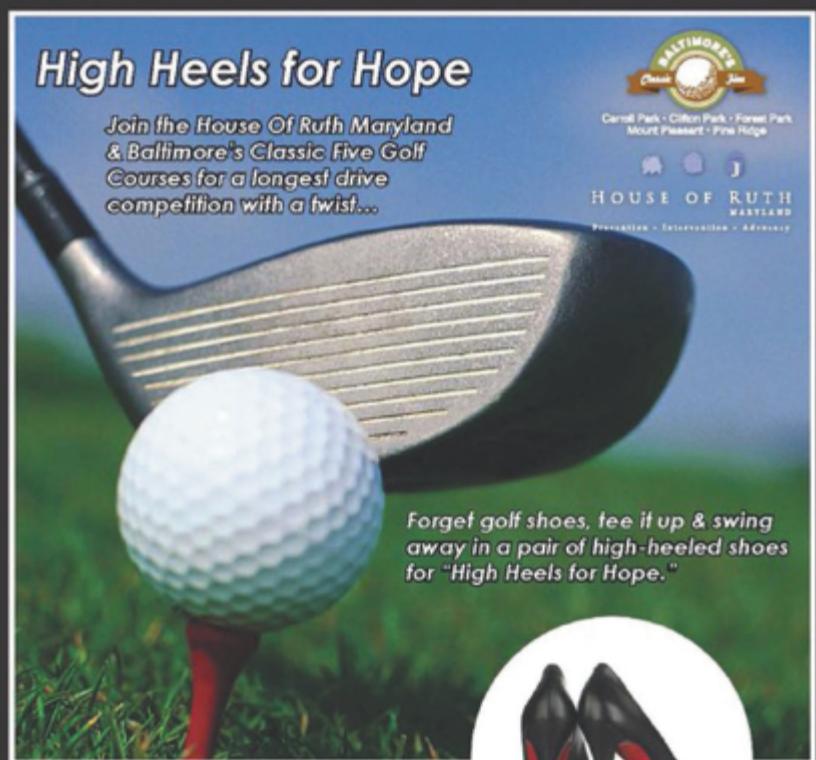
XHIBIT 17–20

This ad was part of a campaign designed to stop domestic violence.

Source: House of Ruth Maryland

High Heels for Hope

Join the House Of Ruth Maryland & Baltimore's Classic Five Golf Courses for a longest drive competition with a twist...



BALTIMORE'S
Classic Five
Carroll Park • Clifton Park • Forest Park
Mount Pleasant • Pine Ridge

HOUSE OF RUTH
MARYLAND
Prevention • Intervention • Advocacy

Forget golf shoes, tee it up & swing away in a pair of high-heeled shoes for "High Heels for Hope."



- Saturday, July 23 from 1:00 p.m. to 4:00 p.m.
- Driving Range at Pine Ridge Golf Course
- Longest drive competition...all participants must wear high heels when hitting their shot
- Entry Fee: One ball for \$5; five balls for \$20
- Prizes will be awarded in both the Women's & Men's Division

ALL PROCEEDS BENEFIT THE HOUSE OF RUTH MARYLAND

Visit Classic5Golf.com for more details.

At the same time, not all cause marketing is a guarantee of success. Cause marketing requires more than just associating with a social issue, and it takes time and effort. Companies have gotten into trouble by misleading consumers about their relationships, and others have wasted money by supporting a cause that offered little synergism. One survey showed that more than 300 companies associated themselves with breast cancer concerns, but most became lost in sponsorship clutter. Another has shown that consumers are becoming more skeptical and are demanding more accountability from companies' cause--marketing efforts.²⁹ Others have simply picked the wrong cause—finding that their customers and potential customers either have little interest in or don't support the cause. In some cases, cause marketing is

considered nothing more than shock advertising. Finally, the results of cause-marketing efforts can sometimes be hard to quantify.

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Advantages and Disadvantages of Corporate Advertising

A number of reasons for the increased popularity of corporate advertising become evident when you examine the advantages of this form of communication:

1. *It is an excellent vehicle for positioning the firm.* Firms, like products, need to establish an image or position in the marketplace. Corporate image ads are one way to accomplish this objective. A well-positioned product is much more likely to achieve success than is one with a vague or no image. The same holds true of the firm. Stop and think for a moment about the image that comes to mind when you hear the name Apple, Johnson & Johnson, or Procter & Gamble.

Now what comes to mind when you hear Unisys, USX, or Navistar? How many consumer brands can you name that fall under ConAgra's corporate umbrella (Hunts, Chef Boyardee, Pam, Slim-Jims, and many others)? While we are not saying these latter companies are not successful—because they certainly are—we are suggesting their corporate identities (or positions) are not as well entrenched as the identities of those first cited. Companies with strong positive corporate images have an advantage over competitors that may be enhanced when they promote the company overall.

2. *It takes advantage of the benefits derived from public relations.* As the PR efforts of firms have increased, the attention paid to these events by the media has lessened (not because they are of any less value, but because there are more events to cover). The net result is that when a company engages in a public relations effort, there is no guarantee it will receive press coverage and publicity. Corporate image advertising gets the message out, and though consumers may not perceive it as positively

as information from an objective source, the fact remains that it can communicate what has been done.

3. *It reaches a select target market.* Corporate image advertising should not be targeted to the general public. It is often targeted to investors and managers of other firms rather than to the general public. It doesn't matter if the general public does not appreciate this form of communication, as long as the target market does. In this respect, this form of advertising may be accomplishing its objectives.

Some of the disadvantages of corporate advertising were alluded to earlier in the chapter. To these criticisms, we can add the following:

1. *Questionable effectiveness.* There is no strong evidence to support the belief that corporate advertising works. Many doubt the data cited earlier that demonstrated a correlation between stock prices and corporate image advertising as some studies show little support for this effect.
2. *Constitutionality and/or ethics.* Some critics contend that since larger firms have more money, they can control public opinion unfairly. This point was resolved in the courts in favor of the advertisers. Nevertheless, many consumers still see such advertising as unfair given the great disparities that sometimes exist in financial resources available to some but not others, and immediately take a negative view of the sponsor.

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Ethical Perspective 17–1 >>>

Marketers Around the World Come Together for Water

Many small companies and corporations have been good citizens for years, but a lot of people didn't know it. In the past, advertising and promotion and public relations for the good of the corporation operated as separate managerial silos. While these companies

and corporations often did many things that directly benefited the community—whether it be local or global—they usually did so without a lot of fanfare or “patting themselves on the back.” Then someone must have turned on a light that said, “if you are doing these good things, why aren’t you letting people know it?” Reluctantly, at first, the firms slowly started to let others know about their benevolence through corporate reports and maybe even a press release here and there. The first cracks started to appear in the silos. Then things started to change. Companies started to be less hesitant to let people know the good things they were doing—after all, the public always knew if they did something bad! Since there was no noticeable negative feedback, they expanded their PR efforts to be sure that people *did* know, and not long thereafter started to use PR more like a marketing tool. And why not? Many companies are doing very good things out there without recognition, and the positive publicity wouldn’t hurt!

In 1992, the UN Conference on Environment and Development organized the first World Water Day. Based on the dire water conditions in many parts of the world today 2.1 billion people live without safe water at home. Nearly 700 children die each day due to water shortages. Globally, 80 percent of the people who have unsafe water live in rural areas; diseases from dirty water kill more people every year than all forms of violence, including war; access to clean water can save around 16,000 lives a week, and more—CleanWater.org called on brands and media support to bring attention to the problem. And respond they did! CNBC International broadcast some of the lesser known facts about water. The beer brand Stella Artois, through Twitter, asked consumers to purchase a limited-edition chalice; the profits would help provide five years of clean water to a person in need. The children’s TV show *Sesame Street* introduced Raya—a health superstar, whose birthday just happened to be on World Water Day. DAVIDsTEA created a whole new variety of tea, with each 50-gram purchase leading to a contribution of one month of clean water to a Kenyan child in need. Just a few of the other participants included Unilever, Georgio Armani Fragrances, Arrowhead Brand Mountain Spring Water, and the Surfrider Foundation who asked people to pledge to skip a shower for one day, which would save one million gallons of water that day. Numerous companies directly or indirectly involved with the use of water including Speakman (maker of high-end shower heads and plumbing products), water resource management company WaterStart, and Delta Faucets, among many more have joined in the cause. All of the participants put their own unique twist on their contribution to the effort (including World of Warcraft!).



Source: United Nations

World Water Day is just one of thousands of causes being supported by numerous companies. Another is Earth Day. And just like World Water Day, companies have approached the cause in their own creative fashion. Earth Day—which is celebrated worldwide every April 22 since 1970—has now mobilized over 1 billion people in 141 countries and over 20,000 companies, along with a billion people who participated in the event in 2018. Earth Day offers a variety of causes to engage in—all designed to protect the earth. For example, Hershey has focused on sustainability challenges, tracing back through its supply chain that covers 94 percent of the mills that supply its palm and palm kernel oil globally to be sure they are compliant with environmentally friendly procedures. Hershey announced major progress in its push for 100 percent certified and sustainable cocoa worldwide by 2020. McDonald's has earned high praise for its deforestation plan, and Chipotle received kudos for its stance in dropping a major supplier that didn't meet the company's strict standards set as part of its sustainability

commitment despite the fact that the move cost it a 5 percent drop in stock value. Of course, there are thousands more companies also supporting the cause in various ways—and more than 1.5 million other causes. Americans themselves donate over \$358 billion to various charities and causes alone.

You have probably never heard of any of these companies' endeavors. So why are they doing it?

Well, clearly, a staggering number of people become exposed to their positive actions, creating a lot of goodwill, while portraying the companies in a favorable light. Maybe some of that goodwill will directly benefit them through sales, financial investments, and so on. Being a good corporate brand certainly enhances their image as well—there are studies showing that many consumers prefer to purchase from “green” companies, all things being equal. Or, maybe they are just what they portend to be—good citizens that care about others!

As noted earlier, companies have only recently begun to recognize the power of public relations. In the past most PR activities were devoted to local activities, crisis management, or dealing with negative publicity. Once marketers realized the power and potential for integrating PR into the IMC mix, the nature and importance of this medium changed dramatically—not only for communicating positive information about the company's goodwill endeavors, but also for supporting their brands.

It is this last statement that has some PR people, and the general public as well, concerned that these small companies and large corporations are supporting causes in their own best interests. Or, maybe they just are altruistic and want to help others. If the world finds out about that, is that so bad?

Sources: “Water for All. World Water Day 2019,” www.WorldWaterDay.org; Sheila Shayon, “World Water Day: Brands, Media Support Clean, Safe Water Efforts,” March 22, 2016, www.brandchannel.com; www.earthday.org; Dale Buss, “Earth Day 2015: Hershey Puts Sustainability Where Its Mouth Is,” April 22, 2015, www.brandchannel.com; Dale Buss, “Earth Day 2015: Chipotle Maintains Brand Integrity as Momentum Slows,” April 22, 2015, www.brandchannel.com;

A number of valid points have been offered for and against corporate advertising. Two things are certain: (1) No one knows who is right, and (2) the use of this communications form continues to increase.

Measuring the Effectiveness of Corporate Advertising

As you can tell from our discussion of the controversy surrounding corporate advertising, there need to be methods for evaluating whether or not such

advertising is effective:

- *Attitude surveys.* One way to determine the effectiveness of corporate advertising is to conduct attitude surveys to gain insights into both the public's and investors' reactions to ads. A study conducted by Janas Sinclair and Tracy Irani on advocacy advertising in the biotechnology industry employed a survey research methodology to demonstrate that public accountability was a good predictor of corporate trustworthiness, and this and the attitude toward the advertiser would predict consumers' attitude toward the ad, biotechnology, and purchase intentions.³⁰ Studies reported on earlier in this chapter show the many positive effects that companies that engage in corporate advertising might receive. The firm measured recall and attitude toward corporate advertisers and found that corporate advertising is more efficient in building recall for a page 589 company name than is product advertising alone. Frequent corporate advertisers rated better on virtually all attitude measures than those with low corporate ad budgets.
- *Studies relating corporate advertising and stock prices.* A number of studies have examined the effect of various elements of corporate advertising (position in the magazine, source effects, etc.) on stock prices. These studies have yielded conflicting conclusions, indicating that while the model for such measures seems logical, methodological problems may account for at least some of the discrepancies.
- *Focus group research.* Focus groups have been used to find out what investors want to see in ads and how they react after the ads are developed. As with product-oriented advertising, this method has limitations, although it does allow for some effective measurements.

While the effectiveness of corporate advertising has been measured by some of the methods used to measure product-specific advertising, reported research in this area has not kept pace with that of the consumer market. The most commonly offered reason for this lack of effort is that corporate ads are often the responsibility of those in the highest management positions in the firm, and these parties do not wish to be held accountable. It is interesting that those who should be most concerned with accountability are the most likely to shun this responsibility!

Summary —

This chapter examined the role of the promotional elements of public relations, publicity, and corporate advertising. We noted that these areas are all significant to the marketing and communications effort and are usually considered differently from the other promotional elements. Nevertheless, companies are increasing their use of these touch points in their IMC programs.

Public relations was shown to be useful in its traditional responsibilities as well as in a more marketing-oriented role. In many firms, PR is a separate department operating independently of marketing; in others, it is considered a support system. Many companies now effectively use PR as an IMC tool, with established MPR objectives. Many large firms have an external public relations agency, just as they have an outside ad agency. Digital PR agencies are developing to assist with digital communications.

In the case of publicity, another factor enters the equation: lack of control over the communication the public will receive. In public relations and corporate advertising, the organization remains the source and retains much more control. Publicity often takes more of a reactive than a proactive approach, yet it may be more instrumental (or detrimental) to the success of a product or organization than all other forms of promotion combined.

Although not all publicity can be managed, the marketer must nevertheless recognize its potential impact. Press releases and the management of information are just two of the factors under the company's control. Proper reaction and a strategy to deal with uncontrollable events are also critical responsibilities.

Corporate advertising was described as controversial, largely because the source of the message is often top management, so the rules for other advertising and promoting forms are often not applied. This element of communication definitely has its place in the promotional mix. But to be effective, it must be used with each of the other elements, with specific

communications objectives in mind. The growing importance of cause, issue, and advocacy marketing was also discussed.

Finally, we noted that measures of evaluation and control are required for each of these program elements, just as they are for all others in the promotional mix. We presented some methods for taking such measurements and some evidence showing why it is important to use them. As long as the elements of public relations, publicity, and corporate advertising are considered integral components of the overall communications strategy, they must respect the same rules as the other promotional-mix elements to ensure success.

Key Terms

- public relations (PR)** 562
- marketing public relations (MPR)** 564
- internal audiences** 568
- external audiences** 569
- press release** 572
- press conferences** 572
- exclusive** 572
- digital public relations** 573
- Public Relations Society of America** 575
- publicity** 576
- video news release (VNR)** 578
- corporate advertising** 579
- image advertising** 580
- event sponsorships** 582
- advocacy advertising** 585
- issue advertising (issue ads)** 580
- cause-related marketing** 586

Discussion Questions

- 1.** Discuss the three levels of effectiveness described in the framework provided by Cision in Figure 17–4. Give an example of each of the three levels. (LO 17-2)
- 2.** Discuss why publicity (positive or negative) can be so powerful. Cite examples of both positive and negative publicity's impact on brands, products, etc. (LO 17-1)
- 3.** Exhibit 17-18 shows an issue ad in opposition to JUUL, the vaping brand. It also shows JUUL's ad supporting a raise in the legal age necessary to purchase vapor products. Both ads were run at approximately the same time. Give your opinion as to the motivations behind the JUUL ad. (LO 17-4)
- 4.** Provide a number of examples of issue ads. Were these ads effective? Why or why not? (LO 17-4)
- 5.** Companies that establish very positive reputations tend to maintain these reputations over time. What are some of the things that these companies do to maintain these positions? (LO 17-1)
- 6.** The chapter discusses a number of public relations blunders, many of which might have been avoided with due diligence. Explain why these mistakes occur and who is ultimately responsible. (LO 17-2)
- 7.** What impact do you think the millennial generation will have on cause marketing, issue advertising, and advocacy advertising? Explain page 591 your reasoning. (LO 17-1)
- 8.** Explain the differences between traditional and the new public relations objectives (MPRs). What are the advantages and disadvantages of each? (LO 17-2)
- 9.** Describe some of the measures used to measure public relations effectiveness. Critique these and provide an overall critique of their validity. (LO 17-4)
- 10.** Describe the conflict between traditional PR agencies and those that see PR as more of a marketing function. Cite reasons why each of these groups holds the position it does. Who is right? (LO 17-1)



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- SmartBook 2.0
- Connect exercises, which may include: click-draggs, video cases, and case analyses.

18 Measuring the Effectiveness of the Promotional Program



Source: Truth Initiative

Learning Objectives

LO 18-1 | Compare reasons for and against measuring the effectiveness of promotional programs.

LO 18-2 | Describe the tools and processes available for assessing promotional program effectiveness.
