

PUBLIC RELATIONS PROMOTING IDEAS

11



Courtesy of The San Diego Union Tribune

Public relations people help promote nonprofit fundraising events such as the Rock 'n' Roll San Diego Marathon. More than 20,000 people participated in the May 31, 2015, event, which raises money for lymphoma and leukemia research.

What's Ahead?

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- Publicity Means Free Media
- Public Relations Grows
Globally

“A really great visual can cross language and cultural barriers and be instantly relatable.”

—JANET TYLER, AIRFOIL PUBLIC RELATIONS, CO-CEO

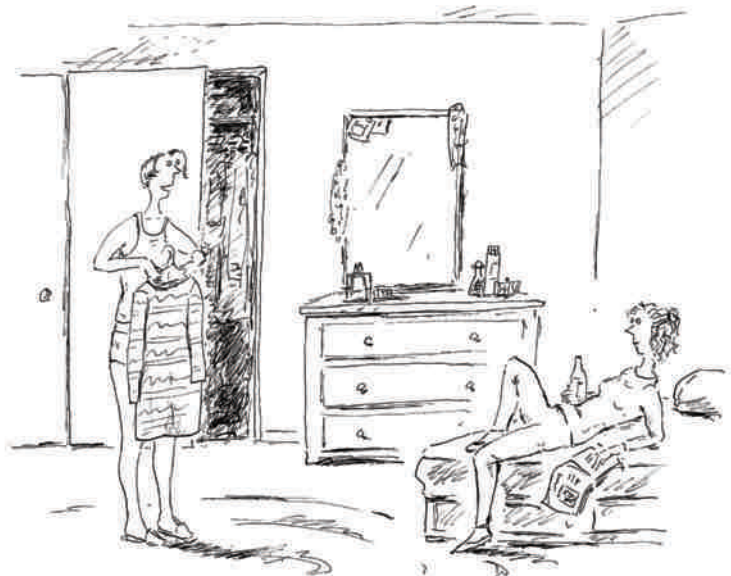
You may think today's cash rebates from car dealers are relatively new, but in 1914, Henry Ford announced that if he sold 300,000 Model Ts that year, each customer would receive a rebate. When the company reached its goal, Ford returned \$50 to each buyer. This was good business. It also was good public relations. Like Henry Ford, public relations people today work to create favorable images—for corporations, public officials, products, schools and nonprofit organizations.

There are three ways to encourage people to do what you want them to do: power, patronage and persuasion. Power involves ruling by law, but it also can mean ruling by peer pressure—someone does something because his or her friends do. Patronage is a polite term for bribery—paying someone with favors or money to do what you want. The third method—persuasion—is the approach of public relations. **Persuasion** is the act of using argument or reasoning to induce someone to do something.

Like advertising, the public relations business is not a mass medium. The public relations business is a media support industry. In the classic definition, **public relations** involves creating an understanding for, or goodwill toward, a company, a person or a product.

PR Helps Shape Public Opinion

One of the first political leaders to realize the importance of public relations was Augustus Caesar, who in the 1st century commissioned statues of himself to be erected



“It's not a completely blind date—he sent me some promotional material.”

throughout the Roman Empire to enhance his image. Since then, many political leaders have ordered heroic images of themselves printed on coins and stamps.

Modern public relations can be traced to the beginning of the 20th century. Journalists were an important reason for the eventual emergence of the public relations profession.

Persuasion The act of using argument or reasoning to induce someone to do something.

Public Relations Creating understanding for, or goodwill toward, a company, a person or a product.

Before 1900, businesses believed they could work alongside the press, or even ignore it. Many stories that appeared in the press promoted companies that bought advertising. Then the Industrial Revolution arrived, and some industrialists exploited workers, collecting enormous profits. Just before the turn of the 20th century, Ida Tarbell and Lincoln Steffens began to make businesspeople uncomfortable, writing stories for magazines like *McClure's* about the unprofessional practices of companies such as Standard Oil (see **Chapter 4**, p. 70).

According to *This Is PR: The Realities of Public Relations*, “No longer could the railroads butter up the press by giving free passes to reporters. No longer would the public buy whitewashed statements like that of coal industrialist George F. Baer, who in 1902 told labor to put their trust in ‘the Christian men whom God in His infinite wisdom has given control of the property interests of the country.’”

President Theodore Roosevelt fed public sentiment—public opinion—against the abuses of industry when he started his antitrust campaigns. According to *Effective Public Relations*, “With the growth of mass-circulation newspapers, Roosevelt’s canny ability to dominate the front pages demonstrated a new-found power for those with causes to promote.

“He had a keen sense of news and knew how to stage a story so that it would get maximum attention. His skill forced those he fought to develop similar means. He fully exploited the news media as a new and powerful tool of presidential leadership, and he remade the laws and the presidency in the process.” Roosevelt used his skills at swaying public opinion to gain support for his antitrust policies.

PR Pioneer Issues Declaration of Principles

The first publicity firm was called The Publicity Bureau and opened in Boston in 1900 to head off growing public criticism of the railroad companies. The best-known early practitioner of public relations was Ivy Lee, who began his PR career by opening an office in New York with George F. Parker.

Lee and Parker represented coal magnate George F. Baer when coal workers went on strike. A former newspaper reporter, Lee issued a *Declaration of Principles* that he mailed to newspaper city editors. This declaration became a manifesto for early public relations companies to follow.

Reacting to criticism that The Publicity Bureau worked secretly to promote the railroads, Lee wrote in 1906 in *American Magazine*, “This [the firm of Lee & Parker]

is not a secret press bureau. All our work is done in the open. We aim to supply news. . . . In brief, our plan is, frankly and openly, on behalf of business concerns and public institutions, to supply to the press and public of the United States prompt and accurate information concerning subjects which it is of value and interest to the public to know about.”

Lee and Parker dissolved their firm in 1908, when Lee went to work as a publicity agent for the Pennsylvania Railroad. Eventually, John D. Rockefeller hired Lee to counteract the negative publicity that began with Tarbell’s investigation of Standard Oil. (Lee worked for the Rockefellers until he died in 1934.)

The idea of in-house corporate public relations grew as the Chicago Edison Company and American Telephone & Telegraph began promotional programs. The University of Pennsylvania and the University of Wisconsin opened publicity bureaus in 1904, and the YMCA of Washington, D.C., hired a full-time publicist to oversee fundraising in 1905—the first time someone hired a publicist to do fundraising.

Government Recruits PR Professionals

During World War I (1914–1918), the U.S. government set up the Committee on Public Information, organized by former newspaper reporter George Creel, blurring the line between propaganda and publicity. Creel recruited journalists, editors, artists and teachers to raise money



AP Images/RMB

In what was the largest public relations drive of its time, the Office of War Information promoted the role of the United States in World War II. Today, the federal government is the largest employer of public relations people.

for Liberty Bonds and to promote the nation's participation in the war. One of the people who worked for Creel was Edward L. Bernays. Both Bernays and Ivy Lee have been called the father of public relations.

In 1923, Bernays wrote the first book on public relations, *Crystallizing Public Opinion*, and taught the first course on the subject. Bernays was interested in mass psychology—how to influence the opinions of large groups of people. Procter & Gamble, General Motors and the American Tobacco Company were among his clients. “Public relations,” Bernays wrote in 1955, “is the attempt, by information, persuasion and adjustment, to engineer public support for an activity, cause, movement or institution.”

In 1985, still practicing his craft, Bernays further defined public relations as “giving a client ethical advice, based on research of the public, that will win the social goals upon which the client depends for his livelihood.” (Bernays died in 1995 at the age of 103.)

To sell the New Deal in the 1930s, Franklin D. Roosevelt used every tactic he knew. Comfortable with the press and the public alike and advised by PR expert Louis McHenry Howe, FDR “projected an image of self-confidence and happiness—just what the American public wanted to believe in. He talked to them on the radio. He smiled for the cameras. He was mentioned in popular songs. He even allowed himself to be one of the main characters in a Rodgers and Hart musical comedy (played by George M. Cohan, America's favorite Yankee Doodle Dandy),” according to *This Is PR*.

To gain support for the nation's entry into World War II (1939–1945), the federal government mounted the largest public relations drive in its history, centered at the Office of War Information, led by former newscaster Elmer Davis. After the war, the public relations business boomed along with the postwar economy.

Women Join PR Firms

Doris E. Fleischman became one of the first women in public relations when she joined her husband, Edward L. Bernays, in his PR firm. Fleischman became an equal partner with Bernays in their public relations business. An early advocate of public relations as a profession for women, in 1931 Fleischman wrote, “One finds women working side by side with men in forming the traditions and rules that will govern the profession of the future.”

Two other women who were public relations pioneers were Leone Baxter and Anne Williams Wheaton. Baxter and her husband, Clem Whitaker, formed San Francisco's Baxter and Whitaker—the first public relations agency to specialize in political campaigns. In 1957, President Dwight Eisenhower appointed Anne Williams Wheaton as his associate press secretary.

Professionals Promote Ethics Codes

In the 1930s, the requirements to work in public relations were loose, and many people who said they worked in public relations were press agents who often used tricks to get attention for their clients. Henry Rogers, co-founder of what was then the world's largest entertainment PR firm, Rogers & Cowan (based in Beverly Hills), admitted that in 1939 he created a “best-dressed” contest to promote little-known actress Rita Hayworth.

There was no contest, but Rogers dubbed Hayworth the winner of this fictional event. *Look* magazine gave Hayworth a ten-page spread. “Press agents, and that's what we were, would dream up all sorts of phony stories,” he said. “Journalists knew they were phony but printed them because they looked good in print.”

During the 1950s, the question of ethics in public relations arose publicly when Byoir and Associates, hired by a railroad company to counteract the expansion of trucking, was charged with creating “front” organizations to speak out against the trucking industry. In court, Byoir's agency argued they were exercising free speech. In 1961, the U.S.



Bettman/Corbis

Doris Fleischman, a public relations pioneer, began her career in the 1920s. Fleischman was an early advocate of public relations as a profession for women. Fleischman and her husband, Edward L. Bernays (right), were equal partners in their public relations business.

Supreme Court upheld Byoir's right to represent a client even if the presentation was dishonest, but this left the ethical issue of honesty in public relations unresolved.

The Public Relations Society of America (PRSA) established its first code of ethics in 1954 and expanded that code in 1959 with a *Declaration of Principles*. That ethics code still exists today to guide the business of public relations. (Excerpts from the PRSA code are in **Chapter 15**.) PR professionals continue to argue among themselves about the differences between the profession's beginnings as press agency (which often meant fabricating stories) and the concept of ethically representing a client's business, as Edward L. Bernays described.

Public relations grew throughout the 1960s and 1970s with the encouragement of television, the federal government and corporate America. In 1961, for example, the federal government had about 1,000 people working as writer-editors and public affairs specialists. Today, *the federal government is the nation's largest single employer of public information people*. ("Public information" is the name given to the job of government public relations.)

Public Relations at Work

Public relations is an industry of specialties. The most familiar public relations areas are financial public relations, product public relations and crisis public relations, but there are many other specialty areas.

Financial Public Relations

People in financial public relations provide information primarily to business reporters. "Business editors like a PR staff that can provide access to top management," wrote James K. Gentry in the *Washington Journalism Review*, "that knows its company well or can find needed information quickly, that demonstrates ethics and honesty and that knows and accepts the difference between news and fluff." Gentry then listed comments gathered from editors about what he believed made a bad PR operation:

- ▶ "Companies that think they can hide the truth from the public or believe it's none of the public's business."
- ▶ "I despise it when a PR person intercepts our calls to a news source but then isn't capable of answering our questions."

- ▶ "When they hire an outside PR firm to handle the job."
- ▶ "The 'no-comment' attitude. When they have little or no interest in going beyond the press release."
- ▶ "People who either get in the way of you doing your job, complain too much or are no help at all."

Product Public Relations

Product PR uses public relations techniques to sell products and services. Many companies have learned that seeking publicity for a product often is less expensive than advertising. Public relations "is booming partly because of price," reports *The Wall Street Journal*. A PR budget of \$1 million for a corporate client is considered huge, whereas an ad budget that size is considered tiny.

Public relations often works better than advertising. For example, the Wieden & Kennedy agency in Seattle contracted Bigger Than Life, Inc., which makes large inflatables, to manufacture a 21-story pair of Nike tennis shoes. The company attached the shoes to the Westin Copley Place Hotel during the Boston Marathon and to the Westin Hotel in downtown Cincinnati during the March of Dimes walkathon. Pictures of the shoes appeared in *The New York Times*, *The Cincinnati Enquirer* and newspapers as far away as Japan. Wieden & Kennedy estimated that buying the same advertising would have cost \$7 million.

Another example of product public relations is the M&M-sponsored #MakeMlaugh campaign in 2015, which used M&M spokescandies Yellow and Red, who joined a 24-hour danceathon to help combat poverty. For every laugh someone sent to the #MakeMlaugh hashtag, M&M's donated \$1 to charity.



Companies often combine product promotion with charity benefits, such as the appearance of M&M Red and Yellow with Nick Cannon of "America's Got Talent" in the 24-hour danceathon on Red Nose Day. The marathon was sponsored by organizations that work to combat childhood poverty.

Crisis Public Relations

This aspect of public relations goes back as far as Edward Bernays responding to the charges against Standard Oil. The term *crisis public relations* (sometimes called **crisis communication**) describes the response to a public relations emergency facing a company because of an unexpected event that could seriously hurt the company's reputation.

ODWALLA. In October 1996, beverage maker Odwalla Inc. faced a public relations crisis when *E. coli* bacteria was traced to unpasteurized apple juice that had been sold by the natural juice company. The death of a 16-month-old girl in Colorado and more than 50 cases of severe illness were eventually traced to the bacteria. Odwalla, the leading manufacturer of unpasteurized juices, had made its reputation on natural, unfiltered products. But as soon as Odwalla detected the bacteria, the company announced an immediate recall of 13 products in the 7 western states and British Columbia.

Then the company worked with the Food and Drug Administration to scour the Odwalla processing facilities, which were found to be free of the bacteria. The company continued the investigation, including the processors who supplied fruit for the juice. One month after the outbreak, Odwalla took out full-page ads in several newspapers, an “open letter” to its customers, thanking them for their support and offering sympathy for people diagnosed with *E. coli*-related illnesses after drinking Odwalla juices. The Odwalla case is often used as an example of effective crisis public relations.

TOYOTA AND BP PLC. The year 2010 offered two classic corporate crisis public relations challenges—Toyota Motor Corp. and BP PLC (formerly called British Petroleum). Toyota and BP “exacerbated their woes by either declining to fess up promptly, casting blame elsewhere or striking adversarial postures with the public, the government and the news media,” wrote Peter S. Goodman in *The New York Times*.

In January 2010, Toyota recalled more than 2 million vehicles for accelerator flaws, a potentially huge public relations blow to its reputation for vehicle quality. The accelerator problems were linked to at least 51 deaths. There were reports that Toyota had known about the gas pedal defect much earlier but did not admit the problem publicly until the National Highway Traffic Safety Administration (NHTSA) issued a public alert.

Then, after the NHTSA disclosure, Toyota hired a public relations firm to try to contain the damage to its reputation by posting comments to counteract negative posts on social networking sites. Still, critics charged the public relations effort came too late.

“Toyota blew it,” communications expert Brad Burns told *The New York Times*. “It’s been the proverbial death by a thousand cuts. They knew they had problems long ago, whether it was a mechanical issue or operator error, but they knew they had an issue they had to deal with. And rather than put public safety over profits, they appear



Akio Toyoda, president of Toyota Motor Corp., speaks at a press conference in Tokyo on March 6, 2013. Toyota used crisis communication—including social media monitoring—to try to overcome the public relations problems created by the massive vehicle recall for accelerator flaws linked to at least 51 deaths. In July 2013, Toyota agreed to a \$1.6 billion settlement.

to have listened to the product liability lawyers and they totally lost it. It’s brand damage.”

In July 2013 Toyota agreed to pay \$1.6 billion to settle a class-action lawsuit for allegations about sudden acceleration in its vehicles.

On April 20, 2010, the British Petroleum Deepwater Horizon drilling platform exploded in the Gulf of Mexico, the biggest oil spill in the gulf’s history. Eleven people died, four were critically injured, and millions of gallons of oil spilled into the gulf.

“It [BP] was one of the worst PR approaches that I’ve seen in my 56 years of business,” said public relations expert Howard Rubinstein. “They tried to be opaque. They had every excuse in the book. Right away they should have accepted responsibility and recognized what a disaster they faced. They basically thought they could spin their way out of catastrophe. It doesn’t work that way.” In 2013, BP agreed to a \$4 billion criminal settlement over the Gulf oil spill, and in 2015, BP agreed to pay an additional \$18.7 billion environmental fine to the U.S. government and 7 states, the largest amount ever collected for environmental damages.

JAPAN MCDONALD’S. In the fall of 2014, Japan McDonald’s faced a consumer public relations crisis when customers reported several different types of foreign material in their food. Initially, Japan McDonald’s officials suggested the company was the victim of possible product tampering,

Crisis Communication A timely public relations response to a critical situation that could cause damage to a company’s reputation.

but they eventually issued a public apology several months later. The company then announced a mobile phone app for customers to report problems, but the delayed public relations response seriously damaged consumer trust in McDonald's products. In April 2015, Japan McDonald's announced it was closing more than 131 stores and projected a revenue loss of \$318 million. (See **Impact/Global**: "McDonald's Launches Customer Complaint App in Japan," p. 226.)

These four examples—Odwalla, Toyota, British Petroleum and McDonald's—illustrate the importance of effective crisis public relations.

PR Agencies Respond to Social Media

Because of its ability to deliver information quickly and directly, the Internet offers many benefits for public relations companies. Public relations people, in fact, often are very much involved in creating and modifying Web sites for their clients—creating a public face. News releases, product announcements and company profiles can be made available online, to be captured on demand by the press, stockholders, supporters and anyone else who is interested. But managing an Internet presence also can be risky because it is interactive, and public responses to posts on the sites are immediate.

In 2012, YouTube played a significant role in a public relations crisis for the cancer research charity Susan G. Komen for the Cure. On January 31, 2012, The Associated Press broke the story that Komen was eliminating most of its funding for Planned Parenthood. Within 48 hours, supporters flooded the Internet with negative comments and started a "Defund Komen" campaign. (See **Impact/Money**, "Susan G. Komen Foundation Discovers the Price of Poor Public Relations," p. 229.)

PR Companies Monitor Brands

The Internet also brings hazards for companies' brand reputation. Disgruntled customers, pranksters and competitors can create their own sites to immediately challenge and even undermine a client's site. "In the pre-Internet days we used to say that a satisfied customer will tell one or two prospects but a dissatisfied customer will tell 10 or more," wrote G. A. "Andy" Marken, a public relations adviser, in *Public Relations Quarterly*. "With the Internet and the Web those same dissatisfied customers can tell millions of people . . . and they're doing it every day around the globe."

Marken says these attacks, which he calls **cybersmears**, include anti-Disney and anti-McDonald's sites, as well as chat rooms, discussion groups and online forums. In 2013, for example, hackers broke into the Burger King site and posted a message that said McDonald's had bought Burger King.

To counter these negative messages, many businesses and organizations hire public relations firms to continuously monitor the Internet and alert their clients when negative information appears so the client can decide the best way to counter the information.

"It's a tedious task but any organization that isn't monitoring Internet traffic and Web activity could find itself in serious trouble," says Marken. "Companies and agencies spend hundreds and thousands of dollars on audio, video and print clipping services to analyze how their messages are being picked up, interpreted and used by the conventional media. They spend little or no time finding out what people are saying in real-time in cyberspace about them. . . . What you don't hear can hurt you . . . and it could be fatal."

By using public relations techniques, such as monitoring Internet social media like Facebook and Twitter for negative comments about the company, public relations people often play a central role in trying to protect their clients from unfavorable publicity.

Ad Agencies and Public Relations Firms Merge

More than 150,000 people in the United States work in public relations, and about 4,000 firms throughout the nation offer PR-related services. The largest public relations firms employ more than 1,000 people. Several major corporations have 100 to 400 public relations specialists, but most public relations firms have fewer than 4 employees. (See **Impact/Money**, **Illustration 11.1**, "Top 10 Worldwide Public Relations Agencies" and **Illustration 11.2**, "Top 10 U.S. Public Relations Agencies," p. 227.)

Public relations people often deal with advertising agencies as part of their job, and because PR and advertising are so interrelated, several large public relations firms have joined several large advertising agencies. For example, the London firm WPP Group PLC owns more than 250 public relations, advertising and marketing companies.

Combined agencies can offer both public relations and advertising services to their clients in one place. The difference between public relations and advertising at the nation's largest agencies can be difficult to discern. Advertising is an aspect of marketing that aims to sell products. People in advertising usually *aren't* involved in a company's policy making. They implement the company's policies after company executives decide how to sell a product, a corporate image or an idea.

Cybersmears Negative information organized and presented on the Internet as continuing attacks against a corporation.

IMPACT

Global

McDonald's Launches Customer Complaint App in Japan

New Smartphone App for "Feelings, Opinions and Requests" Aimed at Turning the Tide on a Year of Public Relations Mistakes

McDonald's Japan is to launch a new smartphone app for customer complaints as it looks to turn the page on a series of scares including the discovery of a human tooth in some fries.

The move comes with in-country sales sliding, profits plunging and the burger giant's reputation in Japan badly dented.

"We will introduce a new smartphone app customers can use to post their feelings, opinions and requests, aiming at strengthening our ability to listen to customers' voices," McDonald's Japan Holdings, the parent company, said in a statement issued [March 11, 2015].

The firm also said it was reviewing its procedures for dealing with suspected cases of product tampering and will draft new rules on communication with customers.

The chain came in for heavy media criticism for its handling of incidents over the past year in which unexpected objects were discovered in food.

A human tooth was found in some French fries sold at an Osaka outlet last year, the firm admitted in January, although



AP Images/Reit Kurihara

On February 5, 2015, Japan McDonald's company officials bow in apology for reported food safety problems with its products in the fall of 2014. The delayed public relations response damaged the company's credibility with consumers, causing a large drop in revenue.

it said it did not know how the contamination had occurred.

McDonald's said there were no employees missing a tooth at the outlet and it believed there was a very low possibility of contamination at the US factory that had shipped the chips.

Two days later, a Japanese woman claimed to have discovered what was later identified as "dental material" in a McDonald's hamburger from northernmost Hokkaido in September [2014].

Japanese media reported several other cases of contamination, including a piece of metal in a pancake.

The problems marked another public relations setback for a firm still struggling to recover from

a scandal last summer when a Chinese supplier was found to be mixing out-of-date meat with fresh product.

Then late last year the company had to airlift an emergency supply of French fries from the US after a chip shortage resulted in rationing at restaurants across Japan.

In February, the firm said it had lost a worse-than-expected 21.8bn yen (\$186m) for 2014—against a year-earlier profit and recording its first loss in 11 years. Nationwide sales in January [2015] were down 39 percent on year.

McDonald's Japan [in March 2015] announced the appointment of a new chairman and chief operating officer.

Excerpted from Agence France-Presse, "McDonald's Launches Customer Complaint App in Japan," March 11, 2015, theguardian.com.

IMPACT

Money

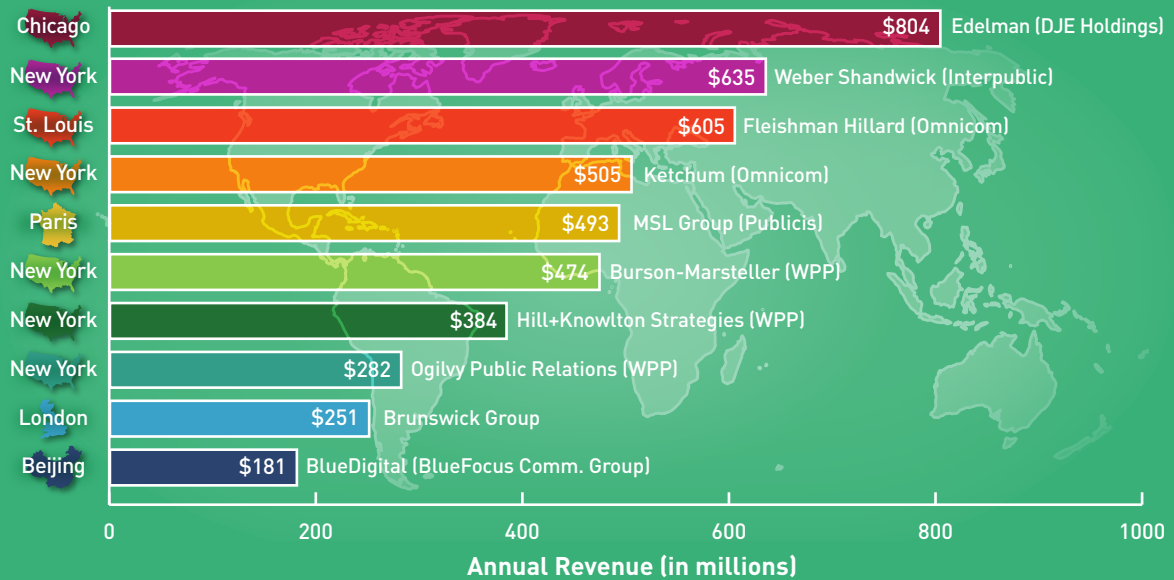


ILLUSTRATION 11.1

Top 10 Worldwide Public Relations Agencies

Seven of the top ten worldwide public relations agencies are based in the U.S., and nine of them are owned by large

advertising agencies (listed in parentheses).

The Agency Issue, *Advertising Age*, May 4, 2015, p. 51.

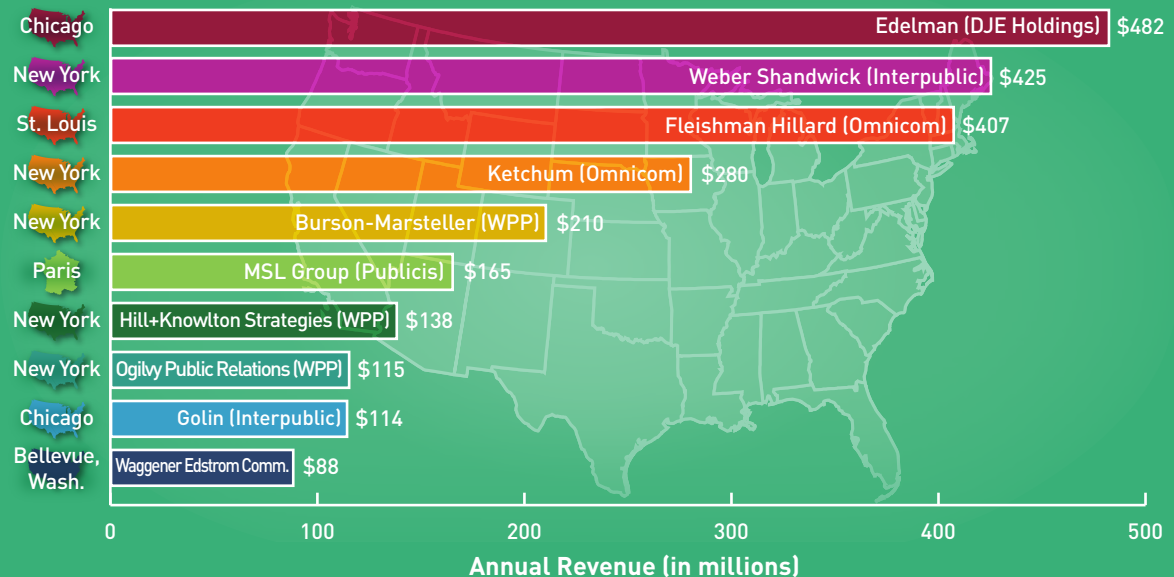


ILLUSTRATION 11.2

Top 10 U.S. Public Relations Agencies

Five of the nation's top ten public relations agencies are based in New York, and nine of them are owned by large advertising agencies (listed in parentheses).

Note that Edelman is the number one agency in the U.S. and in the world.

The Agency Issue, *Advertising Age*, May 4, 2015, p. 51.

Public relations people, in comparison, usually *are* involved in policy. A PR person often contributes to decisions about how a company will deal with the public, the press and its own employees.

Variety of Clients Use Public Relations

Public relations people work for several types of clients, including governments, educational institutions, nonprofit organizations, industry, athletic teams, entertainment companies and international businesses.

Government

The federal government is the nation's largest single employer of public information people. State and local governments also hire people to handle PR. Related to government are PR people who work for political candidates and for lobbying organizations. Media consultants also are involved in political PR. These people counsel candidates and officeholders about how they should present themselves to the public through the media.

Education

Universities, colleges and school districts often hire public relations people to promote these educational institutions and to handle press attention from the consequences of hazardous on-campus events and other decisions that educators make.

Nonprofit Organizations

Nonprofit organizations include hospitals, churches, museums and charitable organizations. Public relations for nonprofit organizations is growing especially fast as different charities compete with each other to attract wealthy donors. (See **Impact/Money**, "Susan G. Komen Foundation Discovers the Price of Poor Public Relations," p. 229.)

Industry

Chicago Edison's early use of promotion was one type of industry PR. Many industries are government-regulated, so this often means that the industry PR person works with government agencies on government-related issues that affect the industry, such as utility rate increases or energy conservation programs.

Business

This is the best-known area of public relations. Large companies keep an in-house staff of public relations people,

and these companies also often hire outside PR firms to help on special projects. Product publicity is one of the fastest-growing aspects of business-related public relations.

Within many large businesses are people who handle corporate PR, sometimes called financial PR. They prepare annual reports and gather financial data on the company for use by the press. They also may be assigned directly to the executives of a corporation to help establish policy about the corporation's public image. Many companies also sponsor charity events to increase their visibility in the community.

Athletic Teams and Entertainment Organizations

A professional sports team needs someone to travel with it and handle the press requests that inevitably come at each stop. Sports information people also are responsible for the coaches', the owner's and the team's relationship with the fans. College and university sports departments also hire public relations people to handle inquiries from the public and the press. Professional athletic teams sponsor public relations events such as the National Basketball Association's Green Week.

As described earlier, in 1939 Henry Rogers learned how to use press agency to gather publicity for actress Rita Hayworth. Today, entertainment public relations agencies promote movies and handle celebrities and well-known athletes who appear on the lecture circuit.

International

As the nation's consumer market broadens, more attention is being given to developing business in other countries. This means more opportunities in international PR.



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Public relations often involves organizing events like CicLAvia in Venice, Calif., near Los Angeles, which encourages residents to abandon their cars for a day. About 100,000 people travel the roads along a 15-mile route by foot, skateboard and bike. No cars allowed.

IMPACT

Money

Susan G. Komen Foundation Discovers the Price of Poor Public Relations*By Michael Hiltzik*

The Susan G. Komen Breast Cancer Foundation committed one of the great PR faux pas of the decade in January 2012, when it summarily cut off funding to Planned Parenthood in what appeared to be a bow to anti-abortion crusaders.

Now, with its release of its latest financial statements, the cost of that decision can be measured: It's more than \$77 million, or fully 22 percent of the foundation's income.

That's how much less the Dallas-based foundation collected in contributions, sponsorships and entry fees for its sponsored races in the fiscal year ended March 31, 2013, compared with the previous year. In the most recent fiscal year Komen booked \$270 million; the year before that, Komen booked \$348 million.

Komen officials are candid in attributing much of last year's sharp decline to the Planned Parenthood controversy, though they also point to the general economic slump. Participation in the group's signature Race for the Cure events is also down.

The foundation's decision to cease funding Planned Parenthood was a huge blunder. Komen officials said at the time that they had merely tightened grant eligibility rules to exclude groups under investigation by government authorities—Planned Parenthood was the target of a ginned-up



AP Images/Rex C. Curry

A group of women protested outside the Susan G. Komen Breast Cancer Foundation headquarters in Dallas on February 7, 2012, after the Komen group announced it was eliminating most of its funding for Planned Parenthood, creating a public relations challenge for the nonprofit organization.

“investigation” by anti-abortion Republicans in the House.

The decision by the nation's leading breast cancer charity to defund the nation's leading provider of health services to women sparked a predictable uproar, and Komen reversed the decision after only three days.

But the damage was immediate and, plainly, lasting. There were indications that the original decision had been driven by Karen Handel, the organization's vice president for public policy, who had joined Komen after losing a race for governor of Georgia on an anti-abortion platform. She resigned from Komen days after the reversal.

The affair led to more public scrutiny of the foundation's own record. It transpired, for instance, that while the foundation depicted itself as devoted chiefly to research for a breast cancer cure, it spent

only about 20 percent of its donations on research; the biggest expenditure category was public education, at more than 50 percent. Critics questioned whether “education” really should be such a heavy priority in a field where research issues remain important.

Since the controversy, the foundation has struggled to regain the nearly unquestioned public support it once had. Its founder, Nancy Brinker, a prominent figure in the Texas GOP who says she founded the organization after her sister Susan Komen succumbed to breast cancer, has stepped down as CEO.

The organization hopes that time is erasing the black mark left by its foray into abortion politics. People “tend to say, ‘OK, we were mad about that but we're not mad anymore,’” a spokesman told the Associated Press last week. But so far, time hasn't been on Komen's side.

Excerpted from Michael Hiltzik, “Susan G. Komen Foundation Discovers the Price of Playing Politics,” *latimes.com*, January 8, 2014.

Two U.S. firms, Hill+Knowlton and Burson-Marsteller, are among the most active global public relations firms.

Public Relations Organizations Offer Many Services

Responsibilities of PR people include writing, editing, media relations and Internet site management, special events, public speaking, production tasks, research, programming and counseling, training and management.

- ▶ **Writing:** Writing news releases, newsletters, correspondence, reports, speeches, booklet texts, radio and TV copy, film scripts, trade paper and magazine articles, institutional advertisements, product information and technical materials and developing Web site content.
- ▶ **Editing:** Editing special publications, employee newsletters, shareholder reports and other communications for employees and for the public.
- ▶ **Media Relations, Placement and Internet Services:** Contacting news media, magazines, Sunday supplements, freelance writers and trade publications with the intent of getting them to publish or broadcast news and features about or originated by clients; responding to media requests for information or spokespersons; charting Web site activity and monitoring social media for comments about clients.
- ▶ **Special Events:** Arranging and managing press conferences, convention exhibits, open houses, anniversary celebrations, fundraising events, special observances, contests and award programs.
- ▶ **Public Speaking:** Appearing before groups and arranging platforms for others before appropriate audiences by managing a speaker's bureau.
- ▶ **Production Tasks:** Creating art, photography and layout for brochures, booklets, reports, institutional advertisements and periodicals; recording and editing audio, video and Internet materials.
- ▶ **Research:** Gathering data to help an organization plan programs; monitoring the effectiveness of public relations programs. This fast-growing area of public relations includes focus groups to test message concepts; research to target specific audiences; surveys of a company's reputation for use in improving the company's image; surveys to determine employee and public attitudes; and shareholder surveys to improve relations with investors.

S Harris/Cartoon Stock



"FIRST OF ALL WE WANT OUR NAME CHANGED FROM 'COCKROACH' TO 'COMPANION BEETLE'."

- ▶ **Programming and Counseling:** Establishing a program for effective public relations within the company.
- ▶ **Training:** Working with executives and other people within the organization to prepare them to deal with the media.
- ▶ **Management:** Overseeing the costs of running the public relations program; paying the bills.

Publicity Means Free Media

Public relations work often means finding ways to attract the attention of the press. Seymour Topping, former managing editor of *The New York Times*, said, "PR people do influence the news, but really more in a functional manner rather than in terms of giving new editorial direction. We get hundreds of press releases every day in each of our departments. We screen them very carefully for legitimate news, and very often there are legitimate news stories. Quite a lot of our business stories originate from press releases. It's impossible for us to cover all of these organizations ourselves."

People in public relations can provide **publicity**, which creates events and presents information so the press and the public will pay attention. Publicity and advertising differ: An advertising message is *paid for*; publicity is *free*. Advertising is a *controlled* use of media because the person or company that places the ad governs the message and where it will appear. Publicity is considered an *uncontrolled* use of the media because the public relations person provides

Publicity Uncontrolled free use of media by a public relations firm to create events and present information to capture press and public attention.



AP Images/KGC-42/Star Max/lpx

Public relations today aims for a global audience. The London Zoo regularly creates public relations events and posts photos on the Internet to attract public attention. On February 4, 2015, the zoo invited the press to attend the first birthday of its Sumatran tiger triplets.

information to the press but has no control over how the information will appear—the press presents the story.

“We know how the media work,” says David Resnicow of the PR firm Ruder Finn & Rotman, “and we make judgments on that, providing access to events as it becomes necessary.” It is precisely because people in the media and people in PR know how each other work that they debate about the role of public relations and the news.

Public Relations Grows Globally

Clever ways to attract attention are trademarks of today’s successful public relations professional. Like advertising, the future of public relations is tied closely to the future of the media industries. The basic structure of the business will not change, but public relations practitioners find themselves facing the same challenges as people in the advertising business.

Growing international markets mean that many U.S. public relations firms have expanded overseas and that overseas companies seek help from American companies when faced with international marketing challenges. Global communications mean that public relations agencies often work internationally on some projects, and the agencies have to adjust to the cultural differences that global exposure brings.

“To be successful they need an education on how our market works, what is reputation and how do you build it and who are the people they need to know to have ‘permission to operate’ in both a formal and informal sense,” according to Margery Kraus, global CEO of the independent agency APCO. “Many of these companies also have

to overcome the fact that they are from countries that are misunderstood or feared by the U.S., such as Russia and China.”

New technologies, especially the Internet, mean more ways to deliver public relations messages and to monitor public relations efforts globally.

The Council of Public Relations Firms, an industry group, cited the top five issues facing the public relations industry today:

1. The industry will need to deal with content overload. “A piece of content doesn’t carry the same weight that it did before and doesn’t have the same impact,” says Steve Rubel, executive vice president for global strategies and insights at Edelman.
2. Brands will get increasingly visual. “A really great visual can cross language and cultural barriers and be instantly relatable,” says Janet Tyler, co-CEO of Airfoil.
3. Real-time marketing will take off. “We need not just make marketing plans for four months down the road, but to draft off what real people are talking about right now,” says Jeff Beringer, executive director and global practice leader—digital at GolinHarris.
4. Business-to-business marketing will move to embrace social media. Sam Ford, director of digital strategy for Peppercomm, says his agency provides “content support” for its clients. “Our job is to help them get more active in social media and stay on top of the trends.”
5. As the social media space matures, consumer and marketer behavior will change. “People are settling into the right behaviors for them and their connections, and to some degree user behaviors online have plateaued,” says Mike Manual, senior vice president of Voce Communications. Manual says not every social network is right for every company, and companies might see that Facebook or Twitter is a useful place for them, but not both.

Internet technology has streamlined delivery of print, audio and video, giving public relations agencies the same access to distributing information globally to news organizations that the news organizations themselves possess. As in the advertising industry, shifting demographic patterns also mean growing potential markets and challenges for public relations services around the world.

REVIEW, ANALYZE, INVESTIGATE

CHAPTER 11

PR Helps Shape Public Opinion

- There are three ways to encourage people to do what you want them to do: power, patronage and persuasion.
- Public relations people use persuasion to form public opinion about their clients.
- Modern public relations emerged at the beginning of the 20th century as a way for business to respond to the muck-rakers and to Theodore Roosevelt's antitrust campaign.
- President Roosevelt successfully used public relations to influence public opinion.

PR Pioneer Issues *Declaration of Principles*

- The first U.S. publicity firm, called The Publicity Bureau, opened in Boston in 1900.
- The best-known practitioner of early public relations was Ivy Lee, who wrote a *Declaration of Principles* to respond to the secret publicity activities of The Publicity Bureau.
- The Chicago Edison Company and American Telephone & Telegraph were the first companies to begin in-house promotional programs.

Government Recruits PR Professionals

- Both Edward L. Bernays and Ivy Lee have been called the father of public relations.
- The Committee on Public Information, headed by George Creel, promoted the war effort during World War I.
- The Office of War Information, headed by newscaster Elmer Davis, promoted the country's efforts during World War II.
- Edward L. Bernays wrote the first book on public relations, *Crystallizing Public Opinion*.
- Franklin Roosevelt, assisted by public relations expert Louis McHenry Howe, successfully used public relations to promote the New Deal.

Women Join PR Firms

- Among the pioneering women in the public relations business were Doris E. Fleischman, Leone Baxter and Anne Williams Wheaton.
- Doris Fleischman and Edward L. Bernays were equal partners in their public relations firm.
- Doris Fleischman was an early advocate of public relations as a career for women.

Professionals Promote Ethics Codes

- The Public Relations Society established the profession's first code of ethics in 1954.
- Public relations expanded quickly in the 1960s and 1970s to accommodate television, the federal government and corporate America.

- The federal government is the largest single employer of public relations ("public information") people.

Public Relations at Work

- Three of the most common public relations specialties are financial public relations, product public relations and crisis public relations.
- Crisis public relations successfully repaired the public image of Odwalla Inc.
- Public relations experts criticized Toyota Motor Corp., BP PLC and Japan McDonald's for the way they handled their public relations crises.

PR Agencies Respond to Social Media

- Negative PR can spread very quickly on the Web, where anyone is free to post damaging comments about a company, organization or product.
- In 2012, YouTube was a significant factor in a public relations crisis for the cancer research charity Susan G. Komen Breast Cancer Foundation.

PR Companies Monitor Brands

- Public relations companies play an important role in protecting brand names.
- On March 18, 2013, hackers attacked the Burger King site and posted messages, including one that said Burger King had been sold to a competitor.
- Companies and agencies must be continually vigilant to monitor how their messages are being used and interpreted on the Internet.

Ad Agencies and Public Relations Firms Merge

- Today, more than 150,000 people work in public relations nationwide and about 4,000 firms in the U.S. offer PR-related services.
- Because PR and advertising are so interrelated, public relations people and advertising agencies often work together in the same company to offer advertising and marketing communications services.

Variety of Clients Use Public Relations

- Public relations people work in government, education, nonprofit agencies, industry, business, athletic teams, entertainment companies and international business.

Public Relations Organizations Offer Many Services

- Responsibilities of PR people include writing, Web site development, editing, media relations and placement,

Internet monitoring, special events, public speaking, production tasks, research, programming and counseling, training and management.

Publicity Means Free Media

- The main difference between advertising and public relations is that advertising messages are controlled, and public relations messages are uncontrolled.
- Public relations people create publicity, which is considered an uncontrolled use of media.

Public Relations Grows Globally

- New technologies, especially the Internet, mean new ways to deliver public relations messages.
- Satellite technology has streamlined print, audio and video delivery, giving PR the same access to information distribution as news organizations.

- Global communications mean many public relations agencies work internationally on some projects and must adjust to cultural differences that global exposure brings.
- Growing international markets mean that many U.S. public relations firms have expanded overseas.
- The Council of Public Relations Firms, an industry group, identified the top five challenges facing the industry: (1) The industry will need to deal with content overload. (2) Brands will get increasingly visual. (3) Real-time marketing will take off. (4) Business-to-business marketing will move to embrace social media. (5) As the social media space matures, consumer and marketer behavior will change.
- Shifting demographic patterns mean growing potential markets and challenges for public relations services.

Key Terms

These terms are defined in the margins throughout this chapter and appear in alphabetical order with definitions in the Glossary, which begins on page 361.

Crisis Communication 224
Cybersmears 225

Persuasion 220
Publicity 230

Public Relations 220

Critical Questions

- How did each of the following people contribute to the development of public relations?
 - Ivy Lee and George F. Parker
 - Edward L. Bernays
 - Doris E. Fleischman
- Explain in some detail how the Office of War Information contributed to positive public relations for World War II.
- When is it necessary for a company to apply crisis public relations techniques? Give an example from the public relations crises that developed at Toyota, BP, Susan G. Komen and Japan McDonald's.
- Describe the ways that advertising and public relations are different. Describe the ways they are similar.
- Describe one or more examples of how negative information on the Internet can create challenges for public relations practitioners.

Working the Web

This list includes sites mentioned in the chapter and others to give you greater insight into the public relations business.

All About Public Relations *aboutpublicrelations.net*

All About Public Relations provides information and links to PR jobs, careers and internships as well as press release and ad campaign data analysis services. Subject links include a *How to PR Toolkit*, a *PR Desk Reference Guide* and an online guide for public relations campaigns and strategies.

Center for Media and Democracy (CMD) *prwatch.org*

"Investigating and exposing the undue influence of corporations and front groups on public policy," CMD is a nonprofit,

nonpartisan organization that promotes media literacy and citizen journalism. Located in Madison, Wis., CMD "educates the public and aids grassroots action about policies affecting people's lives—their rights and the health of our democracy." CMD publishes *PR Watch*, a quarterly publication dedicated to investigative reporting on the PR industry; *Latest News*, a web-based daily report on PR campaigns and media spin; and SourceWatch, an online collaborative encyclopedia of people, groups and issues that shape the public agenda.

Chartered Institute of Public Relations (CIPR) *cipr.co.uk*

The Chartered Institute of Public Relations (CIPR) is a professional organization for British public relations professionals. CIPR provides training and events, a professional development

program, PR policy and research, and a PR careers board. Its members sign an enforced code of conduct.

Institute for Public Relations (IPR)

instituteforpr.com

The Institute for Public Relations (IPR) is an independent non-profit foundation “dedicated to the science beneath the art of public relations.” IPR sponsors and disseminates scientific research about public relations and sponsors the Commission on Public Relations Measurement and Evaluation, which establishes standards and methods for PR research and issues best-practices white papers.

International Public Relations Association (IPRA)

ipra.org

Formally established in London in 1955, IPRA is a nonprofit organization for public relations executives throughout the world. It has established a specific set of ethical global industry standards and practices for the public relations industry. In 2001, it launched and continues to maintain the Campaign for Media Transparency—a global effort designed to reduce “the incidence of unethical and sometimes illegal practices in the relationships between public relations professionals and the media.”

Online Public Relations

online-pr.com

Online Public Relations was developed and is maintained by James L. Horton, a PR executive and educator who specializes in less expensive, technology-based public relations methods for corporations. The site has a list of media, reference and PR resources and contains many links to reliable sources categorized by subject and alphabetically indexed.

PR Newswire

prnewswire.com

PR Newswire provides specialized multimedia platforms, including electronic and video content distribution, targeting, measurement, translation and broadcast services for government, associations, labor and nonprofit organizations

throughout the world. PR Newswire’s site provides content and access to a professional community, user tracking, and multimedia and multicultural public relations services.

PRWeb

prweb.com

PRWeb is a direct-to-consumer news release Web site service maintained by global media company Cision. Clients can create a free account, access the site’s search engine optimization tools and upload a press release for online distribution.

PR Week

prweek.com/us

“Required reading for all public relations professionals,” *PR Week* is published by Haymarket Media. *PR Week* provides timely news, reviews and profiles plus information about the most current techniques used by the public relations industry. As the companion Web site for the magazine, prweek.com/us offers a searchable archive of editorials, news, features, industry research and special reports.

Public Relations Society of America (PRSA)

prsa.org

With more than 22,000 members worldwide, PRSA was established in 1947 and is organized into more than 110 chapters. Representing for-profit and not-for-profit organizations from areas including business and industry, government, health and education, its primary objectives are to advance the standards of the public relations industry.

Public Relations Student Society of America (PRSSA)

prssa.prsa.org

An organization for students founded by the Public Relations Society of America, PRSSA’s goal is to help students become aware of current theories and procedures of the public relations industry. PRSSA has more than 11,000 members at over 300 chapters on college campuses throughout the U.S., Argentina, Colombia and Peru.



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to access a variety of additional material—including learning objectives, chapter readings with highlighting and note-taking, **Impact/Action Videos**, activities, and comprehension quizzes—that will guide you through this chapter.

NEWS AND INFORMATION STAYING CONNECTED

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U.S. Attorney General Loretta Lynch faces the press in New York to announce the arrests of several FIFA (Fédération Internationale de Football Association) officials on May 27, 2015.