THE PUBLIC RELATIONS HANDBOOK

ALISON THEAKER

SECOND EDITION

The Public Relations Handbook

The Public Relations Handbook is a comprehensive and detailed introduction to the theories and practices of the public relations industry. It traces the history and development of public relations, explores ethical issues which affect the industry, examines its relationship with politics, lobbying organisations and journalism, assesses its professionalism and regulation and advises on training and entry into the profession.

The Public Relations Handbook combines theoretical and organisational frameworks for studying public relations with examples of how the industry works in practice. It draws on a range of promotional strategies and campaigns from businesses, public and non-profit organisations including Voice of the Listener and Viewer, Marks & Spencer, the Metropolitan Police, the Prince's Trust, Shell and Centrica.

The Public Relations Handbook includes:

- interviews with PR practitioners about their working practices
- case studies, examples, press releases and illustrations from a range of campaigns from multinational corporations, local government and charities
- specialist chapters on financial public relations, business ethics, public relations on the internet and dealing with new technology
- over twenty illustrations from recent PR campaigns
- a new chapter on the effects of culture on communication.

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Media Practice

Edited by James Curran, Goldsmiths College, University of London

The *Media Practice* handbooks are comprehensive resource books for students of media and journalism, and for anyone planning a career as a media professional. Each handbook combines a clear introduction to understanding how the media work with practical information about the structure, processes and skills involved in working in today's media industries, providing not only a guide on 'how to do it' but also a critical reflection on contemporary media practice.

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The Public Relations Handbook

Second edition

Alison Theaker

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Keeley Clarke has worked in financial services and financial PR for nine years, having begun her career in the beauty industry. In switching career paths she gained a degree from Leeds Metropolitan University in PR and Spanish. Keeley has worked for several PR consultancies as well as setting up and managing her own. Having sold her share in that business, Keeley is now a consultant and concentrates on northern-based PLCs.

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Anne Gregory is the UK's only full-time Professor of Public Relations and Director of the Centre for Public Relations Studies at Leeds Metropolitan University, the largest department of public relations in the UK. She is also President of the UK Institute of Public Relations in 2004, editor of the book series *Public Relations in Practice* and managing editor of the *Journal of Communication Management*.

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Preface

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When first writing this book, my main aim was to provide a textbook which drew on the UK experience of public relations, having been frustrated during many years of teaching the subject that the majority of textbooks originated from and used case studies from the United States environment. Since the first edition was published, several other excellent textbooks have swelled the ranks of European-based sources. It is also rather ironic that I went to teach in the United States.

I wanted to bring together the theoretical and organisational framework of public relations with examples of how it worked in practice. This is not a 'how to' book. There are already plenty of books written by experienced PR practitioners which set out the nuts and bolts of writing press releases, producing internal publications and managing campaigns.

The first part of this book describes the context of public relations. Johanna Fawkes helps set out the history and development of PR and its role in society. Ian Somerville discusses the relationship between PR and politics that has led to the charge of spin doctoring being laid against the profession. Alastair Campbell's resignation and the Hutton Report showed how the messenger should not get in the way of the message. Anne Gregory describes the management role of PR and its relationship with other functions. Finally, the development of PR as a profession, its entry standards and ethics are described.

The second part looks at strategic PR. Emma Wood discusses corporate communication, image and identity. Public affairs and issues management are defined, together with the implications of the rise of pressure groups. Ian Somerville sets the practice of corporate social responsibility against the framework of ethical theories.

The third part looks at stakeholder PR – addressing specific areas of the economy. Keeley Clarke gives an updated introduction to financial PR, whilst Jo Chipchase and I examine elements of successful public relations on the internet. Media relations, including new media, internal communications, community relations and cause-related marketing and PR in the public sector, for consumer goods and in the business-to-business area are also detailed.

Finally, some crystal ball gazing in Part IV examines changing media and how that may affect PR practice. As this edition went to press, the Communications Bill 2003 had just received royal assent. The full implications of that are yet to be seen. The debate about the use of research and evaluation techniques is set out. Future challenges for the

profession are revisited with the benefit of hindsight and an additional chapter looks at the various writings on culture and how it impacts on communications.

Topical case studies are used throughout the book to illustrate current practice.

I trust that the book still fulfils its original objectives as well as providing an informative and accessible account of public relations in the UK today.

Alison Theaker,
September 2003

Part I

The context of
public relations

1 What is public relations?

Johanna Fawkes

Chapter aims

This chapter introduces several definitions of public relations in an attempt to clarify the parameters of the discipline. Distinctions are made between public relations and the fields of marketing and advertising. The evolution of public relations is recounted to give context to the profession. Four models of public relations communication are explained, with historical and current examples.

M ost students – and, indeed, practitioners – are familiar with the problem of trying to explain what they are studying or how they are earning their living:

> 'Public relations? Is that working with people? You know, like an air hostess, shop assistant?'
> 'No, more problem solving, really. And working with the media.'
> 'Oh yes, all those parties.'
> 'Well . . .'

Somewhere along the line words like 'spin doctors' are likely to crop up, replacing the more traditional 'gin-and-tonic' shorthand for PR. And, of course, everyone has heard of Max Clifford. But, how to explain that he doesn't call himself a PR practitioner but a publicist – especially if the distinction isn't all that clear to the speaker?

This chapter aims to cover the issues of definition and distinction of PR from related activities, but a word of warning. These will not solve the dilemma of trying to 'explain' public relations in a phrase. The fact remains that it is a complex and hybrid subject; it draws on theories and practices from many different fields, such as management, media, communication and psychology. These links will be explored more fully in this book. Readers are more likely to have an understanding of the subject and an ability to evolve their own definitions when they have reached the end of the book, rather than the end of this chapter.

In 1976, Rex Harlow scoured through 472 definitions of public relations to come up with the following paragraph:

> Public relations is a distinctive management function which helps establish and main-
> tain mutual lines of communication, understanding, acceptance and co-operation
> between an organisation and its publics; involves the management of problems or
> issues; helps management to keep informed on and responsive to public opinion;
> defines and emphasises the responsibility of management to serve the public interest;
> helps management keep abreast of and effectively utilise change, serving as an
> early warning system to help anticipate trends; and uses research and ethical
> communication techniques as its principal tools.
>
> (Harlow, quoted in Wilcox *et al.* 2003: 7)

Although this is useful – it contains many key concepts – and saves us ploughing through
hundreds of definitions, it describes what PR does rather than what it is. Or, indeed,
should be. L'Etang (1996b: 16) described the attempts to define public relations as
largely 'constructed in an attempt to be all things to all people simultaneously'.

Since then, however, there have been many more attempts to capture the essence of
public relations.

The 1978 World Assembly of Public Relations Associations in Mexico agreed that:

> Public relations is the art and social science of analysing trends, predicting their
> consequences, counselling organisation leaders and implementing planned pro-
> grammes of action which will serve both the organisation's and the public
> interest.
>
> (Wilcox *et al.* 2003: 6)

The words 'art' and 'social science' are helpful in explaining the continuing tension
between understanding PR as a measurable, science-based application of communica-
tion tools and the affection of many practitioners for the looser, more creative, aspects
of the work. In the USA the social science elements dominate the understanding of PR,
as is reflected in their education and texts about the subject. In the UK, there has been
a tension between those who see public relations as a management function and those
who view it primarily in relation to the media. Originally most PR degrees were taught
in business schools. However, unpublished research by the author for the Institute of
Public Relations (IPR) (2003) suggests an increase in degrees based in schools of media
and journalism.

The IPR is the UK's leading professional body for public relations practitioners and
was established in 1948 (see Chapter 5). The definition framed by the IPR in 1987 is
still useful:

> Public Relations is the planned and sustained effort to establish and maintain good-
> will and understanding between an organisation and its publics.

There are several key words worth noting here: 'planned' and 'sustained' suggest these
relationships are not automatic or effortless. Indeed, they have to be 'established' and
'maintained'. Public relations work exists in time – it is not a series of unrelated events.
Also note that the aim is not popularity or approval, but goodwill and understanding.
Many think that PR is just about promoting an organisation, whereas most PR work
involves ensuring publics have an accurate view of the organisation, even if they don't
like what it does. The Inland Revenue doesn't expect to be loved for its activities, but
it might hope to be respected, or at least understood.

The definition also raises that strange word 'publics', which will be discussed more fully elsewhere. It is important, however, to stress that public relations is not about dealing with 'the public' as people often think. In PR we say there is no such thing as the public – there are instead many different groups of people – not just consumers, but suppliers, employees, trustees, members, local and national trade and political bodies, local residents, among many others. One of the key concepts of PR is the idea that these groups – or publics – have different information needs and exert different demands on organisations. Understanding these differences is a vital skill of PR.

Philip Kitchen (1997: 27) summarises the definitions as suggesting that public relations:

1   is a management function . . .

2   covers a broad range of activities and purposes in practice . . .

3   is regarded as two-way or interactive . . .

4   suggests that publics facing companies are not singular (i.e. consumers) but plural . . .

5   suggests that relationships are long term rather than short term.

Wilcox *et al.* (2003: 5) suggest that the following additional elements are also common to the various definitions:

1   Deliberate. Public relations is intentional, not haphazard.

2   Planned. It is organised, not short term.

3   Performance. Public relations cannot be effective unless it is based on the actual performance of an organisation.

4   Public interest. This reinforces the idea that public relations should be beneficial to the organisation and to the general public.

Nessman adds the following to the mix: creating and reinforcing trust; arousing attention; creating and preserving communication and relationships; articulating, representing and adjusting interests; influencing public opinion; resolving conflicts; and creating consensus (quoted in Wilcox *et al.* 2003: 4).

In tracing the similarities between diplomacy and public relations, L'Etang (1996b: 15) points out that both involve three kinds of function:

1   Representational (rhetoric, oratory, advocacy). This would cover the language and images used to represent the organisation in communication with publics, including written, spoken and visual communication.

2   Dialogic (negotiation, peacemaking). The public relations practitioner is often seen as a bridge builder, the voice of different internal and external publics within the organisation, and the voice of the organisation to those different publics. They have to see other people's point of view.

3   Advisory (counselling). This role covers both pro-active PR, such as campaign planning, and re-active PR, such as dealing with a crisis.

These functions are underpinned, in both public relations and diplomacy, according to L'Etang, by intelligence gathering. Public relations practitioners need to be acutely aware of political, social, economic and technological developments within their organisation, area of operations, and local, national and, increasingly, global communities.

It can be seen that none of the above descriptions involves parties, gin and tonic or spinning. However, public relations continues to have a serious PR problem. It has failed to communicate its core activity successfully to the wider public. As a result, many professionals have considered changing the name to avoid the associations. Job ads now seek specialists in corporate communications, or image management where once they would have looked for PR people. Sometimes the jobs have changed; often it's just the labels. Burson–Marstella, one of the oldest and most respected PR consultancies, changed its title from public relations agency to 'perception management'.

The IPR addressed these concerns by extending its definition:

> Public Relations practice is the discipline concerned with the reputation of organisations (or products, services or individuals) with the aim of earning understanding and support.

This is sometimes simplified further to:

> Public relations is about reputation – the result of what you do, what you say and what others say about you.

This is probably the most satisfying of the current definitions: it is simple and doesn't attempt to catalogue all the tasks involved in managing reputation. It may even help students and practitioners explain what on earth it is they do.

Types of public relations

Another approach to understanding public relations is to describe what people do. Table 1.1 provides a rough guide to the main activities in public relations – most of which are covered in detail elsewhere in this book. These are organised either by the kind of audiences they engage with or by the content of the activity. It is important to note that these categories overlap. For example, a company intranet newsletter involves writing, new technology and internal communications.

Public relations workers are either employed by an organisation as part of its in-house PR department or by consultancies which are retained by a number of organisations and/or individuals to undertake public relations work. Some people also work on their own as freelance PR practitioners.

McElreath (1996) suggests that there are two roles commonly assumed by public relations practitioners: technician or problem solver. This would divide the publications manager supervising the printing of the annual report from the strategic adviser drafting a policy document on the future of the organisation. However, many of the kinds of activity outlined above involve both problem solving and technical skills. A well written press release should reflect understanding of current media practices and issues, and a public affairs adviser also needs a range of technical skills, including writing. As so often in the field of public relations, it is not easy to draw hard lines or lay down absolute rules.

Table 1.1   A rough guide to the main activities in public relations

Public relations activity	Explanation	Examples
Internal communications	Communicating with employees	In-house newsletter, suggestion boxes
Corporate PR	Communicating on behalf of whole organisation, not goods or services	Annual reports, conferences, ethical statements, visual identity, images
Media relations	Communicating with journalists, specialists, editors from local, national, international and trade media, including newspapers, magazines, radio, TV and web-based communication	Press releases, photocalls, video news releases, off-the-record briefings, press events
Business to business	Communicating with other organisations, e.g. suppliers, retailers	Exhibitions, trade events, newsletters
Public affairs	Communicating with opinion formers, e.g. local/national politicians, monitoring political environment	Presentations, briefings, private meetings, public speeches
Community relations/ corporate social responsibility	Communicating with local community, elected representatives, headteachers, etc.	Exhibitions, presentations, letters, meetings, sports activities and other sponsorship
Investor relations	Communicating with financial organisations/individuals	Newsletters, briefings, events
Strategic communication	ID and analysis of situation, problem and solutions to further organisational goals	Researching, planning and executing a campaign to improve ethical reputation of organisation
Issues management	Monitoring political, social, economic and technological environment	Considering effect of US economy and presidential campaign on UK organisation
Crisis management	Communicating clear messages in fast-changing situation or emergency	Dealing with media after major rail crash on behalf of police, hospital or local authority
Copywriting	Writing for different audiences to high standards of literacy	Press releases, newsletters, web pages, annual reports
Publications management	Overseeing print/media processes, often using new technology	Leaflets, internal magazines, websites
Events management, exhibitions	Organisation of complex events, exhibitions	Annual conference, press launch, trade shows

Distinctions
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Sometimes, of course, it's easier to explain what you don't do. The following sections look at areas often confused with PR. As with definitions, the lines are not always clear. To repeat, PR draws on expertise and experience from many fields; it overlaps with other disciplines; it tends to integrate rather than exclude – this is its strength as a practice, but a weakness when it comes to descriptions and definitions.

Marketing

This is the field most commonly confused with PR – not unreasonably since marketing refers to PR in its texts and practice as part of the marketing mix. To marketing practitioners and academics, public relations is one of the four Ps – product, place, price and promotion – which make up a successful marketing campaign. This is not incorrect – public relations can play an essential role in creating successful products – if the other elements are right, of course. The use of public relations to promote goods and services is sometimes called marketing public relations (MPR). There is some dispute about how useful this term is, but it could reduce the confusion caused by using the same term – public relations – to describe promoting products *and* planning strategic communications.

So how can MPR support sales? It can help create awareness of the product – especially new technological developments, where consumers need to understand what a gizmo is before they can distinguish between brands of gizmo. Once, campaigns had to explain what a fridge did, more recently the 'market' needed educating about the virtues of DVD and WAP technology. In competitive fields, such as fast-moving consumer goods (FMCG), publicity can be crucial to success. Wilcox identifies a number of public relations activities which support marketing efforts by creating new leads through gaining editorial coverage in trade and consumer media and producing sales brochures (Wilcox *et al.* 2003: 16). While the marketing team may create special offers and sales promotions, the publicity people will be seeking media coverage and arranging launch events. Together, they can create worldwide successes, from the latest *Star Wars* film to Prozac. Recent developments in marketing, such as relationship marketing and cause-related marketing, are similar to elements of public relations, and are blurring the distinctions.

So what's the difference? The Institute of Marketing defines marketing as: 'The management process responsible for identifying, anticipating and satisfying consumer requirements profitably'.

The two central words here are 'consumer' and 'profit'. Understanding the consumer and producing products or services that will satisfy consumer needs to the profit of the supplier is the traditional arena of marketing. There is a clear exchange – money for goods or services. It is easily measured. Marketing campaigns are often preceded and followed by research to measure the degree to which an attitude or behaviour has changed after the marketing activity. Have more people heard of the product now? Have they bought (or used) it, or are they more likely to?

However, public relations campaigns are often harder to quantify. Many organisations – the armed services, charities, local and central government, for example – do not have goods or services to sell. But they do all have messages to communicate and – importantly – to receive. They need to maintain relationships with all those who may work for them, give time or money, raise complaints, or vote for or against them. These

relationships are too complex to be covered by marketing. Which is why commercial companies, who *do* have things to sell, also have public relations departments. Kitchen (1997: 28) explains,

> Public relations and marketing are two major management functions within an organisation, but how they are organised depends upon managerial perceptions, organisational culture, and historical precedent.

He goes on to say:

> Marketing is concerned with an organisation's exchange relationships with customers in which quid pro quo transactions occur. On the other hand, PR deals with a broader range of publics involved with or affected by the organisation . . . Both marketing and PR functions are important to an organisation. Subsuming PR into marketing delimits organisational ability to function successfully in highly competitive environments.
>
> (1997: 247)

Organisations dealing in FMCGs are more likely than not to have a large marketing department containing a PR function. Those who depend on good intelligence about the political environment as well as consumer tastes, especially not-for-profit organisations, will have a larger PR or public affairs function.

In public relations texts (and this is no exception), marketing is described as primarily concerned with sales and sales-related functions. In marketing texts, public relations is rarely considered to be more than publicity. The argument concerning which is the wider discipline can be found in textbooks, university staff rooms, student debates and companies themselves (see also Chapters 12 and 15 in this book).

In the 1990s, the discussion gave rise to the concept of *integrated marketing communications*, which suggested that companies could better meet their objectives by combining the various communication elements. This was defined as 'building a synchronised multi-channel communication strategy that reaches every market segment with a single unified message' (Schultz *et al.* 1992 cited in Kitchen 1997: 231). In theory, this is certainly common sense. All the elements, public relations, advertising, marketing, direct mail and sales promotion, work best when they are pulling in the same direction, rather than contradicting each other with inconsistent messages.

The concept was given momentum by the downsizing of organisations so that departments were forced to merge and operate under tighter budgets. Many public relations techniques, including media coverage, have far lower costs than traditional marketing techniques (such as 2 for 1 offers, or direct mailshots). There was also a convergence of corporate PR and brand marketing, where it was seen as vital to promote the organisation as a brand, not only its products. The way in which oil companies have promoted themselves as environmentally friendly might be an example of this.

In practice, integrated communications can mean that one element, often marketing or advertising, achieves a dominant share of resources and relegates the other areas to support roles. Paul Alvarez, former chair of Ketchum Communications (Wilcox *et al.* 2003: 19) has been quoted as saying that 'to have credibility, [public relations practitioners] must acknowledge the roles played by other communications disciplines . . . By the same token, other disciplines must realise the full potential of public relations'.

Advertising

The distinction between advertising and PR is more easily made: advertising involves paying a medium (TV, radio, newspaper or magazine, for example) for airtime or column inches in which to put across a promotional message. The content of an ad is always controlled by the advertiser, unlike the content of editorial pages or programmes, which are controlled by journalists. Public relations practitioners try to persuade journalists to cover their products and services on the grounds of newsworthiness. An ad doesn't have to satisfy any news value – it just has to be legal and paid for.

The Institute of Practitioners in Advertising defines advertising as follows:

> Advertising presents the most persuasive possible selling message to the right prospects for the product or service at the lowest possible cost.

Here, the phrase 'selling message' distinguishes the two disciplines – PR aims not to increase sales, but to increase understanding. Sometimes, of course, understanding a product or service improves sales, but PR does not claim a direct causal link.

However, there are grey areas: *corporate advertising* is where an organisation purchases space in a paper, magazine or broadcast programme to put across a general message about itself, not its products. This message might extol its efforts to be green or socially responsible, or it might put the management view in an industrial dispute or takeover. The content of the message is likely to be PR-driven, related to the corporate strategic aims of the organisation rather than product support.

Another grey area is the *advertorial*, where the space is bought, just like an ad, but is filled with text and images very similar to the surrounding editorial. This is increasingly common in magazines and, although the word 'advertorial' is usually clear at the top of the page, it's in small print and the casual reader may well believe they are reading another article about, say, skincare products. As a result they may believe the text reflects the impartial view of the magazine rather than the more interested view of an advertiser. Harrison (1995: 5) comments,

> The strength of advertorials over advertisements is that their style and format give greater credibility to the products they are advertising, by explaining them in apparently objective terms through a third party, the journalist. But what does that do to the credibility of the journalist or the publication in which the advertorial appears? If there is no intention to mislead the reader into confusing the advertising message with a news or feature report, why not just use an advertisement?

PR history
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Knowing where, when and how something started is also often helpful in working out what it is. The following section briefly looks at the ways PR has been used in the past and how it has changed during the last century. Given the difficulty of defining public relations, it is not surprising that its history is full of confusion. Should we start with flags and Roman coins as early examples of corporate identity, or go back as far as cave paintings? What about the leaflets that circulated in the late eighteenth and early nineteenth century, such as Tom Paine's *Rights of Man*? The rise in literacy and printing presses in the nineteenth century led to many reforming campaigns concerning health, suffrage and education conducted by pamphlet and newspapers articles. Are these examples of early pressure group PR?

Table 1.2 Characteristics of four models of public relations

Characteristic	*Model*			
	Press agentry/ publicity	*Public information*	*Two-way asymmetric*	*Two-way symmetric*
Purpose	Propaganda	Dissemination of information	Scientific persuasion	Mutual understanding
Nature of communication	One-way: complete truth not essential	One-way; truth important	Two-way; imbalanced effects	Two-way; balanced effects
Communication model	Source → Rec.	Source → Rec.	Source → Rec. ← Feedback	Group → Group ←
Nature of research	Little; 'counting house'	Little; readability, readership	Formative; evaluative of attitudes	Formative; evaluative of understanding
Leading historical figures	P.T. Barnum	Ivy Lee	Edward L. Bernays	Bernays, educators, professional leaders
Where practised today	Sports, theatre, product promotion	Government, non-profit associations, business	Competitive business; agencies	Regulated business; agencies
Estimated percentage of organisations practising today	15	50	20	15

Grunig and Hunt's four models

James Grunig and Todd Hunt (1984) suggested a useful way of looking at PR history, by using four categories of communication relationship with publics, placed in a historical context (see Table 1.2). Grunig and Hunt used examples from US history. The following discussion also includes some UK illustrations.

Press agentry/publicity model

This is probably the kind of activity that most people associate with public relations. A press agent or publicist aims to secure coverage for a client, and truth is not an absolute requirement. This type of PR is most common in showbusiness – celebrity PR – where individuals are promoted through media coverage. Grunig and Hunt point out that 'practitioners in these organisations concern themselves most with getting attention in the media for their clients' (1984: 25). Understanding is not necessary for this kind of PR, which is likely to measure success in column inches or airtime. Press agents are the figures at the centre of any 'hype', and have also been derogatively called 'flacks' by journalists.

Past examples   Grunig and Hunt's example of this kind of PR is the American circus owner P.T. Barnum, who in the 1850s obtained massive coverage for his 'Greatest Show on Earth'. He coined the phrase 'there's no such thing as bad publicity' and used stunts such as the 'marriage' of circus stars Tom Thumb and Jenny Lind to gain massive media coverage. The theorist Daniel Boorstin called events like these 'pseudo events' – activities created solely for publicity purposes. However, he added:

> Contrary to popular belief, Barnum's great discovery was not how easy it is to deceive the public, but rather, how much the public enjoyed being deceived.
>
> (Boorstin, quoted in Harrison 1995: 15)

He also donated part of opening night proceeds to charity to gain bigger audiences, as well as giving away tickets to journalists to ensure they attended and reviewed his shows, techniques which are still used today.

Current examples   Barnum's obvious successor today is publicist Max Clifford, who has an astonishing reputation for securing front page coverage for his clients, though he also claims that much of his work is spent keeping them out of the papers. Both activities would be typical of press agentry, which is not always over-concerned with the factual accuracy of information provided. One of Clifford's most memorable coups must be the *Sun*'s front page headline 'Freddie Starr ate my hamster', which would certainly be covered by the Boorstin quote above.

   Another example might be publicity activity surrounding David and Victoria Beckham, which has been orchestrated by a number of public relations consultancies. Celebrity PR has increasingly influenced the news content of daily newspapers, as well as providing the material for a proliferation of magazines like *Hello!*, *Now!* and *OK!*

Public information model

This kind of communication provides information to people – where accuracy is now important, indeed essential. This model does not seek to persuade the audience or change attitudes. Its role is similar to that of an in-house journalist (Grunig and Hunt 1984),

releasing relevant information to those who need it. This practitioner may not know much about the audience, and tends to rely on one-way communication, from sender to receiver.

Past examples   Grunig and Hunt cite the work of Ivy Leadbetter Lee at the turn of the twentieth century. He was a business journalist who tried to obtain information about the highly secretive US industrial conglomerations that dominated the economy of the time. Lee felt that business secrecy was a poor policy and in 1904 he set up an agency, later declaring his principles to the press:

> This is not a secret press bureau. All our work is done in the open. We aim to supply news. This is not an advertising agency; if you think any of our matter properly ought to go to your business office, do not use it. Our matter is accurate. Further details on any subject treated will be supplied promptly, and any editor will be assisted most cheerfully in verifying directly any statement of fact. Upon enquiry, full information will be given to any editor concerning those on whose behalf the article is sent out.
>
> (quoted in Grunig and Hunt 1984: 33)

An early illustration of his principle in practice was his advice to a rail company to tell the truth about an accident instead of concealing it. The company's reputation for fairness increased and the value of public information was established. Lee also had a long-standing relationship with the Rockefeller family, beginning when he advised them on how to respond to the Ludlow Massacre at the Colorado Fuel and Iron Company plant and culminating in advice on how to counter their image as greedy capitalists by publicising the money they gave to charity. Lee's own reputation was destroyed in the 1930s when he tried to advise Nazi Germany on how to improve German–American relations.

Other examples   Public information functions were established in the UK from the nineteenth century. One of the earliest appointments in the field was the British Treasury spokesman appointed in 1809. The Post Office and local government also played pioneering roles in supplying regular and reliable information to the public, as their role and responsibilities expanded to reflect the social change through the late nineteenth century and early twentieth century (L'Etang 1998). In 1910 the Marconi Company set up a department to send out press releases about its advances in wireless telegraphy, and in 1911 the Insurance Commission undertook a public relations campaign to explain the benefits of the National Insurance Act (Wilcox *et al.* 2003: 32). Practitioners from local government also played a leading part in defining public relations, through articles in the 1920s and 1930s and, later, by setting up the Institute of Public Relations in 1948 (L'Etang 1998).

Current examples   Local and central government continue to practise public information communication. Press releases giving details of committee decisions, budget allocation, or movement of personnel are typical public information activities. In recent years, the shift from public to private sector utilities has placed a similar emphasis on the need to explain pricing policies to customers. Many large organisations have improved their 'transparency' – the availability of information to the public. Much of this has been improved – or driven – by improved technology via the internet.

Two-way asymmetric PR

This model introduces the idea of feedback or two-way communication. However, it is asymmetric or imbalanced because the intended change is in the audience's attitudes or behaviour rather than in the organisation's practices. It is also described as persuasive communication and can be demonstrated in health campaigns, for example.

Persuasive communication relies on an understanding of the attitudes and behaviour of the targeted publics, so planning and research are important to this kind of public relations.

Past examples   Persuasive communication was developed by pioneers like Edward L. Bernays, who came to prominence in the US Creel Committee, established to advise the US government during the First World War. Bernays described the power of their wartime propaganda:

> Intellectual and emotional bombardment aroused Americans to a pitch of enthusiasm. The bombardment came at people from all sides – advertisements, news, volunteer speakers, posters, schools, theatres; millions of homes displayed service flags. The war aims and ideals were continually projected to the eyes and ears of the populace.
>
> (quoted in Harrison 1995: 19)

The Committee persuaded the media to encourage Americans to save food and invest in Liberty Bonds, publicising Woodrow Wilson's War aims 'to make the world safe for democracy'. The American Red Cross co-operated with the Committee and enrolled more than 19 million members and raised more than $400 million (Wilcox *et al.* 2003: 40).

Bernays developed these ideas after the war, writing the first book on the subject, *Crystallising Public Opinion*, in 1923. The first sentence reads, 'In writing this book I have tried to set down the broad principles that govern the new profession of public relations.' He was invited to start the first PR education course at New York University in 1924 (ibid.: 43). Bernays' understanding of the psychology of persuasive communication may well have been influenced by his uncle Sigmund Freud and certainly drew on contemporary developments in social sciences. He consulted a psychoanalyst when he was hired to expand sales of Lucky Strike cigarettes, who told him that they could be seen as torches of freedom by women who wanted to be equal with men. Bernays persuaded ten debutantes to smoke while walking in New York's Easter parade (ibid.: 45). This 'stunt' had an immediate and dramatic effect on the sales of cigarettes to women, and shows how press agentry tactics can be used to persuasive or asymmetric ends. In 1929, General Electric hired Bernays to celebrate the fiftieth anniversary of Thomas Edison's invention of the light bulb. He arranged 'Light's Golden Jubilee', persuading many of the world's utilites to switch off their power all at the same time to commemorate Edison (ibid.: 46). His wife, Doris Fleischman, was an equal partner in their public relations firm and contributed to their many achievements in the field until her death in 1980. Bernays was the first PR academic and his influence continued throughout his long life (he died in 1995 aged 103).

Other examples   In Britain, PR was developing along similar lines. L'Etang (1998) describes the work of Sir Stephen Tallents, who helped create the Empire Marketing Board in 1924 to promote trade in Empire products. He spent over £1 million on campaigns involving posters, films and exhibitions. Tallents wrote *The Projection of England* (1932) which was influential in 'persuading British policy makers of the benefit

of a cultural propaganda policy and formed the blueprint of the British Council (1934)' (L'Etang 1998). Tallents went on to help found the Institute of Public Relations in 1948.

Tallents, like many contemporary public relations practitioners in the UK and USA, learned his communication skills in propaganda efforts in the two world wars. The line between persuasion and propaganda was not seen as a problem, as the quote above illustrates.

Current examples   Today propaganda is seen as undesirable and persuasion as suspicious – which partially accounts for the general distrust of public relations. Grunig argues that the asymmetrical model may be unethical as it is 'a way of getting what an organisation wants without changing its behaviour or without compromising' (1992: 39). But other academics, such as Miller (1989), describe public relations and persuasion as almost synonymous, because they both use symbols (texts or images) to attempt to control the environment. Miller states that if the persuadees are engaged in the symbolism they may persuade themselves to accept the message. The example of Bernays and cigarettes given above illustrates this point. L'Etang points out that the 'concept of free will is important in separating persuasion from its negative connotations of manipulation, coercion, "brainwashing" and propaganda' (L'Etang 1996c: 113).

Examples of positive persuasive communication might include public health campaigns, such as reducing smoking or encouraging safer driving habits. These campaigns depend on theories of social psychology and much audience research. It is easy to argue that while the organisation – in this case the government – clearly benefits from reduced health care costs and fewer motoring fatalities, the person changing his or her habits (the persuadee) also clearly benefits from a longer, healthier life.

Another timeless example is political campaigning at elections, where each candidate seeks to influence their constituents. However, the recent discussion of political 'spin' raises the possibility that tactics used legitimately in elections are now being used in government, instead of the more traditional public information approach. Perhaps it is not the practice that is new – Joseph Doane was appointed by the government as a 'Reporter to the Press' on behalf of George III to 'manage' press coverage of the monarch's madness (Boston 1996). But in recent years the media has paid more attention to the process by which political information reaches the public – very useful material for the student of public relations.

Persuasion is not, of course, confined to the public sector and two-way asymmetric public relations is probably the most widely used type of PR. Most businesses – indeed most public relations – today try to persuade key publics that their goods or services are reliable, safe, value for money and so on. Advertising is perhaps the most extreme version of this approach and some theorists (such as Noam Chomsky) say persuasion often slides into propaganda, because the benefits are largely enjoyed by the advertiser, not the consumer.

Two-way symmetric PR
This model is sometimes described as the 'ideal' of public relations. It describes a level of equality of communication not often found in real life, where each party is willing to alter their behaviour to accommodate the needs of the other.

While the other models are characterised by monologue-type communication, the symmetric model involves ideas of dialogue. It could lead an organisation's management to exchange views with other groups, possibly leading to both management and publics being influenced and adjusting their attitudes and behaviours. Communication

in this model is fully reciprocal and power relationships are balanced. The terms 'sender' and 'receiver' are not applicable in such a communication process, where the goal is mutual understanding (Windahl *et al.* 1992).

In both two-way models the public relations practitioner can act as a negotiator between the interests of the organisation and the interests of the particular public – what Grunig (1992: 9) calls 'boundary-spanning'. As mentioned earlier, L'Etang (1996b) has found a number of similarities between public relations and diplomacy, which are also relevant here. She contrasts the role of diplomat (two-way symmetry) with that of advocate (two-way asymmetry). It is the diplomacy role which aims to facilitate the 'mutual understanding' described above and contained in the definition of public relations provided by the IPR. Grunig and other theorists suggest that this model is the most ethical, because it creates an equality of exchange. Others, like L'Etang, point out that the public relations practitioner is never disinterested – there is always an employer or client – and, as organisations rarely act against their own interests, the communication is still asymmetrical (L'Etang 1996c).

Past examples   Grunig suggests that there are few examples of two-way symmetry in practice and that most of this approach is theoretical, as taught in universities rather than practised in the workplace. However, perhaps as a result of this trend in education, practice is changing.

Current examples   PR practitioners aim increasingly to be part of the decision-making process. The rise in strategic PR reflects the rise in awareness of the need to understand publics and anticipate and defuse potential problems. These days PR often involves persuading the organisation to change its practice in the face of public pressure. Supermarkets' response to public opposition to genetically modified foods (see the Marks & Spencer case study in Chapter 10) illustrates how an astute PR awareness of public concern can create opportunities for organisations willing to change their behaviour. The growth in focus groups and market research to ascertain public opinion on a wide range of political as well as consumer issues could illustrate growth in two-way symmetric PR. New Labour has enthusiastically sought to use a range of market research techniques to influence policy making. However, genuine two-way symmetry can occur only where both parties have equal power to influence the other – and it is worth remembering that this is the rarest form of PR.

It is important to note that these models do not reflect the 'real' world. They are not placed in chronological order and they do not exist in isolation. Grunig and Grunig (1989) point out that more than one model is usually used in organisations and 'organisations may use different models as strategies for dealing with different publics or different public relations problems'.

As this chapter has shown, there are many arguments against the ideas put forward by Grunig and Hunt's four models, but they do help us to understand different kinds of public relations in theory and in practice.

Questions for discussion

1   How would you fit the following examples of public relations into Grunig's and Hunt's four models:

   a)   Campaign to reduce teenage pregnancy.
   b)   Launch of a new car.

c) Leaflet giving details of new bank charges.

d) Invitation to discuss plans for new supermarket.

2 Grunig and Hunt say that two-way symmetric communication is the ideal model. Do you think this is possible? Is persuasion a dirty word?

3 Why do you think public relations is so difficult to define? Which of the existing definitions seems most useful to you?

4 The launch of a Hollywood children's movie might involve: billboard posters; images on packets of crisps, sweets and lunchboxes; the organisation of a premiere in the West End of London; guest appearances by stars on children's TV shows; and articles about the use of special effects in film or general media. Which of these are public relations? What are the others?

5 How does public relations' history help explain the reputation of the industry today? What do you think would improve the standing of public relations in society?

Note: Thanks to Alison Theaker for her contributions to this chapter.

2 Public relations and communications

Johanna Fawkes

Chapter aims

The previous chapter demonstrates that history is full of professional communicators – whether on behalf of kings or circuses. The four models suggest different approaches to communication – one-way and two-way – that reflect the relationship between the communicating parties. This chapter looks at different ways of describing the communication process, introduces some ideas about the psychology of communication and examines the role of the media in communicating to and between organisations and individuals in society. Topics covered include a definition of communication and its core concepts, a history of communication models and the effects of the mass media.

What is communication?

It is impossible not to communicate – you don't need words, grammar or syntax. Humans communicate before and after they can use language by using sounds and gestures. Babies yell at different frequencies depending on whether they are hungry, frustrated or have a full nappy. Usually their carer can tell the difference. Later, on holidays, people point and smile and nod at strangers and, usually, find the beach, bank or souvenir shop.

All you need to communicate is someone else. 'It takes two to speak,' said Thoreau, 'one to speak and another to hear.'

Communication seems so simple until we begin to examine it. Then all sorts of terms and concepts creep into the conversation. Even the definitions add to the confusion: Windahl and Signitzer (1992) point out that there are two main traditions in defining communication – the one-way transmission model and the two-way exchange concept. They quote Theodorsen and Theodorsen (1992: 6) who define communication as 'the transmission of information, ideas, attitudes, or emotion from one person or group to another (or others) primarily through symbols'. The Shannon–Weaver model of communication illustrates this approach (see p. 21). In contrast, Rogers and Kincaid define communication as 'a process in which the participants create and share information with one another in order to reach a mutual understanding' (quoted in Windahl and

Signitzer 1992: 6). This is quite close to Grunig's two-way symmetric model examined in the last chapter. Before looking at more models it's worth clarifying a few terms.

Levels of communication

Berger (1995) identifies four levels of communication: intrapersonal (thoughts), interpersonal (conversations), small group communication (like a lecture) and mass communication. He points out that 'talking to oneself' uses the neurological/chemical apparatus of the brain as the channel of communication; talking to another or others uses the airwaves to carry the verbal message, as well as non-verbal communication, like body language, facial expression and so on. Mass media communication uses print, broadcast or phone wires to communicate with a wide range of geographically scattered people.

Core concepts of communication

Burgoon *et al.* (1994) suggest that *intent* is a key concept – where both source and receiver know that communication is occurring. This excludes all the accidents of overhearing or instances where the television is on, but the room is empty.

Meaning is also crucial: without a shared understanding of the meaning of words and symbols, communication is at best limited, at worst impossible. Imagine driving in a country where a red traffic light meant 'go'. The discussion on semiotics (p. 25) and Chapter 7 on corporate identity help explain these issues.

Another issue is *noise*, which is interference between elements in a communication, and can mean technical interference (like static on the line), semantic interference (where the meaning is unclear) and psychological interference (where the receiver is unable to understand the message because of their own state of mind or personality). Shannon and Weaver's model looks at noise.

Feedback is also an important concept. It is what makes the difference between one-way communication, where the sender has no knowledge – or possibly interest – in the receiver's response, and two-way communication, where the receiver can comment or even alter events by responding to a message. Berlo (1960), writing about feedback, said, 'How can anyone know that a communication has taken place unless there is a response from the receiver?'

Finally we must consider the concept of *mediation* – the means by which the communication is transmitted, whether in person, by language or gesture, or via another medium, print or broadcast.

Unmediated communication means any two-way contact that does not pass through a channel or medium. This can be one-to-one (a conversation), one-to-many (a speech), or even many-to-one (a protest). It's worth pointing out that even direct communication between individuals contains a number of variables such as: voice, body language, proximity and facial expression.

Mediated communication adds a channel – a means of transmitting the message. This could still be one-to-one, like a telephone conversation. Or it could be one-to-many, like a radio broadcast. The kind of channel used and its technical efficiency will affect the message (see the section on 'noise' on p. 21), for example talking on your mobile as you enter a railway tunnel will reduce the efficacy of the message. The internet and the World Wide Web provide a wholly new possibility – many-to-many communication using newsgroups to talk to newsgroups.

Fiske (1990) distinguishes between presentational and representational media. The presentational media are those which are not mediated, such as voice, body language and facial expressions. They require the presence of both the communicator and the receiver to create *acts* of communication. Representational media may include these elements but the communicator does not need to be actually present. This would include television interviews for example, but could also include paintings, photographs, books, even gardens and buildings – anything, in fact, that makes a statement or 'text' but does not require its creator to be present for a 'reading' to be taken. Fiske calls these *works* of communication. He also examines the 'mechanical' media of television, radio and telephone and points out the extra technical requirements of these media. Other theorists would describe technical issues as relating to channels not media, but they are often used to mean the same thing.

The media most relevant to public relations are the *mass media* – newspapers and magazines, radio and television and, increasingly, the internet (but see p. 24). These media allow communicators to reach at low cost (compared to contacting them individually) large numbers of people who have already chosen to purchase or consume that paper or magazine or programme. The audience may be vast, like the readership of a national newspaper, or quite small, like a magazine's subscribers.

To reach these audiences via the mass media involves having your message selected for inclusion by journalists according to formal or informal ideas of what they think the reader or viewer wants, sometimes called news values. The journalist takes on a 'gatekeeper' role, deciding what does and does not get forwarded to the medium's users. Of course, advertisers can reach the same audiences without going through this 'gate', but they lose credibility or third-party endorsement in the process.

Most public relations communication is mediated, though it is worth remembering that public relations also uses direct media, such as exhibitions, leaflets or corporate videos, where the content is wholly controlled by the sender. Interestingly, the internet allows both kinds of communication. Some sites are run by media organisations where inclusion is controlled by journalists, such as the *Guardian*'s www.newsunlimited sites or BBC Online. But websites, chatrooms and newsgroups allow direct communication with interested parties – and, of course, between them.

The communication models discussed below help explain these developments.

A brief history of communication models

Aristotle (384–322 BC) is often cited as the first authority on communication. His works on rhetoric – the art of influencing others through the spoken word – developed with the growth of democracy in Ancient Greece and are still highly influential. Many political speeches depend on the techniques he advocated, such as the use of repetition in Tony Blair's 'education, education, education' speech. Aristotle believed communication consisted of three elements:

- *ethos* – the nature or qualities of the communicator
- *logos* – the nature, structure and content of the message
- *pathos* – the nature, feelings and thoughts of the receiver or audience.

More recently, in 1948, political scientist Harold Laswell created a formula to describe the communication process:

- who says
- what
- to whom
- with what
- effect?

This has been very influential, and reflects interest at that time in the power of propaganda. But it assumes that communication will always have an effect and suggests that communication is always persuasive. In this model, the communicator or sender decides what and how to communicate and the receiver just waits to be affected – an approach that is now considered very limited (McQuail and Windahl 1993).

Claude Shannon, a mathematician, created a representation of Laswell's formula as a linear, mathematical equation in 1949. He and his partner Warren Weaver worked for Bell Telephones and their interest was driven by the technical requirements of a medium. They introduced the crucial concept of interference in communication, which they called 'noise'. Interference might occur in the handset of the speaker or receiver, or in the lines connecting them. As a result, the message could be distorted and misunderstood. The same principle could be translated to different media, for example radio static, poor TV reception, small print, blurred photographs. Noise was later expanded to include daydreaming, physical discomfort or other kinds of distraction. It was an important reminder that communication sent is not always – if ever – the same as communication received.

A simple communication model will include a source or sender who selects information (encodes) to create a message that will be transmitted by a channel to a receiver who selects a meaning from the message (decodes) and responds with action or no action (feedback). Harrison's adaptation of the Shannon and Weaver model demonstrates this clearly (Figure 2.1). This model has some useful elements for public relations, particularly regarding the concepts of noise and the role of feedback. Fiske (1990: 8) describes noise as 'anything that is added to the signal between transmission and reception that is not intended by the source'. Shannon and Weaver were most concerned with engineering noise, such as physical interference on the phone line, which might affect the message. The modern equivalent of physical noise might be the interruption of a mobile phone conversation while the train goes through a tunnel. Shannon and Weaver added the concept of semantic noise, to cover the wider range of possible interference between
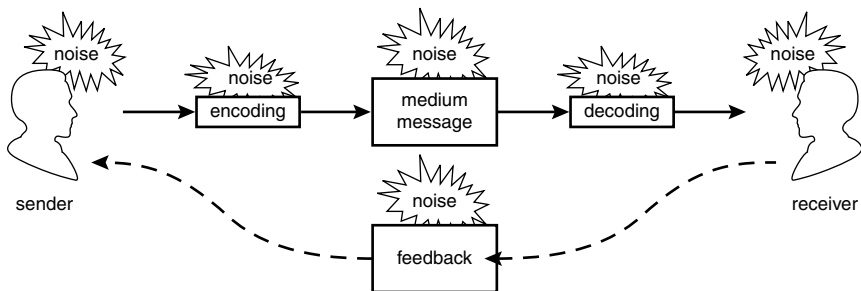

Figure 2.1   Harrison's adaptation of Shannon and Weaver's model

Source: Harrison 1995: 30, Figure 3.1. Used by permission of Thompson Learning

a sender and receiver of a message, such as the receiver's physical discomfort, or distracting thoughts. The point is that the person you are speaking to may not receive the message you intended to transmit. So, how can you tell? This is where feedback comes in.

When two people are in conversation, the speaker is free to adjust his or her tone, speed, language, emphasis and so on, according to questions, nods, smiles and other responses from the listener. Indeed, if something is not understood, it can quickly be made clear. The source and receiver are in a constant feedback and adjustment loop. This feedback element is crucial to effective public relations – we need to know if the message was received, how it was understood and what actions or changes in attitude or behaviour have followed receipt of the message. Feedback is what tells the practitioner that his or her sense of humour or wit has backfired or, more simply, that the language is too complex for a particular audience.

However, this still presents two problems. First, it is linear: feedback is not the same thing as equal participation in the communication, and second, it is hard to place the mass media comfortably in this model. The Osgood–Schramm model (Figure 2.2) suggests a more equal model of communication while the Westley–Mclean model describes the role of the mass media in communication.

Osgood and Schramm were central to the development of the second approach suggested by Rogers and Kincaid, which was discussed earlier in the chapter when we looked at contrasting concepts of communication. In 1954, they created a circular model, which showed that the receiver as well as the sender is engaged in a continuous and active act of communication. Each party has to interpret the message and shape a response before sending it out or back. Schramm added,

> In fact it is misleading to think of the communication process as starting somewhere and ending somewhere. It is really endless. We are really switchboard centres handling and rerouting the great endless current of information.
>
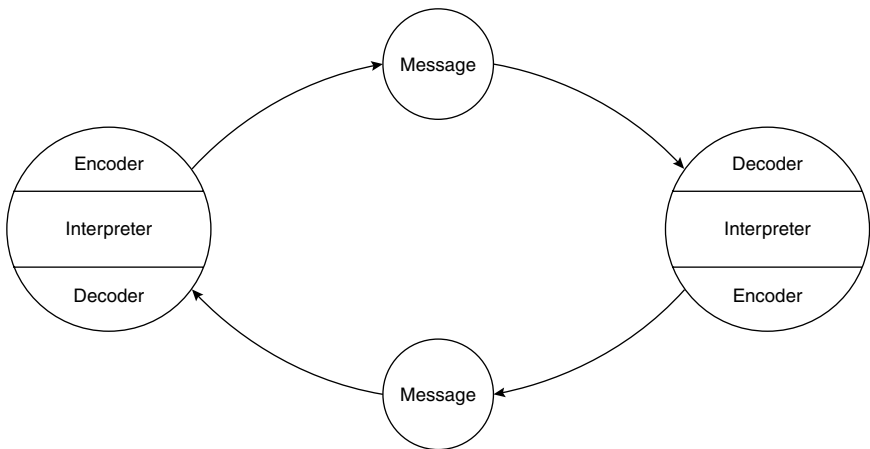> (quoted in McQuail and Windahl 1993: 20)

Figure 2.2   The Osgood–Schramm model of communication

Source: McQuail and Windahl 1993: 19, Figure 2.2.3. Used by permission of Longman
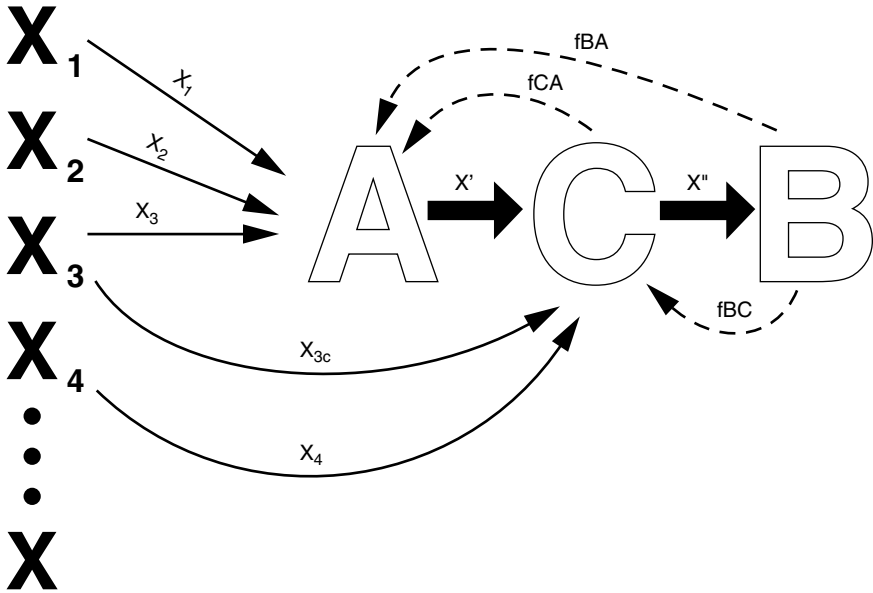
Figure 2.3   The Westley–McLean model of communication

Source: Windahl *et al.* 1992: 121, Figure 11.1. Reprinted by permission of Sage Publications Ltd

This more equal communication relationship was continued in the work of McLeod and Chaffee whose co-orientation models (1973) influenced much of Grunig's thinking on two-way communication.

The second problem with the linear models, which also applies to Osgood and Schramm, is that they do not include a mass media role. Feedback in mass media communications is quite different from personal or group communications. There may be letters to the editor, of course, but often the effect of a communication is very hard to measure. By far the most useful model from this period is the Westley–McLean model of 1957 (Figure 2.3) because it is the first to address the role of the mass media in communication.

Westley and McLean introduce the role of the gatekeeper or channel (C) into the communication flow between (A), which is similar to a source, and (B), which is similar to a receiver. However, they elaborate these roles so that (A) becomes the advocate, the 'purposive role', and (B), the individual or group public, is deemed to have a 'behavioural role'. This model also shows events in the environment (X) and the response of all the players to those events. It is the first to describe the role of the public relations professional so clearly. (A) has to gather relevant information from the internal and external environment and create an appropriate message (X′) to pass through the channel (C) or gatekeeper who may alter it (X″) before it can reach the public (individual or group) over whose behaviour (B) influence is sought. The model reminds the PR that the journalist or gatekeeper has access to more information (X_{3c}) than their press releases. The model also describes the complexity of feedback in mass media communication with feedback loops running between the PR and the journalist, the PR and the public, and the public and the journalist, though the feedback via mass media is delayed.

It is worth noting that the internet is reducing the gatekeeper role of the journalist, as organisations can post whatever materials they choose on their own website, and create direct links with their key audiences. Likewise, the behaviour group (B) is no longer dependent on the mass media for information and can access the events in the environment directly. (B) can also contact other members of the audience and exchange communication without contact with (A) or (C).

The Westley–McLean model has proved a valuable starting point for examining the process of communication, but the emphasis is still on how the sender constructs the message. There are other theorists who see the process and the actions of the sender as quite irrelevant. They emphasise the role of the audience or receiver in constructing meaning.

Communication as meaning

Semiotics is a vast field of study, pioneered by academics like C.S. Peirce (1931–5) and F. de Saussure (1915), originating in the study of language and using theories of signs and symbols that have been adopted and adapted by other communication academics, such as reception theorists. Semiotics cannot be fully explored here, but it is worth pointing out a few elements from this approach which are relevant to students of public relations. The first is that such theorists are not interested in sources, or where messages come from – only in how meaning is created in the mind of the receiver. It argues that audiences 'decode' images and words according to their own personal, cultural or social terms of reference to obtain their own meaning of a message.

All communication is constructed of signs, made of words and gestures. While gestures for food or sleep might be universal, the words are not. Semiotics breaks signs into the thing itself (for example what you eat), the sign for it (the letters F–O–O–D, which are, of course, inedible and which change from language to language) and the meaning you associate with that sign (food means different things to the starving and the bulimic reader). It investigates the gaps between what is intended – or encoded – by the source, and what is understood – or decoded – by the receiver. Unlike some of the earlier models in this chapter, semiotics does not make a distinction between the encoder and decoder of the sign. The issue is not whether the person using or interpreting the sign is a speaker, listener, writer or reader. 'Decoding is as active and creative as encoding', according to Fiske (1990: 42).

Fiske describes semiotics as consisting of a) the sign itself; b) the codes or systems into which signs are organised; and c) the culture in which these codes and signs operate. As suggested above, Saussure proposed that a sign consists of the physical reality of a thing (the signifier) and the mental concept the decoder holds of the thing (the signified). He also suggested the signified is distinguished by what it is not as much as what it is, for example a boy is a Not-man and a Not-girl. The arrangements of meanings gathered in this way can be called codes or systems and reflect the values and culture of the decoder. A brief reflection on the changing meaning of the 'teenager' through the twentieth century illustrates that the meaning refers to much more than the age of a person. Moreover, the Western version of a teenager cannot be assumed to be universal – many cultures do not have the same attitudes, positive or negative, towards young people. Roland Barthes' *Mythologies* (1972) is an extremely readable exploration of these issues, often using advertisements to start a discussion of the meaning of images.

In semiotics, meanings can be described as:

1 *Denotative* – what the word means in the dictionary sense, for example 'chair: a piece of furniture for sitting on'.
2 *Connotative* – the images or associations created in the mind of the receiver, for example 'school' can evoke the happiest days of your life, or an eternity of terror and boredom.
3 *Ambiguous* – where the same word means different things in a given language, for example 'bear' can be a noun describing a woolly beast or a verb meaning to carry. Puns and poems depend on ambiguity for their effect.
4 *Polysemic* – where readers/viewers can derive different meanings from the same set of information – pictures or text. This builds on the different connotations people bring to a message, but reflects the wider social context of a message, not just the subjective response. For example, an image of a woman in a swimming costume may represent different meanings to people of different cultures or different political and ideological views.

Semiotics is useful for public relations practitioners because it makes us think about how people use the information – text, image, sound, colour – to construct their own versions of our message. It also emphasises the role of culture in conferring meaning – and reminds the communicator not to assume that others share their values and attitudes. Public relations practitioners need to be aware of the varying reactions people can have to the same word or image. Failure to do so can lead to misunderstanding or even offence.

The study of signs and codes has also influenced the study of the media and their effects. There are two schools of theory which reflect this work – media content analysis and reception theory. The first involves a painstaking analysis of the use of language and images in media output over a period of time, originally by hand, increasingly by computer. Searching for particular words in newspapers or broadcasts can help reveal how the media can use language to construct a version of reality. For example, Miller *et al.* (1998) looked at national UK TV news and press reporting of AIDS between November 1988 and April 1990 to understand how HIV/AIDS was being discussed at that time. However, to understand how the discussion was being received or valued by the media audiences, they needed to investigate the reception of the messages: 'it is impossible to determine how people will understand or interpret a text simply by analysing the *content*; it is necessary to examine the *responses* of actual audiences' (Miller *et al.* 1998: 10).

Discourse analysis is linked to these approaches, in that it looks beneath the text and image to discover what is really being communicated, and also grows out of semiotics. It also looks at the complex social rules that are followed when two or more people are in conversation. It suggests that all human communication whether in person or via the media can be seen as narrative (van Dijk 1983: 85, cited in McQuail 2000: 346), part of the story we tell about ourselves and about the world. The different 'stories' about HIV/AIDS in the past two decades and in different countries, cultures, gender and sexual orientation groups will be reflected in the media coverage and personal discussion. Again, the subjective experience of reality is emphasised.

Discourse analysis also supports media content analysis, by stressing that media output is the result of social, historical and institutional structures, which produce formal discourses, or ways of discussing issues. Particular news reports can also be studied –

it is interesting to note that journalists talk about a good 'story'. The theory certainly suggests that news is structured to follow a clear narrative order, with beginning, middle and end – and, preferably, heroes and villains.

Uses and gratifications approach

The importance of audiences is also central to Blumler and Katz's uses and gratifications approach. This suggests that people are active seekers of information who choose to read or watch particular magazines or programmes because they expect that medium to supply them with a particular need. McQuail *et al.* (1972) identify these needs as falling into four main categories:

1 *Diversion* – escape from routine or personal problems.
2 *Personal relationships* – such as companionship.
3 *Personal identity* – which might include a fanzine or other entertainment aimed at their age group.
4 *Surveillance* – which means finding out about the world.

Further motivations were suggested by McGuire, who added that needs could be 'cognitive' (searching for knowledge) or 'affective' (looking for emotional rewards); that audiences could be 'active' or 'passive' consumers of media; that they might be driven by 'internal' or 'external' goals; and that they may be seeking 'growth' or 'stability' (McQuail 2000: 388).

The public relations practitioner needs to understand the complex and different ways in which people use each medium – and to remember that people haven't bought a magazine or turned on the TV just to hear the message the PR wants to put across. Instead the practitioner can use this approach to think about the state of mind of the media user and try to match the medium and the message to meet their needs.

The psychology of communication

This chapter has looked at the role of the sender as outlined in the Westley–McLean model, the meaning of the message as explained by semiotics, and the motivations of the receiver through the uses and gratifications approach. The German scholar Maletzke provides an overview of the whole communication process, combining all these elements (Figure 2.4).

There are many useful points for public relations practitioners in this model, such as the role played in communication by the communicator's personality, the social context, the working environment and other pressures. Likewise, the receiver is placed in a social context, subject to his or her own environmental pressures. It makes the processes of encoding and decoding quite detailed and explicit. Maletzke suggests that the medium is surrounded by a series of pressures or constraints. From the communicator's perspective there are choices to be made – how to shape the message and prepare it for the journalist, for example. The medium itself has constraints – material prepared for broadcast is different from material prepared for press. The fact that the communication is public also brings restraints. These can all affect the selection and structuring of content and might also cover awareness of such elements as the legal aspects of the medium and relevant news values.

The communicator's self-image

The communicator's personality structure

The communicator's working 'team'

The communicator's social environment

Pressure and constraints caused by the public character of the media content

Selection and structuring of content

Pressure or constraint from the message

Pressure or constraint from medium

The communicator's image of the receiver

The receiver's image of communicator

Spontaneous feedback from the receiver

Selection from media content

Effect, experience of content

Pressure or constraint from the medium

The receiver's image of the medium

M e d i u m

The receiver's self-image

The receiver's personality structure

The receiver as a member of the audience

The receiver's social environment
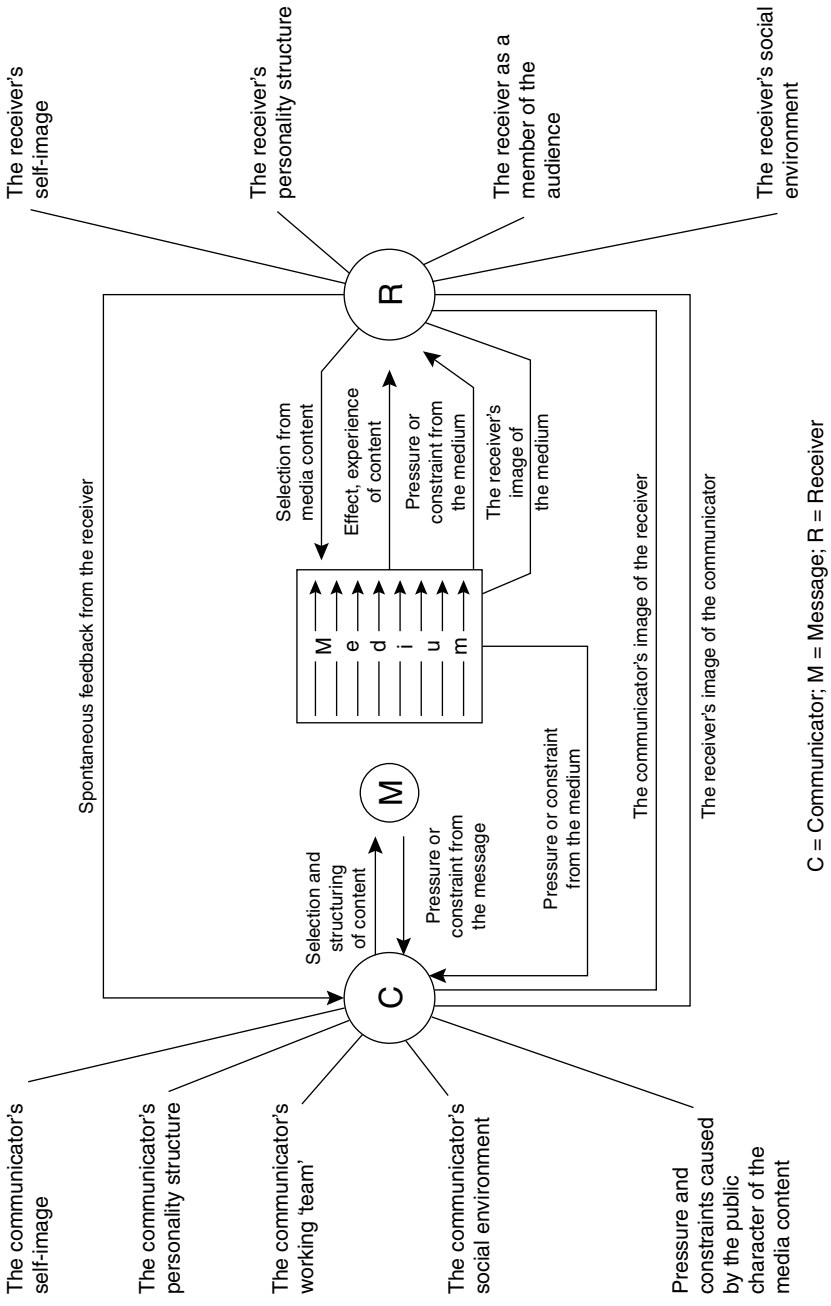
C = Communicator; M = Message; R = Receiver

Figure 2.4 The Maletzke model

Source: Windahl *et al.* 1992: 126, Figure 11.2. Reprinted by permission of Sage Publications Ltd

The receiver is also placed in their own context – their 'reading' will be affected by their self-image, personality, social environment and membership of the media audience. Each medium has its own characteristics that affect the way the receiver experiences the content, from the feel of a newspaper to shared viewing at a cinema. Different attitudes to the internet illustrate this point: there are those who logged on years ago, enthusiastically navigating their way through cyberspace, while others hesitate, scared of the mouse.

Mass media effects

One of the longest running disputes in communication and media theory is the question of how much the media influence their audiences and how persuasive communication can be. Some academics study the psychology of individuals to understand different responses to messages such as advertisements or health campaigns. Other academics study the connections between violence on television and violence in society. There are those who argue that the media have a powerful role to play in shaping public opinion, and others who say it is actually very hard to persuade others, especially via the mass media. This section cannot cover all of these debates but looks at some of the issues most relevant to the student of public relations.

Early theories of media effects evolved between the two world wars and were heavily influenced by the Nazi use of new media such as cinema as propaganda. The Frankfurt School of academics who fled Nazi Germany in the early 1930s carried overwhelming fears that mass media would generate mass effects and that whoever controlled the media would control their society. Their view is sometimes described as the 'hypodermic model', suggesting that audiences are passive and react in a uniform manner to a media message. But US social scientists (especially the Yale School) after the Second World War – also concerned about the power of propaganda – conducted extensive research into voter behaviour which suggested that people are actually more likely to be influenced by their friends and neighbours or other 'opinion formers' than the papers they read. This was called the 'two-step flow' theory and was developed by Katz and Lazerfield (1955) (Figure 2.5).

This idea dominated discussion of the media and communication effects and stimulated more research into the psychology of individuals and how people respond to messages. Questions of attitude formation and change, beliefs, values and opinions were investigated as part of the research into persuasive communication. However, in the 1970s, some academics (including the Birmingham School) returned to the ideas of the Frankfurt School and re-examined them. They looked at the effect of the media on society and on class and found that the media tended to support the interests of capitalism (and its owners, of course). Researchers found negative media images of working people, women, ethnic minorities and others with less power in society. At this time ideas such as 'agenda-setting' were developed, where journalists select what is important to publish according to their implicit or explicit views of society. Unlike the Frankfurt School or the Yale School, this group looked at effects on society as a whole, rather than on individuals. Their more subtle description of effects has gained continuing currency, while questions of effect on individuals – such as those exposed to violence – is still unclear.
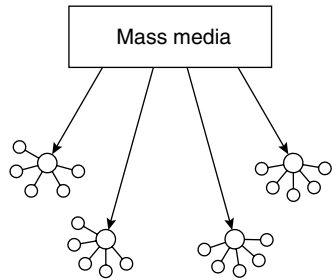
The influence of semiotics gave rise to the reception theory of media effects, where meaning is 'constructed' in the reader or viewer (see above). Stuart Hall (1980), a leading

Early mass communication model   Two-step flow model
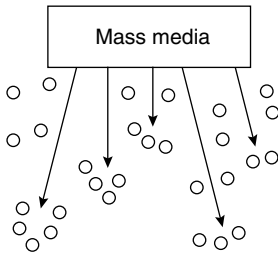
Figure 2.5   The one-step and two-step flow models

member of the Birmingham School, proposed that the media create 'preferred readings' which suggest how reality should be seen. In 2003, many media commentators expressed alarm at the partisan language and images with which US TV reported the Iraqi War. There was no doubt about how the audience was meant to respond (see also spiral of silence, below). Other theorists rejected the idea that the media promotes a particular point of view, but suggested that there might be a more neutral 'agenda-setting' effect, whereby media reporting does not influence what people think, but what they think *about*. It is certainly true that different issues dominate media debates over the longer term, so that coverage of topics like education or health will fluctuate considerably over a decade. But the question still remains – if the media select the topics readers talk about, who sets *their* agenda?

Others have looked at the way the media, especially television, 'constructs reality' through its use of images. Readers of the *Daily Mail* and the *Guardian*, for example, would have very different ideas about the effects and indeed the extent of asylum seekers in the UK. The way the journalist, the media organisation and the reader 'frame' such stories may affect the way these issues are discussed by individuals, the media and politicians. Where one reading or frame comes to dominate the way the media handles a story, readers/viewers with dissenting opinions may find no reflection of their views in the mass media. According to public opinion theorist Noelle-Neumann (1991, quoted in McQuail 2000: 461), because society tends to isolate those with different or 'deviant' views, and because most people fear social isolation, when a person fears their views are not shared by others they are less likely to express their opinions. This has been called the 'spiral of silence' effect: dominant views gain strength; minority views fall silent. Some US residents who did not support the 2003 war turned to the BBC World TV for their sources of information. This illustrates the power the media may accrue where the audience have little information about a subject and are highly dependent on the media for information.

Audiences are not the only groups with problems accessing alternative information. The increased deadlines and reduced resources of media organisations, which often produce material round the clock or in many more editions, can in turn make journalists highly dependent on public relations departments. PR people provide a ready supply of material to fill the ever-increasing hours of airtime and acres of newsprint, whether the subject is the latest war or celebrity, and journalists do not always challenge these sources. The management of news by public relations is often called 'spin' but is not confined to the political arena. Access to the Beckhams is probably more controlled than that of senior government ministers. Many movie stars only agree to interviews if the list of questions is agreed in advance and no awkward issues are raised.

It is worth noting McQuail's (2000: 348) reversal of the traditional news sequence. He says the journalistic view is that (1) events are matched against (2) news criteria which, if satisfied, underpin (3) a news report which generates (4) news interest. He suggests instead that (1) news interest influences (2) news criteria, which lead to (3) events, which are covered in (4) news reports. This perhaps provides a more accurate description of celebrity-driven media and shows how public relations may be involved in creating the (3) events which are covered.

The various theories suggest that the media do have a profound influence but it is not a simple case of cause and effect. Often the most attractive theories are not supported by research evidence (McQuail 2000). However, many public relations practitioners still behave as if the stimulus–response/message–effect links are unchallenged (Windahl *et al.* 1992). These communicators have not moved on from the linear model and tend to be engaged in publicity or other one-way communications. It is, after all, hard to explain that your campaign may not work because the theories about the effects of communication are unclear. Better to suggest that as long as people receive the message, they're bound to fall in with it. However, as health campaigners have found over the decades, the reality is very different.

Professional communicators need to be aware of the potential for good and harm contained in their messages – an example is the debate about the effect of the use of very thin models on the rate of eating disorders in young girls. Clearly, those who argue for control of images are not saying that one fashion spread can make a healthy girl ill, but they are saying that through general representations of 'desirable' women, girls and young women receive an impression of an 'ideal' body weight that is actually distorted.

The concepts and theories explored in this chapter suggest ways of looking at communication and at the mass media. Many 'how to' PR books suggest communication is easy; the reality is that it is complicated and involves not only the personalities of the sender and the receiver, the particular requirements of each medium, the public nature of the messages, but also the power to influence, directly or indirectly, society as a whole. Public relations can be a powerful agent – handle it with care.

Questions for discussion
....

1   How helpful are communications models in understanding the media? Which one best explains the role of public relations in mass communications?

2   Are the media a powerful influence on society or just another source of information? Is the influence direct or indirect?

3   Can you use the Maletzke model to illustrate the different stages of a 'Don't drink and drive' campaign? What role do personalities play in the creation and reception of communication?

4   How does the growth of the internet affect these communication models? In particular, look at its impact on the gatekeeper role in the Westley–McLean model and the idea of feedback in linear models.

5   What is the key difference in the role of the audience between Shannon and Weaver and the Uses and Gratifications approach?

3 Public relations, politics and the media

Ian Somerville

Chapter aims

This chapter focuses on an increasingly important phenomenon in contemporary democratic societies, namely, the intersection of politics, public relations and the media. The growth of the use of specialist media managers by politicians, and in particular by governments, is a feature of most Western democratic societies where the presentation of policies and personalities in a media-saturated age is viewed as a key way to attain and maintain political power. The importance of good presentation is hardly a radical new idea in politics but the increasing reliance on 'buying in' expertise in this vital area has been controversial, to say the least.

Introduction

> 'The end of Labour's spin cycle?'
> (*The Times*, 30 August 2003)

> 'Exit the spinmeister'
> (*Independent*, 30 August 2003)

The headlines above refer to the recent resignation of Alastair Campbell, the 'real Deputy Prime Minister' (*Guardian*, 29 August 2003) and British Prime Minister Tony Blair's most trusted adviser over a ten-year period during which Blair went from being leader of the opposition to the only Labour prime minister to win two successive elections. Campbell's significance will be examined later in this chapter. For now it is enough to note that the kind of media story, indicated by the headlines from *The Times* and the *Independent*, is part of a pattern. In fact, it seems that almost every week public relations is pilloried for its role in contaminating and corrupting the political process in Britain. Spin doctoring, negative campaigning and the pernicious influence of lobbyists are all highlighted as examples of how public relations has degraded the political process. There are frequent calls to return to a type of political activity where somewhat dubious persuasive tactics had no place. Headlines in the press like those quoted above are nothing new and periodically there are obituaries vis-à-vis 'spin'; for example, 'Blair ally: we must end spin' (*Observer*, 16 June 2002), 'Prescott bins the

spin for real policies' (*Independent*, 30 December 1998).[1] This presumption, frequently asserted by the media and politicians, implying a tainting effect of public relations on British political culture, should be questioned. Indeed, it could be argued, the media, politicians and public relations specialists are increasingly bound together in a relationship that the media and politicians find more beneficial than they care to admit.

Any discussion of the role of public relations within the political sphere naturally falls into two sections: the use of public relations practices by government and the use of public relations practices by non-governmental actors, or lobbyists, in the political process. This chapter will discuss the role of political public relations in Western democracies with a particular focus on governmental bodies within the United Kingdom. A later chapter in this book (Chapter 8) will discuss lobbying. The first three sections of this chapter will assess the increasing importance of public relations specialists in government communications in Britain and will focus particularly on several forms of media management and information management techniques employed by government public relations practitioners. As noted above, there will be a discussion of the recent case of Tony Blair's chief adviser, Alastair Campbell, as an illustrative example of the kind of controversy this activity generates. The issue of the interdependence of public relations and the media will also be assessed in regard to how this affects the political process in the British state. The penultimate section in the chapter will discuss recent attempts to develop a 'Grunigian' model of government public relations. An important recent constitutional development in the UK is the establishment of the devolved structures. The final section of this chapter will focus on the Scottish parliament and whether or not the communication processes surrounding this institution (with the stated aims of *accessibility* and *accountability*) offer an alternative to the existing political culture in Britain.

Government public relations in democratic societies

Whilst the government's 'management' of the media on a day-to-day basis is the focus of this chapter, it is self-evident that political parties must win elections to take or maintain power. So, while this chapter will not discuss electioneering in detail, it is worth noting that it is in relation to election contests that the changing nature of communicative activity surrounding democratic politics is sometimes thrown into sharpest relief. The 'buying in' of media management and promotional expertise is increasingly a feature of contemporary political campaigns around the world. Several recent studies of political communication during election campaigns have highlighted similar themes with regard to the role of public relations and political advertising.

> For Boris Yeltsin's referendum campaign, Saatchi and Saatchi were invited by . . . Yeltsin's pollsters, to accompany Gallup Poll and Matrix Public Relations on a research study among Russian voters. We were then asked to present recommendations to help Yeltsin.
>
> (Hilton 1993: 24, quoted in Negrine 1996: 146)

> The victory of Ernest 'the bull' Pérez Balladares in the Panamanian presidential elections . . . marks the second time in a fortnight that Saatchi and Saatchi has won an election in central America.
>
> (Gunson 1994: 11, quoted in Negrine 1996: 146)

It is not just in the West that public relations is credited with a central role in the capturing and maintaining of political power. From political cultures as different as Russia and Central America it would appear that it is not ideas or personalities which win elections but Anglo-American advertising and public relations companies. Saatchi and Saatchi is, in a British context, most famous for its political advertising campaigns on behalf of Margaret Thatcher's Conservative government but it is important to remember that the company was also significantly involved in the related area of public relations.

While the role of public relations in election campaigns is not central to the present discussion, it should be recognised that the expansion of the role of the public relations specialist in elections is part of a wider trend. This is reflected in the expansion of the role of public relations specialists in the day-to-day relationship between the media and the government. British politicians, and especially the government, are, in many ways, at the heart of the news machine and television news, in particular, feeds us a constant daily diet of stories about Westminster, Whitehall and the devolved parliaments. Knight and Curtis (1987: 49) note that 'News prioritises the state and its agents, treating even minor state activities as inherently newsworthy, viewing agents of the state as "reliable" sources and as interesting speakers and portraying the visible aspects of relations among states'. Why is there this willingness by news organisations, particularly television news broadcasts, to devote so much time to political news stories? To a great extent the answer to this question lies in the success of 'political public relations' (McNair 1994) and more specifically to the success recent British governments have had in *media management* and *information management*.[2] The two processes are, of course, intimately related but for the purposes of the ensuing discussion they will be discussed as separate activities.

Media management
....

The relationship between politicians and the media, and more importantly between the government and the media, will obviously involve a struggle between what are apparently two different sets of interests. The journalist is supposed to be attempting to seek out and present the facts, while the politician will want to ensure that a news story reflects the 'message' that he or she wishes to convey. There is nothing particularly new in the attempt of the political elites to try to control media representations, as is revealed in various accounts of the development and growth of political public relations from the early years of the twentieth century onwards (Pearson 1992; McNair 1994; L'Etang 1999).[3] However, this discussion will focus on the role of public relations over the past two decades in Britain, a period which witnessed a rapid transformation in the role and status of public relations within political culture. This expansion of public relations activity has, unsurprisingly, been accompanied by an increasing reliance upon media management strategies. Some commentators (Franklin 1994; McNair 1994, 1998) have pointed to the increasing use of the 'soundbite' and the 'pseudo-event'[4] as key strategies used by politicians to control media representations of them and their policies.

Soundbites and pseudo-events

We noted earlier that the 'news machine', and particularly the television news, spends an enormous portion of its time focusing on the political sphere, and journalists, like most people with tight deadlines, find it hard to resist if their news gathering task is made easier for them. Cockerell *et al.* (1984: 11) note that, in reference to the work-

ings of the British parliament, 'Very few journalists have had the incentive to dig deeper, to mine the bedrock of power rather than merely scour its topsoil'. It is the broadcast journalists' 'job' to pick out the key details or important points of any political event or speech. If that task is made easier, if the speech contains memorable phrases (sound-bites) which summarise the main points, then there is a good chance that these portions of the speech will be selected and broadcast on the few minutes allotted to 'story' on the broadcast news bulletins. Tony Blair's phrase 'tough on crime, tough on the causes of crime' from a speech made when he was shadow home secretary has entered the national consciousness. It is indeed a memorable phrase, but it is important to remember that being 'tough' and talking about being 'tough' was a carefully constructed aspect of the Blair style. Fairclough (2000: 8) argues that 'Blair's "toughness" has been self-consciously built into his communicative style as a matter of policy and strategy'.

McNair (1994) points out that many political speeches, which increasingly tend to be loaded with soundbites, occur within the context of the 'pseudo-event', by which he means the staged rally or the strictly controlled party conference. Obviously this kind of political pseudo-event has a long history from Caesar entering Rome, after another famous military victory, to the Nuremburg rallies in 1930s Germany. Nevertheless, the impression of a united and adoring audience exulting in the great and powerful leader is memorable and again creates an easy, if rather shallow, 'story' for the few allotted minutes on the television news agenda.

In Britain in the 1980s, the Conservative Party, which was in government throughout the decade, increasingly offered this image of a united party behind a strong leader, Margaret Thatcher. Speeches by Thatcher and the Tory hierarchy at their party conferences were largely successful in supplying the television news organisations with 'easily-reportable "bits" of political information' (McNair 1994: 120) which tended to set the news agenda in the party's favour. By contrast, during much of the 1980s the Labour party was presented in the media as being in a state of, at best, disarray, at worst, total disintegration. After its election defeat in 1979, Labour, as one would expect, went through a period of internal 'ideological' conflict and, at times, damaging splits occurred (several leading members of the party left and formed the Social Democratic Party). Bitter internal conflicts tended to be fought out at party conferences and the Labour Party leadership found it difficult to impose control over events. Media organisations looking for a representative few minutes for the news bulletins tended to reflect this bitter infighting and there was little concerted attempt by the Labour Party leadership to influence, let alone manage, the news agenda. The contrast with the Tory Party, during the 1980s, was stark. The perception was that the Tories were united, Labour were divided; the Tories had a strong leader, Labour had a series of weak and ineffectual leaders; the Tories were in control of events, Labour were at the mercy of them, and so on. The tightly controlled and carefully staged party conferences allowed the leadership of the Conservative Party to successfully manage media representations of them for a significant period of time. Behind the scenes the party elite was far from united behind the powerful leader, but it was *behind* the scenes where the personal and ideological disagreement, and the subsequent bloodletting, occurred. Ministers were frequently sacked for being disloyal, that is, disagreeing with Margaret Thatcher, and it is clear that bitterness and rancour had existed within the Tory Party as it had within the Labour Party. Yet the fact that the media seemed to be caught by surprise by the eventual internal *coup d'état* which ousted Thatcher as party leader, and British prime minister, only reveals how successfully the media had been 'managed' for much of her rule.

By the early 1990s the Labour Party led by Neil Kinnock, and under the guidance of political public relations specialists like Peter Mandelson, was attempting to emulate

the success of the Tory Party in managing the media and setting news agendas. There were significant failures in their attempts to stage manage media opportunities (McNair 1994: 121) but, on the whole, the Labour Party's media managers learned from their mistakes and, for most of the decade, including the general election success of 1997, Labour was very successful at managing the media.

Spin doctoring

In most accounts of recent Labour success in media management the role of 'media spin' and, in particular, Tony Blair's formidable 'spin doctor' Alastair Campbell are highlighted. Several authors (Jones 1999; Fairclough 2000) have discussed the media management surrounding the government's welfare 'reforms' as a case study which illustrates 'New Labour's management of news and "media spin"' (Fairclough 2000: 129). Early in their tenure[5] Labour opted to launch a 'welfare roadshow' in a bid to attempt to control the news agenda with Tony Blair going 'on the road' to put his case for welfare reform to the people of Britain. Blair's first speech was in Dudley, and the day before this speech Alastair Campbell gave private briefings to the media in which he emphasised, with a battery of facts and figures, the costs to the nation, of benefit fraud. The next day – the official launch of the welfare roadshow – two national newspapers, *The Times* and the *Mirror*, carried articles 'written' by Tony Blair which were virtually indistinguishable from the briefing Campbell had given the day before. That evening, in Dudley, Blair's speech again reinforced the message, with virtually the same language, that he was determined to do something about benefit fraud. Fairclough (2000: 13) notes that:

> The risk of unpredictable and uncontrollable media uptake of the speech is minimised by trailing the speech in a way which presents it in the way the Government wants it to be seen – which puts a particular 'spin' on it.

This was, of course, only the beginning of the welfare reform process which proceeded through a 'consultation'[6] stage and eventually to a Bill presented to the Westminster parliament. Fairclough (2000: 129) argues that the whole process, from initial campaign, through the consultative stage, to the presentation of the Bill to parliament, was 'largely managed through managerial and promotional means rather than democratically through dialogue'. 'Part of the art of "spin"', according to Fairclough (2000: 131), 'is calculating what additional emphases and foregrounding newspapers . . . will predictably add, which may be an effective way for the Government to convey implicitly messages it may not wish to convey explicitly'. In the case of the welfare reform legislation, issues surrounding benefit fraud were only a small part of the Bill but there was a constant stream of messages about how Tony Blair would 'get tough' on benefit fraud. This allowed politically conservative newspapers like the *Daily Mail* to use headlines like 'Welfare: The Crackdown'. Fairclough (2000: 131) suggests that the *Daily Mail* report 'effects certain transformations which significantly and (from a press officer's perspective) predictably convey a "tougher" message than Blair's', but the key point is that this 'message' will reassure the *Daily Mail*'s largely Tory readership.

Spinning out of control: Alastair Campbell and the intelligence dossiers

The very effective use of media management or 'spin' in the example discussed above shows its significance and importance in domestic political issues. Interestingly, with

respect to issues which step outside the domestic political arena, attempts to manage and control media agendas have been much less successful. Two recent examples highlight this: the debate over joining the euro zone and the 2003 war against Iraq. One obvious reason why policies which are not purely domestic are more difficult to control, from a media management perspective, is the fact that there are many more actors (partners/opponents/neutral states) involved in these events. These other actors may have different priorities and, of course, have their own domestic media to manage, thus how events are represented in the British media are of minor importance to them.

Taking the 2003 conflict in Iraq[7] as an example, it could be argued that the formidable New Labour reputation for managing media representations of their policies has been significantly damaged. Attempts to apply media management techniques which have served them well domestically, such as the positioning of key soundbites and the dissemination of 'source material' for the media to consume and reproduce, has in fact had the effect of turning media attention on the whole apparatus of spin itself. This has had disastrous consequences for the Blair administration and in particular for the man who became known as the 'spinmeister', Alastair Campbell, who has been forced to resign as the British Prime Minister's Communications Director.[8]

McNair (1998: 143) notes that a key 'extramedia' factor in influencing media agendas and media content is the production of *sources*, so that media agendas and content can be seen to be 'in significant part the product of the communicative work of non-journalistic social actors'. Miller and Williams (1993: 3) note that any attempt to understand news coverage and how news agendas and content emerge makes it 'necessary to examine the strategies formulated by sources of information to influence and use the news media'. The 'source professional', McNair points out, is a significant development in the twentieth century following 'in the wake of the media's rapid expansion, feeding the latter's insatiable desire for new material to package as news and entertainment' (1998: 143). McNair adds that the source professional is 'engaged in a fiercely competitive struggle with the journalists to define the terms of media coverage' (ibid.: 144).

Nations need reasons to go to war and in democratic societies there is usually the recognition by governments that the majority of the public must be convinced that these reasons are legitimate. In the build up to the 2003 Iraqi conflict the British government needed to communicate its reasons for going to war effectively to the British public. This is the context of the intelligence dossiers which were released to the press on 24 September 2002 and 3 February 2003. These documents set out the reasons why, according to the British government, it was necessary to take action against Saddam Hussein's regime.

Tony Blair himself explained the genesis of the September 2002 dossier in the foreword to that document:

> The document published today is based, in large part, on the work of the Joint Intelligence Committee (JIC). The JIC is at the heart of British intelligence machinery. It is chaired by the Cabinet Office and made up of the heads of the UK's three Intelligence and Security Agencies, the Chief of Defence Intelligence, and senior officials from key government departments.
>
> (*Iraq's Weapons of Mass Destruction:*
> *The Assessment of the British Government*)

The intelligence dossiers were thus constructed chiefly by the JIC, which collates and interprets information from a range of intelligence sources and is chaired by the Cabinet Office. The executive summary of the September 2002 document emphasised several

key points. First, Saddam Hussein had weapons of mass destruction (WMD). Second, he was prepared to use them against the West. Third, they could be mobilised in 45 minutes.

It is not my intention here to reiterate the history of events after the intelligence dossiers were put in the public domain. It is enough to say that one of the key functions of these documents was to provide key information for the British media to disseminate. As it turned out, the main points emphasised by the dossiers were not simply reproduced but, rather, were intensely scrutinised by the media, which attempted to assess the accuracy and identify the sources of the information. BBC journalists in particular questioned whether the claims made in the September 2002 dossier represented the genuine views of the British intelligence services or whether they had been 'sexed up'[9] by Alastair Campbell who, it transpired, had actually chaired a meeting on intelligence matters at one point. Scrutiny of the February 2003 dossier entitled *Iraq – Its Infrastructure of Concealment, Deception and Intimidation* led to the media discovering that sections of this document had been plagiarised. Embarrassingly, unattributed excerpts from a Californian student's PhD thesis (available on the internet) and from articles in the defence journal *Jane's Intelligence Review* had been cut and pasted into the dossier.[10]

The issues surrounding the decision to go to war were discussed by the House of Commons Foreign Affairs Committee, which subsequently published a report on 7 July 2003 entitled *The Decision to Go to War in Iraq*. This report arrived at several conclusions and recommendations which called into question some of the claims in the September 2002 dossier and Alastair Campbell's role in the process of constructing the February 2003 dossier. It should be noted that the report stated that: 'We conclude on the evidence available to us Alastair Campbell did not exert or seek to exert improper influence on the drafting of the September dossier' (Paragraph 84) and '[We] conclude that Ministers did not mislead Parliament' (Paragraph 188). However, other conclusions reached by the report made less pleasant reading for Alastair Campbell and the government:

> We conclude that the 45 minutes claim did not warrant the prominence given to it in the dossier, because it was based on intelligence from a single, uncorroborated source. We recommend that the Government explain why the claim was given such prominence.
>
> (Paragraph 70)

> We conclude that it was wrong for Alastair Campbell or any Special Adviser to have chaired a meeting on an intelligence matter, and we recommend that this practice cease.
>
> (Paragraph 79)

> We conclude that the degree of autonomy given to the Iraqi Communications Group chaired by Alastair Campbell and the Coalition Information Centre which reported to him, as well as the lack of procedural accountability, were contributory factors to the affair of the 'dodgy dossier'.
>
> (Paragraph 122)

> We conclude that the effect of the February dossier was almost wholly counter-productive. By producing such a document the Government undermined the credibility of their case for war and of the other documents which were part of it.
>
> (Paragraph 138)

It is clear that this report, whether questioning some of his activities or absolving him of some of the allegations made against him, had the effect of turning a great deal of attention upon Alastair Campbell. More than anything else it was this turning of the media spotlight on Campbell, of making him the story, that began the process that eventually led to his resignation on 28 August 2003. Whether or not Campbell attempted to manipulate the intelligence dossiers and thus provide source material for media agendas which the British government wished to see pursued is a question which was central to the deliberations of the Hutton Inquiry.[11] The effect of the departure of Alastair Campbell in respect to the 'spin culture', which some argue has dominated government media relations in recent times, has divided commentators. George Pitcher, author of *The Death of Spin* notes:

> [Campbell] has been a symptom rather than a cause of the spin culture we live in. It's something that has developed over the past decade and that he – and others – have exploited. His departure is a watershed in the end of that culture. We will be moving on, not because of his departure, but because of a growing desire on the part of all of us to move beyond spin.
>
> (*Observer*, 31 August 2003: 16)

A rather different assessment is given by Daniel Finkelstein, the director of research for John Major, the last Conservative prime minister of the UK. Finkelstein notes that: 'All political parties and all governments spin. And there is nothing wrong with it' (*The Times*, 30 August 2003: 6). It remains to be seen as to which judgement will prove to be the more realistic. However, looking back over recent political history it could be argued that using 'spin' to convey certain kinds of messages and to produce certain kinds of 'readings' of government legislation or policy is a key media management technique which British governments are unlikely to relinquish.

Information management

All democratically elected governments must communicate with their electorates. After all, in most theories of democratic government there is an assumption that the government is the servant of the people, elected to carry out its will. Just because governments have this duty to provide information to the general public does not mean, of course, that they will not attempt to control and manipulate the amount of, and kinds of, information they disseminate. Information management in regard to government simply means the processes and procedures by which governmental agencies disseminate the kind of information they want us to receive.

The public relations state?

It is an inescapable fact that throughout the 1980s and 1990s there have been massive increases in resources devoted to the aspect of government administration responsible for information management. For example, 'Whitehall and Downing Street now employ 1,200 press officers with a combined budget estimated to approach two hundred million pounds' (Budge *et al.* 1998: 315).

Many commentators note how careful management of information turns it into a very valuable resource Cockerall *et al.* (1984: 9) suggest that what government 'chooses to tell us through its public relations machine is one thing; the information in use by participants

in the country's real government is another'. Negrine (1996: 10) notes the 'increasing use of carefully crafted communication strategies by governments to ensure that ... the information they seek to impart to their citizens has an appropriate "spin" on it'. Obviously this increased use of public relations specialists by the government may merely reflect a more general 'promotional culture' in Britain (Miller 1998). However, some observers have expressed disquiet at the increasing use of information management techniques by the government. Deacon and Golding (1994: 7) have noted with concern the rise of the 'public relations state' and Schlesinger (1990: 82) notes that there are important questions

> about the nature of information management in a society by a variety of groups in conditions of unequal power and therefore unequal access to systems of information production and distribution and these questions are particularly acute in regard to government because 'the apparatuses of the state ... enjoy privileged access to the media'.

There are various ways in which governments manage information in order to privilege their own views on an issue. Leaks of important information, or even important documents, are one way in which the government or powerful interest groups within the state may attempt to control the media agenda,[12] but perhaps the key weapon in the government's information management armoury is the 'Lobby' system.

The Lobby

The Lobby – so called because journalists used to assemble in the Member's Lobby of the House of Commons – has been described as 'the Prime Minister's most useful tool for the political management of the news' (Cockerall *et al.* 1984: 33).

This system is a very important resource that British governments use – and it could be argued abuse – for keeping control of information flows to the media and hence to the general public. It is also clear, despite claims to the contrary by those who have utilised it,[13] that it is a unique system within Western democracies. This does not mean that other governments do not attempt to manage information – of course they do – but it is normal practice to appoint a party political spokesperson who openly represents the government position and is attributable. Not so in Britain, the Government Press Officer is actually a member of the Civil Service, and thus officially politically neutral, and, uniquely, deals with the media through a kind of secretive 'ritualistic process' (Franklin 1994: 87). Cockerell *et al.* (1984: 42) argues that the Lobby system 'mirrors the secrecy that surrounds so much of the government in Whitehall and allows the government of the day to present its own unchallenged versions of reality'.

All the national newspapers and television and radio broadcasters are represented in the Lobby where they are usually briefed by the Prime Minister's Press Secretary. Cockerall *et al.* note that 'what the Press Secretary says at these briefings is what the Prime Minister wants the press, radio and television to report' (1984: 33). Franklin (1994: 86) argues that a key change occurred in the Lobby system in the post-war period which involved the '*codification* of a set of rules enforcing the non-attribution of news sources while simultaneously obliging journalists to rely on a single source, usually the Prime Minister's Press Secretary'. In effect the Lobby became a government press conference which could dispense unattributable information. Franklin (1994: 86) points out that when a Government Press Secretary gives a briefing there is a strong likelihood that it will appear as a news item, 'replete with the political spin he places on it'. Clearly the Lobby works well for the media, in the sense that it is relatively easy to obtain a news 'story' in time for the evening

news or the morning editions. It also works well for the government of the day by providing a system of information management which allows it to control and structure the media's political news agendas. However, Hennessy condemns the practice as not working in the interests of anyone else. He argues that 'any system of mass non-attributable briefings is a restrictive practice rigged for the benefit and convenience of the givers and receivers of information and against the interests of the consumer – the reader, the listener, the viewer and the voter' (quoted in Franklin 1994: 91).

Political public relations and the media: interdependence or dependency?

Franklin (1994: 3) notes that representatives of the media like to present the media as constituting the *fourth estate* 'which subjects all aspects of political life to close scrutiny and is consequently a key mechanism for securing the accountability of politicians to the general public'. He points out, however, that these 'watchdogs' are viewed by those critical of British political culture as little more than 'lapdogs'. He notes that 'Marxists identify the media as central agencies in the construction of a social and political consensus, encouraging the acquiescence of the public, by distributing and reinforcing the values and beliefs of the dominant social and political group within society' (1994: 3). Whilst it could be argued that the media are not necessarily dominated by politicians in any direct or conspiratorial way, the way in which the British political sphere is constructed and maintained by both the media and the politicians somewhat undermines any suggestion that the media constitute the fourth estate.

Nevertheless it is sometimes claimed that there is a mutual interdependence of politicians and the media. Bernard Ingham, Margaret Thatcher's former Press Secretary, suggested that the relationship is 'essentially cannibalistic. They feed off each other but no one knows who is next on the menu' (quoted in Franklin 1994: 14). Ingham's metaphor may seem outlandish but it is clear that the relationship between the media and politicians is in some senses a symbiotic one. Politicians in general, and government public relations specialists in particular, obviously rely on the media to communicate with the general public. But it must be said that broadcasters and journalists understand that without a degree of co-operation from politicians, political journalism would be difficult, if not impossible.

However, other commentators would argue that with the advent of 'media managers' in Western democracies like Britain the politician–media relationship has been pushed beyond the 'state of mutual interdependence to one of *media dependence* on, and deference to, politicians' (McNair 1994: 115). Whether or not one agrees that the relationship is one of media dependency, a cursory look at media ownership in the UK would indicate that the media are not independent of powerful economic and political interests in British society (Negrine 1994). It is also obviously the case that ultimately broadcasting and press 'freedoms' are at the mercy of the legislative process. In Britain, as noted above, this relationship is epitomised by the Westminster 'Lobby' which, while it involves some degree of mutual interdependence, tends ultimately to allow government media managers a great deal of control in structuring news agendas.

The situation in Britain obviously suits the government, but it does have a downside in that it leads to a level of mistrust and cynicism about the kind of information governments disseminate. There is an obvious tension between controlling the information flows for one's own benefit and structuring news agendas to such an extent that everything you say is treated as 'spin'. As we have seen, at the heart of this debate is the role of government public relations and it has been argued that governments and

government public relations specialists in many Western democracies are practising a type of public relations which stifles 'open' government and leads to distrust amongst the electorate. It should be no surprise to students of public relations to find James Grunig arguing that in certain Western democracies, what he describes as 'asymmetrical' government communication activities need to be replaced by a symmetrical model.

Symmetrical government public relations

Grunig and Jaatinen (1999) argue that government public relations is different depending on which Western democracy you analyse. They suggest that governmental organisations in the USA are more likely to practise a 'public information model'[14] of public relations. The reason for this one-way information-based communication approach is because they have a *pluralistic* view of government. Other countries, such as Canada and Norway, practise strategic, two-way communication because the perspective underpinning governmental communication in these countries is *societal corporatist*. Unsurprisingly, Grunig and Jaatinen (1999: 219) conclude that in order to adhere to the generic principles of 'excellent' public relations – that is, strategic, symmetrical public relations – a governmental agency needs 'to view its relationship with publics from a societal corporatist perspective rather than from a pluralist perspective'. But what precisely do these authors mean by 'pluralist' and 'societal corporatist' perspectives of government public relations?

Pluralism versus societal corporatism

Grunig and Jaatinen (1999: 223) suggest that pluralist theorists understand the relationship between 'government agencies and publics as one of competition – a competition among interest groups for access to government funds and services'. The role of 'government agencies' is defined rather differently here than in most pluralist theories, which view the government as a kind of referee, in what the English philosopher John Stuart Mill called the 'free market place of ideas' (Moloney 1996: 23). Nevertheless the idea of competing interest groups is at the heart of pluralist theory and this is reflected in the above definition.

Grunig and Jaatinen make the point that a 'societal corporatist' system is distinct from a 'corporatist' system. They argue that a 'corporatist political system can be dangerous to democracy if either government agencies or publics dominate the other or collaborate to achieve their mutual interests at the expense of other groups in society' (1999: 224). However, in a societal corporatist system 'government agencies collaborate and bargain with publics they are supposed to serve or regulate to balance the interests of those publics and society at large through symmetrical communication' (ibid.). The types of relationships epitomised by societal corporatism 'embody collectivist collaboration rather than individualistic competition' (ibid.).

In regard to communication strategies Grunig and Jaatinen would argue that the pluralist, corporatist and societal corporatist perspectives all have significant effects on how governments and government agencies interact with their publics. They note:

> Government agencies in the pluralist sphere do not need to practise strategic public relations because they expect activist groups to come to them for services; and the agency has no need to identify them. In pure corporatism, the agency typically chooses to collaborate with the most powerful interest groups; and little strategic management is needed to identify them. In societal corporatism, however, the agency

must engage in environmental scanning and other forms of strategic public relations to identify those groups with whom it has a responsibility to interact – in the interests of those groups, the government and society at large.

(1999: 227)

It is clear that for Grunig and Jaatinen a theory of government public relations must not only be built upon the generic principles of 'excellence' in public relations but must also include the principles of societal corporatism.

Grunig and Jaatinen suggest that government communication policies in countries like Norway and Canada reflect these principles of societal corporatism, whereas countries like the USA and the UK tend to operate from within a pluralist perspective. Whether or not one agrees with their conclusion that governmental communication requires an application of the 'excellence' principles within a framework of societal corporatism, it would be difficult to argue that the approach of the UK government to communicating with the general public reflects open, participative, symmetrical communication practice. However, in the UK in the past few years there have been significant changes to the political landscape. In Scotland, Wales, and Northern Ireland, devolved parliaments and assemblies have been set up. The final section of this chapter will focus on the new Scottish Parliament and discuss whether or not the constitutional changes have created an opportunity to change government communication practice.

Government public relations and Scottish devolution

Following elections in June 1999 political structures in the United Kingdom changed in the most significant way since the Act of Union in 1707. For first time since that date, Scotland elected a legislative parliament in its capital city, Edinburgh. This final section of the chapter will focus upon the particular case of the Scottish Parliament and the argument that the political culture it represents is a conscious attempt to replace the Westminster model with a more open, accountable and participative system.

In July 1997 the British government published its devolution White Paper, *Scotland's Parliament*. Shortly after this, on 11 September 1997, there was a two-question referendum in which Scotland's voters were asked to decide whether there should be a Scottish Parliament and whether this Parliament should have tax-varying powers. The 'Yes–Yes' campaign was backed by the three political parties in Scotland which had representation at Westminster and the European Parliament – the pro-devolution Labour and Liberal Democrats and the pro-independence Scottish National Party. It was opposed by the Conservative Party, which had recently lost all its Scottish seats at Westminster and the European Parliament. Of the Scottish electorate who voted (60.4 per cent of those eligible), 74.3 per cent supported the creation of a Scottish Parliament and 63.5 per cent agreed that the proposed Parliament should have tax-varying powers.

The Scottish Parliament has legislative control, in Scotland, over areas such as health, education, local government, economic development and transport, environment, agriculture, forestry and fishing, law and home affairs, sport and the arts, and will be able to vary upwards or downwards the basic rate of income tax applicable in Scotland by up to 3 pence in the pound, with proceeds adding to, or reducing, the Parliament's spending power. The devolved Parliament will not be responsible for legislation for such areas as constitutional matters, UK financial matters, foreign policy, defence, social security and broadcasting.[15]

At the first Scottish Parliamentary elections, on 6 May 1999, 129 Members of the Scottish Parliament (MSPs) were elected, 73 were elected by the first-past-the-post system in existing Westminster constituencies,[16] the remaining 56 members were elected from party lists via an additional member voting system with seven seats from each of the eight European parliamentary constituencies. Labour was the largest party and formed a coalition government with the Liberal Democrat Party, who came fourth just behind the Conservative Party. The Scottish National Party came second and took up the role of opposition along with the Conservatives, a Scottish Socialist Party MSP and the first Green Party candidate to be elected to a UK parliament. The second Scottish Parliamentary elections, on 1 May 2003, produced similar results to the first election with the most significant changes affecting only the smaller parties, which increased their representation.[17]

Accompanying these political developments in Scotland there have been significant statements relating to how the whole mechanism of political communication is expected to operate in this new political culture. Donald Dewar, the Parliament's First Minister,[18] publicly stated in regard to political reporting: 'We are not likely to wish to recreate the lobby system' (quoted in Schlesinger 1998: 69). Before the setting up of the Scottish Parliament an all-Party Consultative Steering Group (CSG) chaired by Henry McLeish, the then Minister for Devolution in the Scottish Office, was charged with gathering views on how the Parliament would operate. The CSG Report, which outlined comprehensive proposals for the working of the new Parliament, was published on 15 January 1999. The CSG Report identified four key principles:

- the Scottish Parliament should embody and reflect the sharing of power between the people of Scotland, the legislators (the Members of the Scottish Parliament) and the Scottish Executive (the Scottish Ministers)
- the Scottish Executive should be accountable to the Scottish Parliament and the Parliament and Executive should be accountable to the people of Scotland
- the Scottish Parliament should be accessible, open, responsive and develop procedures which make possible a participative approach to the development, consideration and scrutiny of policy and legislation
- the Scottish Parliament in its operation and its appointments should recognise the need to promote equal opportunities for all.[19]

In the new Scottish political system it is not just the executive which has the power to initiate legislation. This is also a power vested in parliamentary committees which are made up of between 5 and 15 MSPs selected according to the balance of the various political parties and groupings in the Parliament. Meetings of the Parliament's committees are normally held in public and can take place anywhere in Scotland. One of the reasons given for using a committee system for much of the work of the Scottish Parliament is that it was felt that this would 'encourage significant public involvement in the Parliament's activities'.[20]

Conclusion
....

Grunig and Jaatinen (1999) would undoubtedly view the principles underpinning the new devolved political system in Scotland as a manifestation of a societal corporatist perspective and it is clear that it represents a departure from the existing British political

culture. Phillip Schlesinger (1998: 71) remarked that 'the very prospect of Scotland's parliament is promoting the creation of an increasingly distinctive political culture, one that defines itself as *not*-Westminster'. It could be argued that in its first term the Scottish Parliament did function differently from the Westminster Parliament in some important ways. The opportunity to create legislation which was not sponsored or controlled by the Executive was utilised to some extent. The *2001–2002 Annual Report* of the Scottish Parliament noted that: '[M]ost of the bills introduced into the Scottish Parliament came from the Executive. . . . However, an increasing number of bills are now coming from non-Executive sources. These include bills from Parliamentary Committees and from individual members'.[21]

However, some commentators have argued that there is evidence of the importation of practices from the Westminster system: '[W]hat is striking . . . is the extent to which Scotland's system of political communication has been an adaptation of the tried and often mistrusted models of Westminster and Whitehall practice' (Schlesinger *et al.* 2001: viii). It is clear, however, that the target of this critique is not so much the Scottish Parliament but the Scottish Executive:

> The confusion in the public debate between the Parliament and the Executive has masked the real seat of power in the Executive. Our research suggests that it is the Executive that stands most in need of reform if we are to move toward an open Scotland.
>
> (Schlesinger *et al.* 2001: 265)

These issues have come to a head in the aftermath of the election of the second Scottish Parliament with claims that the major established political parties are attempting to curb the legislative making capacity of the smaller parties. Murray Ritchie, Scottish Political Editor of the *Herald*, noted that the major parties have been accused 'of planning to cut the number of bills from back benchers in a move condemned as attacking a "fundamental freedom" of the Scottish Parliament' (*Herald*, 1 October 2003).

The debate about the role and nature of the Scottish Parliament vis-à-vis the Scottish Executive has also emerged in discussion surrounding proposals contained in a *Scottish Office Consultation Document* which explores the possibility of cutting the number of MSPs elected to the Scottish Parliament.[22] This idea led to a response by the Institute of Governance at the University of Edinburgh which argued:

> It is vital to understand the Scottish Parliament in context, notably its history and evolution. The relationship between the Scottish Executive, the Parliament and civil society is the key to the central principle of power-sharing in Scotland. Our research indicates that this key relationship of governance is different and, we would argue, healthier than the one operating at Westminster.[23]

The Institute of Governance point out that cutting the number of MSPs will result in a reduced number of parliamentary committees. They argue that this will have important implications for the concept of a participative democracy in Scotland. According to the Institute of Governance 'the work of parliamentary committees is of particular importance. One distinctive aspect of this is their role as key conduits for inserting civic ideas into legislative debates.'[24] They suggest that the role of the Scottish Parliament is the key to democratising Scotland: 'The Scottish Parliament is the hinge in [the] democratising process – between the state (especially in the form of the Scottish Executive), and the people of Scotland. Weakening the parliament would weaken the whole process.'[25]

It is clear that the outcome of this review will be a key factor in determining the future of Scottish governance. Those who suggest that it is the Scottish Executive rather than the Parliament which needs to be reformed argue that this is the only way to ensure that the principles of openness, accountability and accessibility will be achieved. This debate will be of importance not just for Scotland but for governance in the UK as a whole. A strong Parliament may also be the best safeguard to ensure that government agencies in a devolved Scotland will resist the temptation to exert the kind of control over information flows that is evident at Westminster and sustain the more symmetrical communication model outlined in the CSG Report.

Questions for discussion

1   What evidence is there for the growth of the 'public relations state' (Deacon and Golding, 1994)?

2   Is the use of specialist government media advisers a necessary element in contemporary democratic societies?

3   Do you agree with Fairclough (2000) that democratic dialogue is being replaced with a 'managerial and promotional' approach to the political process in the UK?

4   How might the principles of symmetrical communication be promoted in British political culture?

5   Examine a media campaign surrounding a current policy initiative by the British government. In what ways have politicians and their media advisers attempted to 'manage' the British media to achieve the maximum favourable coverage of their policy?

Notes

1   For a discussion of the Prescott claim see Fairclough 2000: 1–3.

2   McNair (1994) helpfully provides a typology of political public relations activity which is useful in that it utilises terminology which most students of public relations should be familiar with. He notes that political public relations involves four specific types of activity: *media management* (which he regards as something akin to issues management); *image-management*; *internal communications*; and *information management*. While recognising the conceptual and practical distinctions McNair draws, for the purposes of the present discussion I have subsumed the first three activities McNair refers to into the general category of media management.

3   An excellent account of the growth of the public relations industry in Britain and its relationship to government is provided in L'Etang (1998) 'State Propaganda and Bureaucratic Intelligence: The Creation of Public Relations in 20th Century Britain' in *Public Relations Review*, 24 (4), pp. 413–41.

4   The term 'pseudo-event' was coined by Boorstin (1962).

5   This process begin in 1998 and the Welfare Reform Bill was eventually published on 11 February 1999.

6   The British government publishes a 'Green Paper' before constructing a 'Bill' to set before parliament. Interested parties respond to the Green Paper and are supposed to have a say in how legislation is framed. Fairclough (2000: 132–41) provides a useful discourse analysis of the text of the Green Paper on welfare reform.

7   This was declared over on 1 May 2003 by US President George Bush but since then the coalition forces have lost more troops in 'peace keeping' duties than they did in the actual duration of the 'war'.

8 Campbell announced his decision to leave his post on 29 August 2003.

9 Andrew Gilligan claimed the government had 'sexed up' the dossier on BBC Radio Four's *Today* programme. He subsequently gave evidence to the Hutton Inquiry (see endnote 11) stating that Dr David Kelly had confirmed to him that Alastair Campbell had 'transformed' the document to make it 'sexier' (*Guardian*, 12 August).

10 Serious allegations were made in the media about the contents of both documents but it is the second one, published in February 2003, that was referred to as the 'dodgy dossier' in the Foreign Affairs Committee Report 7 July 2003, Paragraph 122.

11 The Hutton Inquiry's counsel, James Dingemans, stated that during the second and final phase of its probe into the circumstances surrounding the death of government weapons expert Dr David Kelly, the inquiry hoped to answer 15 key questions. Question 4 was: 'Were the Prime Minister, his communications chief Alastair Campbell and others in Number 10 responsible for intelligence being set out in the dossier which was incorrect or misleading or to which improper emphasis was given?' (http://news.bbc.co.uk/1/hi/uk_politics/3109826). When eventually published on 28 January 2004 the Hutton Inquiry astonished most commentators by largely exonerating the British government and Alastair Campbell of any wrongdoing in respect to the intelligence dossier and censuring the BBC. Alastair Campbell was mildly rebuked by Lord Hutton who noted that the tone of Campbell's complaints to the BBC raised the 'temperature' of the dispute. Lord Hutton also stated that the BBC editorial system was 'defective' and that the BBC governors should have investigated further the differences between Gilligan's notes and his report, and that should have led them to question whether it was in the public interest to broadcast his report relying only on his notes.

12 For some interesting case studies of the British government's use of leaks in relation to issues surrounding British Coal, Northern Ireland and the sale of the Rover car group to British Aerospace see Negrine 1996: 39–51.

13 Ingham suggests 'This [the Lobby] method of communication with journalists is universally practised in government and other circles the world over as a means of opening up the relationship [between government and media]' (quoted in McNair 1994: 135). It should be noted that changes to the Lobby system were introduced by Alastair Campbell in May 2002 – toward a US style press conference. These changes were welcomed by some as an end to the Lobby but many commentators expressed doubts as to whether it really marked an end to the systematic practice of favoured journalists being given more revealing briefings. See Assinder, N. (2002) http//news.bbc.co.uk/1/hi/uk_politics/1965012.stm.

14 This model is, of course, one of the four included in Grunig's (1992) famous typology. The others are press agentry, two-way asymmetrical and two-way symmetrical.

15 For a full list see www.scottish.parliament.uk.

16 The Westminster constituency of Orkney and Shetland was split into two constituencies.

17 The results were: Labour (50 seats), Scottish National Party (27 seats), Conservatives (18 seats), Liberal Democrats (17 seats), Greens (7 seats), Scottish Socialist Party (6 seats) and Independents (2 seats).

18 I.e. Prime Minister. Donald Dewar tragically died in office in November 2000.

19 This text is taken from a CSG Report which is available online at the Scottish Parliament website, www.scottish.parliament.uk.

20 See www.scottish.parliament.uk/welcoming_you, p. 5.

21 See www.scottish.parliament.uk/S1/spcb/parlar02-03.htm.

22 This issue has emerged because there are proposals to cut the number of Westminster constituencies in Scotland to 57 or 58 after the Boundary Commission redraws constituencies for the UK Parliament (probably after the next British general election). The Scottish Devolution Bill contains a clause which would trigger a complementary reduction in MSPs, see http://news.bbc.co.uk/1/hi/uk_politics/talking_politics/81994.stm.

23 See www.institute-of-governance.org/onlinepub/iog_129q_submission.html.

24 Ibid.

25 Ibid.

4 Public relations and management

Anne Gregory

Chapter aims

This chapter aims to do six things:

- describe public relations as a strategic activity taking the systems perspective as a basis for argument;
- examine the different types of organisation and observe how organisation type affects public relations activity;
- explain the roles of public relations practitioners;
- suggest the forms of communication within organisations and the channels that can be used;
- indicate the influences that set communication programme priorities;
- describe the working linkages between public relations and other professional areas of organisations.

Systems theory and public relations

For many public relations professionals, a sign of having 'arrived' is obtaining a 'strategic' role signified by having a seat on the board. There is growing evidence to suggest that public relations is a vital tool for strategic management (Dozier *et al.* 1995) and that it has had a significant role in building the reputation of some of the world's most admired corporations (Skolnik 1994). Indeed, every company in the UK FTSE 100 now has a public relations department and the public relations industry on a whole is growing by about 17 per cent per year (IPR 2003).

Any discussion of public relations and its role in organisations inevitably begs the question – 'What is an organisation?' Answering that question helps to reveal the pivotal nature of communication and therefore the strategic input that public relations can have.

Many public relations scholars (Cutlip *et al.* 2000; Grunig and Hunt 1984) refer to systems theory to explain the structure and operation of organisations and their interaction with the environment. In essence, systems theory describes an organisation as a set of parts (or subsystems) which impact on each other and which together interact with the organisation's environment. Cutlip *et al.* (2000: 229) describe it thus:

A system is a set of interacting units which endures through time within an established boundary by responding and adjusting to change pressures from the environment to achieve and maintain goal states.

Systems theory provides a useful theoretical underpinning for thinking about the role of public relations because it stipulates that an organisation's well-being (or otherwise) is dependent on establishing and maintaining relationships both within itself and with its environment. It has to adjust and adapt as both it and its environment change.

Specifically, organisations are part of a *social* system which consists of individuals or groups of individuals (publics), such as employees, pensioners, suppliers, distributors and so on, who are all involved with it. The role of public relations is to develop and maintain relationships with these groups in order for the organisation to meet its goals.

Grunig and Hunt (1984) propose that organisations typically develop a formal communication function 'when the organisation or its publics behave in a way that has consequences upon the other'. If these consequences are adverse, then a public relations problem or issue is created. Grunig and Hunt's depiction of the role of the public relations department is shown in Figure 4.1. This relationship holds good for both internal and external publics.

When considering internal relationships, Grunig and Hunt describe the work of organisational theorists who have found that there are five similar subsystems in most organisations.

Production subsystems produce the products or services of the organisation. *Maintenance* subsystems work across the organisation, acting effectively as its glue, encouraging employees to work together. Human resources is a good example of such a subsystem. Other functions focus on the marketing and distribution of products and are called *disposal* subsystems. *Adaptive* subsystems help the organisation to adjust when the environment in which it operates changes; research and development and strategic planning departments are good examples. *Management* subsystems direct and control the other subsystems and manage conflicting demands between them. They also negotiate between the demands of the environment (for example requirement for low prices) and the survival needs of the organisation (profit). Typically the board of an organisation and/or a senior management grouping fulfil this role.
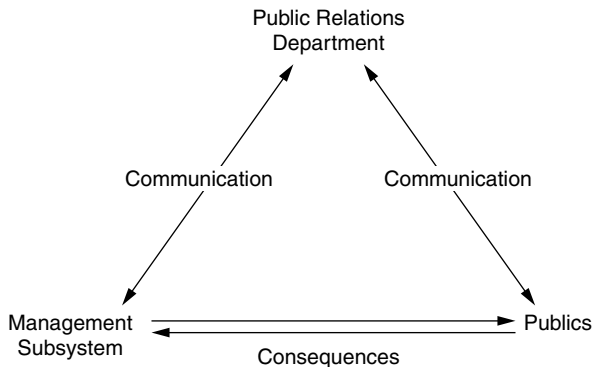

Figure 4.1   The public relations function in an organisation

Source: Grunig and Hunt 1984: 10. Used by permission of Harcourt Inc.

From a systems view, public relations professionals are seen as having a 'boundary-spanning' role. They straddle the edges of an organisation liaising both between its internal subsystems and between it and the external environment which contains its various publics. As Grunig and Hunt (1984: 9) put it, 'they have one foot in the organisation and one foot outside'. In this strategic role, public relations is usually seen to be part of the management subsystem.

Public relations professionals support other internal subsystems by helping them communicate within the organisation itself and by helping them in communicating with external audiences. They provide a counselling role, advising what and how to communicate and they can also provide an implementation role by undertaking the communication on behalf of the subsystems. For example, it will help the human resources department, part of the *maintenance* subsystem, with internal communication programmes or the marketing department, part of the *disposal* subsystem, with product promotion campaigns. (See also Chapter 11 for a discussion of systems theory relating to internal communications.)

Public relations in strategy making

The main role of the leader of an organisation and its senior managers (or board) is to provide vision and direction. Effective organisations have a sense of purpose. They know where they are going and they know how they are going to get there. The vision may be set by a strong individual with a particular driving-force, for example Bill Gates who wanted to put a PC on everyone's desk, or Anita Roddick who wanted to provide high-quality toiletries combined with an ethical stance. Alternatively the vision may be more broad-based and generic. For example, universities exist to provide higher education; their purpose is broadly the same – to undertake teaching, research and consultancy. However, even within that broad category there are those with different priorities; some are research driven, some want to serve a regional community, some specialise in certain subjects. Many organisations subscribe to the 'Management By Objectives' approach, that is, the organisation sets itself clear goals and then each business unit or department and the individuals within them agree contributory measurable goals against which they will be evaluated.

Whatever the type of organisation, successful ones have a strategy that determines long-term direction and the scope of the operation. It is not appropriate in this chapter to examine the different schools of strategy formulation, but suffice to say that strategy-making involves a great deal of information, analysis and decision-making. This decision-making and strategy selection is undertaken by the 'dominant coalition', that group within an organisation which has the power 'to make and enforce decisions about the direction of the organisation, its tasks, its objectives and its functions' (White and Dozier 1992: 93).

The contribution that public relations can make to the strategy-making process is twofold: first, helping to collect and interpret information from the social environment so that strategic decisions can be made, and second, the communication of the strategic vision. This second element will be discussed later in this chapter.

Information gathering, interpretation and risk management

As boundary-spanners, public relations professionals are ideally placed to gather information from both the internal and the external environment. They do this in two ways. First, they are aware of the wider macro environment. Second, they are knowledgeable

about the attitudes and behaviours of the various publics of the organisation who populate this broader environment because they are in regular dialogue with those publics.

Environmental scanning

How do public relations professionals undertake this intelligence gathering work? 'Environmental scanning' is the term used for gaining information about the macro environment. PR professionals use the same techniques as those available to strategic planners. They will undertake analyses of the environment using techniques such as PEST. This technique provides a framework that allows analysis of the environment by categorising it under various headings; a short example is given in Figure 4.2 (the capitalised first letter of each section spells out the acronym above).

Some strategists now regard PEST as no longer reflecting the complexity of the environment in which modern organisations operate. They recommend an expansion of the framework to encompass the *E*nvironment, that is, the physical or green environment, *I*nformation and the *L*egal or regulatory aspects. The acronym EPISTLE describes this analytical tool. The justification for including these additional elements is that the physical environment is judged to be one of the major concerns of the twenty-first century. Global warming, pressures to move from car-based transport, sustainability, waste disposal and so on are all key issues.

Organisations operate within an increasingly complex legal environment. In addition to growing amounts of national legislation, there are transnational regulations, such as EU directives, and international agreements, such as those made by the World Trade Organisation. There are also quasi-legal arrangements which often have a 'moral' dimension, such as the agreements to reduce pollution or to alleviate third world indebtedness, all of which may impact on organisations.

Some analysts also recommend that culture should have special consideration. As organisations become increasingly global they need to be aware of religious and social

Political	**Economic**
Trade legislation (including overseas trade agreements)	Interest rates
	Inflation
Change of government	Business cycles
Employment legislation	Employment levels
Emergence of new power blocks	
Social	**Technological**
Lifestyles	Internet
Consumer preferences	Rate of change
Social attitudes	Obsolescence
Disposable income	Investment in technology

Figure 4.2   An example of PEST analysis

differences between and within the countries in which they operate. Organisational cultures differ too and values between suppliers, distributors and organisations or even different parts of the same organisation can be quite distinct. Companies within the same sector can have radically different cultures: Virgin's approach to airline travel is not that of British Airways.

Access to and the ability to manage and use information are critical to organisations because information is power. The ubiquity and power of the internet radically alters the past position where certain kinds of information have been the protected domain of a privileged few. For the environmental scanner, the internet is a vital information source. By plugging into sites such as those maintained by the major social research organisations like MORI, the political think-tanks and NGOs, professional communicators can keep abreast of the main issues in the wider environment.

The point of this kind of analysis is to identify the key drivers that will impact on the organisation. There are no standard responses; the drivers will be different depending on the country, sector and organisation. It is also vital to identify the inter-relationships between the key drivers. Economic trends may force political decisions and technology often affects lifestyles and social interactions. For example, the internet has transformed working, purchasing and leisure patterns.

Environmental scanning establishes the long-term drivers of change and their impact. These need localising to identify the effect that they will have on the organisation itself. Environmental analyses should not only be done in the here and now, but should also include forward projections so that organisations can plan a variety of futures which they will have to accommodate, try to change or adapt to.

Knowledge of publics

The second element of information gathering by public relations professionals is intelligence about the organisation's publics or stakeholders. Public relations planners are in a privileged position in that they interact with organisational publics frequently: their job is to manage and facilitate the relationship between the organisation and its publics, sometimes in conjunction with colleagues from elsewhere in the organisation. Chapter 6 covers stakeholder theory in some detail, but here it is important to stress that the public relations professional will be alert to the relative power, influence, needs and expectations of stakeholders and the shifting dynamics both within and between stakeholder groups.

Furthermore, the public relations professional will be aware of the attitude towards or behaviour of the various stakeholders (or publics) in relation to the wider issues identified in the environment and towards the organisation itself. For example, the public relations professional working for a food retailer will be alert to the fact that genetic modification of food is a major issue. They will also be aware of the prevailing attitudes of the scientific community, suppliers, customers, shareholders and employees. They will be conscious that opinion is divided and that they will need to be alert to shifts in public opinion and buying habits. The importance of stakeholder groups to organisations cannot be overestimated. Freeman (1984) first articulated this in a systematic way, arguing that organisations were defined by their relationships with stakeholders and that stakeholders include not just those groups that management believe to have a stake in the organisation, but those who decide for themselves that they have a stake in the organisation. The actions of activist groups have made this a painful reality for some organisations. Indeed, in some instances, these activist groups have caused organisations to profoundly rethink their relationship with their wider stakeholder community, as was the case for Shell when Greenpeace took action over the Brent Spar oil platform disposal.

Stakeholding theory has progressed and in the 1990s the 'corporate community' approach to stakeholding emerged. Halal (2000) encourages organisations to recognise stakeholders as partners who can collaborate with them in problem solving. By integrating the economic resources, political support and specialist knowledge that stakeholders can offer, both organisations and stakeholders can gain mutual benefit. The role of managers is to facilitate a coalition that draws partners together (Steyn 2003). This is especially important in the internet age. Research has shown very clearly (Coombes, 1998) that the internet has shifted the balance of power between organisations and their stakeholders. Stakeholders can organise quickly and effectively, using the internet to communicate between themselves, to set up information resources and to galvanise people into action. Furthermore, the ability of 'outsiders' to look into organisations (transparency) and the ability of insiders to transmit information outside the organisation (porosity) bring new challenges. In this context, having open and responsible organisations becomes even more critical.

Thus, it can be seen that public relations is a complex and skilled activity, that at its highest articulation is the careful management of relationships with and between dynamic, constantly forming, evolving and dissolving stakeholder groups, all of whom see themselves as having a legitimate stake in the company. The navigation and negotiation of these complex interrelationships calls for skills of the highest order. Furthermore, these stakeholder groups themselves exist within and are affected by a constantly changing environment.

The management of these relationships is receiving increasing attention in the public relations literature and indeed is increasingly being put forward on a coherent general theory of public relations (see Ledingham 2003, for a good summary of the literature and exposition of the relationship view).

Regular research and audits of the opinion of all their publics is a vital job for the public relations professional. A typical organisation interacts with an enormous number of publics. Esman (1972) has usefully categorised these into four types of organisational linkages, as illustrated by Grunig and Hunt (Figure 4.3).

Enabling linkages are those with organisations and groups that have the authority and resources to permit the organisation to exist. *Functional* linkages provide input into the organisation and consume its outputs. *Normative* linkages are those with peer organisations, and *diffused* linkages are with those who have no formalised relationship with the organisation, but have an interest in it.

This categorisation not only demonstrates the number of different publics that the professional communicator interacts with, but the range of interest of those publics.

Information interpretation

White and Mazur (1995) suggest that because they have such extensive contacts with sources and information, public relations staff may be in a position to provide a central collation and interpretation function. Managing and interpreting information require both research and analytical capabilities and are an indication of the skills set required of senior practitioners.

Where the environment is turbulent and creates uncertainty, those individuals who are capable of interpreting what is happening are invaluable in decision-making. Public relations practitioners are used to dealing with complex situations and to making sense of inter-linked issues involving a variety of publics. Thus they can make a valuable contribution to strategy-making by offering their skills of interpretation and counselling. Indeed a study by the European Centre for Public Affairs at Templeton College in Oxford (reported in White and Mazur 1995) found that the public affairs
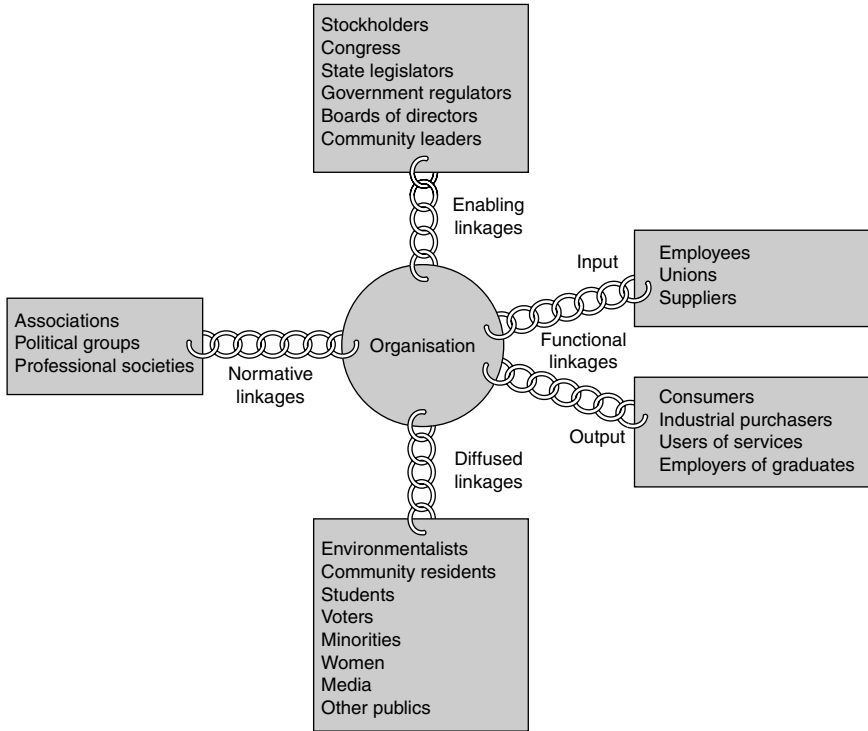
Figure 4.3   Organisational linkages

Source: Grunig and Hunt 1984: 141. Used by permission of Harcourt Inc.

department had become very influential in decision-making in companies who had to survive in difficult environments.

   Public relations practitioners are ideally placed to be able to access early sources of information and can interpret that information to identify emerging issues and those that may have a profound effect on an organisation. For example, media content analysis can identify matters of growing importance and help clarify the direction in which public opinion is moving on a particular issue. Public affairs departments are often plugged into government thinking on prospective legislation or have access to think-tanks who specialise in futures. Their boundary-spanning role helps public relations professionals maintain an independent perspective to decision-making. This independence is valuable to other managers who are often too tied into the 'organisational view' to act object-ively or to understand the ramifications of their decisions and the impact they will have on stakeholders.

Risk management

Knowledge of the environment and of stakeholders is vitally important in another respect too. Organisations find themselves increasingly at risk from a number of directions. In the wider context, we live in an increasingly interconnected, dependent, pluralistic world, where no one and no organisation can isolate itself from any of the 'big issues' that are emerging. The green environment is a clear example, but there are many more.

September 11 2001 was a defining moment for many organisations. They have had to appraise all kinds of issues that affect their business, for example, how much should executives travel? Are our products or services culturally sensitive? Are our buildings secure? With whom do we make strategic alliances? The big-picture political and economic issues such as these can and should be tracked and monitored by public relations professionals as part of their environmental scanning duties. Indeed, issues tracking and management are part of the strategic communicator's basic toolkit.

Furthermore, as far as stakeholders are concerned, it is possible for small groups to challenge and hold to account large organisations, as the Brent Spar issue demonstrated. By knowing stakeholders well and understanding what motivates them, what their thinking is and how they are likely to act, the public relations professional can bring an invaluable perspective to management thinking and advise on the appropriate way to manage these relationships. Thus, helping to manage risk is a vital role for communicators. Issues management and agenda-setting are not only possible but necessary in an environment where the publics themselves define and then seek to satisfy their information needs.

It is for this relationship management skill and judgement that many of the most senior communicators either sit at board tables in their own right or are direct advisers to CEOs and chairs of large organisations. It is a vital strategic information role and highly valued in boardrooms throughout the world.

The role of public relations professionals in information gathering and interpretation can be mapped directly onto classical strategy models. These models describe the process of information gathering required when organisations are deciding which strategic approach to take.

Organisational types: a systems approach

Applying a systems theory perspective, organisations can be classified into two main categories. The way that public relations is conducted is critically influenced by the type of organisation within which it is practised.

Systems can be categorised by the level and nature of interaction they have with their environments. At one extreme those systems that have impenetrable boundaries and have no or very little 'exchange' with their environment can be called 'closed', whereas those where the boundaries are permeable and there is a great deal of exchange can be called 'open'.

The parallel is that organisations can be seen to be relatively closed or relatively open – social systems can never be entirely closed or open. Thus, relatively closed organisations do not take much account of the environment, they do not adapt to changing circumstances and usually they eventually cease to exist. Relatively open organisations are very responsive to the environment. They are acutely aware of change, and adjust and adapt to either counteract or accommodate it. A key concept is that the organisation both affects and is affected by the environment in which it operates.

Relatively closed organisations react only when they must and usually to resist change. Open organisations, on the other hand, monitor their environment to gauge and anticipate change and decide on a course of action before they are driven to one by external events.

Applying this approach to public relations brings some interesting insights. Public relations activity is often referred to as being 'reactive' or 'proactive'.

'Closed systems' public relations

Reactive public relations is reflective of closed systems and is characterised as being of the 'corporate mail room' variety: measuring success by volume of output rather than by results. For example, media relations is judged on the number of releases produced and the level of press cuttings achieved, not on the appropriateness or effectiveness of the output. Activity is usually confined to publics which have an obvious contact with the organisation and the emphasis is on keeping publics informed of decisions that have already been made. Genuine feedback is rarely sought, only feedback on what techniques will make the transmission of information more effective.

In closed systems public relations practitioners are usually not part of the dominant coalition and have responsibility for communicating decisions in which they have had no part. 'They do not function in decision-making or even in advisory roles in relation to environmental concerns. Therefore they have little to say about what is said: they are mainly concerned with how things are said' (Bell and Bell, cited in Cutlip *et al.* 2000: 241).

This approach assumes '(1) that the purpose of public relations is limited to effecting changes in the environment and more mistakenly (2) that organisations have the power to change their environments, thereby eliminating the need to change themselves' (Cutlip *et al.* 2000: 240).

'Open systems' public relations

Proactive public relations is allied to open systems approaches and its role involves changing and influencing both the environment and the organisation as a result of changes in the environment. The emphasis here is on reciprocity – communication with publics takes the form of a genuine dialogue (the relationship view referred to earlier) and the organisation is as likely to change as the target publics as a result of the communication exchange. This idea is illustrated in Figure 4.4.
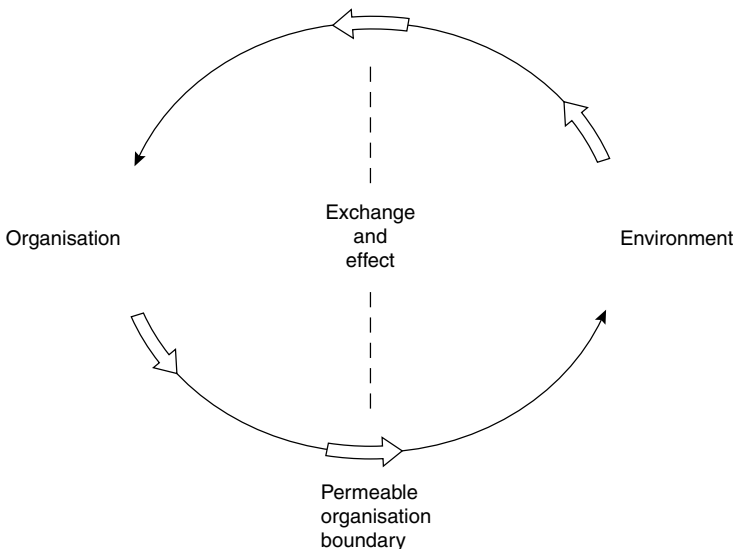

Figure 4.4   The exchange and effect relationship in open systems communication

The purpose of this approach is to have organisational goals that are mutually acceptable and supported by both the organisation and its publics. Where there is a difference in what these should be, change can be initiated before real issues or problems arise. This proactive stance is important for organisational decision-making and that is why public relations practitioners who operate in this fashion are often part of the dominant coalition.

Proactive public relations is characterised as involving a broad range of publics, not just the most obvious ones, being research-based, influential in bringing about attitudinal and behavioural change both inside and outside the organisation, essential in strategy-making and integral to the decision-making process. In other words, practitioners are principal decision-makers as opposed to just communicating results of decision-making.

The internet provides great opportunities for the public relations practitioner to undertake the research and monitoring required to fulfil this proactive role. It is relatively simple to set up discussion groups to ascertain the opinion of key stakeholders. However, more is possible. The internet can be used to build dialogue in a potent and dynamic way by providing a level of immediacy, reach and interactivity that has been impossible in the past.

The roles of public relations practitioners

Within this strategic context it is appropriate to look at the specific roles of public relations practitioners. Work spearheaded by Glen Broom and David Dozier (summarised in Cutlip *et al.* 2000: 37–44) has identified two dominant public relations roles.

The communication technician

This often highly skilled individual carries out communication programmes and activities such as writing news releases, editing house-magazines and developing websites. They probably do not undertake research, except to decide which communication mechanism suits their prescribed purpose best; implementation is their focus. They will not be involved in organisational decision-making.

The communication manager

This person is in the dominant coalition, plans, manages and facilitates the communication programme, counsels management and makes policy decisions.

Communication managers in turn can find themselves in different roles.

The expert prescriber
They are seen as the authority on communication, and management relies on them to come up with solutions to problems. The expert prescriber researches and defines public relations problems, develops programmes and implements them, sometimes with the help of others.

There are dangers in this role: practitioners may become overconfident, perceiving themselves as in a position of great authority and with exclusive knowledge. The downside is that they may be solely accountable if things over which they have no or little control 'go wrong'.

For senior managers who are not directly involved in public relations there is an issue around abdicating responsibility for communication or overdependence on a particular individual.

In situations such as crises it is important for experts to guide and provide definitive advice, but in the longer term it is beneficial to diffuse public relations thinking, expertise and knowledge throughout organisations.

The communication facilitator

These individuals act as go-betweens: interpreting, mediating and keeping open two-way communication between an organisation and its public. They are often the official contact points in organisations, are trusted by stakeholders and the organisation alike and act in the mutual interest of all involved. Boundary-spanners in a very real sense, communication facilitators remove barriers and establish links between all interested parties. They work on the basis that mutual understanding facilitates good decision-making and provides shared benefits.

The problem-solving facilitator

These individuals work with others in the organisation to identify and solve problems. They are involved in strategic decisions from the beginning, helping to set objectives, defining communication needs and advising on implementation. Problem-solving facilitators are perceived to be skilled at helping others in analysis and solution finding and as such are invited into the decision-making coalition.

Dozier reduced this four-role concept to two, arguing that communication *managers* combined elements of the expert prescriber, communication facilitator and problem-solving process facilitator, whereas the *technician* role described someone who demonstrated the technical skills of, for example, writing and design, often at a very high level. A key difference in these two roles is that the manager is likely to be in the organisation's decision-making coalition and will participate in making decisions, whereas the technician will not be part of this coalition and will implement decisions made by others.

Other researchers such as Toth *et al.* (1998) and Moss *et al.* (2000) have identified another highly specialised '*senior advisor*' role, someone not actually on the board of companies, but directly responsible to CEOs and who advises on public relations matters at the highest level.

In reality, most public relations practitioners undertake a combination of these roles, often all at the same time. In general, junior practitioners tend to operate at the technician level, while senior practitioners undertake the management roles. It may be tempting to denigrate the technician role, but the truth is that some technicians operate at a high level within organisations and have a great deal of influence, usually in a very specific area of expertise. For example, journalists who move into a public relations role can handle media relations at all levels in a highly skilled and effective way.

Reflecting on the actual roles that practitioners undertook led Grunig and Grunig (1992) to redraft the underpinning model of public relations practice developed by Grunig and Hunt as described in Chapter 1 of this book. Figure 4.5 illustrates this development. In this representation 'craft public relations' focuses on techniques or the technician role in which the effective use of communication techniques is seen as worthwhile in itself. 'Professional public relations', on the other hand, is seen to encompass a more strategic role where communication is used to resolve conflict and manage relationships with publics with the aim of achieving compliance (asymmetrical) or mutual
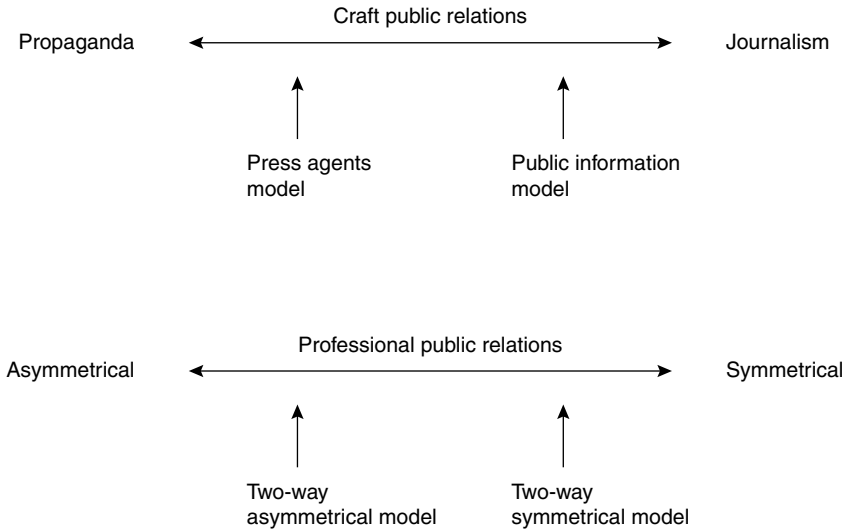
Craft public relations

Propaganda ←——————————————————→ Journalism

Press agents
model

Public information
model

Professional public relations

Asymmetrical ←——————————————————→ Symmetrical

Two-way
asymmetrical model

Two-way
symmetrical model

Figure 4.5   Grunig and Hunt's models of public relations shown as craft or profession oriented

Source: Grunig and Grunig 1992: 312. Used by permission of Lawrence Erlbaum Associates

problem solving (symmetrical) within a context where both organisations and publics are liable to change.

Communication in organisations

Van Riel (1995) identifies three forms of corporate communication:

- *Management communication* is essentially about obtaining co-operation and support; organisational managers need to obtain understanding and consent from internal stakeholders for organisational objectives to be achieved. Externally management communication is about communicating organisational vision to win the support of external stakeholders.
- *Marketing communication* is used to support the selling of goods or services. (This includes identifying customer needs.)
- *Organisational communication* is a general term that covers public relations, public affairs, investor relations, internal communication and corporate advertising. Most of these activities Van Riel states to be within the remit of public relations.

Varey and White (2000) narrow this down to two inter-related communication systems.

- *Internal systems* aim to enable the organisation to meet its goals by gathering and interpreting data on expectations, attitudes and conditions from the external environment via external communication channels.
- *External systems* aim to present information about the internal processes of the organisation to the external environment in an attempt to influence the behaviour of various publics.
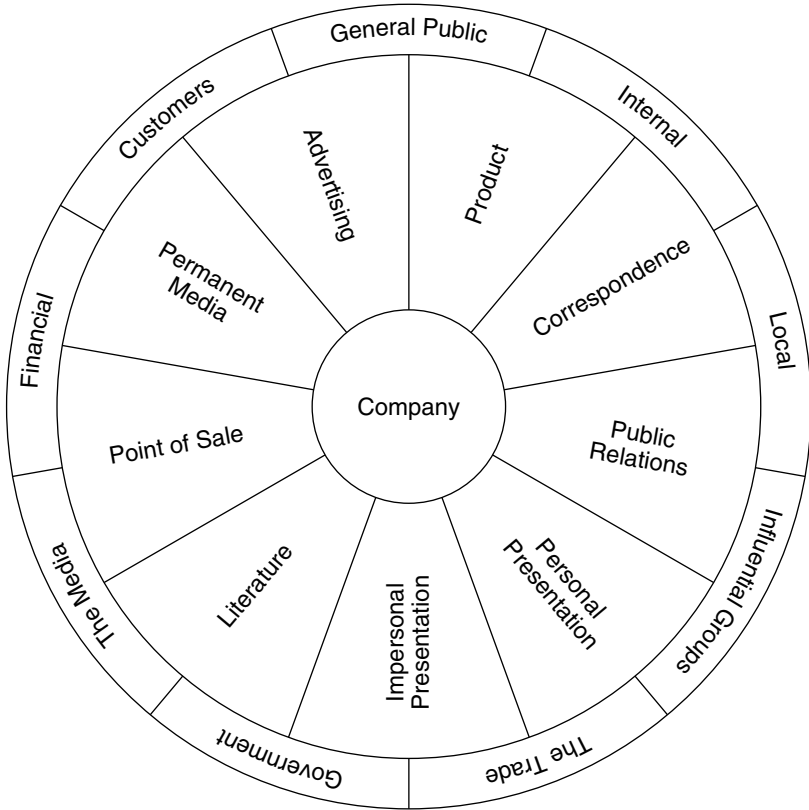
Figure 4.6   Bernstein's wheel

Source: Bernstein 1984: 118. Used by permission of Continuum Publishers

Two questions therefore need to be asked: 'Who are these "publics"?' and 'What are the communication channels?' The Esman categorisation referred to earlier in this chapter answers the first question. The second question would require a list covering several pages and that would be inappropriate here. Many of the channels used are described later in this book, but some of the most commonly used in public relations are the media, conferences and exhibitions, direct literature, sponsorship, in-house journals, corporate identity programmes, special events, corporate advertising and the internet.

Bernstein (1989) has devised a wheel to illustrate the link between an organisation (the hub), its publics (the rim) and the channels (the spokes) it uses to communicate with these audiences (Figure 4.6). He suggests that each channel be borne in mind when an organisation considers communicating with its publics. His wheel shows that the communicator has $9 \times 9 = 81$ combinations of channel and audience – a formidable array of choices. Added to these are the intra-channel choices, for example the channel 'public relations' provides numerous tactical options. This model provides a clear demonstration of the scope and complexity of the public relations role.

Influences on public relations priorities in organisations

Public relations practice varies from organisation to organisation. There is no single blueprint for either the structure or the range of activities that should be undertaken, and priorities will differ in every organisation. There are a number of influences that will establish priorities for public relations programmes in an organisation and determine the way it is practised. Some of the most significant are given here.

Sector

Working in a well-established, stable sector will be more conducive to planned and sustained public relations programmes. New, fast-growing and turbulent sectors such as the dot.com environment will require fast-moving, reactive as well as proactive programmes. Neither type of environment requires the public relations effort to be more or less strategic, but the speed of development and the in-built capability to change direction quickly will be more of a prerequisite in the latter.

Working in different sectors requires different emphases too. A manufacturer or retailer of fast-moving consumer goods could well require a heavier marketing communication focus whereas working for a trade or professional body may mean that membership communication or lobbying are the primary public relations activities.

Public relations for the public or not-for-profit sector, where public accountability is critical, generates one way of working, whereas working in the private sector, where shareholder accountability and profits are key, generates a different set of priorities.

Size

Small organisations will have a small multi-skilled public relations department, indeed public relations may be subsumed into another department, typically marketing, or be a part of a single individual's job. It may even be outsourced to an individual or consultancy. The range of activities may well be restricted and undertaken by a public relations generalist. However, their input may have significant importance because the role of every individual is central to the operation of the whole organisation. Large organisations will have larger public relations departments. Within those departments the public relations remit will be broken down into task or functional areas with individual specialists taking on specific roles (see Chapter 1).

Publics

The range of public relations activities can be influenced significantly by the types of public involved. A number of factors need to be considered.

- Range, that is, the breadth of publics involved. Some organisations, for example niche manufacturers of space components, may have a limited range of publics. Others, for example the Department of Health, have an extended range of publics.
- Numbers and location. Some organisations have publics that form fairly discrete blocks, for example car dealers have groups of customers, suppliers and employees. Others, for example public relations consultants, will have a range of publics attached

to each project. Some organisations have publics in a wide geographical area or several socio-economic bandings. Others focus on concentrated areas.

- Influence and power. There are publics which, although small, can gain a great deal of influence and power, for example pressure groups, especially if they enlist public support. The UK government slowed down its development of genetically modified food trials after activists took positive action and turned public opinion against this technology.

- Connection with organisation. Employees are an example of a public intimately connected with an organisation. Other publics will have a more remote connection – again pressure groups are an example.

All these factors dictate the range and nature of the public relations programme that needs to be planned and implemented.

Development stage

Public relations activities are often dictated by the stage of development that the organisation has reached.

- Start-up. Usually organisations start small. The owners know suppliers, customers and employees. The public relations effort will often be one-to-one and the emphasis is often on growth, thus marketing communication will be a priority.

- Growth. More employees, customers and suppliers mean that one-to-one communication becomes difficult. At this stage a generalist public relations professional may be engaged to raise awareness of the company, its products and services. Internally, the formal communication programme may begin. Activities such as community relations and government and financial public relations are likely to be low priority if done at all.

- Maturity. Now the organisation is likely to be well established. The range of public relations activities will be expanding and could include financial public relations if a floatation is being considered. Employee communication is likely to be well developed, community relations will be a part of the agenda as the organisation takes on a corporate social responsibility agenda and developing and maintaining a cohesive corporate identity will be a priority. The in-house department of several staff, usually with specialisms, could well be complemented by engaging public relations consultancies to work in such areas as government affairs and investor relations.

- Decline. Open organisations usually avoid decline by adjusting their activities or moving into new areas. However, organisations do move into periods of temporary or permanent decline, for example through takeover, legislative change or bad management. Here public relations has a key role to play in identifying issues in the environment in order to avert crises. Ultimately, there is nothing public relations can do if a business is non-viable. However, it is possible to exit with dignity and with reputation intact, and public relations has a key role to play. Furthermore, if an organisation has been unsuccessful in defending itself against a hostile takeover bid, the public relations teams in the acquired and acquiring company have a critical role in re-building the confidence and commitment of the acquired company's stakeholders and in building a new and successful corporate culture and identity.

Public relations and links to other functions

To complete this chapter on the role of public relations in organisations it is important to look briefly at links to other functions. There are three areas where there are clear links and overlaps and occasionally conflicts.

Public relations and marketing departments

It is the relationship between public relations and marketing that usually takes up most space and generates most heat. There have been extended and at times unprofitable debates about whether public relations is a part of marketing or marketing is a part of public relations: just three themes are identified for discussion here.

Terminology

To public relations people, public relations means managing the total communication of an organisation with all its publics. To most marketers public relations means publicity, that is, obtaining (usually) media coverage in support of products and services. To distinguish between public relations in its broad strategic sense and public relations as a part of the marketing communications mix, the latter has been called marketing public relations (MPR) (for example, Fill 1999).

Again, public relations professionals have tended to restrict the meaning of marketing to the notion of a profit-based exchange between an organisation and its customers. This is now an outmoded concept. Marketing has broadened its parameters to include relationships with internal customers (employees) and the broader external stakeholder community. As organisations become more open, more porous and often smaller, the justification for distinct functions is less and less clear. Furthermore, employees are usually required to be multi-skilled and flexible. Even so, different professional outlooks do maintain diverse perspectives which are of value to organisations.

The fact is that in modern organisations functions need to be integrated to be effective. A visitor to a website is not at all concerned if it is the marketing or the public relations department who has designed it and put together its content, as long as information needs are satisfied. What is obviously clear is that internally there needs to be a clear understanding of the roles of each discipline and where the responsibilities lie.

Encroachment

Public relations professionals fear 'encroachment' or the taking over of the discipline by non-specialists, especially marketers, but also management consultants. However, there is rejoicing when a public relations professional is made a chief executive or director of corporate communications (with marketing as a subservient partner). What is good for public relations is that as many people as possible from as many disciplines as possible are aware of the contribution that public relations can make in both strategic and tactical ways.

Status

For some public relations professionals it is important that public relations is seen to be a dominant and ascendant communication discipline. It is a sign that public relations has come of age that its unique contribution in stakeholder relations is recognised.

Some go further and say that the internet age requires the sophistication and knowledge of public relations professionals to handle the very complex world of internet

communication, and the power plays between internet groups and their interaction with the organisation. It is true that the dialogue skills that public relations staff acquire with a range of stakeholder groups will be invaluable, but organisations also need to sell or obtain support for their products and services to survive. A good general reputation, often maintained through sustained public relations activity, will attract customers and users of services. Good service and products enhance reputation. Organisations need both marketing and public relations.

Public relations and human resources departments

There are potential areas for co-operation and conflict between these domains:

- Structural re-organisation. The human resources department has a clear role vis-à-vis contracts and liabilities in situations where there are mergers, lay-offs, acquisitions and re-organisation. The communication aspects of these matters, including how to communicate with employees and external stakeholders, would normally involve public relations expertise.
- Internal communication. Control of employee communication and the division between what is rightly communicated by human resources and public relations are areas of potential debate.
- Community relations. This might involve communication with employees who are located within the local community and also with potential employees, and again requires careful assignment of responsibility for communication.

Again, as with marketing, it is important that each area recognises the expertise and contribution that they and their fellow professionals can make. It is also vital that, as with all good public relations, a frequent, honest dialogue is maintained with willingness on both sides to give ground in order for the organisation's best interests to be served.

Public relations and legal departments

When organisations are under threat or handling crises there is often a tendency to turn to legal counsel. Legal concerns normally revolve around liability and risk and the natural instinct in the past has been to close down communication with the legendary 'no comment'. Lawyers are concerned that what is said may rebound on the organisation and often point out that there is no requirement to say anything.

However, there is an increasing recognition that corporate responsibility requires a more helpful response and that public interest should be served by providing information. 'No comment' implies something to hide, and will be seen as obstructive or insensitive by many stakeholders.

Public relations professionals are aware that expressions and demonstrable actions of sensitivity, concern and responsibility enhance reputation. They value openness and want to maintain dialogue. They are also acutely aware of the need to respond quickly to given situations – again the legal process usually takes time.

The recent trend has been for public relations professionals and legal advisers to work together in difficult situations. Product recalls and libel cases usually include both a public relations and a legal dimension and it is not uncommon for legal representatives and public relations professionals to speak on the same issue for an organisation. Again,

the touchstone is a clear understanding of roles and a recognition of the contribution of each specialist, cemented by regular and open dialogue.

Conclusions

This chapter has argued that there is a major strategic role for public relations in organisations. As expert boundary-spanners, public relations professionals can play a key role in the dominant coalition by gathering and interpreting information from the external and internal environments and presenting this as strategic intelligence. On the basis of this, organisations can adapt and change or initiate a dialogue so that the continued support of their key stakeholding publics can be assured.

It has also been demonstrated that public relations practitioners' roles vary according to the remit they are given in organisations. If restricted to the tactician role, they will never provide the full benefits that an organisation can derive from public relations, that is, intimate knowledge of key stakeholder attitudes and behaviour, issues management and a proactive stance towards a changing environment.

The range of channels of communication has been briefly discussed and public relations activity contextualised by the type of organisation within which it is situated. This has clearly demonstrated the variety of range and emphasis that public relations can have and has indicated the panoply of skills the expert practitioner requires.

Finally, the link between public relations and other disciplines has been commented on. The plea is for mutual understanding, recognition, respect and co-operation with fellow professionals for the benefit of the organisation. In short there is a call for genuine public relations within the management context.

Questions for discussion

1   How helpful is the systems approach in explaining public relations as a strategic activity? What are its strengths and weaknesses? Are there other more appropriate approaches?

2   What research techniques might you use to find out what your target publics think of your organisation?

3   What information resources might you use to enable you to undertake a comprehensive EPISTLE analysis for your organisation?

4   Why do you think public relations is undervalued in some organisations?

5   What do you think is the most powerful contribution public relations can bring to an organisation?

5 Professionalism and regulation

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Chapter aims

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In this chapter we will examine some of the areas in which PR is addressing the question of professionalism. Some definitions of what constitutes a profession are discussed, and a number of prerequisites with regard to public relations are addressed: entry qualifications, research and the body of knowledge; training and professional development; and codes of practice.

Professionalism

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The *Concise Oxford Dictionary* definition of profession is 'a vocation or calling, especially one that involves some branch of advanced learning or science'. Some practitioners, who see themselves as creative rather than scientific, have resisted the general feeling that public relations is maturing into a profession. The growth of degrees at both undergraduate and masters level and the development of vocational qualifications have been greeted with suspicion rather than as evidence of professionalism (see Chapter 19).

Originally, the professions were law and medicine, and were practised by the sons of wealthy landowners after they had been to Oxford or Cambridge university. Private income was necessary as the professions offered little pay. Later, specialised knowledge became the basis for entry (Cutlip *et al.* 1985). Elton (1993: 137) suggests the following prerequisites for a profession:

- an underlying discipline or cognitive base
- a body of practitioners
- a disciplinary organisation
- induction, training and licensing of members
- communication channels between members
- rewards and sanctions for members
- self-reflection, leading to improvement

- corporate evaluation and feedback
- a code of ethics and accountability to the profession
- corporate accountability to society
- quality assurance of the profession
- the ability to ensure high standards of remuneration.

Cutlip *et al.* (1985: 72) set out this list of related but differing conditions:

- specialised educational preparation to acquire knowledge and skills based on a body of theory developed through research
- provision of a unique and essential service that is recognised as such by the community
- an emphasis on public service and social responsibility
- autonomy and personal responsibility of members
- a self-governing association of colleagues to enforce codes of ethics and standards of performance.

The establishment of professional bodies in the UK, Europe and the USA have led to the introduction of codes of conduct, and calls for regulation of certain parts of the industry such as lobbyists. The Institute of Public Relations in the UK is over 50 years old, having been established in 1948 by a group of practitioners, with aims such as 'to provide a professional structure for the practice of public relations' and 'to enhance the ability and status of our members as professional practitioners'. Grunig and Hunt (1984: 4) put forward the view that PR is a young profession, and only really started to approach that status in the 1980s:

> The profession has its roots in press agentry and propaganda, activities that society generally holds in low esteem. Most of its practitioners have little training in the social sciences. Few have been trained in public relations . . . We must admit that many people today who call themselves public relations practitioners still do not measure up to professional standards.

They continue,

> True professionals possess a body of knowledge and have mastered communication techniques that are not known by the average citizen. They also have a set of values and a code of ethics that discourage the use of their knowledge and technical skills for antisocial purposes.

Kitchen (1997: 301) states 'It is now evident that public relations is an exciting contemporary managerial discipline with many skills, techniques and strategies to offer to business organisations in both a corporate and marketing communications domain.' The growth of social responsibility in business has led to a feeling among practitioners that they should be recognised as professionals, despite the origins of the industry in press agentry. Indeed, Cutlip *et al.* (1985: 17–19) suggest that 'Many credit public relations for heightened attention to social and public responsibilities amongst government administrators and business executives.' They also point out the role that public relations plays in making organisations responsive to public interests. They go on to suggest that the

latter contributes to making the democratic process more effective: 'Social responsibility drives development of the body of knowledge underpinning public relations practice and continues the professionalisation of its practitioners.'

One of the first protocols agreed by the Global Alliance of public relations associations, founded in 2000, was a declaration of principles which stated that a profession's characteristics included:

- mastery of a particular intellectual skill through education and training
- acceptance of duties to a broader society than merely one's clients or employers
- objectivity
- high standards of conduct and performance.

The declaration also pledged the Alliance members to conduct themselves with 'integrity, truth, accuracy, fairness and responsibility to our clients, our client publics and to an informed society'. The Alliance currently comprises 30 member organisations, representing more than 100,000 public relations practitioners. Its Global Protocol on Ethics in Public Relations is discussed later in this chapter, along with other codes of practice.

In January 2003 the IPR was awarded DTI funding to conduct a Best Practice Overview of the UK PR industry. The objectives of the study were both to spotlight best practice and to show how public relations contributed to the national economy and the competitiveness of British industry internationally. The Chair of the IPR-DTI Steering Group, Michael Murphy, stated, 'Maintaining and improving the UK's competitive position demands an ethical, dynamic and strategic public relations industry that works to promote transparent corporate governance and a full understanding of the management of the relationships on which the "bottomline" success of every business depends' (IPR 2003: 1). Surveys were conducted both by post and online, and achieved 812 responses across public, not-for-profit and private organisations. Findings were then explored with discussion groups and interviews. Final results were announced in November 2003. The Steering Group made 21 recommendations in the areas of: public relations' impacts on business; public relations and social responsibility; government and communications; and public relations management, training, motivation and development. These recommendations will be referred to in the relevant sections in this chapter.

Professionalism?

There are many who regard the drive of public relations towards the status of a profession with extreme cynicism. Corporate Watch (www.corporatewatch.org.uk/profiles/pr_industry) in its profile of public relations and the lobbying industry states, 'There is a considerable body of evidence . . . to suggest that modern public relations practices are having a . . . deleterious impact on the democratic process.' It goes on to list the achievements of the industry as putting 'a positive spin on disasters', undermining 'citizens' campaigns', gaining 'public support for conducting warfare', and changing 'public perception of repressive regimes'. The PR department is said to provide 'a line of defence . . . to prevent information from slipping out'.

Another website which sets itself up as a resource for public relations professionals criticises examples of poor standards of prominent practitioners which cast the whole industry in a bad light. The Holmes Report (www.holmesreport.com) welcomed the

resignation of George W. Bush's Press Secretary, Ari Fleischer, stating that his performance had 'surely contributed to the negative perception of public relations'. It dubbed Fleischer 'the most deceitful presidential press secretary since Ron Zielgler' (Nixon's press aide). Criticisms included 'a brazen and cavalier disregard for the facts', 'evasion and obfuscation', refusing to answer questions unless they were sufficiently specific and even if they were, refusing to answer 'on principle', especially on the question of the administration's involvement in the corporate scandal of Enron in January 2002.

Hill & Knowlton's representation of Citizens for a Free Kuwait, which drew the US into the Gulf War in 1991, has been well documented (Newsom *et al.* 2000: 59–60). A witness to the congressional hearing was found to have been the daughter of the Kuwaiti ambassador rather than a disinterested party, as claimed, and stories of Iraqi soldiers taking babies from incubators and leaving them to die was thus considered highly suspect.

PR Watch (www.prwatch.org/prissues/1998Q2) is also scathing about the intentions of practitioners to improve standards. 'Watching the public relations industry discuss ethics is a little like watching tourists from a foreign country attempting to speak a language they barely understand. They seem enthusiastic and sincere, and many of the right words come out of their mouths, but they just don't quite manage to make sense.'

Cynicism about professional standards is not confined to the public relations industry. Cortese (2002) relates that whilst more companies are starting to develop 'sustainability reporting' on their environmental, health and safety and social performance, this lacks credibility and is viewed as 'greenwash'. Rising expectations of stakeholders and how corporations and governments are responding recur in several chapters of this book.

Entry qualifications

One element of a claim to a professional status is an emphasis on well-qualified practitioners. Years of training are necessary to become a doctor, lawyer or accountant, followed by more years of on-the-job training.

Public relations education is more developed in the USA, where university-level courses date from 1920, with early courses in publicity being offered at the University of Illinois and Indiana University. The first PR course was offered in the journalism department of the New York University School of Commerce, Accounts and Finance, taught by Edward Bernays. Courses tended to be part of journalism qualifications, with students able to specialise in PR through taking options. The 1981 Commission on Public Relations Education recommended that the content of undergraduate and postgraduate courses should include mass communications, PR theories, media relations techniques, research methodology, case studies, work placements and PR management (Cutlip *et al.* 1985). A further commission in 1987 added ethics, law and evaluation to the list (IPRA 1990). This was updated by the work of the Public Relations Education Commission set up by the Public Relations Society of America (PRSA) in 1999, which looked at the knowledge and skills which should be included in undergraduate and postgraduate courses. Business context, finance, communication theory and a supervised work placement in practice were felt important at degree stage, with the emphasis shifting to management science and research design at postgraduate level (Commission of PR Education 1999).

The International Public Relations Association (IPRA) published guidelines for PR education in 1990. They stated that

public relations courses should be taught by individuals with a sound experience and understanding of both the academic and professional aspects of the field . . . We also strongly recommend [teachers] to continue to develop their professional experience while they hold teaching appointments.

(IPRA 1990)

The IPRA wheel of education is shown in Figure 5.1.

Some trades have achieved chartered status, such as the Chartered Institute of Marketing. This necessitates having a majority of practitioners with a relevant vocational qualification, as well as an emphasis on continuous professional development.

A number of years ago, the Institute of Public Relations (IPR) expressed its intention to achieve chartered status. It was felt that this would raise the status of the profession in general, as well as that of the Institute. The IPR moved towards tightening its entry requirements. From 1992, if they had less than ten years' experience in public relations, all full members had to have a relevant vocational qualification or (since 2000) give a commitment to participating in the IPR's continuous development scheme.
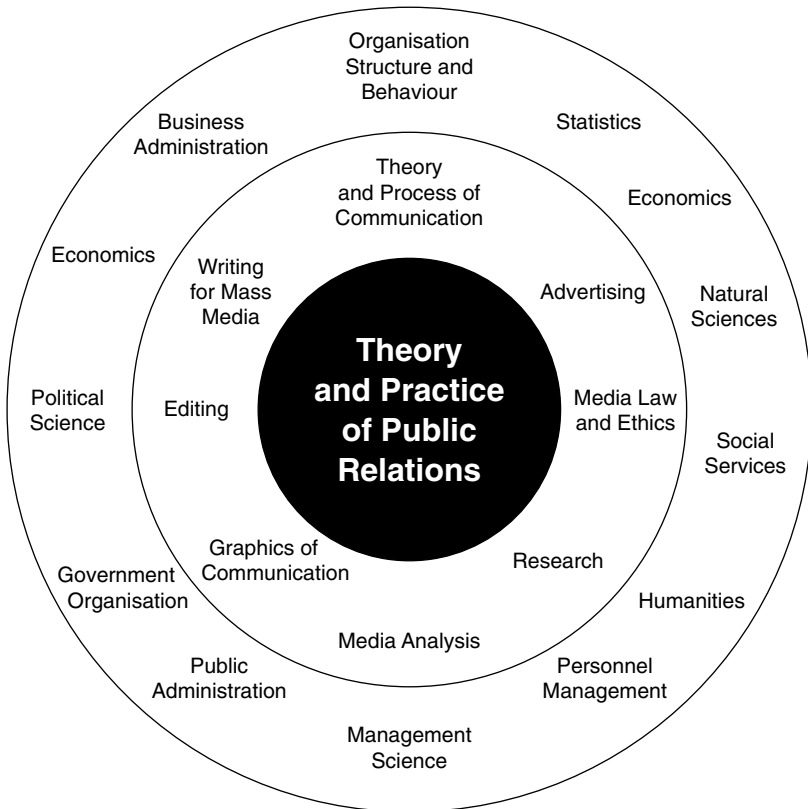
Figure 5.1   IPRA wheel of education

Used by permission of the International Public Relations Association

The Public Relations Education Trust (PRET), a joint body set up by the IPR and the Public Relations Consultants Association (PRCA), developed an education training matrix, which set out the content necessary to give a good grounding for those in the industry. Using this matrix as a base, the IPR approved six courses in 1989, including vocational, undergraduate, postgraduate and masters programmes in the UK. The criteria for approval have been revised and updated, and cover the content of the course, the qualifications and experience of the teaching staff, links with industry, the inclusion of some form of practical work experience and the employment record of those who complete the course. Since then, the number of approved courses has risen to 22. (A list of approved courses is available on the IPR website at www.ipr.org.uk.) On completion of one of these, there is still a requirement for three years' experience in PR before full membership is awarded. In addition, in 1998, the IPR also introduced its own qualifications, the IPR Advanced Certificate and Diploma, which provides a part-time route to qualification for those who are already working in the profession and who are unable to return to full-time education. On completion of the diploma, however, a practitioner may progress directly to full membership without additional work experience. Mindful of the need to maintain standards in its delivery, these courses are only available at a few venues (again, details on the IPR website). Applications to take the diploma have shown an upward trend, so it seems that practitioners do wish to become qualified in their discipline, which may be linked to a discernable rise in the number of not-for-profit and public sector employers asking for formal PR qualifications.

There are still many in the industry who do not have a relevant qualification, although with the numbers of graduate entrants rising, there are few who do not have any qualifications at all. Although it is still possible to enter the profession without a degree, the increasing numbers of graduates who are applying to work in PR mean that this route is becoming more difficult. The IPR's membership survey in 1998 showed that 36 per cent had a first degree and that 20 per cent had a further degree as well. IPR research carried out in 1999 found that 98 per cent of senior managers in the industry expected entrants to have a degree (IPR 1999). Consultancy employers continue to moan about the quality of graduate applicants, without addressing the need to invest their time and expertise in the many public relations degree courses.

Few consultancies or in-house departments have a specifically designed graduate training scheme in public relations, but this may have to change as graduates begin to demand more thorough training. At the moment, where training does occur it often tends to be *ad hoc*. The IPR and the PRCA took part in several debates on the question of training, organised by the trade journal *PR Week* as part of its Best Practice campaign. This led to an agreement by the IPR and PRCA Joint Industry Committee to work together to improve the commitment to training within the industry. Whilst the two member organisations did not agree to merge, it was agreed that the PRCA would have a role in the course approvals process mentioned above, and that the IPR would be involved in the PRCA's Consultancy Management Diploma. The IPR was recognised as 'the major supplier of training to the profession' by providing training itself and through the benchmarking of the provision of commercial training organisations with its Approved Training Provider kitemark.

The IPR–DTI report mentioned above concluded that the IPR 'should recommend work placements on all its managed and approved public relations undergraduate courses'. In addition, a work placement charter should be developed setting out the requirements and expectations on both sides for all organisations offering such placements. The IPR was tasked with setting up a 'road show' to approved undergraduate courses to engage students (IPR 2003: 7). The IPR has also reiterated its intention to apply for chartered status.

Research and the body of knowledge

There has been a rather uneasy link between academic research, PR theory and prac- tice in the UK, with many practitioners resistant to the idea that PR could be taught (see Chapter 19). Cutlip *et al.* (1985: 467) suggest that 'Public relations education has advanced faster than the body of knowledge supporting the practice.' The US Commission on Public Relations Education reported

> Most public relations educators – not having attained PhD level – have not been required to do research . . . most are teaching skills courses that have little relationship to basic research. Public relations practitioners . . . have generally been too busy at their jobs to engage in basic research, not connected with specific public relations tasks.
>
> (IPRA 1990: 21)

There are signs that the body of knowledge in PR is growing, and that academics and practitioners are more willing to enter into a dialogue, but progress, as discussed in Chapter 19, is slow. The professional associations are also taking upon themselves the role of assembling case studies and links to research on their websites. Members of the IPR, PRCA and PRSA in the US can all search databases of best practice. Whilst the majority of the information is practice based, in April 2003, the IPR held an aca- demic conference at Bournemouth University on Current Debates and Issues in Public Relations Research and Practice. Teachers from the IPR-approved courses and from Europe and practitioners presented scholarly papers on matters of public relations theory and practice. These papers were then assembled into a special section of the IPR website, with a small number included in an edition of the *Journal of Communica- tion Management*. In 1998, the European Public Relations Education and Research Association (EUPRERA), an association which brings together European academics in the field, initiated the European Public Relations Body of Knowledge (EBOK) project, to be available in several languages (www.viewebok.org).

Training and professional development

Bines and Watson (1992) suggest three models of professional education. The first is apprenticeship or pre-technocratic, where professional education takes place mainly on the job, with some associated learning through day release at a relevant institution. The emphasis is on practical techniques. The technocratic model is more associated with professions, and consists of a systematic knowledge base founded on academic disci- plines, the application of that base to practice, and supervised placements in practice. This most closely reflects the systems of IPR-approved courses mentioned above. The third model, or post-technocratic, emphasises professional competence and bridges the gap between education and employment. There is still a debate on what constitutes competence, and difficulties in identifying the competences needed. The development of National Vocational Qualifications (NVQs) in PR had limited success. Although the qualifications were initially adopted, they were discontinued by the Qualifications and Curriculum Authority due to poor take-up.

To address the issue of lifelong learning, in April 2000 the IPR introduced Develop- ing Excellence, a continuous professional development (CPD) scheme. This scheme, whilst initially voluntary, aims to encourage members to continue their development by undergoing vocational training, achieving subsequent academic qualifications, partici- pating in the work of the IPR and contributing expertise to public relations students.

By ensuring that its members are properly qualified and engaged in current training, the IPR aims to ensure that they will be professional in their business conduct, and that clients and employers will be able to use the standard of membership as an indicator that they are employing a competent practitioner.

A substantial amount of background research was done to inform the scheme, giving rise to four suggested levels of development:

Level 1   PR executive

Level 2   account manager or PR officer

Level 3   account director or head of department

Level 4   board member, managing director, chief executive

Particular skills are included at each level, from basic media training at level 1 to strategic issues management and board skills at level 4. All IPR workshops now carry an indication of their level, and the overall structure can be used by both individuals and companies when planning their training requirements. Courses of the Approved Training Providers are also linked to level and subject. The framework has been constantly updated, and contains an indication of the skills needed to ensure that PR practitioners can use new technology (see later discussions on the implications of new technology in Chapters 10, 18, and 19).

Crispin Manners, chair of the PRCA Professional Practices Committee, feels that the quality of people coming into PR is higher than ten years ago.

> It is now a challenge to make sure that they stay. Five years ago, PRCA members were spending only ½% of their payroll on training, whereas management consultants recommend about 8 per cent. The criteria for the government's Investors in People (IP) emphasise developing employees. The PR sector has seen consistent growth. In 1999, there was 17% growth in the fee income of the top 50 consultancies, the year before that 10%. However, the industry has not been able to tool up fast enough to satisfy demand. This will need to change.[1]

However, despite these efforts, the area of training and development was one which was highlighted in the IPR–DTI study. Less than half of consultancies and in-house departments had formal training and development programmes, and it was felt that there was a 'need for public relations practitioners to be more capable across a wide range of competency areas' (IPR 2003: 4). There was a need for a 'more rigorous approach to training and skill acquisition, particularly management skills at middle and senior levels' (ibid.: 7). There was a lack of appreciation of the need for planning, research and evaluation (PRE) skills, which it was felt was holding the profession back from being seen as a strategic rather than tactical discipline. This need for training was not confined to public relations practitioners, as it was also discovered that the quality of brief setting by clients was poor, indicating that business managers needed help in the areas of objective setting and public relations procurement.

Professional bodies and representation

The PRCA is the trade body for consultancies in the UK, and members are companies rather than individuals. It has strict criteria for membership, and has developed a Diploma

in Consultancy Management. While the IPR has a Code of Conduct, the PRCA has a Professional Charter and Consultancy Management Standard which its members are obliged to follow. We will look at the content of these codes below. One problem with the raising of standards within PR is that these organisations do not represent all of those working in PR in the UK. The IPR has over 7,500 members, of which around 1,000 are students on the approved courses. The PRCA has 120 members, who represent around 6,500 staff, some of whom will also be individual IPR members. The size of the PR industry is subject to debate, with various figures being used. The size of the circulation of the trade publication *PR Week* is often used as a guide, and this is currently 17,500. Many people may work in a public relations capacity for an organisation, but may not be called a public relations practitioner. Some estimates of the numbers in PR are as high as 40,000, but around 20,000 would probably be more accurate. Despite the numbers game, it can be seen that the two associations account for a maximum of two-thirds of the industry. The requirements for qualification and professional and ethical behaviours can only apply to their own members. Likewise with the requirements on members who engage in lobbying or investor relations activity – only those in membership can be held responsible.

Other influential professional bodies include the Public Relations Society of America (PRSA), which with 20,000 members is the largest association of individual practitioners in the world. It was founded in 1948 by the merger of the National Association of Public Relations Counsel and the American Council on Public Relations. In 1966, the PRSA merged with the American Public Relations Association to form a strong national association. The PRSA signed an agreement with the IPR in April 2000 which stated the intention of both bodies to co-operate in the fields of professional practice, training and education.

IPRA was founded in 1955 with only 15 members in five countries. Although still small by national association criteria, the organisation represents around 700 members in over 70 countries, although there has been talk of it merging with the IPR as the latter adopts a more global outlook.

The IPR is a member of the Confédération Européenne de Relations Publiques (CERP) and of the Global Alliance, mentioned above, which currently comprises 30 member organisations, representing more than 100,000 public relations practitioners. The PRCA is also a member of the International Communications Consultants Association which has 200 member companies in 24 countries.

Codes of practice
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The IPR Code of Conduct, which was updated after a major consultation in 2000, covers members' practice of PR, how the practitioner deals with the media, the public, employers, clients and colleagues. The Code emphasises 'honest and proper regard for the public interest, reliable and accurate information'. The member is required to 'maintain the highest standards of professional endeavour, integrity, confidentiality, financial propriety and personal conduct' and to bring neither the Institute nor the profession into disrepute. Professional activities must be conducted with 'honest and responsible regard for the public interest', and any conflict of interest must be declared to clients as soon as they arise. The clause in the old Code which stated that members 'have a positive duty at all times to respect the truth and shall not disseminate false or misleading information knowingly or recklessly, and take proper care to check all information prior to its dissemination' is now reflected in a principle to 'deal honestly and fairly in

business' and 'never knowingly misleading clients, employers, colleagues and fellow professionals about the nature of representation'.

Members are expected to 'take all reasonable care to ensure employment best practice', which includes 'giving no cause for complaint of unfair discrimination', and safeguard confidences. Members must also be aware of legislation and regulation in all countries where they practice. Maintaining professional standards specifically encourages members to undertake the Institute's Continuous Professional Development programme and to encourage employees and colleagues to become members also. The new Code sets out a highly detailed process governing complaints relating to professional conduct.

The PRCA's Professional Charter covers similar ground, and indeed many of the clauses are identical. Of course, the Charter is written with the members in mind, and these are consultancies rather than individuals. Terms can be negotiated on the basis of the complexity of the issue and the difficulties associated with its completion; the specialised skills needed and the time to be spent; the amount of documentation needed; the place and circumstances where the work is to be carried out; and the value of the task to the client. Accuracy, openness about interests and regard to the public interest are also stressed. The PRCA also has specific codes which relate to investor relations, healthcare and parliamentary advice, which are in addition to the provisions of the Professional Charter. The specifics of these codes are concerned with the particular environments and sensitivities that exist. There are recommendations for those in investor relations about dealing with price-sensitive information. Healthcare professionals are directed to legislation and other relevant codes, and must ensure balanced and accurate information is given. Parliamentary lobbyists have an extensive code which relates to their conduct towards MPs and clients. Both the IPR and the PRCA have given evidence to a series of Parliamentary Committees on Standards in Public Life (see below). As Crispin Manners says,

> There is an aspiration in the industry to become a profession. The quality of consultancy has improved over the past few years, but there is an increasing gulf between those who are keen to add value and to make that value tangible, and those who want to continue to trade on some black box mystique. The latter are dinosaurs.

In 1973, IPRA undertook a survey of its members in 46 countries, and found that of the 26 countries which replied, only 82 per cent had adopted a Code of Ethics and only 27 per cent had referred to ethics in their annual reports. In 38 per cent of the countries, PR had been criticised for unethical conduct (Lloyd 1973). 'Ethical codes can make unethical behaviour less likely . . . but cannot make ethical people out of unethical ones', said John Budd (1994: 2).

The Global Alliance agreed in April 2003 that all member associations would standardise their codes of ethics by the end of 2005. The minimum elements that are to be included are:

• an obligation to protect and enhance the profession
• to be informed about practices which ensure ethical conduct
• to actively pursue professional development
• to define what public relations can and cannot accomplish
• to counsel members on ethical decision making
• a requirement that members observe the recommendations of the Protocol.

Clauses on advocacy, honesty, integrity, expertise and loyalty are also required. The Alliance has further developed a virtual ethics forum, where practitioners will be able to submit real cases and get advice from an expert panel on how to proceed. Representation on the panel includes practitioners from the USA, Australia and South Africa (www.ipr.org.uk/alliance/news/worldethics.htm).

The IPR–DTI study recommended that the IPR should go forward with its oft discussed plan to apply for chartered status, as well as setting up a UK Public Relations Industry Corporate Social Responsibility Report and, together with the PRCA, improve communication of industry ethics and promote their ethical clauses (IPR 2003: 6).

Regulation of practice

Both associations have committees to which complaints can be made if a breach of the codes of conduct is discovered. However, as Director General of the IPR, Colin Farrington, says,

> We are not equipped with police powers to investigate, and are reliant on complaints before we act. Whilst some might feel that as we are not a statutory body our disciplinary procedures are our own affair, the courts would expect us to act in a defensible way. If the disciplinary procedure resulted in a public reprimand or expulsion from the Institute, it would affect people's business and reputation.

Crispin Manners is keen that it is not just seen as a way to police bad behaviour, but also to promote and educate members and their employees to work within the Professional Charter: 'We try to fulfil the role of a private arbitrator, and if that doesn't work, to encourage the use of a public arbitration service.' Most of the problems which his committee has had to investigate have been cases resulting from poor systems of consultancy management, rather than problems of bad behaviour or ethics. To remedy this, the Consultancy Management Standard (CMS) was devised, and by the end of 2000, all PRCA members had to conform to it or be disqualified from membership. There were originally ten elements in the CMS, and member consultancies had to score at least 50 per cent in each section to pass. In 2003, the CMS was revised, and now all new members must complete the process before being admitted. There are eight elements in the CMS, and member consultancies must score at least 50 per cent in each section to pass. The first element concerns the business plan, the next financial systems. Other sections cover audited accounts, the minimum annual fee income of £200,000, minimum levels of staffing, adherence to the Professional Charter, and campaign evaluation. Client satisfaction must be measured and service delivery monitored. A commitment to training and development is also included. Essentially the CMS combines elements of both the ISO 9000 benchmark and Investors in People standards. Quality management, management responsibility, resource management and measurement and analysis and improvement are stressed. In addition, consultancies are re-assessed every two years to ensure that they are keeping up with the standards set.

Some of the problem has lain with the question of what is and what is not acceptable in public relations. 'People are paid to be creative, and it's highly competitive. What is the difference between a PR stunt and a campaign? The rules have been established as we have gone along', says Colin Farrington. 'Although PR consultancies may deal with people better than other kinds of organisation and are better creatively, they have not necessarily been noted as successful businesses and professional practitioners', says Crispin Manners:

There is universal agreement that if anyone fell foul of the Charter, the Association will take action. Years ago the PRCA and the IPR were old boys' clubs, now that is long gone. We all live by the same laws of business management and can't afford to do something that would damage brand awareness. A lot of people have put a lot of work into developing the professional standards, and we are committed to upholding them.

Credibility of practitioners

'Honesty begins at home. It is synonymous with trust and trust is the lubricant that makes our practice function.' Despite this aspiration, John Budd (1994: 5) relates the example of Hill & Knowlton chief, Robert Dilenschneider, who in 1988 warned against

> twisting the facts 'a little'; unquestionably doing the unquestionable thing; ducking the truth, doing anything you knew 'in your bones' was wrong. Two years later [he] . . . advocates an array of highly questionable stratagems . . . publicly attack the competitor; steal his best people; insert Quislings into his ranks; and pre-empt his access to the media.

We have already noted Hill & Knowlton's involvement in questionable campaigns above. The conduct and regulation of lobbyists has been a key issue in raising questions about the ethical conduct of those engaged in public affairs. Back in 1956, Tim Traverse Healey warned that 'the further development of public relations depends on the confidence of the community in the integrity of our practitioners' (quoted in Budd 1994: 4). In the run up to the general election in 1997 a number of MPs lost their seats as a result of revelations in the media that some firms had allegedly been involved in paying them to raise questions in the House, whilst Ian Greer Associates, a long-standing firm of lobbyists, was forced out of business. Subsequently, one of Labour's parliamentary aides, Derek Draper, was accused of boasting that he could secure access to ministers for those who wanted to make their case. He was forced to resign. The various cases caused a media frenzy about 'spin doctors' and lobbyists, with calls for more regulation and slurs cast upon public relations practitioners of all kinds, not just those engaged in public affairs.

In October 1994, the then Prime Minister, John Major, set up the Committee on Standards in Public Life under Lord Nolan to try to counter the poor reputation of some Conservative MPs that threatened, and indeed may have contributed to, the downfall of his government in the election in May 1997. The Committee's terms of reference were

> To examine current concerns about standards of conduct of holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life.

The Nolan Committee published four reports from May 1995 to November 1997, covering the conduct of MPs, ministers, quangos, civil servants, local government, NHS trusts and other public-spending bodies. The first report recommended a ban on advocacy by MPs on behalf of companies and organisations with which they had a paid relationship. It also suggested that MPs should be banned from making any links to political lobbying firms.

The Committee continued under the new Labour government with Lord Neill as chair, with an additional task given by Prime Minister Tony Blair to 'review issues in relation to the funding of political parties, and to make recommendations as to any changes in present arrangements'. A further report on this topic was published in October 1998. A review paper was then published, and further evidence was sought by May 1999.

Submissions were made to the Neill Committee by the IPR, PRCA and the Association of Professional Political Consultants (APPC). A statutory regulation of lobbyists which proposed that the disclosure of clients' identities would be required conflicted with Law Society rules. The three bodies stated that they had adopted supplementary and virtually identical codes to govern practice in this area. The APPC also made clear that its members are not permitted to have financial arrangements with members of parliament or peers. In evidence to the Neill Committee (19 July 1999), Michael Burrell said,

> It is now widely accepted across the industry that it would be better if there were not such financial relationships, that there is no need for such financial relationships, that what they tend to do is embarrass the parties involved and that we can do our job without them.

Most recently, the IPR gave evidence to the Wicks Committee on how to help clarity in political communication. This involves civil servants, ministers and special advisers and the role of the Government Information Service. The IPR–DTI report also contained several recommendations on improving and protecting the 'integrity, impartiality and objectivity of public service communicators'. Encouraging membership of professional organisations was one of these (IPR 2003: 7).

International problems with recognition

The question of mutual recognition of qualifications across the European Community and globally is thorny and as yet unresolved. Colin Farrington is wary of introducing conditions that might be construed as a barrier to trade across the EU: 'Also, if all qualifications are of equal standard, then it implies what is meant by public relations should be the same everywhere. There is some work going on in CERP to try and establish an agreement on that definition.'

Social accountability

The concerns of the public relations industry to be seen as an ethical profession are reflected in the work of the Trade and Industry Select Committee in the area of social accountability. This gave rise to the Ethical Trade Initiative, which formulated guidelines for retailers, suppliers and manufacturers covering health and safety, workers' pay and conditions, child labour and the environment. Martin O'Neill, MP, speaking at a conference on social accountability in January 1999, described social accountability as the 'flavour of the month'. The concept of social accountability is becoming more widespread, and it is not only companies like the Body Shop and the Co-operative Bank that are setting up social auditing systems. A report was commissioned by BT at the beginning of 1997 to examine what roles companies could and should take in society, and whether undertaking these roles was good for business (Future Foundation 1998). (Related issues are discussed in Chapters 9 and 12 on corporate social responsibility

and corporate community involvement, respectively.)

The IPR secured a seat for a CERP representative on the EC CSR Stakeholder Forum, as well as setting up its own CSR network to share and promote best practice in this area. The IPR conducted a survey into how the requirements of the proposed new Companies Bill on how non-financial performance should be set out in the Operating and Financial Review (OFR). The IPR–DTI report took this one stage further and recommended that the IPR 'develop best practice guidelines on non-financial reporting in the public sector to meet the Government's intention to introduce a mandatory Operating and Financial Review requirement' (IPR 2003: 6).

In conclusion, PR possesses several of the prerequisites to be considered a profession, and the professional bodies show a clear desire to address the issues of entry, training and conduct of practitioners. They recognise that in order to achieve this, they must get the message across about ethical and professional working standards, to counter the historical beginnings of the industry in press agentry and publicity. Whether or not the IPR achieves chartered status, it has shown an increasing maturity in addressing the concerns of the industry as a whole, rather than concentrating simply on the concerns of its members. The problem, ironically in an industry which prides itself on the ability of its practitioners to communicate, is one of getting the message across to the relevant stakeholders in business. The collaboration with the DTI indicates that government stakeholders do seem to be starting to recognise the impact of public relations. The report concluded that there was an opportunity for practitioners to change their role to that of strategic advisers, although there was much work to be done on improving practitioners' competences. Setting up common standards through the establishment of a best practice case study bank and continuing to work on showing value by indentifying return on investment (ROI) of the public relations budget will also be necessary before public relations can confidently proclaim itself to be a profession.

Questions for discussion

1   Could there be a common entrance exam for membership of a public relations association? Would this be desirable?

2   Do you feel the various approved courses reflect academic or practitioner requirements for entry to the profession?

3   How important would achieving chartered status for the IPR be in improving the image of public relations?

4   Should membership of a professional association be mandatory in order to practice public relations?

5   Is the Global Protocol on Ethics realistic?

Note

1   Unless otherwise stated, quotes are taken from interviews with the author.

Part II

Strategic public relations

6 Corporate communication

....

Emma Wood

Corporate communication is an instrument of management by means of which all consciously used forms of internal and external communication are harmonised as effectively and efficiently as possible, so as to create a favourable basis for relationships with groups upon which the company is dependent.

(van Riel 1995: 26)

Chapter aims
....

Van Riel's definition of corporate communication is founded upon notions of strategic management and relationship building; concepts explored in the previous part of this book and exemplified in future chapters. This chapter uses a case study to raise some of the moral or ethical debates surrounding public relations practice as well as demonstrating the importance of a strategic approach to corporate communication. It illustrates what can happen if symmetrical or reciprocal relationships with key stakeholders are ignored. This case has had a real impact on senior thinking about corporate public relations and is often referred to as the 'Brent Spar' of the financial sector.

The Bank of Scotland – a case study
....

The Bank of Scotland (BoS) is a leading UK clearing bank, headquartered in Edinburgh. It employs around 21,000 people and has collective earnings of more than £435 million. It issues a range of credit and charge cards (including cards to supporters of affinity groups ranging from charities to universities) and is known for its pioneering electronic and telephone home and office banking service.[1] Its community mission statement clearly signifies a stakeholder approach to its business:

Throughout Bank of Scotland's 306-year history, we have been keenly aware of our responsibilities as good corporate citizens. We know that our own business will be stronger if the communities where our existing and future customers live and work are stable and healthy.

> We aim to use the best business practices in our relationship with all those who have a stake in our business:
>
> - the investors in our business
> - our customers
> - the communities in which we work
> - our staff
>
> Our first duty is to run a successful business. Without that, none of our community aspirations is realistic.

Its 'statement of business principles' specifies that:

> In three centuries of doing business, we have learned how to win trust in all of our relationships – and how vital it is to retain that trust. The highest standards of business conduct and fair dealing in all our operations is our aim.

In March 1999, however, the bank announced its intention to team up with US television evangelist Pat Robertson to set up a direct bank in the USA. The new bank would operate only through telephones and computers.

Robertson is well known in the USA as a religious broadcaster, entrepreneur and right-wing politician who ran unsuccessfully for the US presidency in 1988. His Christian Broadcasting Network provides programming by cable, broadcast and satellite to approximately 180 countries with a mission of converting 500 million people to Christianity. As direct banking was less developed in the USA than in the UK, the combination of BoS expertise and Robertson's access to a vast network of potential customers seemed to guarantee a highly profitable business venture.

Soon after the announcement, the press published details about Robertson and his extreme right-wing views. Robertson's attacks on homosexuals, feminists, Muslims, Hindus and other religious groups were reported, particularly in the Scottish media. Pressure groups were quick to publicly denounce Robertson, and the bank for being associated with him. Utilising the internet and other media, these groups co-ordinated attacks on the deal. They set up websites with links to the media and the bank to help the public to learn more about the issue and to register their condemnation. Direct action included calls for bank accounts to be closed and protesters handcuffing themselves to the bank's headquarters.

The bank remained adamant that it would not succumb to public or media pressure. Its PR strategy seemed to alternate between refusing to comment and blaming the media for distorting or exaggerating Robertson's views. Robertson's approach was similar; in addition he attempted to place legal restrictions on press reporting of his opinions. Far from diminishing interest or coverage of the issue, this resulted in the media becoming more entrenched. Rather than being frightened off by threats of legal action, the media substantiated their attacks with evidence of Robertson's comments, using direct quotes from his TV shows, books and an open letter which claimed, 'The feminist agenda is not about equal rights for women. It is about a socialist anti-family political movement that encourages women to leave their husbands, kill their children, practice witchcraft, destroy capitalism and become lesbians' (*Scotsman* 24 April 1999).

The bank was reported to believe that these views should not affect their potentially lucrative joint venture. Peter Burt, BoS Chief Executive, defended the deal by drawing a distinction between the intrinsic moral and ethical values of a commercial decision and the ethics of the individuals involved: 'An individual's personal religious views do

not form the basis on which the bank makes its business and commercial judgement. And nor should it' (*Scotsman* 22 April 1999). However, key opinion formers disagreed and major institutions began to publicly register their disapproval of the bank's association with Robertson.

The logical extension of this disapproval would be for these key institutions to disassociate themselves from the bank. Media coverage became dominated by reports of city councils, universities, trade unions, charities and churches threatening to close their accounts. Several high profile MSPs were happy to be named in condemning the deal and called for the Scottish Parliament's account to be removed from the bank if the deal went ahead (*Scotsman* 2 June 1999).

The bank's defence of Robertson ceased in mid-May when he was reported as condemning Scotland as a 'dark land' overrun by homosexuals (*Scotsman* 2 June 1999). In early June the bank announced that it was abandoning its joint venture. A joint statement said,

> Dr Pat Robertson and Peter Burt, following a meeting in Boston yesterday, agreed that the changed external circumstances made the proposed joint venture . . . unfeasible. In reaching this agreement Dr Robertson expressed regret that the media comments about him had made it impossible to proceed.
>
> (*Scotsman* 7 June 1999)

The announcement was seen as terse by some, and interpreted as still blaming media distortion for the failed venture rather than the bank fully condemning Robertson's views. The *Scotsman* deemed it an 'apology that leaves a lot to be desired' (7 June 1999), the *Guardian*, 'a grudging, gritted-teeth apology' (19 June 1999). Tim Hopkins of gay rights campaigners Equality Network represented a number of views with his comments:

> People are still very angry with the bank and it will have its work cut out getting back their confidence. We would like to see the bank reaching out to minority groups to rebuild its reputation for equal opportunities, which before the Pat Robertson business was very good.
>
> (*Scotsman* 7 June 1999)

It was only after a more full and personal apology was given to shareholders at the annual general meeting that public opinion was reported as mellowing towards the bank. At the AGM, the bank's deputy-governor, Sir John Shaw, said:

> The board of the bank regrets any concern to customers, proprietors [shareholders] and staff caused by the events of the past few weeks. The bank failed to predict the strength of public reaction after announcing the deal with Dr Robertson. The last straw came when he described Scotland as an overly 'dark land'. We have a long-standing commitment to ethical values, tolerance, equal opportunities, and non-discrimination in all our dealings. Determination to uphold these principles as we develop our business world-wide will continue to characterise the Bank of Scotland.
>
> (*Scotsman* 11 June 1999)

Analysis

This case study demonstrates several important aspects of corporate public relations practice.

Reputation

> Better regarded companies build their reputations by developing practices that integrate economic and social considerations into their competitive strategies. They not only do things right – they do the right things. In doing so, they act like good citizens. They initiate policies that reflect their core values; that consider the joint welfare of investors, customers, and employees; that invoke concern for the development of local communities; and that ensure the quality and environmental soundness of their technologies, products and services.
>
> (Fombrun 1996: 8)

The aims outlined in the BoS's corporate statement reflect an understanding of this approach to reputation building. However, its actions (teaming up with Robertson and defending the deal by attempting to distinguish between the ethics of commercial decisions and the personal views of business partners) is not congruent with the core values its statement expresses. Its problems could be judged to have stemmed from its failure to 'integrate economic and social considerations'.

A consideration of the bank's withdrawal from the deal also provides a useful insight into this perspective of reputation building. The bank stood to make tens of millions of pounds' profit as a result of the Robertson deal, which would have resulted in the opening of millions of new accounts from American customers. At the time it withdrew from the venture, only 500 accounts had been closed by British customers (compared with more than 21,500 opened during the same period) (*Guardian* 16 June 1999). Clearly the potential gains would vastly outweigh the losses. An analysis of the bank's early statements and subsequent apology seems to indicate that it did not abandon the deal because of ethical considerations. The motivation for the decision can be interpreted as stemming from concern that direct action from key stakeholders might escalate, irreparably damaging its British business (and profits). Clearly, the bank recognised its long-term reputation as being more valuable than the short-term profits it could have made as a result of going ahead with the venture.

The case not only illustrates how a reputation is earned (and damaged) but also its value and the relationship between a good reputation and profits. As Fombrun (1996: 81) explains,

> Corporate reputations have bottom line effects. A good reputation enhances profitability because it attracts customers to the company's products, investors to its securities, and employees to its jobs. In turn, esteem inflates the price at which a public company's securities trade. The economic value of a corporate reputation can therefore be gauged by the excess market value of its securities.

(See also the section on impact on share price, p. 91.)

Stakeholder approach

In his best-selling book *The State We're In*, Will Hutton argues for a democratic political economy that relates to the whole of British society. He criticises business for being short-termist and relentless in pursuit of some of the highest financial returns in the world: 'Companies are the fiefdoms of their Boards and sometimes of just their Chairmen; and companies are run as pure trading operations rather than productive organisations which invest, innovate and develop human capital' (Hutton 1996: 25).

In contrast to this view of companies being dominated only by the idea of improving returns for shareholders, the concept of stakeholding advocates a democratic approach to business which values relationships with a range of stakeholders.

The term 'stakeholder' refers to groups or individuals who have an interest or stake in an entity such as an organisation, community or country. In corporate terms, a company's stakeholders typically include employees, suppliers, members of the local community and customers. Each of these groups can affect or are affected by the 'actions, decisions, policies, practices or goals of the organisation' (Freeman 1984, quoted in Grunig 1992: 126).

There is no firm consensus on the meaning of stakeholder theory.[2] It has been described variously as being based on Keynesian economics (Hutton 1996), communitarianism (rights matched by responsibilities) (Burkitt and Ashton 1996) and the Kantian notion of duty (as opposed to utilitarianism) (Etzioni 1988 in Burkitt and Ashton 1996; see also Chapter 9).

Burkitt and Ashton (1996: 10) describe New Labour's stakeholder economy as hinging on:

> the idea that many interest groups may be said to have a 'stake' in certain activities, not necessarily because they have a financial interest, but because they are affected by them. These stakes should be recognised by those whose actions may impinge upon them. Individuals should recognise that their behaviour can have repercussions upon society. They should act in a responsible way that does not damage others . . . Stakeholder firms must act with responsibility to their stakeholders.

In political terms, stakeholder theory is premised on the interelation of state, society and the economy as opposed to a 'free market' approach (where the market is not primarily concerned with notions of social responsibility and regulates itself through supply and demand rather than through state intervention). In the UK, the free market approach was advocated by Margaret Thatcher and the New Right, whereas stakeholder theory has been associated with New Labour's philosophy of social inclusion:

> It implies a third way that replaces both Old Labour's 'control' and the New Right's freemarketeering with 'voluntaristic morality'. It substitutes the 'realization of the individual through community' for the increasingly discredited New Right individualism and the Old Labour 'collective' that New Labour was keen to leave behind.
> (Burkitt and Ashton 1996: 8)

The concept of stakeholding is manifest in the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) Inquiry into British business. The final report of this investigation, *Tomorrow's Company*, foregrounds the importance of developing reciprocal rather than adversarial relationships with – and between – employees, customers, suppliers, investors and the community in order to increase business performance and competitiveness. The rationale for this approach is linked to the *death of deference* – employees, customers and communities increasingly expect individuals' needs and values to be respected. Other key concepts of the report include:

- *inclusive leadership* – the report calls for a shift from an emphasis on physical assets to realising the creative and learning potential of all people with whom the company interacts
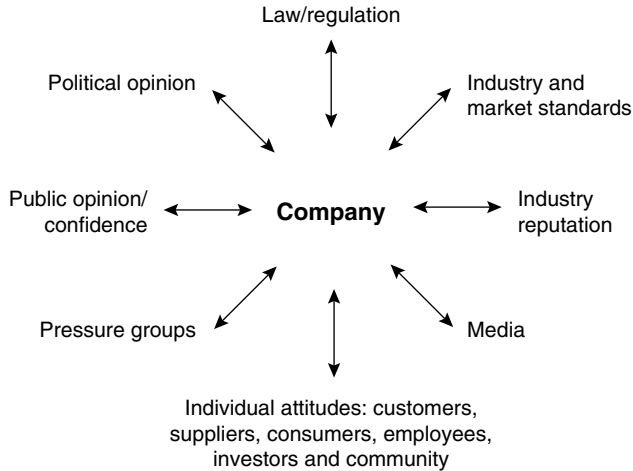
Figure 6.1   Various forces in the external environment combine to influence a company's licence to operate

- *sustainable development* – rather than looking for quick financial returns, companies should pursue development which can be sustained over time
- establishing a '*licence to operate*' – to be successful, organisations must maintain public confidence in the legitimacy of their operations and business conduct. 'Licence to operate' and competitiveness are closely linked.

Figure 6.1 identifies the external influences on a company's licence to operate, as set out in the RSA's *Tomorrow's Company* report, which states:

> A company which undermines its licence to operate by the wrong behaviour exposes itself to a range of sanctions. Whatever the issue – from animal rights to top executives' pay – companies seen to be insensitive to changing standards can find themselves at the centre of public and media outcry.
>
> (RSA 1995: 6)

The public and media outcry provoked by BoS's joint venture with Robertson certainly bears this out. Indeed, the BoS could be deemed to have transgressed several of the tenets of stakeholderism. Consequently, far from deferring to the bank's decision to go ahead with the deal, a range of stakeholders publicly debated the bank's licence to operate, and lack of public confidence in the moral legitimacy of the venture eventually resulted in its demise. Communities insisted on individuals' rights being respected, and the bank conceded – preferring to find a new and less controversial partner than Robertson, despite the millions of pounds which could have been quickly realised through the proposed deal. The bank opted for sustainable development.

The RSA concept of inclusive management clearly resonates with Grunig and Hunt's two-way symmetrical, ethical, model of public relations practice (see Chapter 2). Indeed, just as Hutton argues for an end to short-termism in the financial community, Grunig and Hunt's excellent model calls for public relations practitioners to take a

long-term view in managing organisational relationships with a range of stakeholders and publics.

Grunig and Repper distinguish between stakeholders and publics, arguing that whereas many stakeholders are passive, publics are stakeholders who have become aware or active in relation to an organisation: 'publics organise around issues and seek out organisations that create those issues – to gain information, seek redress of grievances, pressure the organisations, or ask governments to regulate them' (Grunig and Repper 1992: 128).

'Excellent' practitioners, however, do not wait until publics are actively campaigning before communicating with them. Effective public relations strategists are involved in organisational decision making (see Chapter 4). Before decisions are made they would draw a stakeholder map,[3] identifying their stakeholders, anticipating the ways in which they may be affected by organisational decisions and how they would react to them. 'After thoroughly researching their stakeholders, public relations managers should rank or assign weights to them to indicate their impact on the organisation or the extent to which the organisation believes it should moderate its consequences on them' (Grunig and Repper 1992: 126).[4]

Grunig and Repper advocate a strategic approach to managing public relations based on research into stakeholder perceptions as illustrated in Figure 6.2. If the BoS used this type of strategic approach it is difficult to understand why it did not either actively manage its stakeholder relationships or 'moderate their consequences' on its stakeholders by deciding not to venture into a relationship with Robertson in the first place.

Critics debate the basis for this type of managerial approach.[5] Clearly it is not driven by philanthropy. 'Most CSR is motivated by a desire for an eventual return: a more compliant workforce, the smoother granting of planning permission, more amenable customers, or in the jargon of today's corporate affairs manager "gaining a licence to operate"' (Frankental 2001: 18).

This type of approach could be identified as an 'almost exclusive analysis of stakeholders from the perspective of the organisation' (Friedman and Miles 2002: 1), an approach which critics argue 'hampers' stakeholder theory: 'Generally stakeholder theory has been approached from the point of view of business ethics, corporate governance and/or corporate social performance. This puts the organization at the centre of the analysis and discourages consideration of stakeholders in their own right as well as discouraging balanced viewing of the organization/stakeholder relation' (ibid.).

Stakeholder theory is used by public relations practitioners to inform a pragmatic, strategic approach to practice, but its implications are more far reaching. Stakeholding is 'intimately connected to societal values and power relations and interactive with them. Culture, polity and society are conceptualised as inextricably connected with the economy, each being highly interactive with each other' (Burkitt and Ashton 1996: 5). It remains to be seen how pervasive this philosophy is, but, as the BoS case illustrates, public relations practitioners ignore the values of stakeholding at their peril.

CSR

> Every organisation must assume full responsibility for its impact on employees, the environment, customers and whomever and whatever it touches. That is its social responsibility.
>
> (Drucker in Heath 2001: 393)

Stakeholderism is inextricably linked to broader concepts of corporate social responsibility (CSR) and the role of public relations in relation to democracy. CSR is covered

1   *Stakeholder Stage*: An organisation has a relationship with stakeholders when the behaviour of the organisation or of a stakeholder has a consequence on the other. Public relations should do formative research to scan the environment and the behaviour of the organisations to identify these consequences. Ongoing communication with these stakeholders helps to build a stable, long-term relationship that manages conflict that may occur in the relationship.

2   *Public Stage*: Publics form when stakeholders recognise one or more of the consequences as a problem and organise to do something about it or them. Public relations should do research to segment and identify these publics. At this stage focus groups are particularly helpful. Communication to involve publics in the decision process of the organisation helps to manage conflict before communication campaigns become necessary.

3   *Issue Stage*: Publics organise and create 'issues' out of the problems they perceive. Public relations should anticipate these issues and manage the organisation's response to them. This is known as 'issues management'. The media play a major role in the creation and expansion of issues. In particular, media coverage of issues may produce publics other than activist ones – especially 'hot-issue' publics. At this stage, research should segment publics. Communication programmes should use the mass media as well as interpersonal communications with activists to try to resolve the issue through negotiation.

Public relations should plan communication programmes with different stakeholders or publics at each of the above three stages. In doing so it should follow steps 4–7.

4   Public relations should develop formal objectives such as communication, accuracy, understanding, agreement, and complementary behaviour for its communication programmes.

5   Public relations should plan formal programmes and campaigns to accomplish the objectives.

6   Public relations, especially the technicians, should implement the programmes and campaigns.

7   Public relations should evaluate the effectiveness of programmes in meeting their objectives and reducing the conflict produced by problems and issues that brought about the programmes.

Figure 6.2   The strategic management of public relations

Source: Grunig and Repper 1992: 124

in depth in Chapters 9 and 12 but the application of some of these ideas is important to highlight here. Amnesty International's Peter Frankental believes certain paradoxes evident in organisations' application of CSR suggest that far from embracing a real duty to society, CSR has become a 'PR invention'. He argues that CSR can only have 'real substance if it embraces all the stakeholders of a company, if it is reinforced by company law relating to governance, if it is rewarded by financial markets, if its definition relates to the goals of social and ecological sustainability, if its implementation is benchmarked and audited, if it is open to public scrutiny, if the compliance mechanisms are in place and if it is embedded across the organisation horizontally and vertically' (Frankental 2001: 18).

In other words, these ideas must not only influence the language chosen by PR practitioners to communicate with publics, as a way of spinning an organisations' activities, but must permeate thinking at all levels of strategic decision making and implementation. And the buck does not stop with organisations – government and other regulators must guarantee a regulatory framework which forces organisations to comply with these ideas. Frankental endorses the call for auditing according to a triple bottom line 'financial, environmental and social' (Frankental 2001: 19). Annual social reports must be more than gloss or spin. In a properly regulated world 'the terms of reference will be more comprehensive, standard methodologies will be developed and issues of definition, measurement, monitoring and verification will be . . . addressed' (Frankental 2001: 20).

Impact on share price

Although it advocates a stakeholder approach to business, the RSA report does not disregard the shareholder. Indeed it argues that by adopting a stakeholder approach a company will be well managed and therefore able to deliver greater value to its shareholders. In contrast, 'organisations that continue to act as if shareholders are the only important group will colour the financial community's view of the quality of management and endanger the interests of the very group they seek to satisfy' (RSA 1995: 1). The effect of the Robertson venture on the BoS share price seems to bear this out. When the deal was first announced the share price rallied, but when public outcry emerged, it fluctuated – falling significantly following the publicity surrounding Robertson's 'dark land' comments.

Opinion formers

An analysis of the people and organisations that influenced the bank's decision is useful in identifying the range of opinion formers public relations practitioners should communicate with. Council leaders, MSPs, church leaders, individual shareholders, the unions, pressure groups and civil rights leaders' views were all reported in the press.

New media

Email and the internet played an important role in the case. Not only did the internet enable pressure groups to mobilise public pressure, it also facilitated fast and effective access to information about the American preacher. For example, whilst Robertson complained about being misquoted, the *Scotsman* printed instructions for readers to download real-time video footage of the programme in which Robertson denounced Scotland as a 'dark land' (2 June 1999).

These developments are also significant in the process of globalisation (and anti-globalisation movements) and multiculturalism. Indeed Starck and Kruckenberg (quoted in Heath 2001: 52) identify 'communication/transportation technology, multiculturalism and globalisation' as the 'three phenomena that promise incalculable continuing effects on human kind' resulting in 'immense societal changes'. They identify communication as the 'indispensable component' in negotiating this 'increasingly globilized, diversified and multicultural world' (quoted in Heath 2001: 57). See Chapter 21 for further discussion of these concepts.

PR and reasoned persuasion

Any discussion of the role of PR in society necessarily impacts on ideas of democracy and the democratic process. A major concern in considering public relations practice rests on notions of manipulation and uneven distribution of power and resources allowing 'rich' organisations to dominate less powerful actors in society.

In a world where public trust in big organisations has been largely eroded by numerous corporate scandals, the BoS case shows how companies can be called to account. In this way it could be seen to support Maloney's call for an 'internal reform' of PR to ensure it has the following characteristics: 'known source, clear intent, reasoned argument, factual accuracy, and positive but limited emotional appeal. It is dialogic, respectful of its audiences, open to challenge, ready to amend and willing to reply'.

Clearly the BoS fell down on several of these; it could be argued that it did not respect its stakeholders' views, was not open to challenge or 'willing to reply' and was, therefore, forced to 'amend' its activities in a way that damaged its reputation.

In relation to the role of PR in the democratic process, Maloney argues that 'PR should encourage outcomes favoured by our society: outcomes such as reasoned, factually accurate, persuasive public debate amongst all individuals, groups and organisations wanting to speak and listen' (Maloney 2000: 150). This argument develops the stalemate in thinking about 'excellent' PR practice as it clearly resonates with both Grunig's notion of two-way symmetrical practice and Miller's idea of amoral persuasion.

In an environment dominated by accusations of spin and sleaze and the anti-democratic nature of public relations, it is interesting to consider Maloney's view that PR

> is a set of techniques amenable for the promotion of values, done by an industry, done by an individual alone or by voluntary groups, and available in paid professional form or in 'personal kit' and 'cottage industry' forms. This shift in UK society to more expression by individuals of different personal values via voluntary, often local, groups is identified here as value pluralism and group pluralism of a civic kind.
>
> (Maloney 2000: 35)

In other words, if adequate access to public relations could be achieved, the practice has a valuable contribution to make to the democratic process.

The BoS case study seems to illustrate how this process can work in action. The large and powerful resource rich organisation (BoS) had to bow to the views of seemingly less powerful individuals and groups who promoted their views via public relations (particularly through effective media relations).

In his extremely useful book, Maloney goes further and argues that

> For democracy, societally beneficial PR is reasoned persuasion. Such PR is the consequence of choosing to persuade by reason (supported by accurate data) rather than by emotion. Reason and emotion are alternative communication modes of being persuasive and of achieving persuasion. PR in a democracy should proceed more by reason and less by emotion. Beneficial PR in a democracy is a means of promoting the public good through a contribution to informed choice.
>
> (Maloney 2000: 151)

Following Maloney's viewpoint, it could be argued that the BoS was pursuing reasoned persuasion by divorcing Robertson's emotionally provocative comments about homosexuality from the reasoned business case that the deal would result in vast profits for the organisation. The BoS data certainly supported this perspective. However, in this case, the emotional response of a diverse spectrum of stakeholders carried the day.

Perhaps further clarification of what Maloney means by 'reason' and 'emotion' would be useful. Humans are emotional beings and are often governed by emotional responses. The concept of emotion could be inextricably linked to values or ideological views of what is just.

Environmental scanning

At the AGM Sir John Shaw is reported as saying

> The bank was well aware that Mr Robertson was a controversial figure in the United States. We did not expect that the controversy he was associated with there would have transferred to here where he has no political constituency or business.

Critics could argue that in a global economy, geographical boundaries do not operate in the way Sir John had anticipated.

Effective public relations input at board level should have forewarned the bank that Robertson would be a controversial figure, particularly in the current business environment where discussions of ethical practice and social responsibility are prevalent on business and political agendas. The case serves as an effective argument that public relations expertise should be included in the strategic planning process and should be able to influence dominant coalition decision-making (see Chapter 4).

Crisis management

> If a company at the centre of a crisis is seen to be unresponsive, uncaring, inconsistent, confused, inept, reluctant or unable to provide reliable information, the damage inflicted on its reputation will be lasting – and measurable against the financial bottom line.
>
> (Regester and Larkin, in Kitchen 1997: 215)

'Tell it first, tell it fast' is one of the mantras of effective crisis management. However, both the bank and Robertson were often reported as being unresponsive, refusing to comment or blaming media distortion for their predicament. Eventually Robertson changed his PR approach and invited the press to the USA to visit his organisation and speak to him directly. However, media views were already entrenched.

The bank was also criticised for failing to apologise quickly enough to its customers for Robertson's offensive comments. As Dugdale Bradley, co-founder of *Tomorrow's Company* in Scotland, said: 'The bank did not come clean about it and apologise, like Perrier did in the Eighties. They have got in a muddle. But if people say "sorry, we made a mistake", people will be more forgiving' (*Scotsman* 12 June 1999).

Commentators consider that a strong reputation helps companies survive crises with less financial loss. BoS's reputation was good before the Robertson debacle; it will be interesting to track how it weathers the storm and recovers its former position.

Best practice

Some of the approaches that the bank may use to rebuild its reputation are explored in the rest of this book.

A corporate reputation is an image developed over time. The next chapter examines whether corporate images can be managed, and subsequent chapters consider other aspects of corporate PR such as public affairs, issues management and corporate social responsibility. An effective communication strategy would also utilise a range of approaches for communicating with the different stakeholder groups examined in Part III.

Questions for discussion

1   How could the BoS have avoided this crisis?

2   What constitutes a 'good' reputation?

3   Why is a stakeholder perspective important? Can it be used cynically?

4   How can PR practice damage or benefit the democratic process?

5   In what ways could the BoS now behave in a manner that demonstrates CSR?

Notes

1   All figures published on the BoS website, September 2003 (www.bankofscotland.co).
2   See Clarke (1997) for a useful analysis of different approaches to the concept of stake-holding.
3   For a comprehensive guide to stakeholder mapping see Johnson and Scholes (1999: 215–24).
4   Varey in Kitchen (1997: 89–110) provides a useful analysis of approaches to identifying, prioritising and communicating with stakeholders and publics.
5   See Somerville, Chapter 9 in this book and L'Etang (1996a).

7 Corporate identity

Emma Wood

Chapter aims

A strong corporate identity and positive corporate image are believed to deliver tangible bottom line benefits for a wide range of organisations. But how easy are they to achieve? This chapter will explore the meaning of corporate identity and image and consider some critical approaches. It will then consider ideas affecting identity and image management and consider how concepts dominating PR thinking (such as stakeholderism) can be incorporated into CI management – an area often informed by a marketing paradigm. It concludes with a case study exploring an identity change programme to demonstrate the application of many of these ideas.

Managing corporate identity (CI) is about identifying the right image for an organisation, and communicating it effectively. Critics such as Christensen and Cheney consider CI management to be the domain of a small elite within organisations who become self-absorbed and deluded about the role and importance of identity:

> In a world saturated with symbols, where there is a great demand for every organisation to keep communicating, it is easy to think that each message and every campaign are taken seriously and received in the ways designed. But such meanings are often malleable, unstable and of only ephemeral interest. In fact in many cases, cynicism may be the most prominent outcome.
>
> (Christensen and Cheney in Schultz *et al.* 2000: 267)

Nevertheless CI management is considered by many to be a vital aspect of motivating a wide range of stakeholders (including voters, employees, shareholders and consumers).

Nike is tough, aggressive and trendy. The Body Shop is socially responsible, it cares about animals and the environment. The term 'corporate identity' refers to the combination of ways in which an organisation's personality is expressed. As such, identity includes design aspects such as logos, colour, typeface and house style but also embraces less tangible elements such as behaviour, culture, values, mission, communication style and associations (with personalities, charities, political parties or other organisations via donations or sponsorship).

Red flag or red rose? Rule Britannia or cool Britannia? Getting the identity right is seen to be strategically important. In a 1995 MORI poll, 166 senior people responsible for corporate identity in leading European companies rated the benefits of a strong corporate identity. Some of the results are shown in Table 7.1. Other benefits include helping companies recover from crises and recruitment of top employees.

Corporate identity vs corporate image

The terms 'corporate identity' and 'corporate image' are sometimes confused with each other.[1] *Corporate identity* is what the organisation communicates (either intentionally or unintentionally) via various cues, whereas its *image* is how its publics actually view it. An image is a perception and exists only in the mind of the receiver. To formulate an *image*, publics interpret an *identity* in a wider context with broader frames of reference.

For example, Nike's corporate identity is a carefully managed amalgam of associations (with fashionable sports personalities, major sporting events such as the Olympics as well as local and charitable events), clear design and mission. Many people exposed to these aspects of its identity may well formulate an image of Nike as a high-quality and fashionable arbiter of good design. Others, aware of some negative media coverage of Nike's manufacturing policy in third world countries (interpreting the identity in a broader context), may form an image of Nike as exploitative and thus boycott its products.[2]

Clearly, then, organisations cannot *construct* a corporate image because they cannot control the context in which their communication is received, interpreted or understood. Nevertheless, a clear, well-managed corporate identity can go some way to effecting a strategically important image, and a neglected corporate identity may send out all the wrong messages: 'An organisation may commonly assume that it only communicates when it wants to, but unfortunately for many companies, a failure to control communications results in a confused image' (Ind 1990: 21).

Table 7.1   Benefits of a strong corporate identity

	Percentage votes for each category by country		
	Great Britain	France	Germany
Public profile/recognition	53	23	68
Attracts customers/helps customer relations	30	10	3
Product/brand support	30	17	0
Visual presentation/unity	10	7	10
Financial advantages/confidence among the financial community	20	23	6
Express culture/values	30	3	3
Staff motivation	10	3	23
Support for advertising/communications	13	3	0

Source: adapted from Schmidt 1997: 42

But managing an identity well means embracing all aspects of what van Riel (1995) calls the corporate identity (CI) mix – symbolism, communication and behaviour. The Nike case illustrates this well. Despite well-managed *symbolism* and *communication*, perceptions of aspects of its *behaviour* (reported treatment of third world workers) has affected some publics' image of the company.

So, can corporate identity be effectively managed? And, if so, how?

Key concepts of corporate identity

Corporate identity management commonly involves:

- conducting research to determine senior management and a range of stakeholders'[3] views on an organisation's actual and desired image
- an audit of all elements of corporate identity to determine if they are congruent with the desired image
- formulating a plan to adjust the corporate identity if necessary.

It all seems simple enough. Clearly though, controlling identity is not simple or straight-forward. So, before considering the management process, it is important to consider a range of questions and issues.

Corporate strategy

One of the key issues of corporate identity management is its role in achieving overall organisational strategic objectives.[4] The aim of a corporate identity plan is to determine and communicate a corporate identity to meet these future strategic objectives. For example, the Labour Party's introduction of a new corporate identity in the 1990s (involving the introduction of a new logo, a red rose, and a new name, New Labour) was linked to its overall strategic plan to modernise the party to make it electable.

However, a number of thinkers in this area, most notably Grunig, would argue that the corporate identity management process should not just be designed to help implement a predetermined strategy. Instead, strategy should be formulated partly in response to stakeholders' needs and views. 'Excellent' organisations (Grunig 1992), practising a two-way symmetric[5] approach to communication management, should adapt their corporate strategies according to publics' opinions identified through research. Indeed, many would argue that the Labour Party's strategic objective to modernise was formulated in response to research conducted into publics' perceptions of the party's image.[6]

Symbolism

Using cultural codes and associated meanings, designers choose particular colours, shapes and typefaces to provoke particular emotional responses or to connote particular meanings. For example, a serif typeface such as Times New Roman used in broadsheets (the 'quality' press) has connotations of tradition, longevity and quality. A sans serif typeface, favoured by the tabloids, is often deemed to invoke modernity.

The controversy triggered by Labour's adoption of the red rose logo to replace the red flag illustrates the power of the symbol. The change in visuals was interpreted

as symbolising a major ideological shift from hard left to centrist politics. A semiotic[7] analysis would infer that 'Labour abandoned the symbolism of the red flag (viewed by the leadership as a sign with negative connotations of bureaucratic, Soviet-style socialism) in favour of the red rose, a logo first successfully employed by the French socialists' (McNair 1994).

Olins (1999: 73) suggests that

> The problems in developing symbols are complex. In addition to avoiding negative connotations, technical, creative, fashion and cost requirements all have to be considered. Creating something which will encapsulate the idea behind the organisation, that won't go out of date, that is flexible and cheap in use, and that will evoke strong, positive emotional feelings in all those who come into contact with it, is actually a very difficult thing to do.

Of course, the significance of symbols within an organisation goes beyond aspects of design, such as the logo. It includes the existence (or absence) and distribution of status symbols such as executive washrooms, plush carpets and parking spaces. This aspect will be referred to later as part of a consideration of organisational culture.

Consistency

To ensure that a visual identity communicates the messages for which it was painstakingly designed, it must be applied consistently across all media. So 'house style' manuals are developed to control every aspect of application, from Pantone number (representing exact colours) to typeface. But not all organisations want to represent themselves as a homogenised unit. Some are decentralised and a corporate identity should signal this.

Olins (1999) specifies three categories to encapsulate different structures of identity:

1 *Monolithic* – where one name and visual identity are used throughout (e.g. IBM).
2 *Endorsed* – where an organisation has a group of activities or subsidiaries which it endorses with the same name and identity (e.g. Chanel).
3 *Branded* – where an organisation operates through a series of brands which may be unrelated (e.g. Procter & Gamble).

This seems relatively straightforward, but can, and should, other aspects of identity, such as communication and behaviour, be homogenised? Markwick and Fill (1997) argue that 'it is important to establish consistent and sustainable internal images among all employees in order that this consistency be projected as a positive cue to other stakeholder groups'. Clearly, organisations should involve a range of stakeholders in determining core philosophies and values and clearly communicate the agreed goals. But different stakeholder groups often have differing needs and expectations of single organisations, so expecting uniformity seems an unrealistic goal. This demonstrates the importance of defining what is meant by the term 'consistency'.

Van Riel (1995) overcomes the problematic notion of imposed uniformity with his concept of 'common starting points' (CSPs). CSPs are central values developed by communications staff from research into an organisation's desired corporate identity and image. Examples of CSPs include reliability, innovation, quality, profit-making and synergy (ibid.). CSPs function as 'wavelengths' or 'parameters' to guide communication

activity. The concept of CSPs fosters a notion of an organic process of developing and communicating organisational images rather than a top–down approach which limits staff to static, agreed perceptions. As Leitch and Motion (1999: 195) explain: 'An organisation may present multiple images to its various publics provided that these images are consistent, not with each other, but with the organisation's CSPs. The corporate identity task is to manage the multiplicity rather than to suppress it.' This approach has more recently been progressed in relation to developing a 'sustainable corporate story' (van Riel in Schultz *et al.* 2000).

> A corporate story is a comprehensive narrative about the whole organisation, its origins, its vision, its mission. However, the emotionally formulated core story is much more than just a vision or mission statement. By incorporating elements such as competencies, fundamental beliefs and values, it mirrors something deep within the organisation and provides a simple yet effective framework guiding the organisation in all its actions.
>
> (Holten Larsen in Schultz *et al.* 2000: 197)

Perhaps it is important to note that the source of these carefully constructed stories is an issue: 'To have employees internalise corporate narratives requires a more direct involvement of them in the articulation of the organisation's identity' (Christensen and Cheney in Schultz *et al.* 2000: 256). Christensen and Cheney (ibid.) critique the creation of corporate identities on a number of levels – an important one being that over enthusiastic CI zealots can get carried away with their mission and only pay lip service to employee involvement. Another dimension of their criticism is the level at which employees want to become involved; they argue that managers can misinterpret the importance of the intricacies of corporate identity to most employees.

Corporate culture

An organisation's behaviour reflects, or is reflected in, its culture (sometimes referred to as 'the way we do things around here'[8]). Changing organisational cultures to improve performance in our global economy is the subject of an entire industry of 'culture change' gurus. And a plethora of recipes for changing organisational cultures are currently on offer. Known as 'culture change programmes', Wilson (1992) explains that these often offer 'generalised templates' developed from analysis of a handful of 'successful' processes observed in particular companies (or sometimes productive national cultures such as in the Far East).

These approaches indicate that strong unified cultures can be created through strong leadership. The 'recipes' promise that cultures will become more effective by re-engineering particular aspects such as leadership styles or communication techniques.

Space precludes a lengthy analysis of the concept of organisational culture and attempts to change it, but Wilson (1992) offers an interesting critical appraisal of many ideas and approaches.

Johnson and Scholes' (1999) cultural web is a useful tool for mapping and understanding organisational culture (Figure 7.1). The cultural web illustrates the complexity of organisational culture and, in practical terms, the areas that should be investigated as part of any attempt to audit culture as part of corporate identity. For example, Johnson and Scholes detail a whole range of appropriate research questions investigating areas such as the type of behaviour encouraged by particular routines; core beliefs
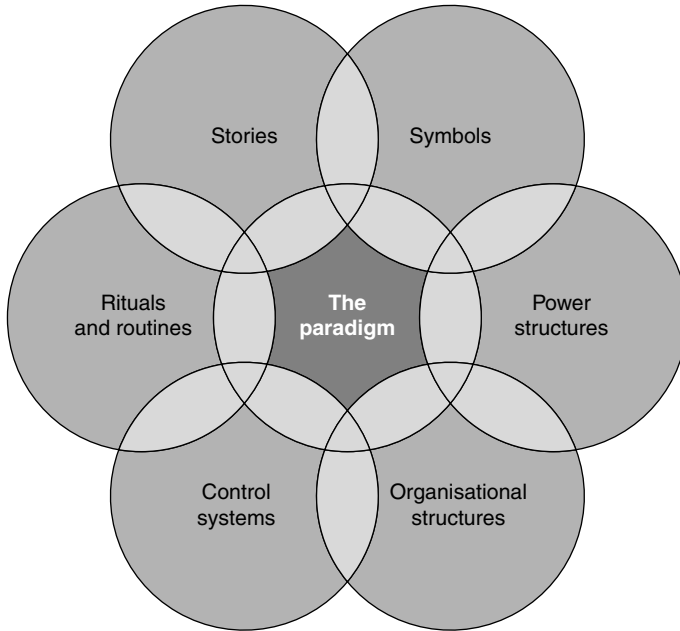
Figure 7.1   The cultural web

Source: Johnson and Scholes 1999. Used by permission of Prentice-Hall/Pearson

reflected by stories; ways in which power is distributed in the organisation; and the status symbols favoured.

Understanding the realities of a corporate culture, revealed through research, will influence the CI management process. Johnson and Scholes' model refers to an organisation's paradigm which can be explained as its 'taken for granted assumptions' (Johnson and Scholes 1999) or the link between structure and culture (Grundy 1993). It could also be argued as being a similar concept to corporate personality . . .

Corporate personality

Many approaches to corporate identity management are informed by the concept of corporate personality.

> Corporate personality is made up of the organisation's history, culture, values and beliefs (which drives its philosophy, mission and strategies) as realised through its staff, structures systems, its products and or services.
>
> (Gregory 1999: 1)

Bernstein (1989: 56) talks about stakeholders' experiences of an organisation building into a mosaic – 'the picture is that of an individual, a corporate portrait of a "Mr Cadbury" or a "Mr Shell" or "Ms Avon"'.

Olins (1978: 82) links the notion of corporate personality to an actual human personality: 'The carefully cultivated corporate identity becomes the substitute for the

personality of the entrepreneur, just as the carefully planned marketing policy is the substitute for his intuitive feeling for what the market wants.' Markwick and Fill (1997) argue that the strategic management process, the way in which strategy is formulated, is a significant component of the corporate personality. Van Riel (1995: 34) explains that personality is displayed or revealed by corporate identity: 'unique corporate characteristics' are 'revealed in the company's products and buildings, in the nature and scale of its communication, and in its behaviour'.

Those that view an organisation as a collection of individuals may find the concept of a corporate personality difficult. In terms of trying to effect a particular corporate image, however, the notion of a corporate portrait (not an actual personality but a carefully constructed replica of a personality) is useful. In the same way that an actor would express human personalities through cues such as body language, tone of voice and choice of clothes, the public relations strategist highlights cues via 'behaviour, communication and symbolism' (van Riel 1995) to express a desired personality.

However, this notion becomes problematic if the projected personality does not reflect reality.

Reflecting reality?

> Our preoccupation with, and reliance on, images has important implications for the study and practice of corporate communications. The image without any clear or certain relation to 'reality' is perhaps becoming the dominant form in both external and internal corporate public communications.
>
> (Cheney 1992: 173)

The media revelled in ridiculing the BBC for spending reputed millions to adjust its logo from a slanting to an upright typeface. They gloried in maligning the Labour Party for replacing the red flag with a red rose. The source of the criticism was the perception that highly paid 'spin doctors' were concentrating on style as opposed to substance – trying to gloss over the problems both institutions were experiencing by creating an illusion of sleek professionalism. Whether this perception was fair or not will be debated elsewhere. The point here is that public relations practitioners must carefully consider the motives and ethics of their practice.

As Cheney points out,

> Contemporary public relations is fundamentally concerned with representing major organisations and institutions of our society with values, images, identities, issue positions and so forth. Thus, it is crucial that we probe the structure and meaning of that process of representation.
>
> (Cheney 1992: 170)

In constructing carefully planned corporate identities, the practitioner must not lose sight of whose interests are served. The practitioner truly committed to the notion of a stakeholder society (which in this context emphasises employees' interests in particular) should strive to ensure that identity reflects, rather than conceals, reality. And if an organisation's 'reality' is too undesirable to promote, a two-way symmetrical practitioner would set about counselling management to change the reality rather than designing a corporate identity plan to mask it.

Researching corporate personality

Identifying reality and a 'real' corporate personality can be problematic.

> To know the identity of a person is to be able to identify him or her – to distinguish him or her from others and to recognise him or her as a unique individual. Addresses, nationalities, ages and physical features are observable data, which are frequently used to identify an individual. Does this mean that one person really knows the identity of another person after having read his or her passport? Simple observation quickly becomes an insufficient method for understanding identity. Truly to know the identity of people, we must go much further. We must have long discussions with them, we must ask them about their tastes and convictions, and we must learn their histories.
>
> (Moingeon and Ramanantsoa 1997: 1)

To gain a real insight into a personality, it is also important to talk to a whole range of friends, family and acquaintances to assess their views and experiences. In the same way, when attempting to determine an accurate picture of the corporate personality, a range of stakeholders' views must be sought. Stakeholder analysis techniques (discussed in Chapter 6) should be used to identify the relevant stakeholders to be used in the research.

So how can we engineer 'long discussions' to learn more about an organisation's tastes, convictions and histories?

As with any research, triangulation[9] is essential to ensure validity. So a combination of research methodologies must be adopted, targeted at a range of stakeholders. These could include content analysis of corporate documents, surveys, focus groups, interviews and critical incident analysis.[10]

Researching actual and desired corporate image

Identifying the desired corporate identity

From a public relations perspective, this is one of the controversial aspects of CI management. This is because much of the literature has emerged from a marketing paradigm and often considers an ideal identity as being determined by senior management and communicated to an audience (often of consumers). A public relations perspective may well consider that formulation of a desired identity should *involve* a range of stakeholders in a dialogic (or two-way) process. In other words allow key stakeholders (including employees) an influence.

> Large organisations have become so preoccupied with carefully crafted, elaborate and univocal expressions of their mission and 'essence' that they often overlook penetrating questions about stakeholder involvement.
>
> (Christensen and Cheney in Schultz *et al.* 2000: 265)

In addition, public relations planning involves issues management, and therefore consideration of the environment (often encompassed in an EPISTLE analysis)[11] informs public relations aims and objectives. It could be argued, then, that appropriate methodologies

should be devised to ensure that identification of a strategically important identity is informed by an organisation's current and projected situation as well as stakeholder expectations.

Auditing existing corporate identity

Van Riel's (1995) CI mix (behaviour, communication and symbolism) provides a useful guide to the aspects of identity to be audited.

Communication and behavioural audits   Behavioural audits, more commonly known as attitude surveys, measure job satisfaction, gather feedback on the effectiveness of internal policies and provide insight into the attitudes and behaviour of staff at all levels.

The term 'behaviour' also refers to consequences for external publics, however, and implies aspects such as the manifestation of an organisation's corporate social responsibility. As discussed in Chapters 6, 9 and 12 a comprehensive audit of 'behaviour' would include analysis of an organisation's impact on the environment as well as a full range of stakeholders.

Communication audits survey the 'communication climate'[12] including communication style and structures as well as content.

Clearly communication and behaviour are 'inextricably linked'. Communication must be defined as more than merely communication techniques or styles of delivery. Organisations must not see the introduction of a team briefing system and some presentation training for managers as the panacea for all the problems identified through a communication audit or attitudes survey. As Grunig and Hunt (1984: 248) explain,

> Too often, management wants an easy way to gain the loyalty of employees and get more work out of them. And it's much easier to change the methods of communication than it is to change the organisational structure and role relationships – more realistic ways of affecting performance and satisfaction.

This raises broader issues relating to organisational structure and power. For example, if an organisation professes innovation as a core value, but has a highly bureaucratic structure involving layers of decision-making and centralised power, then innovation will not be fostered. A corporate identity analysis must address corporate 'behaviour' in its broadest sense and embrace all aspects of corporate culture discussed in the previous chapter, as well as structure and power. Johnson's culture web (Figure 7.1) and Lewin's (1935) force field analysis[13] are useful for mapping a number of dimensions of corporate behaviour.

The visual or design audit

> The design audit is led by one of the designers on the corporate identity consultants' team. Its task is to study and document the way in which the different parts of the organisation present themselves in terms of the three traditional areas of design – factories, showrooms and so on; product, packaging and information material; vehicle liveries, signs, brochures, advertising, instruction manuals and every other form of graphics. What does it all look like? What message is it meant to convey?
>
> (Olins 1999: 162)

A visual audit is not superficial and should reveal more than where a new coat of paint is needed. Baker and Balmer (1997: 378) illustrate the value of the visual audit as a

research tool and its contribution to strategy formulation at Strathclyde University, for example, where 'the visual audit revealed important characteristics of the University's identity i.e. the University was highly decentralised and had fragmented corporate communications'.

However, the design audit is only one aspect of the research into an organisation's corporate identity. 'The design audit is in a sense both complementary to, and an integral part of the communications audit, and both are inextricably involved with the behavioural audit' (Olins 1999: 162).

Corporate identity planning

The purpose in the process outlined above (researching the actual and desired image and identifying which aspects of corporate identity should be changed to connote appropriate meaning) is to use this information to formulate a corporate identity plan. Such a plan would often aim to manipulate the variables of corporate identity to ensure they suggest a coherent and desirable personality. But is it really possible to manipulate the appropriate variables (symbolism, communication and behaviour) effectively?

Corporate identity is such a complex concept, it is difficult to imagine that it is easily manipulated and controlled. However, consultants sometimes claim just this. Schmidt (1997), for example, promotes an approach to corporate identity management involving five dimensions: 'products and services, communications and design, corporate behaviour, market conditions and strategies and corporate culture'. He claims, 'our successful holistic approach made it possible to analyse, structure and control all relevant dimensions, including culture' (1997: 40).

Others hold conflicting views, Hatch and Schultz (1997) argue

> strategies and visions are created and interpreted through culturally-mediated language such as metaphor, stories and humour and demonstrated by material artefacts of culture such as products, buildings and physical arrangements. Corporate identity can, therefore, never be wholly managed.

Although perhaps not 'wholly managed', important inroads can be made into identifying and communicating a strategically important corporate identity. Provided readers retain a realistic mindset about what can really be effected, a number of useful multi-step corporate identity management plans are available in the literature: Dowling (1994), Olins (1999), Bernstein (1989), van Riel (1995), Abratt (1989) and Ind (1997). Van Riel's contribution is among the most useful.

Van Riel's model (Figure 7.2) illustrates how comprehensive research (of the type investigated above) affects the corporate identity management plan. It should enable the following questions to be answered:

1 What is our current image?

2 In order to meet strategic objectives, what do we need our image to be?

3 What is the difference between 1 and 2?

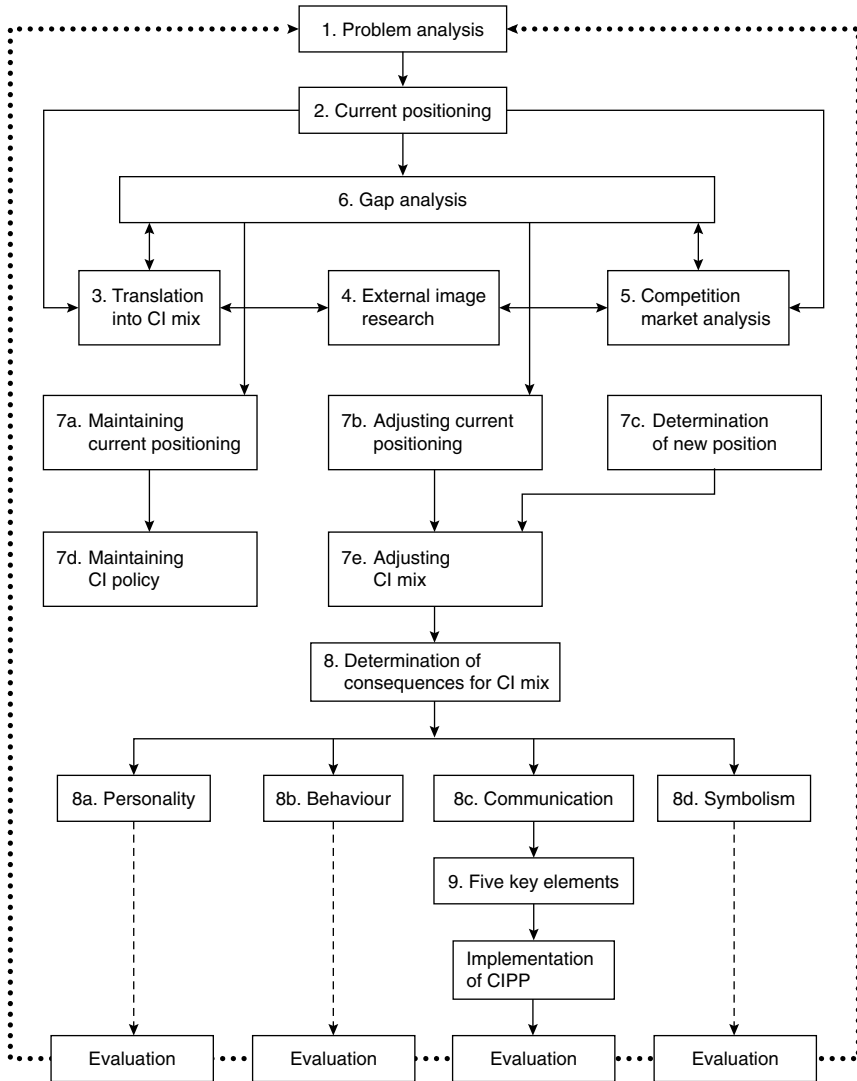4 What changes must be made to our corporate personality to narrow any gap between 1 and 2?

Figure 7.2   Adapted version of van Riel's model of corporate identity management

Source: Adapted from van Riel 1995

Van Riel's model suggests that the objectives of the corporate identity policy programme (CIPP) could be:

• to maintain an organisation's current position (research shows that 1 and 2 are the same), or

• to adjust its current position (1 and 2 are slightly dissonant), or

• to determine an entirely new position (1 and 2 are vastly dissonant).

A variety of tactics, centred on adjusting communication, behaviour and symbolism can then be employed.

In van Riel's original model, evaluation takes place at the end of the process and appears to be a final step. In this adapted version, feedback loops inserted between each type of evaluation and the beginning of the process (problem analysis) indicate the addition of a further step. This represents the process by which results from evaluation should be compared to the original 'problem analysis' (step 1 of van Riel's model) to ensure that the tactics employed have solved that original problem. The feedback loop also represents the cyclical nature of corporate identity management. It must not be seen as
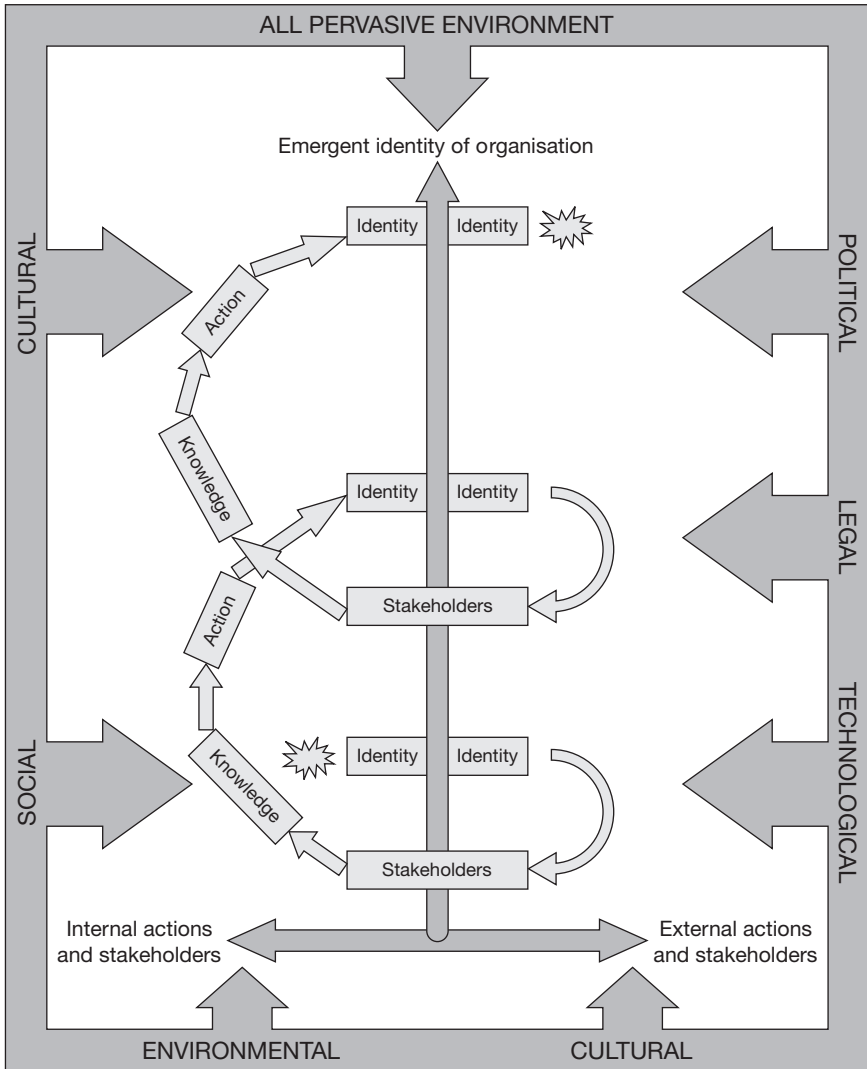
Figure 7.3   The Dynamic Corporate Identity Development model

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a one-off procedure but as an ongoing strategic process. As with any strategy, frequent evaluation should inform the planning process. Future evaluation of aspects of the CI mix could indicate new 'problems', which would initiate a new policy programme to help the organisation evolve and adapt to its environment.

However, as Ind (1997: 65) says:

> Whatever the validity of the model, organisations need to have the resources, structures, people and commitment to communication. Feedback loops are credible only if the organisation has the ability to listen to what it hears and the desire to act upon what it discovers.

Anne Gregory's (2003) Dynamic Corporate Identity Development Model (Figure 7.3) is particularly useful here as it enshrines the cyclical nature of CI development in an emergent model which involves stakeholders as well as incorporating the often neglected aspects of responding to actual and predicted issues in a turbulent environment.

The model is based on Thunberg, Nowat and Rosengren's (1982 in Gregory 2003) Spiral of Interaction and predicates an emergent identity based on the organisation working with its various stakeholders (internal and external) and being responsive to the wider environment.

An example of an organisation acting on feedback from extensive research into its corporate identity is given below. The Queen Margaret University College case study illustrates many of the points made in the text, particularly in terms of illustrating the concept of corporate personality and how it is influenced. It shows the value of research and how organisations can react to research findings, and provides a valuable insight into a comprehensive corporate identity management programme involving key stakeholders.

Case study: Queen Margaret University College's corporate identity

Queen Margaret College (QMC) was founded in Edinburgh in 1875, a time when women were excluded from most universities. At the forefront of women's fight for access to higher education, it was originally a cookery school and then became known for health education. At that time, research was just beginning to demonstrate the link between poverty and ill health. The College worked to improve standards of health and living conditions and campaigned for the introduction of district nurses to care for women in their homes. Within a generation, infant mortality in Scotland was reduced by 50 per cent. QMC's contribution is still a source of pride, an important aspect of its culture often emphasised in speeches (which is interesting in relation to Johnson and Scholes' (1999) stories and myths and the idea of corporate storytelling (van Riel *et al.* in Schultz *et al.* 2003)).

Now the much expanded Queen Margaret University College (QMUC) has some 3,700 students from 50 countries worldwide studying a wide range of subjects, from dietetics to drama, from radiography to retail business and corporate communication.

Despite these developments, QMUC's history still influences its corporate personality, as its mission statement makes clear:

> To serve society and enhance the quality of life through excellence and leadership in vocationally and professionally relevant education, research and consultancy, as an academic community which is outward looking and committed to innovation and life-long learning.

Strategic aims and objectives

In 1999, the Privy Council awarded QMC the title *University* College. The full 'university' title could not be conferred because QMC had fewer than 4,000 students.

The addition of the word 'university' into QMC's title meant that its visual identity had to be updated. Rather than simply inserting the new word into the existing logo, however, the Principal and senior management recognised the necessity of a more fundamental and wide-ranging corporate image audit to help the University College achieve its future strategic aims. As Marketing Manager Gregor McMeechan explained, 'We took an integrated and holistic approach and considered our identity in its fullest sense. Not just thinking about how we look, but about our culture, our values, and how we communicate an accurate image of who we are.'[14]

Corporate identity plan

The aim of the corporate identity programme was to ensure that QMUC's corporate identity consistently communicated QMUC's university level status ('university-ness') to all of its stakeholders.

The plan was also informed by a number of organisational objectives outlined in the University College's strategic plan. Primarily:

- To extend and develop the profile and reputation of the University College, locally, regionally, nationally and internationally.
- To continue to review organisational systems and structures to secure improvements in corporate policy formation and implementation, operational efficiency, flexibility and responsiveness to change and opportunity.

(QMUC Strategic Plan 1999–2000)[15]

The corporate identity plan also underpinned objectives highlighted in the strategic plan relating to high graduate employment rates, international student recruitment and the development of strategic links.

Research

Several qualitative and quantitative research methods were employed to identify a range of stakeholders' views on QMUC's current and desired image:

- content analysis of documents ranging from prospectuses and strategic plans to media coverage and the internet
- surveys and questionnaires
- corporate personality mapping exercise with senior management
- semi-structured interviews
- focus groups
- visual audit.

Purposive sampling was used to ensure sufficient disclosure from a range of key stakeholder groups. These included the following:

Internal publics

- Academic staff (course leaders, admissions tutors, lecturers involved in seeking research funding and/or commercial consultancy, heads of research institutes or commercial centres).
- Administrative staff from areas such as business development, commercial services, marketing, student services, students' union.
- Governors and students.

External publics

- Prospective undergraduate and post-graduate students.
- Professional and industrial contacts such as research sponsors and partners, placement hosts, members of advisory panels, commercial consultancy clients and the funding council.

Research questions

The problem with focusing a discussion on corporate identity is that most people associate corporate identity with design, which is often judged according to personal taste with everyone having views on what they like or dislike. The facilitator's major task in the focus groups was to explain the concept of corporate image and the role of corporate identity and keep the discussion focused on QMUC's corporate identity in relation to its strategic objectives. When staff considered a desired image for the University College, for example, conversations were steered towards what needed to be achieved over the next ten years and how a particular corporate positioning could contribute to success, rather than becoming stuck on favourite colours and preferred typeface!

That said, asking for views on the existing logo and the image it communicated served as a useful icebreaker. Having expounded often dearly held opinions, participants could then be led through the group processes[16] up the conceptual ladder to a stage when valid and interesting views were proffered.

The research mapped participants' views on current and desired corporate image in relation to other universities and against expectations of what a university should be like.

Key findings

A number of attributes were identified. Some were commonly well regarded by participants while different publics held distinctive views about some important aspects. A summary follows.

Attributes valued by all constituents

- The name 'Queen Margaret' with its connotations of credibility, authority and prestige often associated with the old established universities.
- QMUC's Edinburgh location (although an over-emphasis on Scottishness should not imply parochialism and obscure QMUC's international status).
- The use of the crest in QMUC's visual identity, with its connotations of longevity, tradition, quality and learning.

Attributes valued by staff and professional contacts

- Quality teaching, research and consultancy and distinctiveness of character. Perceptions of quality include issues such as the high grading obtained in the independent quality assessment exercise, high level of individual attention given to students and the high graduate employment rate (the highest in Scotland).
- The relatively small size of the University College is an important aspect of staff perceptions of a friendly, caring and supportive nature.
- QMUC's strong research culture and history of academic achievement make staff feel more aligned with 'old' universities than with the 'new' university sector.
- The 'applied' nature of QMUC's academic expertise and strong vocational links with a range of professions.
- Caring and community values linked to concepts such as 'serving society', 'enhancing quality of life' (particularly for health faculties) and 'life-long learning' were also highlighted.

Problematic areas identified by staff

- Confusion regarding a clear strategy to manage increasingly conflicting demands (such as the need to earn income to offset government cuts, meet research targets, manage increased competition while still meeting student needs).
- Poor internal communication.
- The perception that QMUC's strategy to purchase a new campus had resulted in lack of investment in existing facilities and buildings.

Attributes valued by students and prospective students

- 'Specific attributes chosen as being particularly motivational showed students are looking for: quality and up-to-date teaching provision to make the most of their abilities, relevant knowledge and skills, a degree that is well regarded by employers, high level of individual attention and support, a pleasant environment and exciting social life.'

Conflicting perspectives

- Staff deemed concepts of 'serving society' and 'life-long learning' as important attributes of the corporate personality, whereas students rejected this image. Students were motivated by elements that would benefit them as individuals rather than notions of universities being about enhancing public quality of life. (This is particularly interesting in relation to the discussion of consistency above.)

Recommendations

Having considered the range of views expressed, researchers System Three[17] made the following recommendations:

- 'The desired identity for QMUC is one that effectively communicates: the key areas of activity, product quality in terms of established and independent endorsement (heritage, Quality Assessment ratings, graduate employment rate), a caring and supportive environment, as well as excitement and dynamism.'

- 'The desired tone of QMUC both on behalf of staff and students is a stamp of established quality and prestige, as well as modern relevance, advancement and innovation.'
- 'The high number of pressures placed on the University College necessitates a clear strategy for prioritising demands on staff and establishing a logical way forward guided by meaningful and non-conflicting objectives.'

Implementation of the new corporate identity

Symbolism

From the sea of research findings, the designers distilled the following desired perceptions to inform the new visual identity:

- heritage and established quality
- Queen Margaret title
- innovation
- modern relevance of courses
- quality of teaching
- individuality of the organisation
- Edinburgh location
- friendly, supportive approach.

The single most important message was identified as 'established quality'.

So, how could design communicate these attributes? Figure 7.4 shows the old and new logos for QMUC. Lauren Rennet, Creative Director of Graphicpartners, explains the design concept:

> The concept of a crest was retained to communicate QMUC's heritage but was simplified and up-dated to reflect the current and future offer of the University College, not that of its early years when the original crest was drawn.
>
> With this in mind the symbols within the crest were adjusted to more distinctively represent the University College. The main focus, Queen Margaret's crown, provides a memorable symbol of power, leadership and excellence.
>
> Vibrant royal blue, futuristic silver and timeless typography complete this modern, streamlined crest without losing the valuable sense of established quality.

Staff have unique access to a corporate identity manual available solely online. The new visual identity is consistently used across applications ranging from letterheads to vehicle livery, uniforms to websites. Figure 7.5 illustrates the application of the new identity at QMUC's Corstophine campus.

The corporate identity mix

Van Riel (1995) highlights the importance of all aspects of the CI mix. Symbolism has clearly been affected by the QMUC corporate identity plan. But what about the other important aspects, behaviour and communication?

Research conducted among QMUC staff indicated a need for improved communication and leadership in prioritising and balancing demands on lecturers. A number of initiatives were launched in response.

Queen Margaret University College

EDINBURGH

established 1875

Figure 7.4a   Queen Margaret University College, old logo
Used with permission

Queen Margaret University College

EDINBURGH

Figure 7.4b   Queen Margaret University College, new logo
Used with permission

Figure 7.5   Queen Margaret University College, campus signage
Used with permission

An improved career development and appraisal scheme provides a structure for staff to agree individual objectives within a framework which clearly connects with organisational aims and objectives. Staff are involved in determining their own criteria for success.

Dorothy Wright, Director of Human Resources, planned more far-reaching cultural developments:

> The strategic plan specifies flexibility, commercial awareness, quality, innovation and creativity as key attributes of the culture we need to foster in order to achieve our corporate aims and objectives. My job is to look at the way we need to behave in order to deliver in these areas.

Her first task was to run a facilitated session with senior management, using tools such as force field analysis, to identify changes that need to be made. Then, a full attitudes survey was commissioned to determine staff views.

Part of the attitudes survey was designed to audit communication, and resources were made available to implement more effective two-way communication systems. However, more profound behavioural changes were planned echoing Grunig and Hunt's (1984) sentiment that instead of merely altering communication tactics, 'changing the organisational structure and role relationships' are more realistic ways of affecting performance and satisfaction.

Questions for discussion

1 Critique the assumption that corporate identity can be 'wholly managed'.

2 What ethical issues should be considered when formulating and managing corporate identity?

3 How can stakeholders be involved?

4 To what extent is CI management part of issues management?

5 Can a carefully managed corporate identity affect a strategically important corporate image?

Notes

1 Gregory (1999) provides a useful summary of current thinking:

> The two concepts of identity and image have suffered from a lack of clarity stemming partly from confusion between and conflation of the terms. Broadly speaking, corporate identity was originally seen as the visual symbols an organisation used such as logos, house style and other representations associated with design . . . For some practitioners, that view still persists . . . However, more recently the concept of corporate identity has been broadened to include linkages between corporate strategy and communication . . . In Margulies' (1997) terms 'identity means the sum of all the ways a company chooses to identify itself to all its publics'.

2 Nike has launched a number of initiatives to overcome this image which can be explored via its website.

3 The term 'stakeholder' refers to groups of publics (typically employees, suppliers, shareholders, customers and the local community) who have a significant effect on, or are affected by, an organisation. For a more detailed consideration of the concept, see Chapters 4 and 6.

4 For an explanation of corporate strategy and the strategic role of public relations, see Chapter 4.
5 For explanations of Grunig's (1984) symmetric and asymmetric models, see pp. 42–3.
6 For further discussion, refer to Franklin (1994) and McNair (1994).
7 The semiotic approach is outlined in Chapter 2.
8 'The way we do things around here' originated at management consultancy McKinsey & Company.
9 Triangulation refers to the combining of at least three research methodologies. Cross-referencing of findings will improve validity.
10 Van Riel (1995) provides a comprehensive summary of approaches.
11 EPISTLE analysis encompasses research into an organisation's macro environment under the headings Economic, Political, Information, Social, Technological, Legal, Environmental.
12 See Hargie and Tourish (2000) for an in-depth guide to communication audits.
13 Grundy (1993) provides a useful guide to using force field analysis.
14 Unless otherwise stated, quotes are taken from interviews with the author.
15 QMUC's strategic plan is available online at www.qmuc.ac.uk/stplan.html.
16 Social scientists often refer to groups moving through several stages (forming, storming, norming) before they 'perform' and contribute more truthful and useful opinions. For further information refer to Vernelle (1994: 28–9).
17 Research was conducted by a number of consultants, including research company System Three and the author.

8 Public affairs and issues management

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Chapter aims

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This chapter sets out the definition of issues management and looks at the issues life cycle. It is linked to risk analysis and management. The rise of pressure groups is examined. Issues management involves long-term thinking, and often is connected to lobbying for or against legislation affecting an organisation and this is examined in the second half of the chapter.

Defining issues management

....

Regester and Larkin (2002: 31) suggest a definition for an issue as 'a gap between corporate practice and stakeholder expectations'. Thus it is an external condition or event which the organisation will have to deal with in order to continue to function effectively. They go on to relate that the term 'issues management' was coined by W. Howard Chase in 1977 who recommended a different corporate response to critics of business practices.

Issues management is a long-term strategic management practice. Significant changes or issues which may affect the organisation are identified, and long-term strategic decisions are taken which may involve changes in policy and practice. An oft-quoted example of this is the growing importance of the environmental lobby. Twenty years ago, most companies did not feel it important to state whether their products were environmentally friendly, dolphin friendly, produced without being tested on animals, or contained genetically modified ingredients. Growing public opposition to environmentally questionable practices, and awareness of how materials and goods were sourced and produced internationally led to a decline in public approval for business conduct. As discussed below, this also caused a rise in pressure group activity. With the development and ubiquitous use of the internet, information about company practices can be accessed by its stakeholders around the globe (see also Chapter 18).

Issues management is 'the process of identifying issues, analysing those issues, setting priorities, selecting programme strategy options, implementing a programme of action and evaluating effectiveness'. It is also managing 'corporate response to changes in operational environments' (Cutlip *et al.* 1985: 15).

Organisations try to identify and change issues before they become influential on government policy and legislation. Issues management is therefore preventative. One example issues management consultant Simon Bryceson uses to illustrate an issues management approach concerns Unilever, which through its subsidiary companies such as Birds Eye Walls, Gorton's and Findus is the largest buyer of fish in the world. In early 1996, Unilever was warned of a proposed campaign by Greenpeace which would highlight decreasing global fish stocks. Greenpeace was planning to target the company and criticise its fish buying practices, which Greenpeace felt were contributing to the problem. In order to avert this attack, Unilever established a partnership with the World Wide Fund for Nature, the largest environmental campaigning group in the UK. The two organisations formed the Marine Stewardship Council (MSC) to determine the sustainability of every fishery in the world and issue certification of those that were judged to meet strict criteria. Unilever then committed itself from the year 2000 onwards to source all its fish from MSC certificated fisheries only. Instead of a negative attack, the strategy resulted in a headline in the *Financial Times*, 'Unilever in fight to save global fisheries'. By taking the initiative, the company became associated with the solution rather than the problem, building its authority on global fisheries policy as well as protecting its brand and future business (see www.bryceson.com).

Femers, Klewes and Lintemeier (2000) suggest a structure for the life cycle of issues (see Figure 8.1). In the emergence phase, the issue is generated and defined, crystallising into 'a specific interpretation of social reality'. This version of events is then picked up by credible individuals or groups in the dissemination phase. Specialist media may play an important role in this process, finding the issue and publishing reports, which spreads it into a wider arena. The example quoted by Femers *et al.* is that of a problem with the Intel Pentium chip, which was picked up in a chatroom by a journalist. The problem with the chip eventually cost Intel several million dollars. In the third, establishment, phase, popular media deal with the issue and it becomes known to a large part of society. Finally, public interest declines and the issue drops off the media agenda. Erosion may also be caused by legislation which addresses the issue. Carty (2003) suggests that the issues lifecycle could be regarded as cyclical rather than linear. 'The organisation and its publics do not necessarily progress through the stages of the issue life cycle at the same pace', he says. The issue may perform several rotations, eroding only to re-emerge if

Phase 1	Phase 2	Phase 3	Phase 4
Emergence	Dissemination	Establishment	Erosion
The issue is generated,	spreads into other areas,	is well known, becomes generalised,	its relevance declines
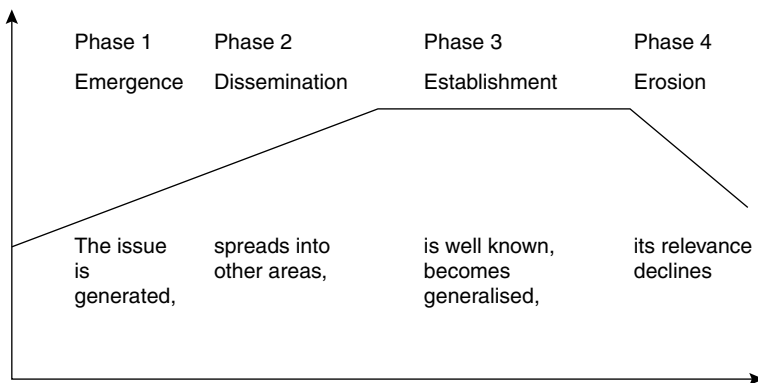
Figure 8.1   The issues life cycle

aspects change or are not fully resolved. He also states that 'the longer the issue remains an issue, the stronger the experience for the public', so that issues which are not well managed cause a deeper effect on an organisation's reputation. McDonald's libel case against activists who criticised their environmental policies dragged on for years.

Public issues management became one of the key phrases in public relations circles in 1975 (Grunig and Hunt 1984). One definition of public issues management is that it makes it possible for organisations to

> shape government policy on issues which affect them, rather than just to adapt to policy changes. The interactive corporation tries to get a reasonably accurate agenda of public issues that it should be concerned with . . . and develops constructive approaches to these issues.
>
> (Buchholz, quoted in Grunig and Hunt 1984: 296)

Risk management

It is worthwhile digressing into an examination of risk analysis and management, which is closely linked to issues management. Maitland (2003) quotes a survey of 100 European companies by the insurance broker, Aon, which found that loss of reputation was considered the second biggest threat after business interruption. Yet only 22 per cent had any kind of risk analysis and management system. Done properly, she suggests, risk management is a time-consuming and constant process. Another survey by Environmental Resources Management found that half the multinationals they contacted spent more than 500 working days each year tracking issues, with 30 per cent devoting more than 1,000 days. However, the majority of companies were still not dealing with issues in an effective way.

Ansell and Wharton (1992: 3–13) posit that it not possible to avoid taking risks, the choice is simply which risk to take. He discusses the development of the meaning of the word, from meaning a chance outcome, with neither positive or negative connotations, to the implication of an undesirable outcome from a course of action. His definition of risk is, 'any intended or unexpected outcome of a decision or course of action'. Wharton also distinguishes between the identification of outcome – risk analysis – and the estimation of the probabilities and extent of outcome – risk assessment. Analysis involves considering probable outcomes from different options, such as whether to invest in blue chip stock or in a new stock issue. Assessment looks at the probability of these different options occurring, whether one is more likely than another, and what the costs and benefits would be. Human beings are naturally risk-averse, and when each option has the same average result, the option with less variance is normally preferred. Thus if investing in the blue chip stock would result in a likely dividend of 5 per cent, while the new stock would have a dividend of between 1 and 10 per cent, the first would be chosen. Once analysis and assessment have been considered, Wharton quotes Rescher's three cardinal rules of risk management:

- Maximise expected values
- Avoid catastrophe
- Ignore remote possibilities.

Maitland (2003) suggests that Marks & Spencer's approach to risk and reputation management, resulting in the company's placing at the top of the BITC corporate

responsibility ratings, is based on an integrated approach. The corporate governance department examines social and environmental risks of each division and reports bi-annually to the board.

Effective issues management cannot guarantee results, however. In response to a growing perception in the 1980s that conventional farming using pesticides polluted the soil, damaged the environment and contaminated foods with chemicals, Rhone-Poulenc instigated a ten-year strategy in 1989 to undertake research to establish the relative benefits, costs and products of conventional farming and organic methods. The company set up a project at Boarded Barn Farm in Essex. After five years, a further project was introduced to assess the effects of using an integrated crop management (ICM) system, using elements of best practice from each system. The project originally gave Rhone-Poulenc an industry-leading platform, with results that were supported with scientific data, demonstrating its openness and ethical behaviour (Gregory 1997). However, despite undertaking this extensive and expensive project, the company was overtaken by events as opposition to genetically modified foods became top of the agenda. Rhone-Poulenc was merged with Hoechst to form Aventis in December 1999, and in November 2000 the new company divested itself of the crop science division to Bayer.

The rise of pressure groups

> Throughout the liberal democratic world there has been a decline in confidence in the power of the nation state to regulate multinational corporations. Accompanying this has been a substantial rise in support for pressure groups that target those multinational corporations in order to highlight their polices on . . . a range of quasi-ethical issues.
>
> (Chris Rose, Campaign Director, Greenpeace UK
> speech, December 1995)

The rise of pressure groups is a result of disaffection with mainstream politics and this has changed the nature of participation in the political process. Some groups are now no longer content to vote every five years and the growth of the road protest and animal rights movements has shown that diverse groups can come together for a common cause, sometimes adopting semi-terrorist tactics to gain their objectives. Simon Bryceson questions whether 'the culture of some environmental organisations has mutated into one that is incapable of hearing constructive criticism'. He also warns against the rise of anti-scientism. 'Emotion has a place in public policy debate but if it becomes a substitute for rational consideration, we are in very deep trouble indeed.' He concludes, 'The end does not justify the means, even where the end is the saving of the world!' (www.bryceson.com).

A recent development has been the targeting of individual shareholders. John Vidal (2000) reported that shareholders in Huntingdon Life Sciences, which tests on animals for the pharmaceutical industry and has been the focus of much pressure group activity, had been sent a letter by the British Union for the Abolition of Vivisection Reform Group (AVRG) that warned them to sell their shares or face having their homes picketed. One individual who refused had been the victim of a peaceful demonstration outside his house. Companies are having to become more aware not only of their own policies, but also of those of other companies that they may invest in.

'Modern day pressure groups have become a major political force in their own right', says Peter Hamilton, Managing Director of The Communication Group (TCG).

Surveying more than 250 of the largest companies in Europe, TCG found that businesses were fearful of the power of pressure groups but complacent about how to handle them. Groups frequently outflanked businesses, and used global communications much more widely and swiftly than most companies. They also fired up public opinion and influenced legislation, being seen as generally more effective at PR. Few companies had corporate strategies in place to deal with the problem, and tended to rely on media publicity to get their message across rather than taking a strategic approach to the issues raised by pressure groups (Hamilton 1997).

Shifts in the global situation

As companies expand onto the global scene, issues have to be tackled with increased lateral vision. Michael Murphy (1999) notes the importance of cultural identity. Whilst huge trading blocs such as the European Union have been established, and trends towards deregulation in the marketplace are apparent, there has also been a growth in nationalism. This has manifested itself in the UK in devolution to the national assemblies in Wales and Scotland. 'In Asia, the cultural patchwork is still more intricate . . . despite nearly half a century of autocratic centralised rule, China is still a complex nation of many different cultures and dialects.' Murphy feels that it is imperative that companies be sensitive to local market conditions: 'Any major issue . . . is likely to have international ramifications.'

This issue is further complicated by the increased speed of information flows due to new technology (see Chapter 18). Greater access to information allows people to make more informed choices. According to Murphy, '80 per cent of US journalists now go to the web as their first source of information'. With an information-rich society, especially in the developed capitalist countries, actions in one part of the globe can impact on a company elsewhere.

Defining lobbying

One of the techniques most commonly used in carrying out issues management campaigns is lobbying. Lobbying involves 'direct attempts to influence legislative and regulatory decisions in government' and public affairs is the 'specialised public relations effort designed to build and maintain community and governmental relations' (Cutlip *et al.* 1985: 14). Not surprisingly, because they have overlapping definitions, the two terms are often used interchangeably, although it can be argued that public affairs has a wider remit. Charles Miller at Citigate Public Affairs feels that there is difficulty in defining both public affairs and lobbying, and feels that the latter is '*any* attempt to influence the decisions of the institutions of government'.[1]

In the USA, vast amounts of cash are spent on lobbying, $1.45 billion in 1999 (Wilcox *et al.* 2003: 351). The group that spent the most was the American Association of Retired Persons, followed by the American Israel Public Affairs Committee, the National Federation of Independent Business and the National Rifle Association. In addition, companies spent money on supporting their own interests. Philip Morris, for instance, spent $3.62 million in 1998 on lobbying activities alone (ibid.). Enron also spent heavily trying to influence beneficial legislation: $2.5 million in the first half of 2001, $2 million during 1999 (ibid.: 354). The 1995 Lobbying reform Bill defined a lobbyist as 'someone hired to influence lawmakers, government officials . . . and spends at least 20 per cent

of his or her time representing any client in a six month period'. Lobbyists were required to register with Congress, disclose their clients, which issues were concerned and how much was paid. They cannot buy a meal for a lawmaker unless at least 25 people from an organisation attend, and anything more than a finger-food buffet reception is also banned (ibid.: 355).

Organisations have increasingly used lobbying techniques to present their case to government and groups of stakeholders. Lobbying can be either defensive (designed to abolish or amend an existing law) or offensive (aimed at pushing the authorities to create a law). An example of offensive lobbying was the successful Snowdrop Campaign by parents of children killed at Dunblane, which quickly forced a change in the regulations on private hand guns. The key to lobbying is to understand the legislative process, and how that of the UK and the different national assemblies operate within the European Community. Increasingly, competition on an international scale means that it is necessary to take wide-ranging cultural and legislative practices into account. For example, Shell found that its decision to dispose of Brent Spar in the North Sea provoked a reaction from pressure groups across Europe. In the end, despite the rationality of its argument, a well-orchestrated campaign caused the company to change its policy.

Moloney (1997) comments on those who have put forward the case that lobbying is a guarantor of pluralism. He points out that not all groups in a liberal market are equal in power, influence and therefore access. He also noted that groups are not equal in wealth and while some can hire public relations consultants, others cannot.

Common lobbying mistakes
....

In order to be successful, the lobbyist needs to be aware of issues in advance. According to the lobbyist Charles Miller, 'Every hour spent on research and monitoring is worth ten on lobbying' (quoted in Roche 1998: 22). The later a campaign begins, the fewer choices are open. Miller (Roche 1998: 23) names four common lobbying mistakes:

1 Contacts are no use unless you have a sound case.
2 No amount of entertaining can substitute for a well-researched case.
3 Think Government, not Parliament. It is also important to talk to MPs' advisers. Think system, and take account of the network of institutions.
4 Do not act unless you know how Government will react to your case.

Organisations who want to undertake lobbying have a choice of methods. They may take on an in-house specialist, as is most likely in large organisations that need to be constantly aware of issues and legislation. A specialist consultancy firm may be employed on a project basis, where help is needed on specific or *ad hoc* projects. Consultants may be used to supplement the knowledge and expertise of an in-house department. Miller feels that the bulk of professional lobbyists do the majority of their work on the political side, but that issues may not have much to do with parliamentary decisions.

Organisations used to retain MPs or peers to provide them with advice and information, or to open doors and act as spokespeople. A variety of cases of questionable behaviour by MPs, parliamentary lobbyists and government press advisers has caused concern about how lobbying activities are pursued and calls for more regulation of the

practice in the UK (see also Chapter 5). The Neill Commission in 1999 recommended that independent lobbyists should be more regulated, although it did not go as far as the professional bodies, the IPR, the PRCA and the Association of Party Political Consultants (APPC), advocated. MPs and peers have to register their interests, so it can be seen whether their stance on particular legislation might have been influenced by lobbyists or organisations. The IPR and the PRCA have introduced supplements to their Codes of Practice relating to members who are lobbyists, largely reiterating the Code of the APPC. The problem remains that many lobbyists are not members of any of these professional associations and so cannot be governed by any of their rules.

There is also the question of what constitutes lobbying. Bryceson still carries out lobbying work on a pro bono basis for certain special interest groups he supports. Where does lobbying start – is it only when someone is paid to do it that regulation comes into play? The definition adopted in the USA (above) might be useful here.

Lobbying since 1997

The general election in May 1997 brought a Labour government into power with a huge majority. This changed the way that lobbyists worked and shifted emphasis onto government advisers. Parliament was also noticeably younger and contained more women and ethnic MPs. Relationships had to be formed between lobbyists and these new MPs.

Research carried out amongst MPs in 1998 found that the following factors were felt to be important for successful lobbying (Roche 1998: 44):

1 Access to decision makers
2 Background research
3 Good timing
4 Communication skills
5 Knowledge of government procedure
6 Public interest
7 Support of opinion leaders
8 Effective targeting
9 Favourable media coverage
10 Knowledge of government structure.

Although favourable media coverage appears only ninth in this list, much of the lobbyist's effort is directed to making sure that their case is covered in the media appropriate to the MPs and civil servants whom they want to influence.

Public perception of an issue will increase proportionately to the amount of attention given to that issue by the media. By simply paying attention to an issue and neglecting others, the media will affect public opinion. The public agenda then influences the political agenda, as politicians seek to respond to what voters want to ensure their own re-election. As politicians are elected by constituencies, often the local and regional media are more important for individual MPs than the national media and skilful lobbyists will seek to relate their causes to the particular local concerns of the politicians they wish to influence.

There are several methods which lobbyists may seek to persuade an MP to use in favour of their cause. MPs ask over 50,000 Parliamentary Questions (PQs) each year. Questions are printed on the order paper on the day after they are tabled at the table office and again on the day they are to be answered. Over 90 per cent of answers are written, and are a good way to bring a matter to the attention of ministers and other MPs. Lobbyists may seek to persuade an MP to ask a question on behalf of a particular organisation or to support a particular cause. All questions and answers appear in Hansard.

MPs can also put down an Early Day Motion (EDM) on the order paper to call the House, government or individual MP to take action. Six sponsoring MPs are needed to start an EDM, and each time another name is added to the list the EDM is reprinted.

MPs also have the chance to affect policy by working in party committees or departmental groups.

The system

The experienced lobbyist Charles Miller has offered Figure 8.2 as an illustration of the political system. Whitehall departments and the European Commission draft policy and implement decisions formally made by ministers and commissioners. The latter are influenced by officials who control the flow of information and access to the politicians. Special advisers have a significant role in the decision-making process in some departments, and there are cabinets who act as advisers to commissioners. Advisory committees and task forces in the UK and Committees of Experts in the EC, made up of outside specialists, may also act as consultation bodies.

Quangos are public bodies that are not part of government departments but which administer policy and may distribute money, for example the Arts Council.

Local government contributes to planning and policy, and may distribute money for economic development locally. The work is mainly done by officers who service committees of elected members. Regulators such as OFTEL and the Health and Safety Executive administer statutory controls.

The parliaments may formally adopt decisions, but, as can be seen, there are many different influences before a subject is debated in parliament.

European political institutions

The main institutions of the European Community are the European Council, the Council of Ministers, the European Commission and the European Parliament. The European Council consists of all heads of state and meets twice a year. The Council of Ministers includes ministerial representatives of the member states, in proportion to their populations. The Presidency is held by member states in turn. The European Commission consists of 20 Commissioners, appointed for a five-year term by the member states' governments. The European Parliament is made up of 626 European MPs who sit in political groups and are elected every five years. These institutions are supported by civil servants and other advisers. The legislative process is mainly governed by the Council, the Commission (which has the right to initiate proposals) and the Parliament. Knowing where and when to enter this process, and who to approach, is key to achieving a successful outcome for a lobbying campaign.

The System
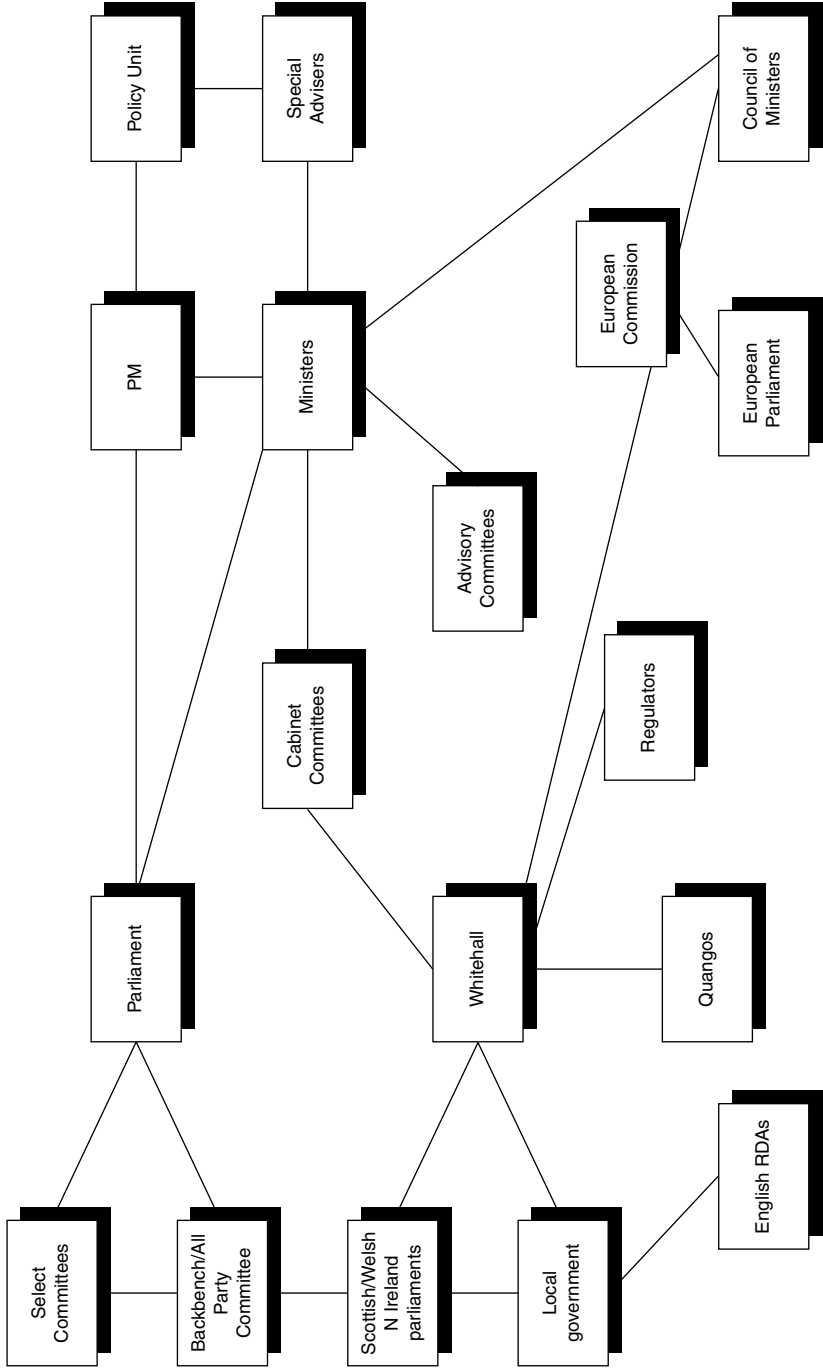
Figure 8.2 The political system

Source: Miller 1998

Key factors

Charles Miller (1998) suggests the following key factors that influence campaigns:

Merit of case	70%
Constituency concerns	15%
Big battalions (organisations, interests)	15%
Media	10%
Pressure groups	5%
Courts	1%

The merit of the case is the most influential factor. The case needs to put forward workable policies, supported by accurate facts and figures researched from credible sources. If governments have committed themselves to take action, a good lobbyist will take account of this and suggest constructive alternatives. Professional lobbyists would be expected to know which element of the system to approach and how that element would wish to be treated. By treating receivers of information as stakeholder publics, lobbyists can increase the likely success of their case. Due thought needs to be given to how the system would receive the information and respond to it. Miller also suggests that the bulk of issues are settled by negotiation, rather than by a simple lobbying process.

Other lobbying arenas

Simon Bryceson believes that lobbying is now taking place outside the parliamentary arena. The World Trade Organization (WTO) has the power to set trading legislative standards. Catalytic converters now have to be fitted as standard in new motor cars, and obviously this measure has benefited the manufacturers. Some of the global organisations have competing priorities. The World Bank places an emphasis on cash crops like tobacco over subsistence farming, yet the World Health Organization discourages tobacco use. The perceived ability of these organisations to affect everyone's lives can be seen in the rise of pressure group activity directed against them, as evidenced by the demonstrations during the WTO talks in Seattle in 2000.

In the UK the 1998 Competition Act replaced the Monopolies and Mergers Commission with the Competition Commission. The remit of the new body was still to investigate and report on proposed mergers, but the emphasis shifted towards considering whether decisions would mean better services for consumers. The chair of the Commission, Dr Derek Morris, stated that the Commission would prioritise consumer interest over all others, and that its proceedings would be more transparent. Chris Savage, director of competition and regulation at Shandwick Public Affairs, felt that new skills would be needed to 'build coalitions and mobilise support'. Rod Cartwright, head of GCI Political Counsel, did not see a need for new skills: 'Our role has always been to help clients build a groundswell of support for an issue . . . But the importance of support from third parties has grown.' As the number of audiences has widened, Cartwright felt that 'Strategic message delivery needs more work than before' (quoted in Freeman 2000).

The Competition Commission held public hearings of the debate on price-fixing in the motor industry in July 1999. While members of the public were not able to make submissions, they were able to attend hearings which previously would have been held in private (Freeman 2000).

Grassroots lobbying or Astroturf campaigns?

The practice of grassroots lobbying is aimed at generating letters and telephone calls from the public to government legislators. In the USA, this lies outside the provisions of the Lobby reform Bill and is now an $800 million industry. Specialist consultancy firms carry databases of thousands of people who can be mobilised on behalf of or against proposed legislation. Bonner & Associates was hired by the American Bankers Association to kill a Congressional bill which would lower credit card interest rates. After 10,000 calls from citizens and community leaders to members of the House Banking Committee, the bill was defeated in committee (Wilcox *et al.* 2003: 355–6).

One of the most questionable techniques used is that of stealth lobbying, or setting up front groups to lobby on certain issues. Under the heading 'Spin of the Day', the website PR Watch.org (2003) spotlights the Gray Panthers, a public interest group that supposedly defends the rights of senior citizens. The group spent $200,000 on full page ads in several newspapers across the USA denouncing MCI Worldcom. However, the cost was covered by Issue Dynamics, a consultancy firm which was acting for one of Worldcom's competitors. Wilcox *et al.* cite the National Smokers Alliance, funded by Philip Morris and organised by Burson-Marstellar (2003: 357).

John Stauber of Corporate Watch is unsurprisingly derisive about such activities, calling it 'the appearance of democracy bought and paid for with millions of dollars from wealthy special interests'. Several examples of using 'an apparently independent third party' are given, such as the Agricultural Biotechnology Council, which aims to gain public acceptance for GM crops, funded by six biotech companies, and Waste Watchers in Germany, which promoted 'responsible waste management', or incineration rather than landfill. Waste Watchers were linked to Tetra Pak, whose cartons are difficult to recycle (www.corporatewatch.org.uk).

In the remainder of this chapter, a case study looks at the Voice of the Listener and Viewer (VLV), a small pressure group dependent on member subscriptions for its income. Despite this, VLV has held several conferences with well-respected speakers and has been invited to submit responses to government bodies.

Case study: Voice of the Listener and Viewer (VLV)

VLV[2] came into being at the end of 1983 in response to a proposal by Richard Francis, Managing Director of BBC Radio, to turn Radio 4 into an all-news current affairs channel. Around 200 people wrote in support of a piece in the *Sunday Times* calling for an association of listeners, and a public meeting was organised in November 1983. Even though the Radio 4 plan had been abandoned, it was still felt that there was a need for an independent consumer body for broadcasting. With a small start-up grant from the Rowntree Foundation, Voice of the Listener (VoL) held its first conference in May 1984. It also made its first submission to the government enquiry on value for money given by the BBC World Service. By 1985, in its submission to the Peacock Committee on the financing of the BBC, VoL was speaking for viewers as well, and so changed its name to VLV in 1991.

'There was nowhere in the system for listeners and viewers to make a positive input', says General Secretary Jocelyn Hay. 'Individuals can complain to any number of institutions, but there was no way of making a collective representation.' She discovered this when the Independent Society of Business Advertisers (ISBA) was lobbying in

VLV *BULLETIN*

VOICE OF THE LISTENER AND VIEWER   The Citizen's Voice in Broadcasting

Minister spells out benefit of digital television

VLV's Sixth European Conference

OVER 100 VLV members and guests gathered to hear the Secretary of State for Culture, Media and Sport speak in the first of VLV's Westminster 2000 seminars on 9th March.

"Digital television will bring real benefits to consumers. It will be especially important for people who are housebound or who need signing or other specialist services," he said.

Mr Smith set two crucial criteria to be met before the final switch over to digital television. Everyone who can currently receive the free-to-air analogue channels (99.4% of the population) must be able to continue to receive them in digital; and the price must be within reach of people on low incomes. 95% of viewers must also have digital signals actually coming into sets within their homes. He believed this could be completed by 2010.

In order to monitor the process the Government will conduct checks every two years against these key criteria of availability and affordability with the help of a Viewers' Panel on which VLV will be represented.

Early in the next Parliament, new legislation will be needed to replace the present Broadcasting and Telecommunications Acts in order to help Britain maintain the lead it currently has in digital television and technology. In a rare first for government, the Department for Culture, Media and Sport has jointly with the Department for Trade and Industry, set up a team to draft a White Paper which will be presented to Parliament this

Secretary of State Chris Smith with VLV chair, Jocelyn Hay, at the seminar

autumn to form the basis for the new legislation. He would welcome VLV's input in formulating it, he said.

Mr Smith replied to a number of questions before leaving early for a division in the House.

He recognised the problem of achieving good reception in some areas, including Wales, Scotland and Eastern England and the Government is exploring a combination of technologies to ensure a better spread of signals. The initial band of digital multiplexes is now in place and he would wait before making any decisions about expanding it.

Digital radio offered a lot but he felt the switch-over to it would be slower than for television. He did not feel that digital radio would be overtaken by the internet for a long time.

A regulatory environment which understands the genuine need for regulation of broadcasting and the need for freedom in personal communications was important; he was aware of the

danger that in both the USA and UK, where competition law has been used to break up public monopolies, there is now a risk that private monopolies might replace them.

The recent licence fee settlement would require the BBC to make real savings and more effective use of its resources. No advertising would be allowed on the BBC's main channels but he had deliberately not mentioned the future of BBC Resources or BBC Worldwide in his speech to Parliament because he had left other choices to the BBC.

He set education as a top priority when he announced the recent BBC licence fee settlement, he said, together with improving its core services and the devolved services for Wales, Scotland and Northern Ireland.

If the BBC wanted to establish a dedicated digital children's channel it should submit a proposal to him for public consultation. This is now a statutory obligation.

'Public Service Broadcasting in the Information Society' is the theme for VLV's 6th international conference at the Royal Society of Arts, London from 17-19 May.

The speakers include: Michael Wills MP, UK Under Secretary of State for Learning; Jean-Bernard Munch, Secretary General, European Broadcasting Union (EBU); Robert Madelin, Director General, Trade Directorate, European Commission (EC); Jean-Eric de Cockborne, Head of Unit, Regulatory Framework, Directorate for the Information Society (EC); Patricia Hodgson, Head of BBC Policy and Planning; Mark Byford, Chief Executive, BBC World Service; Werner Rumphorst, Director of Legal Affairs, EBU; Carolyn Morrison, Chair, CDMM Committee, Council of Europe and Head of International Policy, UK DCMS; Andrew Graham, Balliol College, Oxford. Key issues on the agenda are:
- the role and funding of public service broadcasting in the digital enviroment;
- the new round of WTO negotiations;
- European audio visual policy initiatives;
- the funding and production of indigenous children's programmes;
- media literacy and lifelong learning.
Further details from VLV office.

Figure 8.3 VLV Bulletin

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favour of advertising on the BBC, with a direct channel through the Department of Trade and Industry (DTI).

> The Broadcasting Standards Commission handles complaints about a narrow range of matters including taste and decency, libel and invasions of privacy. The state funded National Consumer Council and the commercially funded Consumers' Association only handle broadcasting issues on an ad hoc basis and both are concerned primarily with economic aspects of value for money, access and redress for faulty goods like television sets. Neither has a remit that encompasses cultural or citizenship issues. We represent the consumer and citizen interests in broadcasting and are concerned about the impact that decisions will have on British culture and democracy.

VLV is still the only organisation in the UK speaking for listeners and viewers on the full range of broadcasting issues. It aims to safeguard quality and editorial integrity of broadcast programmes, and promote wider choice. Undue influence by advertisers, politicians and commercial interests over broadcasting is resisted, and the association also seeks to raise awareness of the importance of the role of broadcasting in society today.

VLV has responded to all major UK inquiries and public consultations on broadcasting, produced many specialist briefings and a quarterly newsletter since 1984. In its first year VLV held two major conferences. In 1992, VLV produced a programme in the BBC2 Open Space series. VLV's first international conference on the future of public service broadcasting in 1993 attracted the President of the European Broadcasting Union and the Chef de Cabinet of the European Commissioner for Culture. Each man was addressing a non-industry body for the first time and it was entirely due to their attendance that the European Commission decided it would in future add consumer bodies to its consultations on audio-visual matters. After that VLV found itself dealing with five or six different directorates at the Commission. They included international trade in DG1, telecommunications in DG13, the internal market in DG15, and consumer affairs in DG24. Jocelyn Hay was also the first consumer representative to be invited to give oral evidence to a Hearing of the Council of Europe in 1993, an experience she has since repeated on other media issues.

> VLV deals with an incredible complexity of issues. In the UK, we deal with MPs and civil servants across Whitehall, for instance, at the Home Office on data protection, party political broadcasts and changes to the Representation of the People Act; at the Department for Trade and Industry on advertising and the convergence of television and telecommunications; at the Foreign Office on Europe and international broadcasting; and at the Department for Education on educational broadcasting. Our main channel, however, is through the Department of Culture, Media and Sport.

Her latest concern is to safeguard the interests of individuals in the new European Bill on Copyright, which, in trying to prevent piracy, could also have prevented viewers recording material from television or radio for their own future use. She was concerned that the legislation could lead to the prevention of personal video recording of programmes for time-shifting purposes due to heavy lobbying by the music companies: 'Somebody has to get in at the beginning, when the legislation is being set up. Once it has been drafted it is too late for major change.'

VLV works at UK, European and international level, including issues to do with WTOO, GATS and the World Summit on the Information Society. In 1994, at its second

annual international conference, VLV facilitated the formation of EURALVA, the European Association of Listeners' and Viewers' Associations, for which it provides a base. EURALVA has member organisations in Denmark, Finland, Portugal, Spain and the UK and associates in Australia, Canada and New Zealand. In 2001, in conjunction with its eighth international conference, VLV held its first Workshop on Citizen Participation in Broadcasting for a group of delegates from Africa. The workshop was supported by UNESCO who have asked VLV to organise a larger event in 2003 to build on this pioneering project.

Membership of VLV now numbers around 2,500, including individuals in the UK and overseas, corporate members (mostly charities) and colleges and university departments in academic membership. Current objectives include safeguarding the future of the BBC, whose Royal Charter expires in 2006, and of Channel 4 Television as a public corporation. VLV has just experienced its busiest two years because of campaigning in support of public service broadcasting during the passage of the new Communications Act, which received Royal Assent in July 2003. The Act introduces a new regulatory structure under which five former regulators are brought within a single Office of Communications (OFCOM). OFCOM will replace the former Independent Television Commission, Radio Authority, Broadcasting Standards Commission, Office of Telecommunications (OFTEL) and the Radio Communications Agency, which allocates and regulates the radiowave spectrum.

Jocelyn Hay states

> OFCOM will operate under a much lighter touch, relying more on the market and competition to deliver quality and choice. We are very concerned that the future of public service broadcasting will be put at threat and that, especially with the lifting of former limits on cross-media and foreign ownership of British radio and television stations, the long-term impact on British culture and democracy will be detrimental. Many areas such as national and international news and current affairs, regional programming, religious and educational programming and the high quality original, indigenous children's programmes we now enjoy could be put at risk if new multinational owners try to maximise their profits by demanding high ratings and programmes that will be of equal appeal to any overseas English-speaking audience. We shall be monitoring the new situation very carefully.
>
> For instance, commercial pressure for ratings is already putting parliamentary and party political broadcasts at risk because a lot of people switch them off. In the UK political advertising is not allowed on radio or television but each year a certain number of party political and election broadcasts are broadcast free on all channels. They form a very important part of the democratic process but are now under threat as the public service remit of the broadcasters is weakened. In 1996, the original draft of the BBC's present Royal Charter omitted the requirement for it to broadcast daily reports of the proceedings of Parliament. VLV successfully fought to have them reinstated.

VLV is free from political, commercial or sectarian affiliations and in order to retain its independence is funded mainly from subscriptions and donations. VLV's educational and charitable activities are supported by its sister body the Voice of the Listener Trust, UK registered number 296207. VLV is concerned with the issues, structures, regulation, funding and institutions that underpin the British broadcasting system, and to ensure the future of public service broadcasting. VLV does not have the resources to handle individual complaints.

On 1 January 2003 VLV changed it status to become a private company limited by guarantee in order to gain limited legal protection. It is still run by Jocelyn Hay, its founder, and nine other voluntary directors with the backing of many volunteers and a small administrative staff. It has only recently appointed its first full-time administrator. With this small workforce, VLV runs up to twelve public lectures and conferences each year at accessible prices in different parts of the UK, all of which attract leading figures from the industry, politics and academe. Past speakers, for instance, have included the BBC Chairman and its Director General, several Secretaries of State, the chairman of the ITV Association and of Channel 4. VLV holds annual conferences in Scotland and Wales (one so far in Belfast), on children's television, educational broadcasting and public service broadcasting worldwide, and at least two seminars on political issues with government ministers and opposition speakers; it produces a quarterly newsletter and various publications, responds to consultations by national and European bodies, and runs an annual Awards for Excellence in Broadcasting. Jocelyn Hay and her colleagues have given oral evidence to four Select Committees of the House of Commons in addition to written submissions to several others and to every major inquiry into broadcasting or the future of the BBC since 1984.

Some of the successes of which Jocelyn Hay is most proud are the way that VLV has paved and led the way in gaining recognition at UK, European and international levels of the importance of the citizen and consumer interests in broadcasting. In the 2003 Communications Act, for instance, partly as a result of active campaigning and support by VLV in the face of strong industry opposition, the new regulator OFCOM is required to 'further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets'. More specifically, VLV ensured in 1996 that the proceeds raised from the privatisation of the BBC transmitter network remained within the BBC. As Jocelyn Hay commented,

> With pro bono help from a sympathetic lawyer and public support from Ray Snoddy of the *Financial Times* we threatened to take the government to judicial review if the Treasury kept the proceeds of the sale (as it had from the sale of the transmitters of the former statutorily-funded Independent Broadcasting Authority). The government backed off and in the end the BBC got to keep all of the proceeds from assets bought with licence-fee income. It was used to fund development of their digital channels. As the debate about the renewal of the BBC's Charter in 2006 will take place in a far more competitive and hostile political environment, we shall have to re-focus our efforts in order to use our resources as effectively as we can in support of the BBC, a pillar of public service broadcasting, on which so much of the quality of British culture and democracy depends.

Questions for discussion

1 What issues concern you as a private citizen? Have you been involved in lobbying campaigns? With what result?

2 Is lobbying a constitutional right? Or does it subvert the democratic process?

3 Should lobbyists in the UK be more tightly controlled? How?

4 Can grassroots lobbying ever be a legitimate public relations activity? Or is it always essentially unethical?

5   VLV has limited resources. Do you think their lobbying activities are effective? How could they manage them differently?

Notes

1   Interview with the author.
2   Voice of the Listener & Viewer (VLV), 101 Kings Drive, Gravesend, Kent, DA12 5BQ. 01474 352835. www.vlv.org.uk.

9 Business ethics, public relations and corporate social responsibility

Ian Somerville

Chapter aims

This chapter introduces the reader to the conceptual and practical issues raised by the key ethical doctrines which have influenced debates in the field of business ethics and which have consequently had an impact on public relations theory and practice. Attention is focused on the significance of these theories in relation to corporate social responsibility. The chapter goes on to discuss the arguments for and against corporate social responsibility and places these perspectives in the broader context of debates surrounding business, society and ethics. Finally, with reference to an illustrative case study, the chapter discusses how ethical concepts and the language used to express them relate to the actual practice of corporate social responsibility.

Introduction

What is ethics? Anyone looking for a simple definition of 'ethics' will search long and hard to find it in a text on moral philosophy or business ethics. The term is derived from the classical Greek word *ethos* meaning 'customs'[1] and thus it may sometimes be taken to refer to the conventions or standards which a particular group or community acts upon. But this descriptive definition of ethics, while it may be useful to historians and anthropologists, does not equate with the kind of normative thinking which we usually consider to be at the heart of ethical questions (the 'what *ought* I to do in such and such circumstances' kinds of questions). This kind of thinking is summarised by Holmes (1984): 'Ethics is about the good (that is, what values and virtues we should cultivate) and about the right (that is, what our moral duties may be)'.[2] One way to try to answer this question of what ethical behaviour is and what ethical action should consist of is to outline a number of different approaches to ethics in the manner set out in the next section of this chapter. Dienhart (2000) links this kind of approach to the practical question of how to apply ethics in the sphere of business. He notes, 'Business ethics focuses on how we use and should use traditional ethical views to evaluate how institutions orchestrate human behaviour' (p. xvi).

Public relations discourse in relation to corporate social responsibility has unsurprisingly utilised language and concepts derived from the key ethical doctrines –

utilitarianism, deontology and 'rights' theories – which have dominated ethical debate in the West since the Enlightenment. This leads to significant claims for corporate social responsibility programmes. For example, businesses may maintain that such activity is the fulfilment of the duties and responsibilities that companies have to the wider community, or that they contribute to the common good by benefiting both the company and society. The ensuing discussion will explore the nature of the ethical doctrines which business appeals to, the debate concerning corporate social responsibility in particular, and how corporate social responsibility is justified in practice.

Business is a social phenomenon. Societies have developed various kinds of *social rules*, such as legal rules, or even the rules of etiquette, which act as a framework or guide to behaviour. Moral rules are sometimes regarded as just another set of social rules, but societies are structured around moral rules in a peculiarly fundamental way. In fact moral precepts are frequently used to criticise the other kinds of social rules which guide human conduct. Most notably there can be clashes between moral rules and legal rules. The 'race laws' in the USA, for example, or the 'apartheid laws' in South Africa, were eventually perceived to be so immoral that the only moral course was to disobey them. Clearly one may disagree with particular moral rules, or question the possibility that 'definitive' answers to ethical problems are possible. Nevertheless it is the case that, in all societies, a great majority of people accept that they *should* adhere to certain fundamental moral rules. Breaking these rules will meet with sanctions of various kinds, from disapproval and ostracism to, in certain cases, legal penalties. Moral rules help to structure social relations, and many of the decisions that individuals and businesses make must take account of them.

However, behaving ethically in this basic, passive, sense is not normally what is meant by corporate social responsibility. Corporate social responsibility involves the idea of business being proactive in its relationship with a range of social actors and doing more than just trying to avoid breaking moral rules. A key example of corporate social responsibility in practice is *corporate community involvement* (see Chapter 12). The term 'social responsibility' implies that business is motivated by more than just self-interest and is, in fact, attempting to promote the collective self-interest of society at large. This can be differentiated from, for example, corporate sponsorship where 'the company's managers will expect a tangible return for their money' (Varey 1997: 118).

Ethical theories

In ethical theory the first and most profound division is between the assumption that it is possible to know moral right from wrong and the denial of that assumption. *Cognitivism*[3] is the term used by philosophers to describe the belief that there are objective moral truths which can be known and, consequently, that a statement of moral belief can be true or false. *Non-cognitivism* is the term used to describe the belief that morality is subjective or culturally relative, that is, in regard to moral right and wrong there are only beliefs, attitudes and opinions. Cognitivist perspectives such as utilitarianism, Kantianism, and 'rights' theories, have had a significant impact on business ethics and the concept of corporate social responsibility in particular, but there have also been attempts to argue that business ethics is best seen from a *cultural relativist* standpoint.[4]

Ethical theories, which argue that it is possible to know right from wrong, can be divided into two groups. There are those, like utilitarianism, which assess moral right and wrong in terms of the consequences of actions – the *consequentionalist* perspective – and those, like Kantianism and 'rights' theories, which do not – the *non-consequentionalist*

perspective. From the consequentionalist perspective we look at the results of actions in order to make a moral judgement about those actions. From the non-consequentialist perspective there is no immediate appeal to beneficial or harmful consequences to determine whether actions were morally right or wrong.

Utilitarianism

The classic consequentionalist theory is utilitarianism, which states that actions are not good or bad in themselves, but only in so far as what they are good or bad *for*.[5] Utilitarianism is the notion that an action is right only to the extent that it causes more good than ill to be produced. The classic formulation of this position is that of the English philosopher Jeremy Bentham (1748–1832). Bentham identified utility with happiness. Happiness is the only thing desirable as an end in itself and all other things are only desirable as a means to the end of happiness. For Bentham, therefore, actions are right to the extent that they maximise happiness or, at least, mimimise unhappiness.[6] It is important to note that Bentham was not particularly concerned with the happiness or unhappiness of individuals, for him it is the 'common good' that is the arbiter of right and wrong. This is Bentham's 'greatest happiness principle', which proposes that an action or process can be classified as good when it provides 'the greatest happiness for the greatest possible number'.

The standard objection to utilitarianism is that it requires the promotion or maximisation of 'goods', such as economic growth, in order to achieve *utility* and permits the sacrificing of individuals and minorities 'for the greater good'. Donaldson (1992: 129) notes that:

> [Utilitarianism] begins with the impeccable principle of 'beneficence', and ends with the malevolence of the Victorian workhouse and the inability to prevent punishment of the innocent, or discriminatory application of the law, so that favoured groups are virtually immune, while disfavoured groups pay the price, as tends to happen in income policies, and sometimes, in the control of ethnic groups in the labour market.

It is conceivable that this ethic of welfare may, for example, allow the telling of lies to protect the reputation of the corporation and consequently the jobs of employees. So, for example, if a company was saved from bankruptcy because its image and reputation were enhanced by lies told by company representatives to journalists, this may well be seen as a permissible act. From a utilitarian point of view the welfare of those human beings whose jobs had been saved is weighed against the breaking of trust with other human beings.

An ethic of duty

Utilitarianism can be contrasted with the non-consequentionalist ethical position which argues that it is *motivation* rather than *consequences* which is the determining factor in deciding whether actions are ethical or not. This perspective is generally referred to as *deontological*, from the Greek word for duty (*deon*), and is a doctrine that is primarily associated with the German philosopher Emmanuel Kant (1724–1804). Kant argues that ethics is grounded in notions of duty and it follows from this that some actions are morally obligatory regardless of their consequences. According to Kant, an act is carried out from a sense of duty when it is performed in accordance with what he calls the

'categorical imperative'. Kant defines the categorical imperative in two separate but mutually supportive formulations.

> I ought never to act except in such a way that I can also will [desire] that my maxim should become a universal law. . . . Act in such a way that you always treat humanity . . . never simply as a means but always at the same time as an end.
>
> (Kant 1964: 70, 96)

Dienhart (2000: 117–18) helpfully separates Kant's formulations into two versions of the categorical imperative,

> Categorical Imperative: Version 1: An action is only moral if you can make your reason for acting into a rule that everyone can follow.
>   Categorical Imperative: Version 2: Never use people simply as a means to an end; always treat yourself and others as beings with infinite value.

For Kant 'universalising' a maxim basically involves ensuring that the principle upon which we act should be one which we can recommend everyone else to act upon. The second formulation centres ethics on the relationship between human beings. In the case of lying to protect the reputation of the company in order to secure jobs, Kant would suggest that you should not be prepared to act in this way unless you are willing to let everyone tell lies. Telling lies in order to make someone carry out your will also transgresses Kant's categorical imperative by treating another human being as merely a means to getting what you want.

The chief problem with the deontological doctrine is revealed where there is a clash of categorical imperatives. One has a duty never to lie but what if by lying one is fulfilling one's duty to prevent the murder of another human being? The example that tends to be repeated in philosophy textbooks is what do you do when the Nazi interrogators ask you the whereabouts of the Jews you have hidden in your basement? Kant actually insisted that if a murderer was to ask you the whereabouts of their intended victim, you had a duty to tell them and not break the precept regarding lying.[7] Therefore, even when it negatively affects the welfare of other human beings, one must fulfil one's duty.

An ethic of rights

Kant's deontological doctrine has much in common with theories which proclaim that there are 'rights' to which every human being is entitled. In both doctrines there is a status common to all human beings which affords them protection from abuse by others. To infringe a person's human rights is to fail to treat them as an end in themselves. Like Kant's position, this viewpoint is broadly non-consequentialist and rejects utilitarianism. According to these theories we cannot sacrifice individuals and minorities to the common good when to do so would be to infringe their human rights.

Rights theories were developed during the political turmoil of the seventeenth and eighteenth centuries by radical thinkers who sought to change traditional hierarchical social structures which tended to be held together by notions of allegiance to an unelected sovereign. The foundational assumption of 'rights' theories is that over and above mere human law there is an objective moral order, the 'natural law', which sets limits to the power of rulers. In requiring justice of governments, the natural law conferred rights on the governed. The generally agreed list was life, liberty, and sometimes, property. These

were proclaimed as 'natural rights' bestowed on people by the natural law. They were rights which governments could neither grant nor take away, people possessed them by virtue of being human. Governments could rule but they were bound 'contractually' to honour these basic rights.

In the writings of the English philosopher John Locke (1632–1714) the 'contract' became 'social'. That is, it was no longer deemed to be a contract between governments and people, but rather between the people themselves to set up and empower a government. This is an immensely influential concept and has tended to be enshrined in various 'declarations', from the 'American Declaration of Independence' to Article 1 of the 'Universal Declaration of Human Rights' which states: 'All human beings are born free and equal in dignity and rights'.

Theories which claim that there are inalienable human rights suffer from a similar problem to the theory that human beings have duties and responsibilities which they must not disregard under any circumstances. What happens when two different 'rights' clash? In the case of lying to protect the reputation of the company and therefore jobs, how does one weigh the 'right' to work against the 'right' of people to be told the truth?

All the classic ethical theories have inherent problems and it is fair to conclude that none of them seem satisfactory unless they are qualified. As Chryssides and Kaler (1993: 103) note:

> So the aim of serving the common good has to be tempered by the admission of rights and responsibilities. Likewise rights and duties cannot generally be examined separately and neither can they be pursued regardless of any consideration of collective welfare.

Cultural relativism

Before turning our attention to the significance of these debates for corporate social responsibility it is important to note that there are perspectives on business ethics which reject the idea – maintained by the classic ethical theories – that there are 'objective' standards of right and wrong. Pearson (1989), in embracing the concept of *intersubjectivism*, offers an argument which places public relations at the centre of efforts to construct a business ethic. For Pearson, 'post-modern rhetorical theory offers a powerful and cogent theory with which to conceptualise public relations theory and business ethics' (1989: 121). According to this view all truths, including moral truths, emerge out of a process of negotiation and debate. There are no objective standards of right and wrong, only subjective views on what constitutes right and wrong. Moral rules are intersubjective in that they are arrived at through agreement between different subjective viewpoints. Pearson argues that this communication process is the key to business ethics for it is in this process 'that the moral truths shaping corporate conduct are grounded' (p. 122). According to Pearson this approach offers equity, that is, the decision as to what actions are ethical emerges through the communicative interaction of all sides. This depends on accepting that public relations, insofar as it plays 'the central role in corporate communication' also 'plays the major role in managing the moral dimension of corporate conduct' (p. 111). Pearson here seems to be advocating a conception of public relations practice similar to Grunig and Hunt's (1984) two-way symmetrical model.

While a theory of public relations which emphasises the centrality of dialogue seems attractive, it should be pointed out that there are several issues here which need to be

resolved. First, the issue of 'power' seems to be largely ignored. It might be possible to think of a situation where all relevant groups are represented regarding an issue but it is difficult to imagine a situation where all the participants will be accorded equal status. There is an additional problem in that a process of dialogue has to stop somewhere and a resolution to which everyone agrees might not be possible. A decision might have to made which is only in the interests of the majority and it is hard to see how one could prevent this from collapsing into utilitarianism, where you rely on maximising happiness for the greatest possible number.

Pearson's cultural relativism suffers from the major stumbling block that all parties must agree that all actors involved in an issue are equal. Based on this foundational assumption all parties can then arrive at a mutually satisfactory outcome through dialogue. However, by insisting on this concept of equality it seems that Pearson is actually insisting on something similar to the notion that all human beings have 'rights' or that everyone should be treated as an end, not merely as a means. These assumptions do not emerge out of the process of symmetrical dialogue; they are a prerequisite for it. By relying on these cognitivist ethical doctrines to guarantee his model, Pearson has ended up in a rather awkward and contradictory position for it is precisely these approaches which he wished to replace with the 'post-modern rhetorical theory' that he enthusiastically advocates throughout his text.

Up until now we have reviewed key approaches regarding how to think about ethical issues. The rest of this chapter will focus on the implications of these ethical theories for public relations, and, more specifically, on what they have to do with corporate social responsibility. One thing that is immediately apparent is that even a brief survey of the literature explaining most corporate social responsibility programmes reveals that the language and concepts we have just discussed – the 'common good', 'rights', 'duty' and 'responsibility' – are all terms which have been used in describing or justifying this activity.

Should business be socially responsible?

In this section two contrasting views of corporate social responsibility will be discussed. In some senses they represent the extreme poles of opinion on this issue. In practice the attitude of most companies to corporate social responsibility will occupy a position somewhere between the two. Ethical doctrines play a role in justifying both perspectives. For example, Friedman, who rejects any conception of corporate social responsibility, justifies his 'free-market approach' from a utilitarian standpoint. On the other side of the debate corporate social responsibility is viewed as a necessary and integral part of the 'stakeholder approach', an approach which is ultimately justified from a Kantian perspective.

The social responsibility of business is to increase profits

Milton Friedman, the economist and advocate of *laissez-faire* capitalism, argued against the idea that business has a social responsibility in the sense outlined above. He claimed that 'there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits' (Friedman 1993: 254). Friedman insists that it is wrong to suggest that corporations can have social responsibilities, since for him, only individuals can have responsibilities. He claims that the actual responsibilities of the corporate executive should be narrowly defined. He writes:

In a free-enterprise, private-property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom.

(1993: 249)

By claiming that businesses have only one social responsibility, to maximise their profits, Friedman is in effect saying they have no social responsibilities in the generally accepted sense of the term. He does not say that moral rules have no place in relation to business practice, in fact while pursuing profits business must conform to what he refers to as 'ethical custom'. As Chryssides and Kaler (1993) point out, he seems to be making a distinction between first and second order ethical rules, the basic moral rules of society (the first order) and social responsibility precepts (an optional second order). He does not elaborate on what the rules based on ethical custom are, but he does give some indication as to what the second order rules might involve. For instance Friedman (1993: 249) castigates businessmen for 'preaching pure and unadulterated socialism' when they speak of 'responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else may be the catchwords of the contemporary crop of reformers'.

According to Friedman those who 'preach' the doctrine of social responsibility are making two claims, both of which he disagrees with. These are, first, that business must actively seek to do good (that is, not just avoid transgressing 'ethical custom'). Second, this 'good' must not be done for profit, that is, it must not be done with self-interest in mind (if this was the motivation Friedman would have no objection to it). This raises an important question: is actively seeking to do good easily distinguishable from the mere avoidance of doing evil? Friedman seems to believe it is but it is difficult to see how the examples that he points to demonstrate this. It could be argued that some of the examples he lists, 'eliminating discrimination' or 'avoiding pollution' are doing 'good', but at the same time they are actions which are engaged in getting rid of or avoiding what most people would perceive to be social evils. What Friedman's own examples illustrate is that on many occasions the moral choice is between doing good or, by default, doing evil. Chryssides and Kaler (1993: 232) note:

Friedman's assumption of a neat division between 'ethical custom' and business social responsibility takes too narrow a view of both. The first cannot be confined to simply the passive avoidance of evil or the second to just the active pursuit of good because very often good and evil are simply two sides of the same moral coin. Friedman is therefore wrong to assume that acceptance of 'ethical custom' has no implication for the adoption of socially responsible policies by business. Clearly it has; if only because such is the power of business over people's lives that its failure to do good will very often result in great evils being permitted to flourish.

It is not only Friedman's definition of corporate social responsibility which is flawed; there are also problems with the arguments he presents against corporate social responsibility. One of his key arguments, sometimes referred to as 'the agency argument' (Chryssides and Kaler 1993: 234), is that managers of corporations are merely *agents* of the shareholders in the companies they work for. The owners of businesses, the shareholders, are the only people to which managers are accountable and the only responsibility managers have is to act in their interests. This means maximising profits so that the shareholder will make as much money as possible from their shares. Friedman

presents his premise about a manager's role vis-à-vis the shareholders as a 'statement of legal fact' (Chryssides and Kaler 1993: 234). While other interests may be taken into account,[8] Friedman is largely correct in stating that the managers of a corporation must ultimately serve the interests of the shareholders. However, in British and US law the corporation is a separate legal entity and is not identified solely with any particular group – employees, shareholders or directors. It is precisely this issue of 'legal identification' which *incorporation* is meant to resolve. This means that while employees, shareholders and directors may, and do, change, the corporation carries on as the identifiable possessor of legal rights and duties. Chryssides and Kaler (1993: 229) note that:

> [B]ecause they are employed by the company rather than its shareholders, changes in shareholding do not, of themselves, affect the legal position of employees, be they managers or workers, they continue to be employed by the same company. In an important respect, changes in shareholding do not even affect ownership. It is the company as a corporate entity which owns the assets of the business. What the shareholders own is a right to a share of any distributable financial surplus. They in effect own the company rather than its assets. Consequently, the right of the company, acting through its employees, to utilize those assets is legally unaffected by changes in shareholding.

Managers therefore are not directly the agents of the shareholders in the way that Friedman wishes to imply, although shareholders are, in roundabout way, the owners of the business. Friedman's assertion that the interests of the corporation ought to be exclusively identified with its shareholders must be seen in the context of his advocacy of the values of free enterprise. These values involve a combination of ethical egoism and classical utilitarianism, a view that claims that if everyone pursues their own self-interest within a free market, the result is the greatest happiness, or economic well-being, for the greatest number of actors within that market. This argument that only the interests of shareholders are important is not universally agreed. There is, in fact, an argument that the managers should act as the agents of all groups associated with the corporation and not just the shareholders. Those who support this view reject Friedman's 'stockholder' model in favour of what usually referred to as the 'stakeholder' model.

Kantian capitalism and the stakeholder approach

The 'stakeholder' model is so named because those who propose it argue that the task of the corporate manager is to balance the interests of all the different groups who have a 'stake' in the company. These groups might include shareholders, employees, customers, suppliers, the local community and even broader society. The interests of the shareholders in increasing their profits is only one interest amongst many that the management must consider. This model requires the corporation to take account of its social responsibilities. Evan and Freeman (1993) argue from a Kantian perspective for adoption of the stakeholder model. They utilise Kant's categorical imperative to argue that all human beings have a right not to be treated as merely a means but as an end in themselves. Corporate policy must consider all of its stakeholders. They go on to argue that all affected groups should actually have a role in determining company policy. Evan and Freeman (1993: 255) state their belief in a Kantian ethical doctrine explicitly:

> We can revitalize the concept of managerial capitalism by replacing the notion that managers have a duty to stockholders with the concept that managers bear a fiduciary relationship to stakeholders. Stakeholders are those groups who have a stake

in or claim on the firm. Specifically we include suppliers, customers, employees, stockholders and the local community, as well as management in its role as agent for these groups. We argue that the legal, economic, political, and moral challenges to the currently received theory of the firm, as a nexus of contracts among the owners of the factors of production and customers, require us to revise this concept along essentially Kantian lines. That is, each of these stakeholder groups has a right not to be treated as a means to some end, and therefore must participate in determining the future direction of the firm in which they have a stake.

They argue that, in the USA, changes in the legal system have been progressively circumscribing the idea that the corporation is only run in the interests of the 'stockholders'. They point to a number of legal cases in the USA which show that although stockholders' interests are still paramount, other interests – customers', suppliers', local communities' and employees' – have increasingly secured protection under the law (Evan and Freeman 1993: 255–57). Friedman's viewpoint, they would argue, is slowly being overtaken by changes – in business thinking and legislation – more in line with a stakeholder approach.

In the stakeholder model the corporation co-ordinates stakeholder interests. It is through the corporation that each stakeholder group makes itself better off through voluntary exchanges. They argue that the 'corporation serves at the pleasure of its stakeholders, and none may be used as a means to the ends of another without full rights of participation in that decision' (p. 262). From the stakeholder perspective corporate social responsibility is not an optional extra. It is integral to the responsibilities of the company and the company must pay as much attention to its social duties as it does to maximising profits.

The practice of corporate social responsibility

This section will analyse the practice of corporate social responsibility by examining the language that public relations specialists use to explain corporate social responsibility programmes and will suggest that they tend to rely on the language of the classic ethical theories to do so. First, however, it is important to locate the role of public relations within the practice of social responsibility. When business organisations decide to involve themselves in local community initiatives there is usually an attempt to construct a narrative to explain why they are doing what they are doing. This task of explanation is usually allocated to the company's public relations department. This is hardly surprising since public relations specialists tend to play a key role in setting up corporate social responsibility programmes in the first place.

Public relations and corporate social responsibility

'Come & See' is very much a PR initiative – the question is, does PR stand for Public Relations here, or Propaganda Really? The message is that nuclear power . . . is clean and green . . . that radiation has always been around and is natural . . . also that nuclear power is safe . . . I'd heard that word 'safe' used a lot, and it was beginning to acquire a kind of Orwellian charm.

(*Scotland on Sunday Magazine*, quoted in Tilson 1993: 432)

The practice of corporate social responsibility is usually regarded as a public relations function because this is where the company meets the public outside the usual roles of producers (or service providers) and customers. There is, however, another key reason

why public relations specialists have tended to be associated with corporate social responsibility, namely, the claim that public relations can be a mechanism within liberal, pluralist society to enable the realisation of 'laudible social goals' (Gandy 1992: 133).

For J.A. Pimlot (1951) the historian of public relations in the USA, public relations is intricately connected with what he views as democratic ideals. He writes: 'They [the public relations specialists] are experts in popularizing information . . . the better the job of popularization, the more smoothly will society function' (quoted in Pearson 1992: 257). Heath (1992: 20) argues that 'professional communicators have a major voice in the marketplace of ideas' but that ultimately these voices 'compete to achieve cooperation – the collective and coordinated actions of people in society'. Cutlip *et al.* (1995: 134) go further and argue that public relations practitioners 'must operate as moral agents in society' and they must be prepared to place 'public service and social responsibility over personal gains and special private interests'.

These claims that public relations is concerned with the public interest are in part a reaction to the kinds of remarks noted above – that PR stands for 'propaganda really' – about the visitor centre at Scottish Nuclear plc. However, it is also clear that there is a significant strand within public relations theorising which claims that its practice can have a positive contribution within society, although this usually comes with the proviso that practice needs to be transformed (Grunig 1989). It almost goes without saying that there is bound to be a tension between this conception of public relations serving the interests of society and the requirement that it serves the interests of the corporation. This tension between responsibility to the needs of the company and responsibility to the needs of society is sometimes revealed by the language used in corporate documents which attempt to explain the practice of corporate social responsibility.

The language of corporate social responsibility

Companies frequently justify corporate social responsibility programmes by referring to the notion of 'enlightened self-interest'. For example, community programmes may be justified with the utilitarian argument that 'everyone benefits'. The company's image is enhanced and a local community materially benefited. Neil Shaw, chairman of Tate & Lyle plc, explains the mutual benefits of community programmes:

> Our community activities, both in the UK and abroad, focus particularly on initiatives in the localities of our plants and the provision of direct assistance for individuals seeking further educational attainment. In addition, we also encourage secondment of employees to particular projects in the belief that, not only can this make a worthwhile contribution to community activities, but in doing so, the experience will enable volunteers to develop their own management potential.
>
> (Newman 1995: 99)

L'Etang (1996a) notes that while corporate social responsibility programmes are indeed justified on utilitarian grounds there seems to be little attempt to actually evaluate and quantify the effects of such programmes. She points out that if such evaluation is lacking then companies 'will not be in a position to claim that they have contributed to happiness. In short, corporate social responsibility justified on utilitarian grounds needs to demonstrate cost-benefit analysis from the perspectives of donor, recipient and society in general' (p. 92).

We will return to this issue of evaluating the effects of corporate social responsibility programmes; however, it should be noted that it is also the case that information which

public relations departments supply frequently alludes, in Kantian language, to its responsibilities or duties to the community, or society as a whole. Lord Raynor, Chairman of Marks & Spencer states: 'There rests on all companies, particularly large organisations like ours, a responsibility to assist through donations and help, the charities and agencies which exist in the community' (quoted in L'Etang 1996a: 91). L'Etang (1996a) notes that such claims are seldom matched by the practice of corporations. She argues that a Kantian approach to corporate social responsibility would focus on the motivation behind the programme, because seeking benefit from carrying out your responsibilities would not be ethical. From this perspective a corporate social responsibility programme needs to demonstrate that it is motivated by duty, and not self-interest (enlightened or any other kind). If a company were attempting to improve its image via community involvement then it would be treating beneficiaries as a means and not as ends in themselves and thus breaking Kant's categorical imperative. L'Etang (1996a) points out that if corporations took on board Kantian principles, then their corporate social responsibility programmes might be managed rather differently. If the beneficiaries of corporate social responsibility are to be treated as ends in themselves, then they should be accorded equal status in defining the relationship between the corporation and themselves (p. 93). If the language of the classic ethical theories is adopted to explain and justify corporate social responsibility but companies do not to fulfil the full implications of these ethical doctrines, then they can leave themselves open to the charge of cynicism.

A further problem is that companies do not restrict themselves to justifying corporate social responsibility solely from a utilitarian, or a Kantian perspective. Robert Clarke, Chairman of United Biscuits, states: 'Our commitment to community involvement stems from our strong sense of social responsibility combined with the realization of the commercial benefits that it brings . . . a generous and far-reaching sense of community responsibility – are essential to effective long-term business performance' (Newman 1995: 99). L'Etang notes that in 'many cases corporate literature is confusing because it appears to appeal to both utilitarian and Kantian principles yet apparently delivers on neither' (1996a: 93). This point, while indisputable, can perhaps be explained to some extent by the fact, noted above, that the classic ethical doctrines need to be qualified by each other in order to arrive at an ethic which balances rights and obligations with the 'greater good'. It could certainly be argued that given that moral philosophers have found it difficult to come to any kind of satisfactory resolution when debating the relative merits of these ethical doctrines it would be asking a lot to expect business managers or public relations practitioners to do so. However, I would suggest that there may be another reason for the appeal to different ethical doctrines and this is the recognition that corporate discourse has many different audiences. Whether the public relations specialist, in recognising this and exploiting it, is displaying realism or cynicism is an issue worthy of serious debate.

The following case study of Telewest Communications plc is an example of a corporate donor justifying their corporate social responsibility programme in different ways, to different audiences.

Case study: The 'discourses' of corporate social responsibility – Telewest Communications plc

The Public Relations Department of Telewest Communications plc in their 'Community information pack'[9] (available 1996–7), states that 'Telewest's most significant contribution to local communities is through its educational initiative – Cable in the

Classroom'. In the pack Telewest point out that they are working with local authorities to provide multi-channel cable television services and interactive internet access to all schools within the Telewest franchise areas. The community information pack does not discuss corporate social responsibility explicitly, but implicitly there is a message throughout the pack to the effect that Telewest are fulfilling their duty or responsibility to local communities by helping out in this way.

Obviously this kind of project requires a significant level of expenditure and the company's 1997 Annual Report had to explain 'Cable in the Classroom' to the shareholders. The project is discussed in the section entitled 'Building stronger relationships with customers' and here more utilitarian language is used to explain the benefits of the project for the community and the company. The Annual Report states: 'Our activity in local communities extends beyond the construction and marketing phase and is best evidenced by our involvement with schools and colleges.' Regarding the decision to offer these services to local communities the report notes: 'The offer has helped us to develop a positive role in the community, and to enhance awareness of our product with future customers.' It later adds: 'The decision has received strong endorsement within educational, political and regulatory circles and will further strengthen our position in the communities we serve.' The key point here is that the same corporate social responsibility programme can be explained or justified in different ways, using different language, depending upon the expectations of the audience. If the 'utilitarian' explanation used in the annual report had been used in the community information pack, the media coverage of the initiative may well have focused on the phrase 'enhance awareness of our product with future customers' and the programme might well have been portrayed as a cynical exercise in product placement. If the annual report had merely contained an explanation of the project and the expected benefits for the community, shareholders may well have asked what the benefit of all this expenditure was to Telewest and ultimately to them.

Conclusion

With regard to the role of public relations in corporate social responsibility, there would appear to be two choices. Public relations practitioners can use corporate social responsibility as just another element in 'the creation, or "engineering" of consent' in order to foster 'a favourable and positive climate of opinion toward the . . . institution' (Steinberg quoted in Gandy 1992: 133). Or they could try to realise the idea that public relations can act in the public interest (Grunig 1989; Cutlip *et al.* 1995) by making genuine attempts to discover the requirements of community stakeholders and help companies be more responsive to social needs. To achieve the latter the stakeholder model, built as it is upon deontological foundational assumptions, is a prerequisite. This model argues that a corporation should be run in the interests of all the groups which have a stake in it. In respect to corporate social responsibility programmes it would mean that all stakeholder groups including the potential beneficiaries of such programmes should contribute to the decision-making process. This would demonstrate that companies are treating the beneficiaries of corporate social responsibility with 'good will' and as ends in themselves. Portway (1995) makes the point that there should be a requirement to track the company's performance in a way that can be reported to its community stakeholders. This kind of measurement and evaluation can then take its place 'in managing stakeholder relationships alongside customer satisfaction programmes and employee opinion surveys' (p. 229).

When they first formulated it in 1988[10] Evan and Freeman admitted that a stakeholder approach may seem 'utopian' (1993: 265), but it would appear that more recently the tide has turned to an extent and the stakeholder concept has infiltrated business and political thinking to a remarkable degree. In regard to this issue of changing attitudes towards CSR it is worth noting claims made in the aftermath of the September 11 tragedy which appear to reflect this rise to prominence of CSR as a business ethics concept. In a report Response Consulting[11] suggested that: 'With the rise . . . of . . . greater feelings of wanting to be part of a community (particularly evident in the wake of September 11th), companies can no longer afford to ignore the issues at the heart of corporate social responsibility'. Another report by Echo, The Communications Research Group,[12] based on research carried out at the ICCO Global Summit Conference (November 2001) with company CEOs argued that: 'There are indications that CSR is increasingly becoming *expected* of organisations, rather than a pleasing added extra. This change appears to be externally driven, i.e. organisations responding to stakeholder expectations, and is predicted to be given renewed impetus by the events of September 11th.' They conclude 'that a significant proportion of ICCO delegates felt that organisations themselves will attach more importance to CSR post-September 11th.' It remains to be seen whether the emotions raised by September 11 help make a transition to a more caring corporate society, as these optimistic predictions suggest or whether the event will become little more than another tragic historical footnote. What is clear is that until all business audiences are convinced that corporate social responsibility is more than just self-interest, public relations departments will continue to use different explanations, based on different ethical doctrines, to justify corporate social responsibility to their different audiences.

Questions for discussion

1   What are the key strengths and limitations for business ethics and public relations practice of the utilitarian, deontological and human rights ethical doctrines?

2   Does 'postmodern rhetorical theory' offer a useful way of conceptualising the role of public relations in relation to ethical disputes?

3   What are the key distinctions between a 'stockholder' and a 'stakeholder' model of modern capitalism?

4   When public relations practitioners employ different ethical doctrines to justify corporate social responsibility programmes to their different audiences is it fair to accuse them of cynicism?

5   Chose a company and examine the documentation which outlines and explains its corporate social responsibility programme(s). The company website may contain different kinds of texts – not necessarily all aimed at the same audience or public – for example, press releases, corporate social responsibility reports, corporate annual reports webpages specifically devoted to corporate social responsibility involvement. Analyse these texts to see if there is any difference in the way they explain and justify corporate responsibility programmes. Does the ethical language change depending on the text and can you identify its possible audience(s)?

Notes
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1 Similarly the term 'moral' is derived from the Latin *mores* meaning customs or habits.

2 There is of course also 'critical' or 'meta-ethical' thinking which is concerned with such questions as: What is the meaning or use of the expressions '(morally) right' or 'good'? How can ethical and value judgements be established or justified?

3 For a comprehensive explanation of this terminolgy and a discussion of perspectives and issues relating to business ethics see Chryssides and Kaler (1993).

4 This discussion does not assess the impact of religious morality which obviously has a profound influence upon business ethics in many cultures and upon a significant number of people in our own culture. The theory that certain actions are right because God commands them – for example, in the Bible, the Qur'an or the Torah – is sometimes known as the *Divine Command* theory (Chryssides and Kaler 1993: 84). Occasionally in discussions surrounding issues of corporate social responsibility it is asserted that certain groups such as the Quakers displayed an altruistic approach in their business dealings and help to local communities. L'Etang (1996a: 84) notes that there is a confusion here between 'philanthropy' and 'social responsibility'. I would agree but would add that there also seems to be a fundamental misunderstanding of what motivates such religious groups who act in the way they do because certain kinds of behaviour, towards employees and society, are prescribed in the Bible.

5 Some authors refer to consequentionalist theories as 'telelogical' (Day *et al.* 2001). These authors, amongst others (e.g. Curtin and Boynton 2001) discuss the concept of 'situational ethics' as a way of resolving the shortcomings of the classic ethical doctrines but it is difficult to see how one can prevent this approach from slipping into ethical relativism.

6 To suggest that we can measure happiness seems rather unrealistic but it could be argued that the discipline of economics 'has attempted, indirectly, to introduce an element of quantification in that consumption of goods and services is said to satisfy wants' (Chryssides and Kaler 1993: 92). It is certainly the case that economics and utilitarian ethical theory have a long historical connection and there is a degree of conceptual and terminological overlap. For example Chryssides and Kaler (1993: 93) note that 'in economics the capacity in goods and services to provide satisfaction is spoken of as their utility'.

7 In an early work Kant stated that he disallowed all lying. Some commentators argue that this view was qualified in his later work *Groundwork of the Metaphysics of Morals*. For a fuller discussion of this point see Chryssides and Kaler (1993: 100).

8 Interestingly the 1980 Companies Act permits British company directors to have regard to the interest of employees, but this is an option they are legally free to exercise rather than a duty which has to be fulfilled (see Chryssides and Kaler 1993: 234).

9 The 'community information pack' was sent to anyone in the franchise area who requested it, individuals, schools, local press and community groups. There was very little explanation of the kinds of cable services which Telewest would be supplying. There was a great deal of information about the impact on the environment of installing cable and the general possibilities of the cable technology for business, education, etc.

10 Evan and Freeman were the first authors to explicitly outline a stakeholder theory of the firm in their 1988 article 'A Stakeholder Theory of the Modern Corporation: Kantian Capitalism', in *Ethical Theory and Business*, T.L. Beaucamp and N.E. Bowie (eds), Engelwood Cliffs, NJ: Prentice Hall.

11 http://www.response-website.com.

12 http://www.corporate-financial.com/pdf/CorporateCitizenshipReport.pdf.

Part III

Stakeholder public relations

10 Media relations

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Chapter aims
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Public relations has its origins in the field of media relations. This chapter starts with the basics and a discussion of media relations techniques and tools. The impact of new technology on media relations is examined, together with recommendations for best practice in this area.

Media relations and public relations are repeatedly used as interchangeable terms, especially by journalists. The latter often express a knee-jerk antagonistic reaction to public relations – one journalist has even been heard to remark, 'Without PR people, journalists would be the lowest organism in the food chain.' It is true that early practitioners were publicists and press agents whose main aim was to gain 'free' press coverage at any cost, and the truth was not allowed to get in the way of a good story. Some modern-day publicists still behave in this way, such as Max Clifford, often referred to by the media as a 'PR guru'.

However, with the growth in the maturity of the PR profession, not only has it come to concern itself with the wider issues of strategic and corporate management which were discussed in Part II, but a broader mode of interaction with the media has also evolved. According to Grunig and Hunt (1984) over 50 per cent of practitioners operate the public information model of PR, where the dissemination of information is the main purpose. While this model emphasises honesty, it still does not really address the opinions of stakeholder groups. With the development of the internet, practitioners have had to take on board the need for openness and accessibility to companies' affairs.

The role of mass media
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One of the reasons why public relations practitioners use media relations to get their message across is the media's role in forming public opinion. Wilcox *et al.* (2003: 213–14) review several theories of the effect of the media. Lazarfeld and Katz's (quoted in Wilcox *et al.* 2003: 213) agenda-setting theory puts forward the idea that the media determine what people think about. By selecting the stories which go on the front page or are included in nightly television news programmes, the media determine what people think

about. For the public relations practitioner, getting something onto the media agenda is the first step. In some situations, the media can also tell people what to think. If people cannot get access to other points of view, they can become dependent on the media's slant on a story. This often happens in a war situation, where limited news is available and often heavily censored by the military, such as during the Gulf War in 1990 and the recent attack on Iraq. 'Embedded' journalists kept to the official line, or faced the possibility of being excluded from briefings or even sacked. While it is now easier to gain access to different points of view via the internet, most people's information about such an event will come from the mass media. On the other hand, if the public relations practitioner for an organisation is the main source of information on a subject, say a new drug or scientific development, it is possible for them to shape the tone of the debate. Framing can also magnify the effect of media dependency. Wilcox *et al.* (2003) cite Tankard and Israel's work analysing the news coverage of the Bosnian war, when 'Ruder-Finn framed the issue as Serb genocide against Bosnian muslims'. The media picked up on this and started to use emotive phrases such as 'ethnic cleansing'. Lastly, cultivation theory contends that what appears in the news is a mediated reality, as events are packaged into highlights. Repeated often enough, this can affect people's view of the world. The media's tendency to concentrate on conflict and crisis situations can sometimes give people a false view of what is actually happening. Whenever a child abduction hits the news headlines, the media tend to emphasise the number of child molesters who have been released from prison and warn parents about 'stranger danger', rather than concentrate on the facts that most children are harmed by someone they know.

The basics of media relations
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The first exponent of this method was Ivy Leadbetter Lee (see also Chapter 1), who in the early 1900s worked for coal operators in Philadelphia threatened with strike action by the United Mine Workers Union. He issued a Declaration of Principles, which stated, 'We aim to supply news . . . Our matter is accurate.' The Declaration went on,

> Our plan is, frankly and openly, on behalf of the 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.
>
> (quoted in Grunig and Hunt 1984: 33)

Media relations is still the activity on which the majority of PR practitioners spend most of their time. Wragg argues (in Bland *et al.* 1996: 66–7) that

> The purpose of press relations is not to issue press releases, or handle enquiries from journalists, or even to generate a massive pile of press cuttings. The true purpose of press relations is to enhance the reputation of an organisation and its products, and to influence and inform the target audience.

While it is largely of a tactical nature in practice, good media relations can contribute to longer-term strategic objectives, such as:

• improving company or brand image
• higher and better media profile

- changing the attitudes of target audiences (such as customers)
- improving relationships with the community
- increasing market share
- influencing government policy at local, national or international level
- improving communications with investors and their advisers
- improving industrial relations.

As such, media relations forms part of most strategies in the following chapters in Part III.

What exactly do media relations consist of? There are a multitude of books which deal with the mechanics of contacting the media, how to write press releases in a specific format that conforms to the needs of journalists, and the best ways to target and distribute this information. Most stress the five Ws (who, what, where, when and why), and the need to make the release appropriate to the style and content of the targeted publication or broadcast, although not too closely in case journalists feel threatened. There is even a whole book devoted simply to how to write a press release (Bartrum 1995). A variety of methods of contact are put forward. Media releases can be supplemented by press conferences, media briefings, exclusive interviews, feature articles and photo opportunities. Haywood (1990: 193–217) provides a useful set of checklists. Advice is also offered on selectivity in targeting. 'Far too many news releases are sent to far too many publications', says Jefkins (1994: 154), urging the use of one of the many companies which supply up-to-date media listings.

Essentially, a news release is a simple document which sets out as clearly and straightforwardly as possibly, information which a journalist could use to write or broadcast a story. Format dictates that the release should be on one side of the paper, double spaced, clearly marked with the date of issue, the source of the material and further contact details. The layout rules essentially survive from when releases would be marked up by a journalist and sent to a compositor for setting. Even though printing methods have changed, the format of a printed release remains the same. Below we will look at some of the ways to adapt these guidelines to submission of material via email.

The cardinal rule of content – always get all the important facts in the first paragraph – was born from the practice of cutting the release from the bottom if space was limited. However, in a world where journalists suffer from information overload, it serves as a useful way to get their attention when a release may be just one of multiple sources of news. Keeping clichés and 'puff' to a minimum ensures that the story is not buried in irrelevant information that reads like an advert rather than news.

A study of various texts seems to indicate that despite the expansion in the number of media titles and the development of satellite, cable and electronic broadcast media, media relations is still carried out in the same way that Ivy Lee did it. The proliferation of media has led to 'a perpetual, global slow news day' (Gulker, quoted in Theaker 1997), so that PR practitioners may find it easier to get their material used by the media. On the other hand, the greater number of titles has led to the development of smaller, niche outlets, so practitioners have to be more aware of the exact nature of the audience they are trying to reach.

Jim Fetig, Head of Communication for Lockheed Martin, speaking at a gathering of the Yankee Chapter of the PRSA in 2001, stressed the need to pinpoint the audience for a particular message. Media relations may not always be the best way to approach them. He quoted an example where, when working for the US army, he found that by analysing exactly who had influence on US foreign policy in Latin America, it was

found that there were a mere 308 opinion formers. Once these people, who included journalists, academics, speakers in Congress, and NGOs, were identified, tactics were changed to personal approaches, conferences and briefings rather than media relations.

The important thing to remember in media relations is that blitzing hundreds of journalists on a press list (however up to date the contact names might be) may hit a few right targets but is likely to miss more, and also antagonise many. This is probably one of the practices which has fuelled anti-PR feeling amongst journalists. Journalists are still individuals and have their own singular preferences. One may prefer to have a pitch made by telephone, another may find it irritating. Stateman (2003) lists the preferences of Fox 4 News Jeff Crilley, who says, 'Don't pitch 300 people. Pitch three of the most important journalists you need.' He advises practitioners to ditch the traditional format of press releases and write them conversationally, from a 'fan standpoint' to demonstrate that the practitioner is familiar with the work of the journalist. He stresses the importance of relationship-building and trust.

Planting stories?

Corporate Watch (www.corporatewatch.org.uk/profiles/pr_industry/pr5.htm) is scathing about the relationship between journalists and PR practitioners. They view the provision of press releases as an aide to the 'over-worked (or lazy) journalist [to] publish with minimum effort'. They also criticise the Press Association for offering distribution services to public relations practitioners, implying that this gives 'an extra level of anonymity' for company material, as it appears to come from the PA. Video and audio news releases (VNR and ANR respectively) are claimed to be 'ubiquitous' on US television news. These are pre-recorded and edited stories sent to radio and TV stations. The implication is that the audience is seeing or hearing company propaganda rather than impartial news coverage.

Paton (2001) refers to the practice of 'selling in'. This is where a public relations agency may employ a freelance journalist to write up news stories on their clients' products or events. The journalist is then asked to approach relevant titles to place the material. In some cases this can result in the journalist being paid by both the agency and the publication. The reader is also unaware that the journalist was paid to write the story rather than express an independent opinion.

The impact of new technology

While there are pages of advice on how to write media releases, how to target regional and specialist media and how to build up personal relationships with journalists, little account is taken of new technology or its impact. Haywood (1995) stresses that it is important to understand how the media work, yet much of his advice concerns the print and broadcast media. Stone (1995: 177) refers to the expansion of cable and satellite leading to the practice of producing 'infomercials', or advertisements that resemble television programmes. White and Mazur (1995) suggest that media relations may give way to 'links based on a larger number of possible communication channels and more responsive forms of communication'.

Expansion of the electronic media is happening at such a rate that any book, with its lengthy production schedule, could never hope to keep up. The revolution in media relations has certainly been slower than that in information technology. The impact of new technology varies according to individual journalists, the media they work in and the industry sector.

Martin Wainwright, northern editor of the *Guardian*, said, when interviewed in 1997, 'New technology has not changed the way I work. It's easier to have a press release to hand while typing on screen.' On the other hand, Maggie Walshe, a freelance PR practitioner with clients in the information technology and digital television area, said 'Media relations has completely changed' (Theaker 1997).

In order to gain an impression of the impact of new technology, a survey was carried out by the author in March 1999. Three hundred questionnaires were sent out to journalists working in national and regional press, both daily and Sunday titles, national and regional radio and specialist IT publications. A response rate of 26 per cent was achieved, although this was overwhelmingly from the regional media. Only 8 per cent of journalists from national media replied, 18 per cent from IT publications, and 28 per cent from regional media. However, the information received provides an interesting snapshot of journalists' attitudes.

Questionnaires were sent out by email, fax and mail, randomly selected from the sample. Only 12 per cent of questionnaires sent by email were responded to, as against 29 per cent sent by fax and 35 per cent sent by mail.

Journalists were asked how many releases they received each day, and which method of contact was most frequently used by PR practitioners, whether they received information by mail, phone, fax, email, courier or other methods, and which methods they preferred. Nearly a quarter (21 per cent) received over 100 releases, so the amount of time available to read this information is strictly limited. 'There is nothing a busy journalist hates more than receiving reams of unsolicited press releases, and the situation is even worse when the information is delivered in a format the recipient does not like dealing with', says Mary Cowlett (1999c).

The results indicated that the majority of PR practitioners were continuing to use the traditional method of hard copy in the post, with the second most popular method being the fax, and that the majority of journalists (apart from one wag who replied that he would prefer not to be contacted by any of these methods at all) seemed to prefer it that way. Nearly half (48 per cent) preferred mail, as opposed to 15 per cent who preferred email.

Journalists have perennially complained about media releases being addressed to the wrong people and poorly targeted. The author's survey also asked what the main problems were with releases. While it would seem that PR practitioners have improved by correctly addressing their releases, the majority of journalists felt, as Jefkins above, that too many releases are being sent to them which are not relevant to their publication or programme. The most common complaints were that the information was irrelevant (66 per cent) or not newsworthy (65 per cent) Commercial distribution houses have introduced rolling programmes to verify which journalists like to receive information on which subjects, and how they want it delivered. PR Newswire Europe has over 100,000 entries, which are updated weekly for the most important titles, less frequently for more specialist contacts. There is also a split, where the UK, Germany, France, Italy and Spain are higher priority than the Vatican and the Faroe Islands. Media Information has set up PRnet, which has 5,000 registered journalists who specify what subjects they are interested in. 'Because people are emailed with information on topics they have requested, this means they can pull down the news stories which interest them the most', says sales and marketing manager Paul Mitchinson. PiMs can create customised lists of contacts, incorporating fax and email numbers as preferred (Cowlett 1999c).

More efficient targeting can have significant effects on costs. 'Four years ago, our postage bill was about £10–15,000 per month: now it's down to around £3–5,000', says Katie Kemp of Text 100. She also feels that the advent of the internet has increased journalists' expectations of a more personal service: 'Five years ago we'd speak to maybe 50 journalists each day, while now we speak to around 200' (Cowlett 1999c).

Despite the fact that a few journalists commented that they could not recall any exam-
ples of good PR, there were signs that antagonism between journalists and PR people
is not as widespread as commonly held. Several quoted local councils, police and health
authorities, housing associations and utilities as providing good service. One journalist
mentioned a leisure company which were 'masters at forcing us to do stories'. Others
gave general hints, such as 'Don't try to oversell the product. Look for a human angle.
Think about people.'

Follow-up calls were particularly disliked.

> The most irritating practice is following up phone calls to the editor asking if we
> have received a release which had no bearing on us at all and was probably binned.
> We certainly won't remember a release unless someone local was involved.

Some felt that 'the jazzier the packaging, the brighter the release, the better the story',
while others commented, 'I've never found any PR stunt to be of any great help in
selling a story to me. If the story is good it will sell itself, but bad PR can kill a good
story.' Several referred to well-written releases, which were backed up by available
contacts: 'Simply and interestingly written, relevant to our target audience and area';
'Focused and relevant, good visuals worked out and interviewees lined up'; 'An embar-
goed press release which offers interviews in advance.'

While PR practitioners are often encouraged to be persistent, knowing when to stop
is also valuable: 'I like PR people who know that "no" means "no", particularly when
they are trying to flog a dead horse.'

Although there are more media titles, staffing in the newsrooms has been reduced,
with the result that journalists can rarely take time away from their desks and are depen-
dent on news sources to come to them. However, there is more information around and
more places to pick it up from, deadlines are tighter, and where new technology has
come into its own is with a greater amount of background research being carried out
online rather than through personal contact. One journalist responded, 'Good relation-
ships between PR people and journalists are a real bonus.'

PR practitioners have also to keep up with developments in the broadcast media. In
the field of radio, 15 years ago there were just 50 commercial stations, now there are
more than 225. This has meant that radio can be used in a more targeted way, as different
audiences have stations which deal with different tastes. 'There was a lack of under-
standing among PR agencies as to how to target radio stations. We used to get the same
press releases as magazines and they had nothing to do with what we wanted on our
programmes', says Sarah Braben, former marketing director of Capital Radio. As with
other media, targeting is the key. Ideas which are most welcome are those with a local
slant but national relevance, preferably featuring someone the listeners know, with some-
thing entertaining and informative. Using specialist broadcast facilities, enabling an
interviewee to give several interviews down the line to several local stations from a
central point, can mean reaching millions of listeners. The BBC has five national and
39 local stations, but has a greater sensitivity to news items with commercial connota-
tions (Shelton 1999). New media developments are further discussed in Chapter 19.

Successful media relations techniques
....

Hitchins (2003) makes a distinction between 'techniques' used to create media interest
and 'tools' which help the process once interest has been created. He includes the fol-

lowing list of tools: news release, press conference, informal media briefing, exclusive interview, media tour, facility visit, as well as online press office, virtual press conference and photo call. Techniques are used by the practitioner to create news, 'turning routine and long-running development into new acts or news pegs'. Hitchins analysed the winners of the IPR's Sword of Excellence Awards over ten years from 1990–99. This represented 78 programmes. News pages were scrutinised for two weeks to identify PR-led stories, and in-depth interviews were held with specialist correspondents and broadcast journalists. This resulted in a five-point template, listing factors which appeared to increase public relations approaches being successful in obtaining media coverage.

News vehicles are events created to gain media coverage, planned not spontaneous, and their success is measured solely by how much coverage they obtain. Examples include 'surveys, research reports, media launches, announcements, anniversaries, awareness days, celebrities, awards and publicity stunts'. *Linking statements to the current media agenda* can also aid coverage. Thus pharmaceutical companies could link news of developments of their products to combat flu or hay fever to the relevant season. This method must be used with care, however, so that organisations are not thought to be capitalising on tragedy. Anecdotally, a media relations practitioner for Kelloggs' Hot Pockets in the USA was thought to have had the bright idea of publicising them immediately after the September 11 2001 disaster in New York, with the emphasis on the fact that Americans would want to stay at home and eat comfort food that had not been tampered with. *Campaigns and special pleading* are the third way to frame a message. By appealing to the media's appetite for conflict and confrontation, organisations can emphasise their work to change legislation or fight to preserve the environment. Demonstrations and other stunts provide the media with a visual event to cover. *Headlines, slogans and stereotypes* can be used to convey the essence of the message quickly and simply. Hitchens quotes a study by the Royal College of Psychiatrists into depression in men across Europe which was called Men Behaving Sadly. Finally, *selective targeting* and tailoring news to specific media interests ensure that priorities are set regarding which media to approach and that their needs dictate public relations activities.

Despite public relations' claims to be more strategic, Hitchins concluded that media relations was still the most commonly used activity, comprising on average of nearly two-thirds of the programmes he studied.

Press contact via the net[1]

The use of the internet has affected media relations as journalists are able to obtain information straight from a website rather than waiting for press releases. 'The internet can also make an organisation more porous, and information can flood out . . . an employee or anyone else with a grudge can easily make information available to a wide audience', says Shelton (2000).

The internet is highly useful for press contact. The media are now major users of the internet for seeking and disseminating information, and PR people can take advantage of new methods of communicating with journalists. The internet can streamline every stage of the process – from making proactive contact by email to providing timely material for download.

US author and PR consultant Dan Janal (1998) highlighted the use of the internet for the following methods of press contact:

- email journalists instead of telephoning them
- communicate with journalists using online discussion forums

- send emails to multiple recipients simultaneously (this saves time compared to putting press releases in envelopes)
- tailor your message to fit individual journalists' needs
- act as a press resource
- look for journalists' queries (for example, on mailing lists and message boards)
- create a library of press releases
- write articles for online magazines
- create online conferences and seminars.

A survey by the California-based Tsantes and Associates shows that between 1996 and 1998, the US technology press increased its use of the web for research from an average of one hour per month to more than 2–3 hours a day. The research suggests that the fundamentals of public relations will change over the next decade, with an increasing focus on online press targeting. It is backed up by the 1998 Media in Cyberspace Study, conducted by Middleberg/Ross (also in the USA), which found that journalists considered the internet important for handling new sources of story ideas. Magazine journalists ranked email second in importance after telephone contact (26 per cent preferred it), while newspaper journalists ranked it behind personal contact (16 per cent preferred it). Middleberg/Ross also suggest broadcast journalists are turning to the web for information and that 'as real-time news cycles and online scoops continue to shape the historic operations of print and broadcast media, the PR professional must adjust accordingly'.

In the UK, IT sector journalists were the first to use email discussion forums to seek PR contacts and find information for news stories and features. Popular forums include the new media-focused *uk-netmarketing* (www.chinwag.com/uk-netmarketing) and *UKPress* (www.ukpress.org), which was set up to cater for journalists and PR people working in the IT sector. The opinions of all people on a particular list can be canvassed at once, which means journalists can save time conducting research.

To help meet the information needs of journalists, many PR agencies, including IT specialists A Plus, Firefly and Profile Public Relations, have set up internet press centres, which provide searchable databases of news releases from their clients (Figure 17.2). Industry-wide press resources also exist, such as *The Source* (www.sourcewire.com) and *PR Newswire* (www.prnewswire.com). PR agencies can send press releases to these resources, for distribution to journalists who have signed up to receive news on topics of their choice. Journalist Jim Sterne (1998) says of online press resources:

> Reporters need factual information about executives, products and financial conditions. Press sections of websites are useful not only for providing such information to journalists, but they could save PR people from personally handling routine questions. Having a journalist-friendly website won't guarantee good press . . . but providing information about your company and its products online where journalists can find it quickly and easily is a good investment of PR resources.

Jo Chipchase's survey of IT sector journalists in September 1999 for the first edition of this text showed that they were certainly more willing to be approached electronically. Respondents felt that the internet was a vital tool for PR people to disseminate information and that they would like to receive more information via email. They still complained about poor targeting and they were more willing to attend a virtual press conference than a traditional one. There was little enthusiasm for monitoring chat rooms and email discussion lists for news sources.

Technical problems associated with the use of email are non-delivery caused by use of an incorrect address and inability of the recipient to download large files and read attachments. If sending a release in this way, it should be typed directly into the body of the email, or saved as a text document in Word and attached. The subject line is used for the headline and provision of contact information should be considered in the same way as in conventional releases. However, it is not necessary to double space text as in print.

Despite these concerns, a Middleberg Euro RSCG survey (quoted in *PR Week (US)* 22 July 2002) found that 'for the first time, more journalists favour email . . . than the telephone or a personal visit'. A substantial 61 per cent stated that they prefer email, as against only 4 per cent who still preferred to work with fax sources. However, 51 per cent said that they still prefer to be contacted by phone, leading to the recommendation to follow up email pitches with personal contact.

Approaching journalists via email and the internet

Paul Douglas, editor of leading internet title, *.net*, views the role of PR practitioners as vital:

> Journalists source newsworthy stories in a number of ways, but the role of the PR agency in setting up interviews, supplying photography and clarifying background information makes an important contribution. Generally, PR/journalist contact is good within the industry, although some PR practitioners lack a deep understanding of their clients. Tactics such as the sending of tacky gifts and glossy press packs may fulfil a role in attracting the attention of a journalist, but are no substitution for a clearly written press release that has been tailored to the readers of the publication to which the material is being submitted. Wrongly targeted press releases tend to annoy and reflect badly on a PR agency, as does calling a publication with a possible news story having never read the publication being approached.
>
> Using meaningless phrases in press releases, such as 'the complete internet solution for the cost-conscious SME' in an attempt to sound au fait with the market is unlikely to get a press release noticed. Getting to the point and saying 'a low-cost piece of kit that can benefit many small businesses' is likely to receive a more favourable response.
>
> There is no reason that the internet should do away with the PR function as we know it – it is simply a faster, more efficient way to disseminate information. Unfortunately, it is sometimes too easy for a PR agency to mass-mail journalists with irrelevant material simply because it can do so at the touch of a button. With or without the internet, there is still a need for talented staff to write releases, liaise with journalists about possible stories and supply additional information or arrange interviews.

Peter Howe, technology editor for the *Boston Globe*, receives between 30 and 80 email releases each day, and will use between six and eight of them each week for story ideas. Unlike many journalists, he often takes the time to reply to each one, detailing exactly why he may or may not use the story. He likes a direct approach, and appreciates those who have taken the trouble to frame their information in the form of a news story. Comparing a clutch of email pitches received for the author, he preferred one which used the hook of a recent independent survey to stress the relevance of the company product that was being pitched, and hated waffle, false camaraderie, jargon and acronyms. 'Basically, don't waste my time with releases I will never use. Read my newspaper and what I write so you know what I cover – a cardinal rule of PR ignored by a stunningly

large number of practitioners. Imagine exactly what the headline is over the story and where it goes in the paper before you think of pitching me,' says Howe. This advice is little different from journalists' response to press releases before the advent of email.

Lamme and Williams (2003) studied the effect of news posted on the websites of opposing candidates, Bush and McBride, in the 2002 Florida election. They found that there was some transfer of issues from the candidates to the media debate and that subjects cropped up in the media shortly after being raised on candidates' websites. They also found that neither candidate made full use of the 'controlled environment' of their websites and averaged well under one news release per day during the election period.

Holtz (1998) advised practitioners not to send pitches to journalists' public email addresses so as to avoid annoying them with the electronic equivalent of junk mail. Instead, relationships should be built first so that journalists could specify which subjects they wish to be notified about. ListLogix is one of several services which offers to assemble email distribution lists for clients based on geographical location, organisation category, editorial subjects, circulation and audience type.

Setting up an online newsroom

Momorella and Woodall (2003) offer a plethora of advice for those setting up an online newsroom. This is a resource that journalists can access remotely. It allows organisations to provide a library of archived press releases, background documents, downloadable graphics, a calendar of events, contact information, audio and video and current news to make the journalist's job easier. They suggest categorising and differentiating releases by subject and importance, not just cataloguing in chronological order. Releases can also be linked to related articles. Using a password-protected area for journalists can give them access to information not available on a public website, plus allow the organisation to see what subjects each journalist is interested in. Specialised email media alerts can then be sent out. Providing wireless distribution will also allow content to be accessed via personal digital assistants (PDAs) and mobile telephones.

Holtz (1998: 119–36) also gives a breakdown of important elements to include in an online newsroom. A highlighted section for breaking news should be updated regularly, and can be used in crisis situations. Profiles on company personnel should also include photographs. He suggests providing links to sources of alternative information, even if it is unfavourable. The information would be accessible to the journalist anyway, and 'by displaying the link, you imply that the organisation is aware of the content of the material and untroubled by it'.

The first case study shows the workings of a busy media relations specialist working within a well-known retail company, Marks & Spencer. The second demonstrates how media relations was used as a major plank in the strategy of a public/private sector partnership in the Newcastle Gateshead Initiative campaign.

Case study one: Sue Sadler, Manager, Food Press and PR Office, Marks & Spencer

For some years, M&S was the benchmark for quality produce and clothing. Indeed, the company was so confident that for many years it did not spend anything on advertising, relying on the reputation which had been built up over many years. With ructions in the boardroom in late 1998, the company found it could no longer rely on its past successes. Problems at top management level and a severe drop in profits had far-reaching effects

on all aspects of the company. Clothes were denounced as dowdy by the fashion press. The corporate affairs director left in 1997, and was not replaced until 2000. The fact that the company decided to look externally to fill this position rather than following its normal practice of promoting from within was also seen positively. However, speculation about possible takeovers still had to be quelled. Financial and corporate help was hired from Brunswick, recognising that M&S had previously neglected this area. Whereas previously the product spoke for itself, M&S has had to fight for coverage more recently (Cowlett 2000a). On the fashion side, the introduction of the Autograph designer range went some way towards improving the fashion ranges.

Sue Sadler has had the job of dealing with the food side of the company's product ranges.

> The overall aim of press relations is to enhance the company's image, and in my area we do that through enhancing the value that they put on our products.
>
> It's a priority to respond to journalists in time for their deadline. They are often given impossible deadlines, and if we don't deliver in time we're of no value to journalists at all.
>
> Targeting is a perennial conflict. The temptation is to send it to everyone, on the basis that the more people that get it the better, but that can be the worst thing. It can have a negative effect. If you are constantly sending the wrong thing you are going to alienate them, so that by the time you do have something that might interest them, they will probably throw it in the bin. The food area is very clear cut. Some write about recipes, some write about products. It is our job to know what they are interested in and be specific in what we send them.
>
> When we first started using a consultancy, they said, 'Don't be too hidebound, although that person may be writing about that area now, they may write about something different in future.' They advised sending releases out to more people, but we started to get complaints. The advantage of being in-house is that you get to know your sector better.
>
> Although things have been difficult for Marks & Spencer most journalists getting something from us will at least think it is worth reading. We have been careful to create a specific image for the food area.
>
> It's also important to build up credibility on a personal level. Journalists want to be able to get hold of people straight away, so we have to make sure the office is always staffed. Most will ring up to get a quote to supplement any media release – you can't beat the personal touch. Journalists can feel that they are part of a long list if they get a press release, you are more likely to have success with a story through offering exclusives by phone.

The food area has its fair share of issues to deal with.

> There are one or two product recalls each year. Some milk chocolate bunnies were found to cause an allergic reaction, and we found that they had been made on a production line next to one where nuts had been used and some dust may have blown over. There are clear guidelines about what we do in those circumstances to inform the media and the public.

Marks & Spencer had sold organic produce in the early 1990s, but had stopped selling it because the consistency of quality and supply was poor. However, consumer interest in organic produce has increased and, after consumer research, the company decided to re-enter the organic market in 1998. 'More of us became questioning consumers and as

a result producers were forced to reconsider the way they cultivated their land and raised their animals', says Catey Hillier. The market is growing – Sainsbury's sales of organic food now top £1 million per week (Hillier 2000).

A press release was issued in May 1998 (Figure 10.1), and journalists were also sent samples of the organic produce to encourage them to cover the story. Initially there were two questions to answer: the company was sourcing produce from abroad and was only introducing seven lines in 21 stores. An internal briefing document was produced to help staff answer these questions. The limited product range was offered as an initial market exercise which would be extended if successful. Background was provided on the fact that UK producers were more seasonal and therefore M&S could not source the majority of their range from them. However, the company organised an organic produce supplier conference in July 1998 with its top 20 produce suppliers to inform and encourage them to apply for organic accreditation from the Soil Association. (Soil must be left for two years to break down pesticide residues before produce can be claimed to be organic.) M&S introduced further organic products in January and March 1999.

Genetic modification (GM) of food also caused problems for Marks & Spencer. Initially, M&S welcomed the emerging science, and issued a statement in May 1998 that 'good science, well applied, is an essential principle of our business'. The statement made clear that the only GM ingredients used by the company were soya and maize, which had been declared safe by the appropriate authorities. All products containing GM ingredients were to be clearly labelled, and all data on any new GM products would be analysed to assess their safety and impact on the environment. However, rising consumer disquiet led the company to announce in March 1999 that it would be removing all GM ingredients and derivatives from its products (Figure 10.2). While stressing that they remained confident in the safety of GM ingredients, the company made it clear that customer concerns had led it to take the decision. The announcement was made once the company felt confident that it could source all its ingredients from alternative supplies, and the transition period for the changeover would be the following three months. By taking the initiative and becoming the only major retailer at the time who would have no products containing GM ingredients on its shelves (it sells 100 per cent own brand), M&S gained a great deal of positive coverage, with such emotive headlines as 'Marks and Spencer bans Frankenstein food'. The company also set up a GM helpline to answer customer queries.

The organic range is promoted in stores with posters and cards, and a customer brochure has been produced which explains some of the more complicated aspects of organic production. The M&S Select Farms traceability scheme enables produce to be traced back to a specific farm and even, in the case of meat products, animal.

While concerns have more recently been raised about safety issues such as the risk of *e. coli* poisoning through the use of manure, a consumer backlash has yet to happen, and supermarkets have continued to work to meet a consumer demand for a perceived healthier lifestyle (Cowlett 2000b).

Media relations forms a major part of public relations in certain areas, but it can be seen that other techniques are also used to supplement and support media activity. It is far better to be pro-active in company policy and provide the media with positive stories to cover. It also allows organisations to set their own agenda and look ahead in a strategic way, rather than simply reacting to journalists' negative queries if they think they can uncover some wrongdoing.

The following chapters will contain references to media relations, set in the context of wider strategies which use a variety of techniques and tactics to communicate with a wide variety of stakeholders.

MARKS & SPENCER

food news

May, 1998

MARKS & SPENCER LAUNCHES ORGANIC FRUIT AND VEGETABLES

Marks & Spencer has responded to customer demand by launching a small range of organic fruit and vegetables.

The range of seven products, which is available in 21 stores initially, includes avocado, tomato, baby tomato, red pepper, red apple, golden apple and potato.

This launch follows an increasing demand for foods which have been naturally produced, while protecting and enhancing the environment.

Following the launch, Marks & Spencer is actively looking at extending the selection to include more organic fruit and vegetables.

Like 80 per cent of organic produce sold in the UK, the fruit and vegetables have been sourced from overseas. They have been packed to M&S' rigorous standards in the UK.

More...

St Michael

The M&S Food and Wine Press Office
Michael House Baker Street
London W1A 1DN

Want to know more? Please contact the Press Office
tel: 0171 268 8777 or fax: 0171 268 2777

Figure 10.1   Marks & Spencer press release on the launch of organic food
Used with permission

ISSUED: 15 March 1999

M&S ANNOUNCES BAN ON GM INGREDIENTS

Marks & Spencer has today announced that it will be removing all genetically modified ingredients from St Michael food products. As all food sold in Marks & Spencer stores is 100% own-brand, we will be the only major retailer where customers can purchase any product on the shelves with full confidence that no GM ingredients or their derivatives have been used.

This decision has been made after careful consideration of our customers' views. Although we believe that there is a place for genetic modification, customers are concerned about the speed at which these developments are being pushed through.

"We have to put our customers first and we made this decision as a direct result of listening carefully to their views. These changes to our food products will be made as quickly as possible," said Dr.Tom Clayton, Head of Food Technology for M&S.

Marks & Spencer will continue to monitor developments in GM technology and will consider any opportunities which bring direct benefits to our customers.

A GM helpline is available to answer customer queries on...

For further information, please contact: Maya van Eerde
                                                 Sue Sadler

Figure 10.2   Marks & Spencer press release on the use of GM food

Used with permission   *With thanks to Marks & Spencer*

Case study two: Communicating the Newcastle Gateshead bid for European Capital of Culture 2008. Newcastle Gateshead Initiative, Newcastle City Council, Gateshead Council

Background

The primary aim of a joint initiative undertaken by two local councils was to support their joint bid to win the European Capital of Culture status in 2008. Using new developments as a hook, the two councils worked together to develop an integrated marketing

and public relations campaign, using media relations supported by advertising. A working communications partnership was formed in 1999, the Newcastle Gateshead Initiative, a public/private sector company with the purpose of increasing leisure and business visitors. Developing strong media relationships across the region was central.

Objectives

- To create a high level of regional awareness and support for the joint Bid.
- To encourage individuals and organisations across the area to become involved in developing the Bid.
- To improve national media perceptions of the area.
- To engage key regional media in the Bid process.
- To provide local people with information so that they could become ambassadors in the Bid process.

Strategy and tactics

A major public consultation involving 2000 organisations was carried out. Regional editors and news editors were approached at the beginning to secure their support. Story and campaign ideas were given on a regular basis, as well as updates and advance briefings. Exclusive angles were identified for all partner media. A number of key people were identified as Bid spokespeople and regularly briefed.

'A key turning point in changing Gateshead's image was the arrival of the Angel of the North in 1998, which provided an instantly recognisable symbol for an area which previously had a very outdated identity based on our industrial history', says Robert Schopen, Head of Communications, Gateshead Council. 'New cultural developments on Gateshead Quays along with new attractions in Newcastle provided a golden square mile focused on the river, with countless promotional opportunities for us to counter old stereotypes.'

Some examples of media coverage included the *Evening Chronicle*'s Culture Vulture campaign, which ran for 12 weeks from 7 January 2002. A series of front-page leads and double-page spreads covered all aspects of north-east culture. The initiative developed a 'Buzzin' logo, which was used in the paper on culture news stories. The *Sunday Sun* ran features every week and a 27-week A-Z of culture series from January 2002. Tyne Tees Television commissioned a series of strands looking at what culture meant for its lunchtime and evening news programmes. BBC North made a series of four programmes in March 2002. In addition, over 100 national journalists visited the area to write travel, lifestyle, arts, property, theatre or other culture-related features. Features were specially written and syndicated, such as *Bridget Jones' Newcastle* which was placed with 300 regional newspapers by the Press Association.

An interactive media kit was produced on CD-ROM with copy, pictures, facts and features. A video news release on the Gateshead Millennium Bridge was commissioned and set the scene of future media interest. A photographic database was made available to all media, deliverable on CD-ROM and online. A new website (www.culture2008.com) linked all related websites and provided regular online updates.

New events were created, like the Great North Mile for elite athletes, and linked to the Bid. National patrons and supporters were enlisted to create news stories. Bookmakers were engaged in devising odds on the competition for the Bid.

Thus the campaign embraced all the elements set out in Hitchen's template for successful media coverage.

Figure 10.3a   Launch of Buzzin campaign

Used by permission of Newcastle Gateshead Initiative

Figure 10.3b   Launch of Buzzin campaign

Used by permission of Newcastle Gateshead Initiative

Budget

An initial investment of £50,000 was allocated by each council. Media partners donated £750,000 worth of advertising space.

Evaluation

The number of people aware of the Bid rose from 39 per cent in 2001 to 79 per cent in 2002. Local people's perceptions of their areas also changed – 90 per cent thought that Newcastle Gateshead was a great place to visit and that the new cultural attractions would have an impact on future prosperity.

Around £5 million worth of editorial space was achieved in press, television and radio, and of that 98 per cent of the coverage linked to the Bid was assessed to be positive. National media coverage and comment increased month on month, and photography was highly used. The Newcastle Gateshead cultural renaissance appeared on 90 television stations across 26 countries. The visits of 100 journalists referred to above resulted in over 200 articles worldwide. The Great North Mile was broadcast to a television audience of around 100 million.

'This campaign changed the relationship between the national media and the North East. When I joined local government public relations nearly 15 years ago it was difficult to entice national journalists out of London to cover our art exhibitions and other cultural activities', says Lynda Fothergill, Head of Communications and Marketing, Newcastle City Council. 'This was a campaign based on real achievements including culture-led regeneration which looked attractive, interesting and exciting, a partnership working between the public and private sector. It resulted in the North East appearing in the media spotlight and will have a lasting impact on the region.'

The campaign also won the Best Campaign award in the IPR Local Government Awards in 2002.

With thanks to Lynda Fothergill, Newcastle City Council, Susan Wear,
Newcastle Gateshead Initiative and Robert Schopen, Gateshead Council

Questions for discussion

1   How far do press releases still follow Ivy Lee's Declaration of Principles, in terms of being 'prompt and accurate'?

2   Is it a problem for the strategic aspirations of public relations that most campaigns still rely heavily on media relations?

3   How does the practice of 'selling in' stories conflict with the IPR's Code of Conduct?

4   Examine a case study of a PR campaign in *PR Week*. Which of Hitchens' five elements are present?

5   Will the development of online newsrooms render the production of printed press releases obsolete? Should it?

Note

1   Material in 'Press contact via the net' has been adapted from Jo Chipchase's original chapter in the first edition of this book.

11 Internal communications

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Chapter aims
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This chapter examines communications with a company's employees, starting from the premise that good internal communications is necessary for effective external communications. Underlying theories of the development of internal communications are examined, as well as their relation to changes in management theory. Internal communications is related to the goals of the organisation and its stage of development. Changes in organisations and the shift from push to pull techniques are discussed.

The necessity for good internal communications
....

While most of the issues discussed so far concern publics external to an organisation, one of the most important groups of stakeholders is a company's employees. Organisational rhetoric often quotes the fact that 'our people are our most important resource', but the reality of whether this resource is cared for is patchy. New initiatives like Investors in People[1] enable companies to focus on their workforce, but even these are sometimes followed in a mechanistic way. Companies can survive and indeed prosper without taking the needs of their workforce into account. However, it is generally agreed that good external relations and policies should have a solid foundation on good internal communications, that an informed workforce is more likely to be motivated to work productively, and that this reinforces the company's licence to operate in its community (see also Chapter 12), where a substantial number of employees are likely to live.

Good internal communications may not just be about differentiating your company in terms of consumer branding. Cowlett (1999b) quotes a survey of 275 analysts and portfolio managers by Ernst & Young in 1998 which found that investors base their decision to buy or sell stock in a company on non-financial as well as financial performance. 'Investors' perceptions of improvements in areas such as corporate strategy, innovation and the ability to attract and retain talented people can have a major impact on the share price.' A study by the *Journal of Marketing* stated that 68 per cent of customers defect from an organisation because of staff attitudes or indifference (Cowlett 1999b). Conversely, another survey found that 41 per cent of customers said they were most likely to buy a company's products or services again if staff treated them well,

regardless of advertising, branding or promotional activity (MORI/MCA 1999). These findings emphasise the importance not only of employees' understanding of the company and their role within it, but also of their actual commitment to the company objectives.

President of the International Association of Business Communicators (IABC) UK David Hammond is positive that organisations have learnt this lesson. Speaking at the IABC conference in Dublin (21 November 1999) he announced the results of an IABC survey which show that 51 per cent of organisations have well-defined communication strategies and that 52 per cent of senior managers support the importance of a strong communications programme to achieve business goals. In addition, 71 per cent of senior managers actively integrate communication into their business strategy.

> Treating people – not money, machines or minds – as the natural resource may be the key to it all . . . No organisational relationships are as important as those with employees at all levels.
>
> (Cutlip *et al.* 1985: 311)

Employees are not an homogeneous stakeholder group, but consist of workers, management and board, who perform different functions within the organisation, such as production, administration, and services. Unions may negotiate on behalf of different groups of employees.

Communication operates in many ways within an organisation, flowing downwards from senior directors and management to workers, upwards from the shop floor, and between groups and individuals. Some routes may work well, others may be blocked. How they work is normally a product of the culture of the organisation, whether it involves employees or not. When communication does not work, the grapevine steps in to fill the gap. The grapevine, made up of rumour and gossip, is not controlled or controllable. It is always in existence, but its effects can be moderated if communication flows are working well. Problems may arise if the grapevine is the only form of communication, or is seen as more reliable or important than information sent by management.

The goals of employee communication

Cutlip *et al.* (1985: 315) propose that 'The goals of employee communication are to identify, establish and maintain mutually beneficial relationships between the organisation and the employees on whom its success or failure depends.' They identify (p. 317) four stages of employment where effective communications are vital:

1   The start – attracting and inducting new employees.
2   The work – where instruction, news and job related information should be disseminated.
3   The rewards and recognition – promotions, special events, awards.
4   The termination – breakdown of equipment, layoffs, dismissals.

Communication should work towards achieving the organisation's objectives. Employee awareness of operations, problems, goals and developments will increase their effectiveness as ambassadors, both on and off the job. Asking for input to improve how things are done will encourage them to participate in the organisation.

Management should demonstrate a real interest in the employees' concerns, for example by organising attitude surveys, suggestion schemes and stimulating the upward

flow of communication. There must be a response to this information, so that employees feel that their opinions have been taken into account. If this does not happen, they may be more dissatisfied than before, as their expectations of change will have been raised. Involving employees in decision-making could lead to fewer stoppages and increased efficiency. Good internal relations impacts on the bottom line. Top management must support schemes to involve employees and take their opinions on board, or else such schemes will be seen as mere gimmicks and will be abandoned. 'The most common failing in employee communication is that it is too busy selling a management view downward. It neglects to stimulate an equivalent upward flow' (Cutlip *et al.* 1985: 329).

The four eras of employee communication

Grunig and Hunt link the 'four eras' of employee communication to their four models of public relations (see Chapter 1). In 1964, C.J. Dover described the first three:

1   The era of entertaining employees (likened to press agentry) in the 1940s, to convince them that the organisation was a good place to work. This kind of communication may have given rise to Townsend's view that 'reading an employee communication is like going down in warm maple syrup for the third time' (quoted in Grunig and Hunt 1984: 240–1).
2   The era of informing employees (like the public information model) in the 1950s.
3   The era of persuasion in the 1960s (two-way asymmetric).

To these, Grunig and Hunt (1984) added a fourth:

4   The era of open communication (two-way symmetric).

Like the four models of PR, the four eras are not mutually exclusive, as all four kinds of employee communications are still carried out by companies today.

How management shapes communication

Grunig and Hunt (1984) summarise four kinds of management theory and show how the structure and environment of an organisation affects employee communications. Structured organisations centralise decision-making at the top, have formal roles and rules, and are likely to operate in a static environment. *Machine theory*, set out by Katz and Kahn, describes a group of theories which 'treat the organisation as a machine whose control and co-ordination can be engineered' (Grunig and Hunt 1984: 240–1). Employees have little freedom, tasks are subdivided into simple parts and roles are standardised. Communication in this arena is only necessary to instruct employees how to complete their task, is downwards from management and is mainly in written format, providing information which reinforces management's control. Management in this kind of company emphasises downward communication and discourages horizontal communication between groups of employees.

Studies in the late 1920s and early 1930s suggested that employees were more productive if management paid attention to them. Chester Barnard, president of the New Jersey Bell Telephone Company, published a book stating that 'the first function of the exec-

utive is to establish an effective communication system' (Grunig and Hunt 1984: 240–1). Communication was seen as something to make people feel good rather than to help them do their jobs. This gave rise to *human relations theory*, which encouraged the warm maple syrup kind of publication referred to above, where management policies are always presented in a positive, unquestioning fashion, and the emphasis is on social events. Employee news concerns those who are 'hatched, matched, dispatched' – new babies, marriages and retirements.

Barnard believed that informed workers would be more willing to co-operate with management. Instructions were replaced with expressive communication, but the downward flow of information was still emphasised. Suggestion boxes, company social events and visits by management to work areas were merely superficial gimmicks rather than genuine attempts at upward communication.

The next two areas of theory that Grunig and Hunt examined are related to less structured organisations, operating in a dynamic environment. As well as trying to control their environment, they adapt to it. They must be open and flexible to be able to cope and be receptive to innovation. Decision-making is decentralised.

Human resources theory developed from human relations theory, but advocated actual involvement rather than just lip service to it. The starting-point was Maslow's hierarchy of needs, which stated that human beings first pay attention to basic needs such as food, shelter and security, but once these needs are met, they look for self-esteem and self-actualisation. Other theorists who built on this include McGregor, Likert, Herzberg and Black and Mouton, where 'open communication with employees about organisational decisions that affect their jobs makes up an essential part of the desirable management theory' (Grunig and Hunt 1984: 240–1). Communication flows upwards and downwards, as well as between groups. These theories state that employees will work best in a less structured environment with an open, symmetric communication system.

Finally, *systems theory* maintains that no one structure will be appropriate for all organisations, in contrast to the previous three theories which were 'all or none' theories. Some organisations within a static environment will be centralised, with a communication system which mixes both instructions and expressive communications, emphasising downward flow from management to workers. Less educated and specialised workers will be most satisfied with this structure, but it would not work for professional employees. They would be more satisfied in an organisation within a dynamic environment with open and complex communication flows. Thus different organisations will choose different models of employee communication, depending on their environments and organisational goals.

Systems theories have further developed, with several thinkers drawing on different fields of research. Gregory (2000) reviewed these developments, beginning with Buckley, who based his adaptive systems model on cybernetic research, emphasising the importance of feedback to initiate change. In this model, organisations change over time, and interact with their environment to do so. Maturana and Varela drew on biology to argue that the environment was part of the organsation. Callon and Latour developed actor–network theory (ANT) which suggested that a person was one actor in a network which included nature and machines, and that each actor had equal importance. Networks were rarely stable, and each actor would have a different degree of influence at different times. Morgan used Bohm's chaos theory to define management's role as shaping and creating contexts 'in which appropriate forms of self-organisation can occur' (Gregory 2000: 272). While order cannot be forcefully imposed on an ever-changing system, equilibrium will always eventually emerge. Gregory suggests that these theories, together with the rapid change in society brought about by the internet (discussed later in this

chapter and in Chapters 17 and 18), mean that public relations practitioners will not only have to be technically competent, but will also require analysis and awareness of the environmental context of organisations in order to devise successful programmes of communication.

Internal communication and company objectives

'Truly successful internal communications turn organisations from machines into intelligent organisms which learn and grow', according to Dawn James, the director in charge of Shandwick International's Change Management and Internal Communications practice.[2]

Quirke (1995: 71, 75) believes that 'The flow of ideas, information and knowledge around the organisation [is] crucial to success. The role of communication as the process by which this flow is achieved is central to the management of the organisation.' He continues,

> A business can only achieve its best when everyone's energies are pointed in the same direction and are not at cross purposes. Employees need to have a clear picture of the overall direction and ambitions of the company [and] a clear sense of where he or she fits in and how [they] contribute to the company's goals.

Quirke sees this need for change reflected in the shift from a limited number of internal communications techniques, such as noticeboards, memos and company newsletters, to more interactive media such as meetings, forums, video conferences and email. Like Grunig and Hunt, he warns that different communication strategies are needed for different kinds of organisation. He links the choice of strategy to three categories (see Tracey and Wiersema, quoted in Quirke 1995: 79).

Organisations that concentrate on operational efficiency focus on providing reliable products at competitive prices, and on keeping overheads down. Communication here resembles the machine theory model, creating greater understanding of roles and priorities.

Other companies may place more emphasis on closeness to the customer. Companies segment their markets and then match products more specifically. They want to build long-term customer loyalty. Communication is more flexible, and feeds customer feedback into the organisation. Upward communication is encouraged, and workers make decisions to solve problems, more along the lines of the human resources theory model.

The third kind of organisation focuses on product leadership, and must innovate to compete. Communication flows become yet more complex, both from outside and from within the organisation, involving feedback and brainstorming sessions across departments.

Internal communication and company development

Quirke also suggests that internal communication depends on the stage of development of a company. When first starting up, few people may be involved and communication takes place informally and frequently. As the company grows, employing more people, communication starts to become more functional and formal. This may eventually lead

to devolving responsibility to senior division managers and communication will become more fragmented, concentrating on the division or unit rather than the company as a whole. At this point, central management may step in to co-ordinate communication to ensure all employees are aware of corporate messages. The danger here is for bureaucratic overload and a lack of responsiveness, and the grapevine may become more important. Managers start to form networks to cope with the complex organisation, bringing together people from across functions.

Quirke then moves on to the formation of a communication strategy, looking at what is needed from employees at each stage of the development cycle. Beginning with awareness, he suggests using noticeboards, memos, annual reports for employees and email. Communication will be essentially one way, with little interaction or feedback. Evaluation would be concerned with whether employees received or saw the message.

If understanding is needed, more feedback and information tailored to a specific group must be added. Messages will be complemented with rationales, and feedback will be used to refine communication. Quirke suggests the use of roadshows, video conferencing and presentations to groups, enabling some interaction and participation.

Further interaction will be needed if employees' support is sought. As well as understanding, acceptance is necessary. The focus shifts from education, and methods could include business forums and training events.

The next step on Quirke's communication escalator is involvement, requiring dialogue rather than one-way communication. Team meetings could be used to disseminate management thinking, with cross-functional teams set up to solve issues raised. Feedback forums would be set up to inform managers of difficult issues which they need to resolve. Finally, if commitment to a new strategy is needed, employees must feel a sense of ownership and involvement in developing that strategy. Interaction, team problem-solving sessions, forums and talkback sessions could work here. Management must demonstrate willingness to listen and accept feedback without retribution. Each step on the escalator builds on the one before, and 'the basics [must be] in place before pursuing innovative technologies or radical sharing of views and opinions'.

Communication principles

Stone (1995) sets out several principles for communicating with staff. The primary audience may not necessarily be the entire workforce, but the opinion leaders and formers. Each person in this primary audience should feel that they are being personally addressed. Next, the primary audience should understand what they are being asked to do as a result of the communication. While concentrating on ensuring information gets to the primary audience, Stone points out that employees have family and friends, some of whom are influencers within the local community. He stresses the need for clarity in language, keeping the gap between information and action as short as possible, and measuring and evaluating the effects of communication. Stone concludes by advising that communication needs to be continuous, so that staff do not feel that management only informs them when there is bad news, a crisis, or when unpopular work practices are to be introduced.

Hendrix (1995) starts by advocating research into an organisation's reputation with its employees and whether existing forms of communication are effective. A survey of employee attitudes may reveal issues such as low morale and frustration with policies that could inform the objectives for the programme. He sets out a variety of impact objectives, such as:

- to increase employee knowledge of organisational activities and policies
- to enhance favourable employee attitudes towards the organisation
- to receive more employee feedback.

Output objectives could be:

- to recognise employee accomplishments in employee communications
- to distribute communications on a weekly basis
- to schedule interpersonal communication between management and a specific employee group each month.

Once objectives have been set, appropriate techniques can be selected, from notice boards, displays, telephone hotlines, payslip inserts, internal television, videos, meetings, teleconferences, newsletters, direct mail, leaflets and email. The final part of the programme involves evaluating the success of the programme in order to adjust it and learn for the future.

Neuhauser *et al.* (2000) include communication guidelines developed by Herb Kelleher, CEO of Southwest Airlines (Figure 11.1). While in that company, communications tend to be towards the more interpersonal mediums, emphasising informal and humorous interactions, the diagram provides a useful template for which media to use, depending on the content of the message.

Freeland suggests that there are four characteristics of internal communications options: recorded vs live; passive vs interactive; local vs remote; push vs pull. Recorded communications are those which are produced in advance, including not only videos but also printed materials. These can provide a consistent message to all recipients, who can access them when it is convenient. The alterative is live, real-time communications
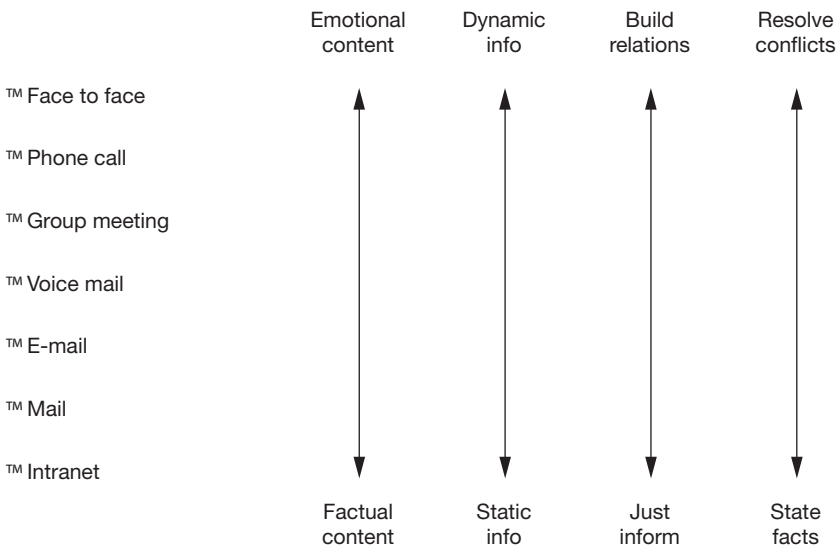
Figure 11.1   Communications choices

Used by permission of Culture.com, by Neuhauser *et al.* (2000)

such as meetings, phone calls, which are spontaneous and interactive. Passive, one-way communications do not provide for response from the receiver and so can be delivered quickly. Interactive forms such as email and video-conferencing can ensure that the message is understood by the recipient but may take longer to deliver. Local communications happen where the recipient is, such as in a team or one-to-one meeting and is more personal. Remote communications are produced at a distance, such as email, intranet or video conferencing, where it is imperative to send communication without delay to several locations. The final element is the difference between push communications, which are sent to recipients whether they want them or not, and can include letters, emails, phone calls and meetings. These methods are used when it is important to reach all the target audience within a set timeframe. Pull communications such as intranet and print are those which can be accessed by the receiver at their own convenience. By categorising all methods using these characteristics, he suggests a template for when they could be used. For example, one-to-one meetings are 'live, interactive, local, push', and should be used when communication is private, immediate and tailored to the recipient such as in disciplinary action. Printed publications are 'recorded, passive, local, pull', and can be used when the message is conveyed using text and image, when hard copy is needed and where not all recipients have access to an intranet.

The importance of understanding culture

Corporate culture is often described as 'the way we do things around here'. The totality of interactions within a company could be described as its personality. Alternatively, culture could simply be the way that any employee describes their working environment. Neuhauser *et al.* (2000) suggest that there are three layers of culture. The core values of the group are the deepest level, and may involve underlying assumptions about the relative importance of the individual versus the group in the organisation. Another example might be 'the customer is always right' maxim. Collins and Porras describe a visionary company as having 'core vales and sense of purpose beyond just making money' (Neuhauser 2000: 7). Examples of core values include: tolerance for honest mistakes (3M); continuous improvement (Procter & Gamble); and customer obsession (Amazon.com).

The second layer is made up of behaviours and habits, the 'way we do things around here'. Formal policies which express these may be the number of times a phone may ring before being answered or the way that callers are greeted. Informal customs could be whether it is okay to disagree with a superior in a meeting or not. New recruits figure out which actions are allowed by watching existing employees. Symbols and language form the third, most visible level of culture. The policy of 'dress down Fridays' may be acceptable in some companies but not in others. In most companies nowadays it is acceptable to call colleagues by their first names, but how you address a superior can vary. Neuhauser *et al.* relate that because Jeff Bezos, the founder of Amazon.com, made desks from doors when starting the company, employees still work on 'door-desks' to emphasise its core value of frugality (Neuhauser 2000: 12).

The context of internal communications is discussed by Puchan, Pieczka and L'Etang (1997). They set internal communications within a discussion of the nature of organisations, based on the work of Gareth Morgan who developed metaphors for different views of an organisation 'as a machine, as an organism, as a brain, as a prison' (Hart 1995). They go on to look at structure and culture, and how that can affect the role and scope of public relations.

'Research shows that for all the millions spent on internal communications over the past 10 years, employee satisfaction has barely improved.' Quirke (1995) says in order to achieve effective communications companies must understand how their employees listen to the messages they are sending. In a reference to basic communication theory, Quirke states that employees decode the information they receive, and that organisational culture refracts communication, obscuring the message.

Thomson states (in Hart 1995), 'companies need to manage the emotion, feeling and beliefs that motivate people to apply knowledge constructively'. Internal communications specialists MCA commissioned MORI to conduct a survey of 350 staff across companies employing more than 1,000 people, which revealed that only 35 per cent of respondents would strongly agree that they would recommend their company to others. Half said that they understood organisational goals, but only a quarter said they were committed to giving their best to help the company succeed. Harkness feels that 'The reason internal communications campaigns often fail is because at the research stage people don't ask what the emotional hooks are for people within an organisation' (quoted in Cowlett 1999b). While awareness and understanding have been achieved, commitment has not. A survey carried out by MORI at the end of 1998 found that only 11 per cent of all workers in the UK trusted and believed what directors of their company said (Pawinska 1999).

Christine Daymon (2000) felt that disregarding the effects of culture may be why 'communications strategies often lead to misunderstandings and even resistance'. She argued that all communication takes place within a cultural context which acts as a filter. Most of the theories examined above stress control of communication as the answer, whether employees are involved or not. Daymon recommended a wider perspective. She also suggested that many management theorists ignore the fact that 'culture might emerge from other groups besides management or from an amalgam of influences and experiences'. She advocated the use of different perspectives in devising communications strategies. Using the example of a new commercial television company, she showed how the messages given by management about efficiency and cost minimisation were interpreted by employees as changing the company's focus from making excellent programmes to skimping on expenditure. All communications were then viewed through this cultural filter, with the result that communications led to organisational conflict rather than harmony. To avoid this problem, attitudes and beliefs of different groups within the organisation must be researched: 'With a better understanding of the complexity of organisational communication . . . managers may be better equipped to deal with it.'

Nadia Bush showed that there was a correlation between good internal communications and acceptance of corporate culture by employees. In her study of Enhanced Care Solutions in Alabama, Bush found that nearly two-thirds of those in her study felt that the company had an effective communication system. In addition, there were high levels of response which showed that the vast majority of employees agreed with the company values of customer focus, quality of patient care and the provision of excellent service. A gratifying 86 per cent agreed that the company was a good place to work (Bush 2004).

Internal communications in times of change

Internal communications is particularly important in times of change. Research is stressed as the first step by James Harkness of internal communications and change management specialists Banner McBride (Harkness 1999). He shows how communications must be

integrated into each stage of the change process, emphasising both giving facts and listening to concerns and reactions to the change (Figure 11.2). The first step is a stock-take of the situation. Interviews with managers ascertain the key messages, which are then used with discussion groups of employees. This also gives employees the chance to air their opinions, complaints and suggestions. Building on issues raised here, a questionnaire might be devised to further encourage employee involvement. Focus groups and one-to-one interviews could be conducted with a range of people. This process can also inform the language which is used for different groups, and indicate how different groups like to receive information. In an exercise for GNER, it was found that older people preferred to receive information in written form, but younger staff preferred to hear news face-to-face.

Changing work patterns

Changes in patterns of work have and will continue to impact on how companies communicate with their staff. Working from home is becoming more common on all levels as technology advances. Fax machines, laptop computers, modems and mobile phones increase the flexibility and fragmentation of the workforce. 'Hot-desking' has appeared, where staff use remote electronic media to stay in touch, and use any desk available when they come into the head office.

One of the most important developments in the field of internal communications is the rise of the intranet. This is a system for making information available to all employees or members of an organisation on an internal website, accessible via a PC. It can be a

The change curve and communication

SATISFACTION;
COMPLACENCY

DENIAL/
REJECTION

ANGER/
RESISTANCE

COMMITMENT/
EXCITEMENT

ENTHUSIASM/
HOPE

ACCEPTANCE/
CURIOSITY

IMPLEMENTATION					POST-IMPLEMENTATION
• Convey urgency	• Listen	• Listen	• Restate big picture	• Involve	• Feedback success
• Give facts	• Show concern	• Demonstrate concern	• Communicate vision	• Celebrate wins	• Inspire
• Provide evidence	• Restate facts	• Restate facts	• Ask for help	• Inspire	• Create champions
• Convey big picture		• Convey commitment			

Figure 11.2 The change curve and communication
Benner McBride has taken the classic model of the change curve and adapted it to use in an internal communications setting. This diagram demonstrated how internal communications strategy can be shaped to support people as they move through the various stages on the change curve.

Source: James Harkness (1999), Banner McBride. Used with permission

dramatic change to the culture of a multinational company, as not only can all employees communicate internally with each other via email, but they can also receive information simultaneously, from head office. A discussion panel set up by the International Association of Business Communicators (IABC) on their website produced several interesting comments, such as 'It's provided a major cultural revolution in the way we work, think and communicate. It's turned a control culture into an empowered culture. It's turned our doers into thinkers.'[3] Bearing in mind the discussion of management theory earlier in this chapter, it can be seen that organisations introducing such a change in communication need to be aware of the ramifications. Other comments include 'With 70,000 people around the world, our intranet has truly allowed a global community to develop'; 'It fosters collaboration and the carrying out of the organisation's business strategy. It should also do it in a way that's going to save resources.'

Challenges and issues in creating an intranet are many. Information must be co-ordinated and managed so that it can be accessed quickly. For an effective intranet, employee buy-in is also important, so consultation must take place before set up. Training in how to communicate may also be necessary, to avoid long-winded reports tying up the system. Technical abilities of employees must be addressed, as must access to PCs. The technology is immediate, so employees expect anything on their screens to be up to date and communication must constantly be updated. Responsibility for updating and entering information must be clear, so that conflicting information is not posted.

The creation of a newsgroup is a controversial and sensitive issue, and several court cases in the USA have used internal emails to prove their cases. However, giving employees the ability to discuss current issues which affect the organisation can also be valuable and engenders a sense of involvement. Information overload must be avoided, so that the key messages get through. Access to the internet and intranet also raises fears that employees may abuse the system, and spend longer 'surfing' than actually doing their job.

The implications for the public relations function within the organisation are clear: 'Instead of running a small department of internal communicators, I suddenly found I had every employee in the company as a communicator. As the intranet has mobilised our workforce, I am now responsible for information flow architecture.' Other companies may find that staff functions change, to manage the site and a network of correspondents who manage their own sites within the intranet. Obviously the amount of printed information will decrease, although those who used to contribute to and produce internal publications may simply input their information in a new way. The PR function will also need to work in partnership with the human resources and information technology departments to ensure that the intranet is effective for all employees.

Future developments will include the refinement of knowledge management so that information can be increasingly personalised. Forms of the intranet may be expanded to suppliers and customers. One panellist on the IABC website predicted that people would be able to access the intranet from their Palm Pilot, anywhere in the world, to access corporate information to close a sale and communicate an issue, just like mobile phones.

Neil Melvin, of Smythe Dorward Lambert, also points out that 'Intranets need to evolve constantly and even the best systems need to be reviewed to reflect changing business strategies, needs and capabilities. Any intranet is only as good as its content' (Melvin 1999). After identifying business objectives for setting up the intranet, a new structure must be created to support the objectives. An intranet will create new relationships between employer and employee. Using and managing the intranet is a new process in itself, and new tools may also have to be provided, such as different ordering

systems. To ensure that people start to use the intranet, change must begin at management level and be communicated effectively to the rest of the company.

Some companies find that intranets simply do not work. Suzanne Sherwood, developing the external website and intranet at Welch's in Concord, MA, found that as most employees worked on the production line and did not have individual access to a PC, managers were reluctant to allow them the time off from their work station to check the intranet on a communal computer. Thus it was necessary to supplement the intranet with other forms of written communication.

Using the intranet illustrates a shift in company culture from push to pull communications. Instead of staff being passive and waiting for information to be sent to them, they need to be encouraged to regularly access the pull communication on the intranet, otherwise a 'why wasn't I told that?' syndrome develops.

Dawn James adds another note of caution:

> No one can deny the internet and company intranets are the single most successful 'pull' information systems ever introduced. However, as a 'push' mechanism, organisations must be careful not to overestimate the potential for improving communication and sharing best practice via the email system. Many people simply don't read many of their emails, others consider corporate communications information on a par with 'spam' e-marketing and ignore them. The key is to make emails actionable.

Case studies have been selected to illustrate different issues within internal communications. The first involves developments in internal communications by a local authority which changed from having internal communications processes in place which were not managed, to an award winning multi-faceted system. The second examines the problems of communicating in a merger situation.

Case study one: East Riding of Yorkshire Council, 'The Communicating Organisation'

Background

East Riding of Yorkshire is the largest unitary authority in the country covering 933 square miles and serving a population of over 318,000. The majority of the area is agricultural and there are four major towns. The council has 17,000 employees and an annual budget of approximately £500 million. When Simon Taylor was appointed Head of Communications in 2000, he found that there was no one person responsible for managing the internal communications process. Getting messages out was a by-product of the communications and PR team's activities. The problem of reaching so many staff spread geographically across the county was exacerbated by the fact that only 5,500 copies of the six-weekly newsletter were produced.

Objectives

- To establish robust communications channels throughout the organisation and to ensure that council staff would hear of any developments first, before the media.
- To improve internal communications by developing loyalty and pride, keeping all employees informed and helping them become knowledgeable ambassadors for the council.

Research

Drawing on his experience with Railtrack, which had a similarly dispersed workforce, Taylor and the team instigated a series of focus groups with members of the council, managers and staff to draw up a list of potential solutions. They also looked at organisations of a similar size to find examples of best practice.

Strategy and tactics

The team aimed to set up a system which would reach all staff on a regular basis, letting them know what was happening before news was covered in the media.

The first task was to establish a single point of contact. The communications team was restructured so that an internal communications officer could be appointed at no extra cost. The post holder was the link between the departments, who also had internal communications co-ordinators. Internal communications was introduced as a standing item on all team meeting agendas from the corporate management team downwards. Key issues are then passed to the internal communications officer, who arranges for it to be disseminated in the best way.

'Our target market was aged 16–65', says Taylor. 'It was particularly difficult to engage the younger staff, so we increased the fun element by including a quiz and a lookalike section in the *Grapevine*, our fortnightly magazine.'

Mechanisms put in place include an intranet system, a website (which now receives 1 million hits per month), a fully self-financing monthly newspaper, *East Riding News*, and a noticeboard multifax system. These are complemented by the team briefing system and the revised fortnightly magazine, *Grapevine*. Normally, events can be covered in *Grapevine*. The week before it is due to be published, the last task on a Friday is to send the copy to the printer. Finished copies are returned on Monday morning, early enough so that all employees in County Hall have a copy on their desk on arrival. All other employees have their copy by the end of the day.

When important events happen in the middle of a production period, such as the announcement of the Audit Commission report in 2002, then the multifax system is used. Press releases were faxed by the communication team to over 200 internal points. Designated co-ordinators then picked up the release and put it up on the internal noticeboard. Taylor has instituted another procedure he learned at Railtrack – impressing on all employees the need to read the noticeboard on arrival at work, which at Railtrack was important in case there were any train emergencies. Issues can also be covered in more depth in the monthly *East Riding News*.

A regular event called 'Chat with the Chief' has also been added to the repertoire. Every month, 12 employees have lunch with the Chief Executive. This is a no-holds barred session, with confidentiality promised to those who take part. The Chief Executive and Taylor then have 24 hours to answer the questions raised. 'We are encouraging directors to do this with their own staff', says Taylor. 'In this way, staff feel that their views are taken seriously and that they are involved in decision-making. Most changes are about managing the process successfully.'

Budget

By reorganising and streamlining the tactics used, the improved communications system actually costs £7,000 p.a. less than the previous methods. The budget for internal communications is now £40,000, which breaks down to £2.35 per employee. In addi-

tion, Taylor has striven to make the publications self-financing to ensure that they do not become a victim to political cost cutting. Sponsorships and advertising give more security. A recent proposal to increase the frequency of *East Riding News* so that car and house advertising could be included was met with consternation by the local newspaper, the *Hull Daily Mail*. By promising to keep the existing council spend on advertising with the paper and not increase the frequency of *East Riding News*, Taylor secured key concessions on one free page of editorial and two advertising pages each week – a £½ million rate card value. Other newspapers and local councils subsequently consulted Taylor on how to broker similar deals.

Evaluation

Research was undertaken a year after the new system was introduced which found that staff thought the internal communications had 'vastly improved'. The survey also found that staff felt an increased sense of community. Staff, managers and councillors felt more able to be ambassadors for the council because they felt more well informed and confident in the information they received. 'We had to understand customer needs', says Taylor. 'Staff had felt isolated, but improving internal communications enabled them to find out what was happening within their council. On the intranet, for example, information is available at the click of a mouse. Staff say that they feel more confident about taking on an ambassadorial role, and research has shown that residents now find it much easier to get information from councillors and employees.'

Survey research is carried out continuously. A questionnaire is distributed to council employees on a rolling basis, checking that the team briefing process is working and that key messages have got through. The original focus groups are also still utilised whenever new developments are suggested.

Overview

As well as improving and streamlining internal communications, the team under Taylor has also ensured that strong internal links were translated into better communication with external customers. A Communications Toolkit was produced, setting out the overall communications strategy for the council and including guidelines on corporate identity and style, guidance on writing for the *Grapevine*, an advertising protocol for publications, as well as hints on dealing with print and broadcast media. A checklist of key facts and figures about the council's accomplishments was also included to aid in media interviews. Taylor and the team continue to stress the importance of communications, internally and externally, to the council's management team.

Taylor has also had input into the staff induction, where staff get a detailed introduction to their workplace and to the corporate ethos. 'We asked the customer service centre what were the top complaints and queries', says Taylor. 'We then produced contact cards with these topics listed, along with the relevant contact numbers within the council for who would deal with them. All council staff who deal with the public have one of these cards so that if they can't answer a question, they can refer the customer to the right person directly.'

The team are not resting on their laurels, however. 'We need to improve continuously', says Taylor. 'Other organisations are always catching up. Local government is based on league tables and performance, so we need to keep ahead of the game.'

The council's communications programme won more than 20 local, regional and national awards during 2001–2, including the IPR Excellence Award for Internal

Communication and Best In-house Team of the Year – Public Sector. They were voted the best communications team in local government by the IPR local government group. The following year, 2003, started off in a similar way with the team winning the prestigious Local Government Chronicle Award for communications. External recognition for communications at East Riding of Yorkshire Council in such a short period of time is unprecedented in the public sector. 'It's a sign of what can be achieved if the management structures are right and there is a clear desire to improve', says Taylor.

With thanks to Simon Taylor and the East Riding of Yorkshire Council

Case study two: Merger of Grand Metropolitan and Guinness to form Diageo

On Saturday 10 May 1997, John Harben and Lynette Royle, internal communications team leaders of Grand Metropolitan and Guinness, were called to a City of London solicitor's office. They spent the rest of the weekend in other meetings, preparing to tell 100,000 employees worldwide throughout the two organisations on the following Monday morning that the two companies would merge.

The guiding communication principles were:

- to respond to communication needs of staff, measured both informally and formally
- that staff should never hear a story first from the media, necessitating speed of communication with all employees
- that communication should be open and candid, avoiding corporate comment and jargon
- that legal restrictions during the offer period had to be adhered to, necessitating liaison with company lawyers at each step.

'We had to start with the rational issues first', says John Harben.[4] Communication had to reach all employees at more or less the same time, across all time zones and in 18 languages. Rapid staff feedback was a priority, and worldwide telephone polling was carried out by an outside, independent company to ensure confidentiality. Telephone hotlines, fax and email were made available to gauge an early indication of staff's communication needs and reactions to the merger.

A weekly newsletter, *Merger Update*, was distributed to 14,000 people, often as an email attachment that could be cascaded or forwarded to colleagues (Figure 11.3). As well as using adapted media releases and explanations of what was happening, staff feedback and reactions were also included, such as the infamous reaction to the merged company's new name Diageo, as in Don't Imagine Any Great Employment Opportunities.

Communications explained the benefits of the merger while recognising that a long period of uncertainty about individual jobs was inevitable. At the same time, people had to continue working hard to achieve targets. Two of the divisions had to compete with each other in the marketplace – International Distillers and Vintners (IDV) and United Distillers (UD). Only after the merger was complete in December 1997 could they begin to integrate – a process that continued until June 1998.

In addition, all staff had to understand the restrictions of the offer period, such as not sharing customer information and only nominated spokespeople being allowed to discuss the merger with the outside world.

GRAND METROPOLITAN
.... adding value 🖾🖾🖾

MERGER UPDATE

Issue 29 – Friday 7 November 1997

Diageo leadership meeting and beyond

The Executive teams of the four companies of Diageo - Burger King, Guinness Brewing Worldwide, Pillsbury and UDV - and key corporate centre staff **are meeting** in Gleneagles, Scotland, next Thursday and Friday (13 and 14 November). Two-thirds of the agenda for the 75 attendees, many of whom will be meeting each other for the first time, will be concerned with the **vision, values and behaviours** of the new company; the remaining third will be on **business strategy**, including attention to '**Managing for Value**'.

Says John McGrath: "The balance of our agenda reflects the fact that, at this early stage in the building of a leadership community for Diageo, the only real corporate glue will be **our shared vision for Diageo** and some common, observably different leadership behaviour in each business.

"I believe that we must leave Scotland on Friday night with **absolute clarity about what Diageo stands for** and I expect every participant to give clear and consistent messages to our 85,000 employees around the world in the following days".

Early recipients of these messages, aided by print and video materials, will include the 200 UDV managers who will meet **Jack Keenan and Finn Johnsson** on the UDV roadshow that starts on 17 November:

18 November	Asia and Pacific teams briefing in Hong Kong
19 November	Latin American teams briefing in Miami
20 November	North American teams briefing in New York
24 November	International Regional teams briefing in London
26 November	European Regional teams briefing in London
1 December	Global Operations and Central Function teams briefing in London

Jack and Finn will describe **UDV's vision and values** and how they see UDV as part of the Diageo family of businesses. The roadshow agenda also includes a status report on in-market integration in 1998 and the emerging Operating Framework for what will be the world's largest drinks company.

FTC decision

In response to questions from staff about the timing of the **Federal Trade Commission's decision**, IDV Legal Director David Scott has told *Merger Update*: "Some people have asked whether there is any significance in the fact that we did not receive the FTC decision on the merger before the 27 October target date. **There is no cause for concern**.

Figure 11.3   Grand Metropolitan merger – newsletter update

It was clear that there would be at least 2,000 job losses in the two drinks businesses after the merger, so feelings of job insecurity had to be tackled openly. Managers were given advanced warnings of important announcements so that they could answer questions from their people.

Immediate actions included sending a presentation pack with slides, speakers' notes and Q&As to 1,000 managers for them to present to their people at the time of the external announcement. Hotlines were set up within 24 hours of the announcement and the first *Merger Update* was distributed a day later. The bulletins were translated into five main languages, with more complex translations taking place locally. A Merger Special audio tape, based on Grand Metropolitan's regular management audio programme, was recorded and throughout the merger period a further three were produced. Listeners heard senior personalities being challenged by John Harben, bringing written communication to life. 'Staff drive around a lot as part of their job, so it's a good way for them to be able to access information. Also, a tape conveys emotion, so it's multi-sensory', says John Harben. Circulation grew from 1,300 to 2,500. A typical piece of feedback noted 'It's great to hear the personalities and how they respond to unexpected questions. It tells you a lot more about them than the printed word.'

The chief executive of IDV, Jack Keenan, and the managing director of UD, Finn Johnsson, talked face-to-face to their senior managers in a series of small meetings. More than 300 managers were reached this way.

From June 1997, more emphasis was placed on informal face-to-face communication in teams, with regular monthly team briefings for managers so that they could then brief their own people immediately. Special guides were produced detailing the agreed process for filling jobs in the new company, with tips for interviewers and interviewees. A commercial communication manual was produced for both sales forces so that they could answer customer queries. Communication planning guidelines were issued to new senior managers to ensure consistency and high standards.

Evaluation was carried out by telephone polling worldwide, and by the end of the process in January 1998, the results showed that 79 per cent of staff believed that the new company would be well managed, and 92 per cent that it would be successful. When asked what rumours they had heard recently, 91 per cent replied 'none'. Furthermore, 61 per cent felt that since hearing about the merger their morale was good. The survey was carried out by Smythe Dorward Lambert, who commented:

> The psychological health of the organisation seems to be due, in no small part, to the regular, trustworthy and concise communication from the centre, reinforced by growing numbers of managers having the confidence to conduct local briefings where people can discuss and challenge what's going on.

The process showed John Harben the importance of storytelling in communication.

> Good communication needs emotion. Leadership must be compelling, with big characters. Over 100 weekly meetings were held where staff met the chief executives, who were candid about what was happening. The speed at which we had to work reduced corporate lying, and so staff felt that they could trust their leaders and the information they gave. Including irreverent comment led to a lack of fear, so staff also felt that they could express their views and concerns. The tone overall was that the companies were choosing to merge, not being a victim to the process.

The declared scope of the internal communications team at Grand Met was that 'Our basic technology is the conversations that we all have every day. Conversations carry

stories and one challenge is to help make management's stories as rich, coherent and engaging as those on the grapevine.' A distinction was made between formal communication such as publications and electronic media, and informal communication which is more powerful and about face-to-face conversations. This was illustrated with the rainbow diagram (Figure 11.4). It can be seen that this approach clearly links back to the initial discussion of management theory.

As John Harben points out:

> One impact of the merger was to reinforce the superior power of informal communication. More than being simply aware, people wanted to understand what was going on with the merger. The connection between formal and informal communication was brought home as, week after week, the team found and gave responses to questions from managers and staff at all levels about 'what's happening on the merger' which they could bring into their own meetings and conversations.

John Harben also sets out three domains of communication:

- *Production* – many people spend a lot of work time in this rational domain. A task is described, people use their left brains to apply logical and deductive processes to its achievement.
- *Values* – this includes what people feel about their work, their team, the company and so on. People apply their emotions and bring intuition and aesthetic judgements into play.
- *Explanation* – this encompasses how people in a company can share a broadly similar and involving story about 'what's going on round here'.

Internal Communication Planning
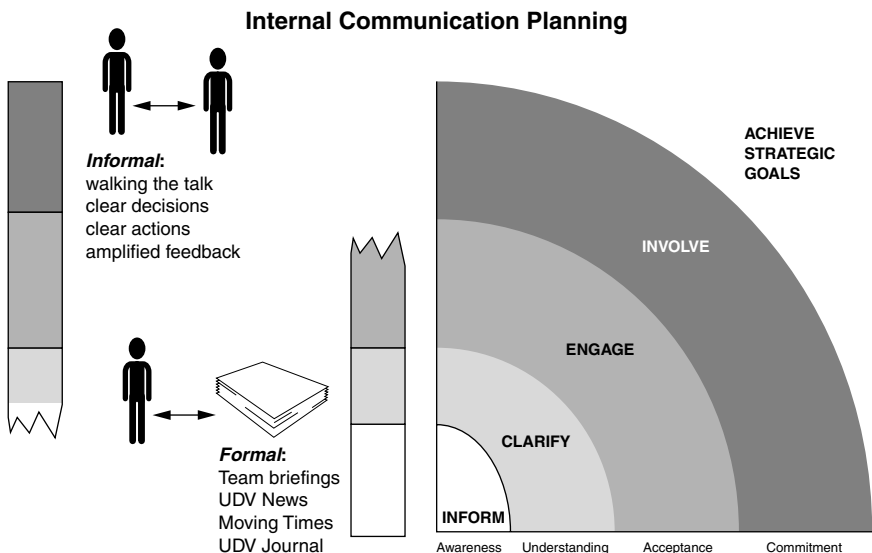
Figure 11.4   The rainbow diagram

Source: John Harben. Used with permission

It is important, Harben feels, to address the latter two domains just as much as the actual production:

> Until one knows something emotionally, one does not know it completely. The team could write and broadcast the rationale for the merger for months and yet it would take minutes to get people to understand the rational stuff if it came from their manager in a well-planned face-to-face meeting.

Diageo is now the world's leading premium drinks business with 25,000 employees and operations in over 180 markets globally. Diageo is entirely focused on its core business of wines, spirits and beer. Employee communications continues to be essential to the mortivation and empowerment of the Diageo community with the values at its centre. The business has moved on since its formation but it recognises that without the support of its people it would not have been so successful.

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Public Relations, John Harben and Diageo

Questions for discussion

1   Which model of internal communications is used in your organisation? Is it appropriate to its stage of development?

2   How useful do you find Freeland's four areas of distinction between internal communications methods? How would you characterise newsletters, memos and the intranet? In what circumstances would you use each of these methods?

3   Can you define the three elements of corporate culture in your company? What are the elements of 'the way we do things around here'?

4   Have you a company intranet? If so, critique its success in encouraging employees to feel more informed about company policies. If not, what would have to change for an intranet to be introduced in your company?

5   Both case studies stress the importance of consultation with employees in developing successful internal communications. Are there any occasions when this would not be possible or desirable?

Notes

1   Investors in People (IP) is a government initiative which relates to human resources practices within companies, who can apply for IP status.
2   Interview with the author.
3   The address of the website is www.IABC.com.
4   Interview with the author.

12 Corporate social responsibility in action: corporate community involvement and cause-related marketing

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Chapter aims
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Chapter 9 examined the theory underpinning the development of a company's interest and involvement in social activities to demonstrate their corporate citizenship. The question was raised whether the rise in the number of companies taking responsibility for their actions and their effects on their environment was a genuine contribution or an empty gesture. Here, two aspects of this are examined in more detail.

> Corporate social responsibility (CSR) describes the role a company has in society.
>
> (www.ipr.org.uk/member/PRguides/CSR)

> An institution's relationships with its neighbours in its community are crucial because these neighbours supply the organisation's workforce, provide an environment that attracts or fails to attract talented personnel, set taxes, provide essential services and can, if angered, impose restraints on the institution or industry.
>
> (Cutlip *et al.* 1985: 393)

Corporate community involvement (CCI) is one of the faces of corporate social responsibility in practice. Cutlip *et al.* (1985) in the quote above seem to be clear that any such involvement is down to basic self-interest, to enable the company to have an easy life. 'A corporation can gain competitive advantage by having the goodwill of local communities', agree Werbel and Wortman (2000: 124). However, Peter Smith (1988) used the findings of the *Tomorrow's Company* Inquiry, set up by the RSA in 1993, to point out that 'only through deepened relationships with and between employees, customers, suppliers, investors and the community will companies anticipate, innovate and adapt fast enough, while maintaining public confidence; this is termed "the inclusive approach"'. He concluded, 'the pursuit of business self-interest through wealth creation can lead to community well being . . . but what is meant by wealth creation and business self-interest have to be very enlightened interpretations'. He suggested that unless companies gave value to customers in the form of quality of standards and service, they would suffer in the current competitive marketplace. CCI could

therefore be seen as a necessity rather than a luxury. The RSA Inquiry concluded similarly that companies have to earn their 'licence to operate'.

Roger Cowe and Jon Entine (1996), in examining the problems faced by the Body Shop and Ben & Jerry's when their proclaimed environmental projects were found to be less than effective, stated that 'it's no longer acceptable for capitalists to argue that their only responsibility is to maximise returns for shareholders . . . the boards of large, private companies must recognise responsibilities beyond their traditional and legal duties'.

At an accountability conference in January 1999, Chris McKenzie of Friends Provident stated: 'There is still no measure of the relationship between ethics and financial performance. No one can quantify the impact of social and ethical performance on shareholder value, but damage to reputation can wipe out millions of that value.' Robert Waterman (quoted in Future Foundation 1998) concluded, 'Companies that set profits as their No. 1 goal are actually less profitable in the long run than people-centred companies.'

In this chapter, the role of CCI will be examined and how it may be used to motivate staff. Several case studies will demonstrate the types of activity that may be involved in a successful programme, and the concept of success will be examined by reference to an evaluation model.

Definitions of CCI

A definition of CCI would be a good place to start. 'It can be a number of things', says Graham Savage at the Millenium Commission. 'Providing money or people, or advice, something that may be only indirectly measurable.' 'Planned investment in the society in which you operate', says Ellie Gray, corporate development manager at the Prince's Trust. 'Putting the philosophy of corporate social responsibility into practice and making a real difference in people's lives.'[1]

Portway (1995: 219) states that, contrary to Cutlip's view, the distinguishing feature of the corporate philanthropy model of CCI is that the company does not expect anything in return for its contribution. Harrison refers to the fact that while companies are not the state and should not provide services and facilities which should be provided by welfare agencies, they are still part of the society in which they operate and need to consider their corporate behaviour as part of the role they play in society. She goes on to refer to Peach's model of the impact of business on its environment. The initial level of impact simply covers paying taxes, observing the law and dealing fairly. The second level recognises the need to minimise negative effects and act in the spirit as well as the letter of the law. The third level organisation 'sees itself as having a responsibility for a healthy society and accepts the job of helping to remove or alleviate problems' (Kitchen 1997: 129). The third level company is, however, rare.

Cause-related marketing

So what is the difference between CCI and cause-related marketing (CRM), which has grown into a discrete area of marketing communications? Business in the Community, which set up a cause-related marketing campaign under Sue Adkins in 1995, has defined it as 'a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service, for mutual benefit'.[2]

This specification of CRM as a commercial activity moves on from sponsorship, which might include the donation of a one-off amount to a charity, or the provision of equipment to a special needs school, for instance, into a clear statement of a need to fit into the commercial objectives of an organisation. So do either of these activities fit into Somerville's suggestion in Chapter 9 that business could be motivated by 'more than self interest . . . [promoting] the collective self-interest of society at large'? Surely all such programmes ultimately seek to increase profits?

Mapping the community

Cutlip *et al.* (1985) discuss the make-up of the community, illustrating it with a power pyramid to show that the community is not homogeneous. The top level consists of major employers and landowners, the next corporate and commercial executives. Underneath that level come PR executives and journalists, together with council officials. The bottom layer of the pyramid contains small-business managers and professionals such as ministers, teachers, personnel directors, social workers, accountants and factory managers.

Cutlip *et al.* also break down the category of 'prime movers', into the following:

- Employees' or members' families.
- The press, radio, TV and commentators.
- Clergy, teachers, officials, retailers, union officials and industrialists.
- Organisations such as planning commissions, welfare agencies, youth groups, veterans, and cultural, service and political action groups.
- Crusaders such as protest groups, petitioners and the rumour factories.

Other important groups in the community consist of independents who cannot be identified with any prime-mover group, and the dissidents who will resist change of any kind and can rarely be won over or persuaded.

CCI activities

Cutlip *et al.* (1985: 405–6) go on to list seven kinds of activity which can be used in CCI:

- The open house: a tour of the facilities of the organisation, enabling large numbers to come onto the premises. Easily accessible exhibits, guides and the participation of employees can give them renewed pride in their workplace.
- Special events: ground breaking for a new building, the completion of one, special seminars linked to the company's products, such as a safe driving school run by a motor manufacturer.
- Extended internal publication circulation: with the addition of some specific news, the internal publication can be circulated throughout the community to enable a wider knowledge of the company's activities.
- Volunteer activities: encouraging and enabling employees to perform voluntary service for local organisations, including secondment.
- Local advertising: controlling and focusing the message for local media.

- Contribution of funds: sponsoring or donating money to local organisations, whether in cash or kind.

- News services: tailoring information to the needs of local media.

O'Malley (1999: 46) reports that 'SmithKline Beecham decided to celebrate the 10th anniversary of Beecham's takeover by Smith Kline by inviting all its 55,000 employees to spend one day, on full pay, working for local healthcare projects.' She suggests that giving schemes be matched to charities that employees are interested in, to achieve a positive impact on morale.

O'Malley goes on to list some powerful examples of CCI and reasons for its use. Ruth Lewis is senior manager in community relations at British Airways. She feels that payroll giving has been successful there because 'our staff fly regularly and they see that there are a lot of people in the world who are less privileged'. Diageo commits £20 million each year to CCI, and boasts one million hours of volunteer work worldwide. Whitbread sees 'business benefit' as its prime objective in CCI, according to volunteer programme manager Christine de Cruz. 'In communities where we have active employees, the communities have a very high regard for the company.' In 1994, a MORI survey found that 88 per cent of the public agreed with the statement that 'a company that supports society and the community is a good company to work for'. Marks & Spencer uses development assignments to further managers' skills. By using their skills in an external environment, they often learn at an increased pace. Companies benefit from having a presence in the community and when staff return they bring back further skills.

A study by Business in the Community (BITC) and the Corporate Citizenship Company in 1996 and 1997 found that the skills most developed through CCI are communication, collaboration, leadership, teamwork and creative thinking. Anglian Water (AW) set up a 'transformation journey project' scheme after privatisation, to encourage creativity and personal growth amongst employees, so that entrepreneurial people could fill the gaps left after downsizing. Each Journey Group chose their own project. Most chose a community-related one, including one group which installed a water supply for an Albanian village. More than 3,000 of AW's 5,000 employees participated. Clive Morton of AW lists a variety of benefits that could be tailored to several stakeholder groups:

> The PR function is likely to be turned on by the effect on image; the CEO by the view of the board and the City by 'responsible capitalism'; customer services will enjoy better feedback; procurement should see better supply-chain links; HR people put employee development high on the list.
>
> (quoted in O'Malley 1999: 46)

Setting objectives

As with all aspects of public relations, setting objectives is the prime step when carrying out CCI. This area of corporate activity used to be subject to what was anecdotally referred to as the 'chairman's wife syndrome', or the support of activity according to whim or personal interest of senior management and their spouses. As O'Malley (1999: 49) states 'By developing its own strategy a company can proactively decide what types of activity it wishes to participate in and why: it can then respond much more effectively to requests that are not consistent with its strategic directions.'

Portway (1995) uses the example of IBM's focus on issue management to determine the kinds of activity the company will support. Some issues which affect the company

may not be suitable to be addressed through CCI, but an initial review can determine the wider picture. There is also a Community Advisory Panel which has responsibility for the Community Investment Programme, consisting of community leaders and IBM managers. In this way, the concerns of the community are fed into the process. Finally, as one of the key objectives of the CCI programme is 'to promote the morale and motivation of employees', a location manager in each IBM site is used to channel employee input. The result of this can be seen in the areas which IBM has chosen to support. One of the focus areas is education and training, given that the education system needs to equip people with the skills to make the most of IT. Another area is support for people with disabilities, as personal computers can provide them with new opportunities for education and employment.

Martin (2002: 69–75) suggests referring to his Virtue Matrix to assess whether it is worthwhile engaging in a particular activity. He sets out four quadrants, the bottom two of which comprise the civil foundation. This is made up of norms, customs and laws of a particular society, and companies may either choose to observe them or may be mandated by law to do so. In either case, companies operating here do no more than meet society's baseline expectations. This 'explicitly serves the cause of maintaining or enhancing shareholder value . . . and can be described as *instrumental*'. Where companies move beyond this foundation, into what Martin calls the frontier, they do this essentially for its own sake, it is above and beyond the call of duty, so to speak. Practices that benefit both society and shareholders are termed strategic, those that benefit society but not shareholders are called structural, because there is thus a structural barrier to corporate action here. Some actions which start by being in the frontier, such as Prudential Insurance's introduction in 1990 of viatical settlements to allow people with AIDS to tap into death benefits in their life insurance to pay medical expenses, create so much goodwill for the companies concerned that others follow suit and this kind of behaviour can migrate to the civil foundation. Martin also raises the question of when companies operating in international arenas may comply with the civil foundation in their area of operation, but not in their area of origination. Thus Nike complied with local customs in its pay and practices in south-west Asia, but was vilified because this did not conform to US and European standards.

The need for CCI

CCI is now an accepted part of corporate behaviour. Wheeler and Sillanpaa (1997: 275) report that 'In 1993, more than 90 per cent of large companies in the US had a community involvement programme, more than two thirds allowed time off during work for volunteering and 63 per cent had a community involvement fund.' In the UK, in 1995 a survey found that only a third of large companies had a volunteer programme and only 44 per cent of those allowed time off for volunteer activities. Less than two-thirds offered financial support. In 1996 a MORI poll found that 82 per cent of people in Britain believed that a company's activities in society are important in forming an opinion about the company.

In the USA, high-risk industries in particular have been aware of the need to inspire trust in the communities where they operate by adopting policies of openness and communication. Wheeler and Sillanpaa identify several approaches to the issue of CCI. Paternalism in the early industrial era involved distributing wealth locally through wages and through investment in infrastructure such as schools. The size factor meant that some large companies became a component of the local scene where they operated, such

as General Motors in Detroit. The community investment approach involves largesse distributed to community organisations where companies have head offices or local operations. The consultation approach sets up channels of information and communication to avert the concerns of the community from becoming hostile. Finally, the mutual development approach sees volunteering in the community in work time as beneficial to both community and organisation. A report on Employees and the Community showed that those who volunteered improved competencies, particularly people skills such as customer focus, communication and collaboration (Wheeler and Sillanpaa 1997).

A report which appeared in *Business Ethics* magazine in 2002 stated that the financial performance of companies rated highly in its list of Best Corporate Citizens was significantly better than their competitors'. Based on a study by DePaul University, companies were ranked in service to seven stakeholder groups – shareholders, employees, customers, the community, the environment, women and minorities. Financial performance ratings were based on the *Business Week* S&P 500 index. Best Citizens scored ten percentile points higher than the remainder of the top 500 companies (Baue 2002).

The CCI process

The process for ensuring local community participation is described by Wheeler and Sillanpaa as beginning with a determination of the scope of an audit of current policy, and deciding on success indicators. The next stage is consultation with the community, then an internal audit, before agreeing objectives. Some external verification of the policy may be asked for, before a statement is published and the policy is adopted. They see this as a cyclical process, constantly reviewing and auditing the CCI agreement.

They stress that CCI has to be real, two-way and inclusive. Transparency is also vital, in terms of how engagement happens and how it is measured in cash and other values. If, for some reason, a company has to withdraw from involvement, they suggest that negative consequences will be reduced if these two ground rules have been adopted.

Grunig and Hunt (1984: 270) state that

> Most organisations participate in the community because they realise that a strong community helps them to be a stronger organisation. Employees will be more satisfied if they live in a desirable community and better employees can be attracted to work there. Employees working in highly constrained job situations also become more satisfied with their job if the organisation helps them to use their talents in the community.

Although measurement is also important, Graham Savage remains sceptical. In an interview with the author in June 1999 he stated: 'The nature of British business is no less short term than it has ever been.' This may not be the case in the USA, as Werbel and Wortman (2000) reported: 'Companies appear to use corporate philanthropy as a tool to respond to negative media exposure', which suggests that US companies recognise the benefits of investing in such activities to repair damaged reputations as well as build good ones.

Why CRM is also gaining importance

CRM sets out the benefits of the process to each participant much more overtly. There is also a suggestion that consumers appreciate the recognition that while a non-profit

organisation benefits from the relationship, the company makes no attempt to hide the fact that it will be increasing its profits as well. The results of surveys carried out by BITC found that:

- 74 per cent of consumers think that it is acceptable for companies to involve a charity or good cause in their marketing
- 86 per cent of consumers agree that when price and quality are equal, they are more likely to buy a product associated with a 'cause'
- 61 per cent agreed that they would change retail outlet for the same reason
- 86 per cent of consumers agree that they have a more positive image of a company if they see it is doing something to make the world a better place
- 67 per cent of consumers feel that CRM should be a standard part of a company's business practice (The Winning Game, BITC Research 1996)
- 70 per cent of marketing directors, community affairs directors and chief executives believe that CRM will increase in importance, 75 per cent felt that CRM could enhance corporate or brand reputation and 42 per cent said it was important to achieving overall company objectives (Corporate Survey II, BITC CRM Research 1998).

As part of its work the cause-related campaign at BITC aims to generate awareness of CRM among businesses, as its surveys indicated that 'acting in a responsible way is no longer seen as an optional extra' and that 'the consumer sees business responsibility in this area as second only to government'. The BITC website reports that 'Cause-Related Marketing offers an increasingly legitimate method for businesses to take on their responsibility to address social issues, and positively affects consumer perceptions of companies.'

Company, consumer and charity reactions

Of the 450 companies BITC surveyed in 1998 (Corporate Survey II, BITC CRM Research), 73 per cent indicated some level of CRM spend, and the average amount invested was £310,000. Resources were more likely to come from community affairs budgets than from marketing. The benefits that were associated with CRM included enhancing corporate reputation, achieving press coverage, raising brand awareness, increasing customer loyalty and building increasing sales.

The most important causes for consumers were medical/health, schools/education and training, and environmental issues. In order to make a successful CRM partnership, BITC felt that it was essential that both organisations and charities should clearly identify their target audiences, understand the interests and motivation of these groups and develop programmes accordingly. There should be a clear link between the organisation and the charity it supports, like British Gas working with Help the Aged to support elderly people during the winter and providing insulation and energy conservation advice. The company announced an initial two-year £5 million deal in January 1999 to run a home insulation programme, and fund the heating of day centres and lunch clubs and a Help the Aged advice line. Direct help with gas bills for elderly people most at risk was also provided (C. Murphy 1999). Case studies at the end of this chapter will discuss some other recent successful CRM partnerships.

BITC also carried out research among charity representatives attending a conference in May 1999:

- 65 per cent had been involved in CRM
- 92 per cent felt that it would increase in importance in achieving fundraising objectives
- CRM programmes raised £14.5 million for 1997/8 – a 60 per cent rise on the previous year.

Objectives that the charities felt that CRM could fulfil were raising funds and awareness, enhancing their own profile, shared learning with companies and promoting understanding. While they were clear that CRM was a commercial activity for companies, they also felt that the charity must ensure that the value of the return was enough for their own investment of time and effort. Most of the CRM partnerships resulted from existing contacts, while desk research, previous experience and recommendation were also used to find suitable partnerships. One of the concerns was to ensure that the cause was protected.

Enlightened self-interest
....

Jerry Wright, Lever Brothers' marketing director, called Persil's support of the Funfit scheme for 3 to 11 year olds 'enlightened self-interest – a combination of a worthy cause and an opportunity to target heavy detergent users such as the parents of young children'. He also stated, 'These kinds of things will be increasingly important to brand success in the future' (quoted in C. Murphy 1999: 20).

Some companies use CRM as an alternative to reducing price. Daddies Sauce began an on-pack promotion with the NSPCC in September 1995, donating 1p from every bottle sold to the charity. 'It has helped us to compete on a platform that doesn't devalue the ketchup category', said Andy Jones, marketing manager at IIP Foods. The company also chose the charity on the basis that as 40 per cent of ketchup was consumed by children there was an obvious link (C. Murphy 1999).

Other examples of CRM include NatWest's 'Face to Face with Finance' programme in schools. It helps schools teach money management, and is careful not to use heavily branded promotional material, while conceding that it is 'loosely part of marketing to the 14 to 18 age group'. New Covent Garden Soup launched a special soup in November 1996 to help promote Crisis, a charity for single homeless people. As well as a donation to the charity, the soup carried information about Crisis and a donations hotline number. Tesco also agreed to donate 10p per pack for the first 50,000 cartons sold in its stores (C. Murphy 1999). The link between soup and the homeless is well established. The NSPCC has developed several successful CRM partnerships, including one with Microsoft on its Full Stop campaign in 1999, aimed at raising £250 million to fund its operations over a number of years (Gofton 1999). Dr Martens linked with Shelter, as the two biggest issues of concern to its target market of 16 to 25 year olds were unemployment and homelessness. Linking with Shelter was the ideal way for manufacturers R. Griggs to make a positive contribution to these social issues. BT chose to link with Winston's Wish, a charity which helps children cope with the death of a close family member, encouraging them to talk about what has happened. This emphasis on communications led BT to fund the appointment of a national development officer (C. Murphy 1999).

A calculated strategy

CRM is a calculated strategy in which everybody wins. Indeed, NCH Action for Children's research in 1993 was entitled 'The win win situation'. However, at that time, three-quarters of PLCs interviewed had no company marketing policy on CRM. Later research, entitled 'Who Chooses', recognised the importance of pester power, and 71 per cent of those surveyed thought that a child's view was at least equally important to the parents' when it came to purchasing decisions. (This research contradicts that on consumer behaviour discussed in Chapter 15.) However, what was more important was that 67 per cent of children and 60 per cent of parents in this survey felt they would be more interested in buying a company's product if it were associated with a charity. Thus the new generation of consumers is growing up with an expectation of company involvement in CRM. Tony Mainwaring at NCH said, 'The economic reality for companies is that the youth market offers huge potential and the opportunity to build customer loyalty and develop relationships from an early age' (Jackson 1997: 22).

The British Gas link with Help the Aged demonstrates a key factor in the success of CRM. 'We are moving away from the "buy our product and we'll donate 10p to this charity" approach', says Adkins, Director of Cause Related Marketing, BITC. 'A relationship between a charity and a company has to be more than a fling.' The British Gas project was the result of nine months of customer research. The company believes that credibility must be established before making direct product links. 'If we were obviously trying to sell more products, consumers would be rightly suspicious of us', said Simon Waugh, director of marketing at parent company Centrica. 'It needs time and long-term commitment to create a degree of trust.' Thompson and Pringle (in C. Murphy 1999: 41) say, 'The charity promotion is usually looking for a quick fix. The CRM campaign is looking for a fundamental and long term change in brand image and in the approach to the tackling of a cause: it's strategic and not tactical.'

Communication of the programme is an important element and must be handled correctly. 'You have to be up front about the corporate motives for what you are doing. Consumers expect you to gain from anything you do. If you don't admit it, they'll be suspicious', says Adkins. In order to make the process of communication easier, the Media Trust has launched a free-to-air digital channel, the Community Channel, featuring programmes made by the voluntary sector. The ITC has also granted it the right to screen advertiser-funded programmes to enable companies to publicise their CRM partnerships (C. Murphy 1999).

Competition for donations, donor fatigue and the National Lottery have led to charities working together to increase the effectiveness of their activities. 'Jealousies between charities are disappearing', says Adrian Batt at direct marketing agency DMS. 'They are now working together for their shared interest.' Occam is a collective name for 100 charities which pool their donor files to make direct marketing more affordable for all. A campaign to promote legacies as a way of giving to charities in March 1999 was funded jointly by Blue Cross, Imperial Cancer Research, the NSPCC, Oxfam, the RSPB and Shelter (Bird 1999). Total charitable donations fell from £5.3 billion to £4.5 billion from 1993 to 1997, and on average people give just £1.00 per month to charity (Wall 2000). Doubts about evaluation remain, but C. Murphy (1999) states, 'All the evidence shows that the companies which are doing well are advocates of CRM.' She also emphasises the need to look for long-term benefits.

Company policies under the ethical microscope

The rise in CRM projects has led to a closer examination of a company's policies and practices by both prospective CRM charity partners and consumers. A US-based children's clothing company launched a scheme supporting Oxfam but had to abandon it when it emerged that some of its products were produced by under-age workers in sweatshops in the developing world. The Red Cross's decision to take £250,000 from Nestlé was reported in January 2000. Under the headline 'Does your charity take dirty money?', the dilemma was discussed of whether to take money from a subsidiary of a company that had been told by the Advertising Standards Authority in 1999 that it should not repeat its claim that it had responsibly followed World Health Organization guidelines in the promotion of its baby milk products in the developing world (Wall 2000).

The Charity Commission advises that charities should not take money from companies that perpetrate the problem the charity is trying to solve. The Red Cross took money from Nestlé after an investigation in which it was assured by the WHO that the organisation was now complying with international law on the marketing of baby milk powder, and under the condition that should that change, the charity reserves the right to end the relationship. Greenpeace refuses to take corporate money or government funding to ensure that its independence and credibility cannot be compromised. It does not even take donations made by company cheques but only accepts individual ones. The campaigning arm of Greenpeace does not have charitable status because it is deemed to be political. Marketing director Annie Moreton explained, 'We're often in conflict with companies and we need to keep our campaigns completely clear of external influence.'

There are only a few charities that could afford to work without corporate support. Different considerations also apply for different charities. While cancer charities would not work with tobacco companies, Crisis not only accepts money but cigarettes too, which it hands out to homeless people. 'We could stop, but what would the people we help say? They all smoke', said a Crisis spokesperson. Wall (2000) feels that CRM is often just a short cut to the moral high ground for a company, and quotes Stephen Lee, former head of ICFM, the professional body of fundraisers, as saying, 'It's a con. It's a mechanism dreamed up by business to promote business, with very strong rhetoric about partnership which is usually absolute rubbish.' Lee recommends a formal, written policy and advises caution in forming relationships to avoid alienating private donors. Few charities have such a policy, but simply follow the guidelines of the Charity Commission.

In 1996, two students approached Nestlé for an ad in their alternative newspaper. Nestlé chose to use the space to print a rebuttal of accusations concerning its marketing of infant formula in developing countries. Two years later, the Advertising Standards Authority upheld a complaint about the ad from a pressure group called Baby Milk Action. The ad stated that Nestlé 'marketed infant formula ethically and responsibly'. The ASA ruling stated that Nestlé could not support this claim. The Authority found that free formula had been given to hospitals in Bangladesh in 1993 and in China in 1994.

The first boycott against Nestlé was in 1977 in the USA by the Infant Formula Action Coalition. The National Union of Students will still not take ads from the company. In 1994, the Oxford Diocese called on the Church of England to disinvest in Nestlé, and the General Synod endorsed a boycott of Nestlé in 1991. The Liberal Democrats' Youth and Student Group put forward a motion to the March 2000 conference calling for support of the Nestlé boycott. Nestlé has been dogged by the issue for over 20 years. Cause-related marketing could not cure the problem without the company changing its business practice to take account of the activists' suggestions.

McDonald's chose to fight accusations about its practices through bringing a libel action against two activists, who were able to make their case widely known through the internet. Shell had to consult environmentalists and campaigners about the disposal of its Brent Spar platform. 'The problem that these companies are facing is that information about their activities is becoming ever more widely available', says Hamish Pringle, former vice-chair of Saatchi & Saatchi (quoted in Wilkinson 1999: 28).

Consumers feel that companies should have ethical labour policies in developing countries. A 1997 MORI opinion poll on ethical shopping commissioned by CAFOD found that 92 per cent thought that companies should have minimum standards for labour conditions. Christian Aid has produced reports on the poor conditions and pay for workers involved in producing sports goods (see also the discussion of the Virtue Matrix, above).

Companies and charities alike must undergo an assessment of risk when entering into CRM partnerships. Marjorie Thompson, director of Cause Connection at Saatchi & Saatchi, describes CRM as 'building a surplus account for the times when you have a crisis' (Wilkinson 1999: 28). However, if Nike had been involved in CCI or CRM activities which supported initiatives in schools, would that have saved them from the backlash over their practices in south-east Asia? Ansell and Wharton suggest that 'a risk is any intended or unexpected outcome of a decision or course of action' (1992: 5). Risk assessment and analysis involve comparing the outcomes of possible decisions and then evaluating the alternative courses of action. In addition, risks may be perceived to be greater or lesser than they actually are. Jackson and Carter (Ansell and Wharton 1992: 47) use the example of the *Titanic* to demonstrate this. The ship carried enough lifeboats for 1,176 people, while the Board of Trade requirements were only 980 places for a vessel carrying 2,201 passengers and crew. This might have suggested that the *Titanic* was a safe ship. However, given that there were not enough places to ensure escape and survival for all on board, it was not a safe ship. Thus while a company might argue that its CRM or CCI activities benefit more people than might be harmed by its compliance with local labour laws, perception of those outcomes must be factored into any partnership decisions (see also Chapter 8).

A number of case studies have been included to show the similarities and differences between CCI and CRM campaigns. While Esso, the Prince's Trust and Centrica show broad objectives to do with internal communications, employee morale and reputation building as well as working with non-profits to fulfil the social responsibility side of the equation, Nambarrie demonstrates a much more straightforward CRM process.

Case study one: Trees of Time and Place (Ketchum Communications for Esso UK plc)

In 1995, the international furore over Shell's plans to sink the Brent Spar in the North Sea highlighted the importance of building relationships with environmental organisations. Ketchum was appointed by Esso UK plc to provide strategic PR advice and support for its environmental and community relations programme. Esso had a wide-ranging community action programme supporting educational and environmental initiatives but research among opinion formers showed that awareness of this was low. The company's objectives were to:

• focus Esso's CCI on the environment
• build relationships with environmental organisations
• raise awareness of Esso's CCI among opinion formers.

Esso had previously supported on an *ad hoc* basis a number of projects involving trees. Trees are a good absorber of pollutants, including vehicle exhaust emissions, which provided a link with Esso's principal product, petrol. For this reason it was decided to develop a flagship community involvement campaign designed to position Esso as the company in the UK most concerned about trees. This resulted in Esso working in partnership with 12 environmental organisations to launch the Esso Living Tree Campaign. The success of this campaign prompted Esso and its partners to consider developing one common initiative which focused on how people might commemorate the millennium by making a positive contribution to their environment.

The resulting initiative was called Trees of Time and Place and invited people to gather seeds from trees that meant something special to them, grow them and plant the seedlings back into the local landscape. It helped to engage people rarely touched by practical conservation in direct community action.

A prerequisite of the campaign was that it had to be sustainable. The PR objectives were to:

- launch the campaign to opinion formers (environmentalists, politicians and business leaders) communicating Esso's involvement
- demonstrate business leadership in corporate citizenship by creating new partnerships for the benefit of the environment
- launch the campaign to the general public
- promote opportunities to involve a broad range of individuals.

Activities

The announcement of Trees of Time and Place was made to opinion formers in the spring of 1997, at a time of year when trees are at their most beautiful. The date coincided with Chelsea Week, a key date in the UK horticulture diary. Speakers included Norman Painting (Phil Archer in *The Archers*) who was also vice-president of the Tree Council; Chris Baines, an independent environmental adviser; and Keith Taylor, chairman of Esso UK plc. More than 120 key opinion formers attended, including MPs, civil servants and the media. A personalised tree growing kit was given to all guests, including an embossed Trees of Time and Place terracotta pot and copper tree label. Because the pots were so popular, more were produced to give to figure-heads and opinion formers supporting the campaign. These included HRH Prince Charles and David Blunkett, Secretary of State for Education and Employment, who was presented with a pot which had the message in Braille. To maintain interest, the concept of creating a Parliamentary Forest was devised. More than 30 MPs responded to an invitation to collect acorns from their constituencies so that they could be grown, and the seedlings planted back in the millennium year.

A range of free information sources outlined the campaign's aims and how to take part. These included a leaflet which opened into a poster; a Grow it Yourself card for acorns; a campaign partners list; a pledge card and a seed gathering chart (Figure 12.1). The pack was sent to everyone calling the helpline, which was set up to co-ordinate requests and distribution of literature, record pledges to grow a tree from seed, and give further technical guidance and information on events. A website was created at www.totap.org.uk. Tailored materials were developed for schools.

In May 1996, Esso's Walk in the Woods campaign had been launched on the back of the UK's first survey on the public's attitudes to trees. Commissioned from MORI

Figure 12.1   Example of material produced for Trees of Time and Place

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by Ketchum, this highlighted that one-third of people in the UK had never walked in the woods. The campaign was aimed at getting families to enjoy woods when they were at their best.

Building on these activities for opinion formers, the public campaign for Trees of Time and Place was launched in the autumn, on 16 October 1997, the 10th anniversary of the Great Storm. It also coincided with the seed collection season. Regional media, youth and special interest media were the main focus. A video news release (VNR) was produced which starred ex-Dr Who Peter Davison, Chelsea Pensioners and children gathering seeds at London's oldest tree in Barnet. This received extensive airplay on ITN, BBC, *Countryfile*, Channel One and Bloomberg TV. *Blue Peter* ran a feature from the Blue Peter Garden, including practical tips on growing trees from seed. A syndicated tape was produced for regional radio stations and interviews were arranged with specialist gardening programmes. A 'trees' supplement was commissioned by the *Independent* to coincide with the anniversary of the storm, aimed at increasing awareness of the value of trees and the campaign. *Gardeners' World* magazine adopted the campaign and ran a feature launch in September, with monthly follow-ups. By developing different angles, coverage was gained in a wide range of publications, including regional newspapers, parenting and country living magazines.

Results

In a survey of oil industry journalists, Esso's rating as an organisation concerned about its social responsibilities moved from 8 per cent (one of the lowest) in 1996 to 20 per cent in 1997.

Since 1997, more than 80 organisations have become partners in the scheme, including Whitbread, Ordnance Survey, Virgin Trains and Marks & Spencer.

In 1998, over 700 items of coverage were gained, the majority of which were in regional newspapers. Although only 1 per cent of the total coverage was from television, this represented 6 million in viewing figures. Over 12,000 calls were made to the helpline for the information pack.

Research by the Tree Council shows that over 3 million trees were planted as a direct result of Esso's National Tree Week in 1996, and over 700 events were held as part of the Walk in the Woods campaign.

In an interview with the author in May 1999, Sam Fulton, account manager at Ketchum, reported:

> The main benefit of the campaign for Esso is that it has improved the company's standing with opinion formers. They have been able to target them and show that they are supporting something that can make a real difference.
>
> Esso sees itself as making it possible for the partners to deliver co-operative projects. Some of the organisations involved have never worked together before. The partners drive the campaigns and deliver the projects, and Esso funds that, including literature and PR support. Activities are not usually branded as Esso events, to avoid alienating people. They are aware that their image is not going to change overnight because of their involvement, but the campaign is long running. It will continue past the millennium into 2000. Through working with the 80 partners on Trees of Time and Place, Esso has identified five or six that it could work with in the future on other themes.

Esso has also used involvement with the campaign to motivate staff. Everything is covered in the staff magazine, and staff have worked with organisations close to where

they are based. In Leatherhead they are working with Surrey Council. Ketchum has also become involved, almost like a partner, and the chairman took part and gathered seeds.

Evaluation and planning are key to the campaign's success. As Fulton explains:

> Research is fed in to inform what we do in the future. There is a master activity plan which lists the four main objectives of the campaign, which includes details of what partners are doing to support each one. Ketchum is accountable, and there are measures to assess whether we achieved what we said we would.

Is co-operative working the future of community relations? 'This kind of project is fairly unusual at the moment', thinks Fulton.

> It has made the partners look at long-term benefits of their activities and connect them to a strategy rather than just short-term actions. However, some organisations are shy of losing their own corporate identity by joining together with others. It has been an unusual project for Ketchum, it's felt like we have had 80 clients instead of one.
>
> The key event was Seed Gathering Sunday, making it a day when everyone could go out and get involved. Once they had done that, they could be given more information about the next stages and link them with a partner organisation so that they weren't left on their own. Ordnance Survey has set up a map so people can look and see where their tree is planted, that they grew from seed. People can feel that they are part of a bigger campaign that will have an effect into the next millennium, and they have become more environmentally aware generally. I'm still surprised by how excited people can get about something really simple.

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> *Ketchum and the Institute of Public Relations*

Case study two: The Prince's Trust: evaluating CCI – the Excellence Model

Ellie Gray is one of two Corporate Team managers at the Prince's Trust, managing a team of corporate fundraisers and also fundraising directly herself. She advocates the use of a partnership approach to provide a framework for CCI, and employs the European Foundation for Quality Management (EFQM)/Business in the Community (BITC) Excellence Model. The model uses a nine-point plan to ensure effective planning, implementation and measurement of CCI (Figure 12.2).

> Ten years ago, the Prince's Trust had to raise £40 million. Those relationships are now coming to an end and we have to think about the future. We have a strategy now, and we have to find a fit. Philanthropic gestures are almost all completely gone, we have to put a good business case for why an organisation should support us.

The Excellence Model enables charities and companies supporting them to benchmark and evaluate CCI activity.

Using a hypothetical example, based on several real-life partners, Ellie Gray illustrates how the model works. The activities of the Prince's Trust include a Business Start-up Programme for young people aged 18–30. Around 4,000 new businesses are set up every year. The Volunteers Programme provides a personal development and
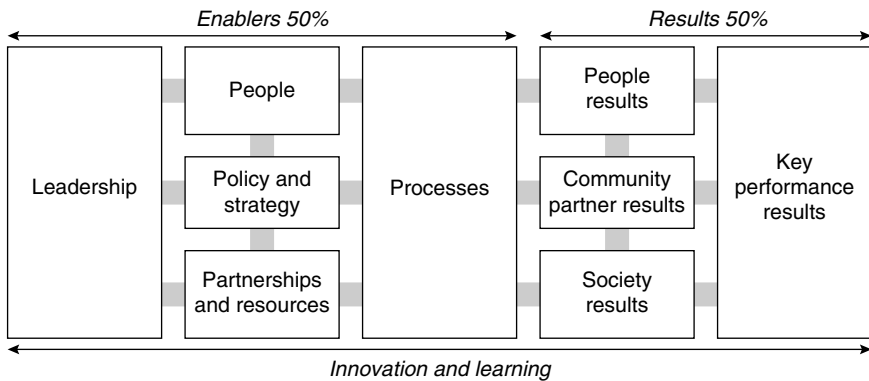
Figure 12.2   The EFQM/BITC Excellence Model

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training course for young people aged 16–25, most of whom are unemployed, linked to New Deal, a government programme aimed at providing training for young unemployed. Programmes are delivered through franchises, and the Trust uses a network of volunteers as well as professional staff. There is also a pool of celebrity ambassadors. The profile that the Prince's Trust would communicate to a potential supporter emphasises the fact that it is a high-profile charity active in local communities, with a UK-wide network. It is the biggest voluntary sector provider of business start-ups in Europe, and the largest voluntary sector deliverer of New Deal. The Trust also emphasises innovation and influences government policy.

The hypothetical potential supporter is assumed to be a high-profile company with a UK-wide network of 8,000 employees. It is a member of Business in the Community (BITC) and has a history of charitable giving which is rather dispersed. The company is looking for a more focused strategy.

> We would be looking for an equal partnership, we wouldn't want to be seen as a poor relation. We need help in meeting our core costs for our existing programmes. Companies should not always look for something new, with a little creativity an existing activity could be 'packaged' to meet the partner's needs and expectations. If you work with a charity that has built a reputation over ten years, you are likely to get more out of it than by creating something similar.
>
> In order to succeed, a company's CCI strategy needs to be agreed and owned at board level so that those responsible for its execution have the right backing. The commitment must be clearly communicated, and staff at all levels should be encouraged to get involved. CCI should be reflected in the mission and values of the organisation. The potential for a long-term partnership is especially important for any charity. The programme should also meet recognised standards and meet a proven community need.

The hypothetical partner might have the following objectives for its CCI programme:

- strengthening the licence to operate
- better brand familiarity

- cost-effective development of staff skills and competencies
- enhanced image.

The company also wants to fit in with current government thinking, which seeks voluntary sector expertise to achieve its social and economic aims of social inclusion and UK competitiveness. This might lead to an identification of CCI programme components of employee community involvement with staff training and personal development opportunities built in. These fit with the Trust's objectives of delivering programmes which raise self-esteem, change attitudes, develop skills and support young people into work.

The Excellence Model has nine principles for successful CCI. Each of them has a number of points that can be scored to demonstrate how effective the partnership is. The first five are enablers:

- *leadership* – top level support for CCI, how leaders create a culture where CCI is an integral part of the organisation
- *policy and strategy* – how the organisation implements its CCI mission through a clear, focused strategy, supported by policies
- *people* – how CCI is used to manage and develop employees at an individual, team and organisation-wide level
- *partnership and resources* – how the organisation manages and costs its CCI investment, both cash and in kind
- *processes* – how CCI activities are managed and monitored to create value for stakeholders.

All of these can be allocated a numerical value, to total 50 per cent of the relationship. Ellie Gray also suggests that the charity can use the formula to look at its own performance, and whether the results gained from the partnership make the relationship worthwhile.

The other side of the equation is results, which likewise can be allocated a value, and form the other 50 per cent. The four remaining principles are:

- *community partner results* – what the organisation is achieving in relation to its community partner, and whether the needs of the charity are being met
- *people results* – what the organisation is achieving in relation to its own employees, and whether their expectations are fulfilled
- *society results* – what the organisation is achieving in relation to the communities in which it operates, and whether their needs are being met
- *key performance results* – what the organisation is achieving in relation to its planned business objectives.

Geoffrey Bush, Group Community Relations director, Diageo, has said, 'Corporate community involvement is a two-way street where value flows to the company as well as from it.' The kind of benefits that a charity like the Prince's Trust could offer might include enhancing corporate reputation by association. If the company is reducing staff, affecting the local economy, the partnership can also be used to put something back into the community at the same time. Association with the Trust could also help influence opinion formers, so strengthening the company's licence to operate and building customer loyalty. Product sales could be benefited through cause-related marketing, and

the association may also contribute to recruitment, staff development and motivation. 'Employee motivation is increasingly what leads companies into a relationship, because they can see the benefits of developing skills in this way. Some are even building it into their appraisal schemes', says Ellie Gray.

> There are many ways to exploit the PR potential of a CCI programme. The Trust is expert at running events like awards ceremonies, conferences and exhibitions. We offer branding opportunities wherever possible, and can generate local and national media coverage. We can produce publications to support the programme, and articles for inclusion in the company newsletter. We have a freephone and website which can carry credits and acknowledgements. By linking with the Media Trust and its Community Channel, we can also increase the number of broadcast opportunities available.

Once the programme is agreed, roles and responsibilities must be defined in order to deliver it. Ellie Gray suggests the following organisation:

- a steering group, with representation from both company and charity
- a programme team to execute the programme, with access to extra resources when needed
- there should be an account manager to ensure effective communication and continuity
- communications staff to get the message across and feed back outcomes
- a PR consultancy to provide additional support. This could be the consultancy which the company uses for its other areas of operation, or one of the increasing number of specialists in CCI.

The Trust can also use volunteers as outreach workers, and its regional networks and staff to provide co-ordination.

> At its best, such a partnership is a route to better performance. Collaboration between public, private and voluntary sectors can achieve more than just one sector working alone. Each partner will have something vital and fundamental to offer.
>   I can use the Excellence Model with potential partners, even if I don't go through it all so graphically, to demonstrate what both sides might get out of the partnership. Although being from the Prince's Trust is more likely to get my foot in the door, we are also perceived as a rich charity which can discourage people from wanting to get involved. We have to deliver our programmes in a professional, business-like manner.

The end of a relationship can be as important as the beginning.

> The exit strategy is important. With the Prince's Trust, the programmes affect people's lives, and if sponsors decide to pull out suddenly that can have a really widespread effect, with people being left as stranded assets. There must be some kind of legacy built in.

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Prince's Trust. Excellence Model copyright EFQM/BITC.

Case study three: Nambarrie thinks pink! – Nambarrie Tea Company and Action Cancer

Nambarrie Tea Company is Northern Ireland's leading tea supplier, with the top tea brand in the province. In April 1998 the company signed a three-year sponsoring deal with a Northern Ireland (NI) charity, Action Cancer. The sponsorship deal expanded into a CRM programme.

NI has the highest incidence of breast cancer in the world, and the charity organises an annual breast cancer awareness campaign each October. Nambarrie's prime target audience is women, housewives aged 16–60, but they also wanted to address a sub-group of women aged 20–35. The company wanted to rationalise charitable giving into a focus on one main project rather than continuing *ad hoc* patronage, and another important consideration was that the benefits of the partnership should be felt locally, amongst its prime audience.

Communications objectives

- To fully integrate a campaign across all of Nambarrie's marketing activities.
- To secure media coverage prior to and during Breast Cancer Awareness Month.
- To communicate the reasons for Nambarrie's support to a potentially cynical audience.
- To ensure that all communications were mutually beneficial to the company and the charity.

Launch event

The main fundraising device for Action Cancer is the sale of pink ribbons. The assembly and packing of 2,000 boxes with 100,000 ribbons had been a huge logistical task for the charity. Nambarrie took on this task, closing its Belfast factory for a day and devoting staff and management time to packing the boxes. The factory 'closure' was used to stimulate media interest, announcing that 'Belfast's oldest tea company will close its factory floor for the first time since 1860'. Media coverage was achieved across daily press, radio and television, and in trade and consumer press. It also provided a benefit to the company in terms of staff morale, with employees enjoying a break from their normal routine and being involved in something they felt very worthwhile.

In addition, 100,000 special packs of tea were released with an on-pack promotion to donate 5p from every pack to the charity. The company secured presence on Action Cancer's promotional materials, including a province-wide poster campaign, the donation boxes and information cards used with the pink ribbons, banners in city centre sites and on the mobile cancer screening and detection unit. Nambarrie paid media costs for a TV advertising campaign to promote Breast Cancer Awareness Month, raising awareness of both the charity and the company. The company was also involved in other activities during the campaign period, including hosting the launch, providing vehicles for deliveries and collections, serving tea to volunteers on sponsored walks and providing staff for fundraising and collections.

CRM evaluation

Media monitoring was used to assess the amount of coverage, which included photographs and editorial in all three daily titles, *Belfast Telegraph*, *Irish News* and

News Letter, features in 12 local trade and business magazines, a live broadcast from the factory on BBC Radio Ulster, and coverage of the factory 'closure' on GMTV.

The company carried out regular brand-tracking awareness and found that those who were aware of the CRM relationship responded significantly more positively to the brand. They answered 100 per cent above average to the statement – 'a brand that appeals to me'. Action Cancer achieved a 100 per cent increase in donations during the month, increased attendance at its clinics and a 24 per cent increase in awareness of and telephone calls to its headquarters. For a campaign which had cost the company only £25,000, results were above expectations. Brian Davis, Nambarrie's managing director, said

> This is the biggest public relations initiative that the company has ever undertaken. The return on investment has been enormous in terms of corporate, brand and internal communications. Most importantly, it has benefited our community and our customers, the women in Northern Ireland who buy our tea.

The campaign went on to win the 1999 Northern Ireland Council for Voluntary Action Award for commitment, impact and originality, as well as the first all-Ireland PR Award given by the IPR and Public Relations Institute of Ireland (PRII) and the Certificate of Excellence in the Community category of the 1999 IPR Sword of Excellence Awards.

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Case study four: Breathing Life: Centrica

Background

Centrica is a leading provider of energy and other services through its brands: the AA, British Gas, Goldfish, One-Tel. The company wanted to demonstrate its core values of integrity, trust and caring as well as involve staff across the whole organisation. In April 2001, Centrica unveiled its Breathing Life partnership with the Cystic Fibrosis Trust during Cystic Fibrosis Week. The charity had been chosen by a panel of workers across the group, who represented its 30,000 employees. Cystic fibrosis is the UK's most common life-threatening inherited disease and currently there is no cure. The disease affects more then 7,500 babies, children and young adults in the UK. The condition attacks the lungs and digestive system, making it difficult to breathe or digest food.

Objectives

- To raise £150,000 for the Cystic Fibrosis Trust to enable the continuation of treatment for sufferers and to fund ongoing research for a cure.
- To create a better public understanding of Cystic Fibrosis and to promote the work being done by the Trust to eradicate it.
- To further the reputation of Centrica and its brands as socially responsible and caring companies.
- To improve employee satisfaction, motivation and pride and to give employees the opportunity to enjoy and benefit from fundraising activities.

Strategy and tactics

The Breathing Life concept was driven by Centrica as a way to raise awareness. '[It] was formed to do exactly what the name suggests', said Jo Bayliss, Centrica's community affairs officer. 'To breathe life into the lives of those affected and to help raise awareness of cystic fibrosis as a respiratory illness.' Flexibility was built into the partnership to allow different fundraising activities across the various individual brands. Staff were encouraged to come up with their own team fundraising ideas as well as being offered the opportunity to take part in a comprehensive programme of company-wide events.

The media launch in April 2001 featured Centrica Chief Executive, Roy Gardner, blowing bubbles with a cystic fibrosis sufferer. The use of bubbles was an inexpensive and effective way to signify the breathing life concept. This simple visual idea was often used in regional fundraising stories, and was complemented by use of the 'Genie' – a lifesize depiction of the Trust's mascot.

Activities were linked to National Sausage Week, which was sponsored by British Gas, as well as to the Scottish Gas Road Race, Lake District Challenge, Flora London Marathon, the World's Largest Bike Ride and the New York Marathon. Local and national press showed great interest in the activities, and in particular for a nude staff calendar!

Evaluation

Over £475,000 was raised for the Trust. In addition, the Trust also received interest from other commercial sponsors. In terms of awareness, the goal of 20 million opportunities to see (OTS) for the campaign was greatly exceeded with 30.5 million OTS generated regionally and 11.6 million OTS nationally. This consisted of newspaper, radio and TV coverage.

Centrica also benefited from the first integrated cross-company charity initiative. 'Staff came together with a common goal and cemented working relationships across the group', said Stephen Chawke, PR co-ordinator for Breathing Life. Sarah Guthrie from the Cystic Fibrosis Trust added, 'The tremendous partnership has made a real difference to the young lives affected by the condition. Staff across Centrica overwhelmed us with their fantastic support and the amazing energy they put into the campaign.'

The campaign went on to win the 2002 IPR Sword of Excellence in the Corporate Social Responsibility category.

Thanks to Centrica and the Cystic Fibrosis Trust

Questions for discussion

1   Can any CCI activity be considered as having regard to more than self-interest on the part of the company involved?

2   What are the main differences and similarities between CCI and CRM? Is it useful to distinguish them from each other?

3   What kinds of activities exist in the civic foundation suggested by Martin? What examples of activities in the frontier do you know of? Where do the activities described in the case studies fit into the Matrix?

4   Is CRM a more honest version of CSR than CCI? Why?

5   Are CCI and CRM adequate defences against questionable business practices? McDonald's sells fried foods, yet also runs the Ronald McDonald Foundation which supports children with illness. Which aspect of McDonald's' business practices is perceived to be more important? How does this impact on profits?

Acknowledgements

Notes

1   Interviews with the author, June 1999.
2   BITC website at crm.org.uk.

13 An introduction to financial public relations

Keeley Clarke

Chapter aims

This chapter aims to give a brief introduction to financial PR, an overview of why it exists, what it does and the environment in which it operates

Introduction

Many people in PR are unclear about financial PR and investor relations and there is little literature around to help clarify its role and activities or set out clearly its aims and objectives. Financial PR is not PR for financial services companies, such as accountants or banks. This is financial services marketing. Financial PR is the management of communication between a listed company and its financial audiences, which refers to the City. A listed company is a company whose shares are traded on the Stock Exchange. These companies have to operate within rules and regulations and report on their activities and financial performance to their investors. They are assisted by advisers: a corporate financier who helps to develop the business by exploring ways to fund growth; a nominated broker who manages the buying and selling of the shares; an accountant who audits the financial accounts; a lawyer to ensure compliance with the laws governing commercial companies; and a financial PR adviser who helps build awareness and understanding of the company in the City.

Financial PR is frequently referred to synonymously with investor relations (IR) and in practice the two work closely together. However, IR specifically refers to the active management of the large institutional investors (see Figure 13.1) as buyers and sellers must be matched to maintain balance in the share capital of a company, and it is a company's nominated broker who handles this. It is therefore clearly distinguished from financial PR by its relationship with these larger investors. Financial PR is concerned with more general communication with investors (which can also be termed as IR) as well as raising awareness and building understanding amongst opinion formers, such as the media and analysts who influence both small and large investors and potential investors. These latter audiences are often referred to as 'third party' audiences and the relationship with them is unique to financial PR.
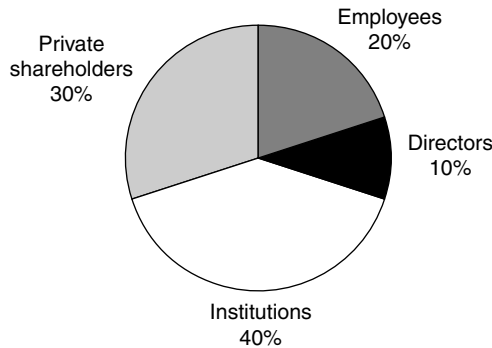
Figure 13.1   Potential share capital of a quoted company

The working environment

The City is a money market comprising people who have money (investors) and people who need money (companies). In the UK this exchange takes place largely on the London Stock Exchange (although it should be noted that there are a growing number of smaller markets such as Ofex), which is made up of two markets: the Main Market has almost 3,000 companies listed on it; and the Alternative Investment Market (AIM), which was set up in 1995 for young and fast-growing companies and has around 900. A list of companies is published daily in the national press, but is most complete on the website of the London Stock Exchange. The London Stock Exchange is also responsible for providing trading services.

Companies become quoted for a number of reasons: to raise capital so they can fund further growth; to enable original investors (such as venture capitalists) to realise their investment; to raise the company's profile; to provide employees with incentives. The aim of the stock market is to act as a catalyst for growth and a company will be expected to raise capital more than once to ensure continued growth. To encourage investment a company therefore needs to be attractive to potential investors and maintain the support of existing investors, which is where financial PR comes in. Figure 13.1 shows how the share capital of a quoted company might be divided.

The City audiences

The City comprises people who have an interest or influence in the money markets. Listed below are the main audiences that concern financial PR.

Institutional investors (existing shareholders, potential shareholders or past shareholders)

The main investors in quoted companies are large institutions such as pension funds, insurance companies and investment banks. When individuals put money into a pension fund or insurance policy it goes into bigger pots of money known as 'funds' that are invested in listed companies. Large institutions are influential investors as they will often hold a significant stake in an individual company, anything between 1 per cent and 20

per cent. Its relationship with its institutional investors is primarily managed by the company's broker. However, institutions will be influenced by 'third party' or independent comment in the media and from analysts and are therefore an indirect audience for financial PR.

Analysts

Investment analysts investigate the workings and prospects of a company and the market it operates in ensuring that institutions are investing in the right company. They usually specialise in a particular sector. They will make recommendations about whether shares in a particular company should be bought, sold, held on to or avoided and are therefore a powerful and important target for companies. Analysts are also the key opinion formers, identifying trends and anomalies and generating ideas for investment. It is the unique responsibility of financial PR to encourage and manage the relationship between a company and the analysts who follow it. A financial PR person is most likely to be the first point of contact between a company and an analyst and will be the gateway for subsequent information gathering. Barney Gray, an investment analyst at Durlacher, said: 'Gaining access to a company's management team and to information is key and therefore a company's financial PR person is invaluable.'

Analysts have a good relationship with the press and a journalist will often add weight to an article by gaining a quote from an analyst. An analyst will also watch key press such as the *Financial Times*, *Investors Chronicle* and *Shares Magazine* for new ideas or independent information on companies and sectors.

Private client stockbrokers

Stockbrokers act for private individuals who have money to invest, buying and selling shares on their behalf. They can offer advice to clients, if asked, about which companies to invest in. A stockbroker's opinion about a company will be influenced by what information is available, either through what is written in the press or if he/she has access to analysts' research. Financial PR is used to manage this relationship, through the provision of information and arranging meetings between the stockbrokers and the company at appropriate times such as results.

Private individuals

The internet has increased access to trading shares for individual investors, therefore the importance and influence of the private investor has increased. Reaching this audience can be achieved through the media and in particular internet news sites.

The media

For financial PR this is the financial and business media, that is, the *Financial Times*, the business pages in the national and regional papers, financial journals such as the *Investors Chronicle* and *Shares Magazine* as well as other investment journals like the *Growth Company Investor*.

The *Financial Times* (FT) is the newspaper most widely read by the City and is believed to be the most influential. The City or business pages in the national and regional papers are also important. Sunday papers are read by all audiences and take a more analytical view of companies, often speculating on company results due to be announced

in the week ahead. Most of the Sunday papers offer share tips on companies and these often stimulate share dealing on Monday mornings. Financial journals, such as the *Investors Chronicle*, offer a more in-depth analytic digest of company results and news and provide investors with accurate market information. Their comments about a company can prove very powerful as they also offer buy and sell recommendations to their readers (mostly the private investor). The comments and tips made in the press can and do encourage trading in the shares causing a share price to move. One of the jobs of financial PR is to encourage favourable comment about a client company.

An example of how influential newspaper tips can be was highlighted by the *Daily Mirror's* 'City Slickers' column. Journalists were sacked after they reportedly bought shares which they subsequently tipped. Many of the shares rose in price after the tip and some were sold the following day.

The trade press

Trade publications are not generally the target of financial PR. However, they will be read by analysts who follow a specific sector/industry and may also be read by investors with a particular interest.

Other media

The written press reaches the key audiences and provides them with analytical comment. Financial PR does not always make good TV or radio news, and the time constraints of both make in-depth analysis more difficult. However, programmes such as Radio 4's *Today* can help set the day's agenda and breakfast news shows contain sections looking at business and markets news. As digital and satellite TV grows, so too does the number of channels available for business news. There are specialist investment channels such as Bloomberg which only report news from the financial markets around the world.

Wire services

The wire services such as Reuters, Dow Jones and AFX are the fastest disseminators of information. Their headlines reach journalists almost as fast as the news breaks. For financial PR stories such as company results, the speed of getting the news out is crucial to ensuring they go on the agenda of the financial press.

Internet news services

In recent years internet sites offering investors detailed company news and information have grown and developed. Most are now subscription only sites and their influence is greatest among the private investor. Some examples are Citywire, Hemscott and Motley Fool.

The rules and regulations

The stock market rules prior to the Financial Services and Markets Act 2000 were the responsibility of the London Stock Exchange. Since the Act statutory powers have been given to the Financial Services Authority (FSA). The FSA is an independent non-governmental body which regulates all financial markets. For the rules governing the stock market the FSA is referred to as the UK Listing Authority (UKLA). The *UKLA*

Sourcebook is the definitive publication for the Listing Rules and the UKLA guidance manual.

The aim of the rules is to protect the investor in listed companies and to ensure the fair treatment of all. The rules which specifically concern financial PR regard the dissemination of information and, in particular, price-sensitive information. There is no strict definition of what price-sensitive information is, other than any information that the market does not know about, which if known would cause the share price of a company to move. Large deals, such as mergers, acquisitions or take-overs, must be disclosed to the market through one of the seven approved regulatory wire services. All information in a release should be checked and approved by a company's broker, as it is their responsibility to ensure the company complies with market regulations.

Releases have to go via one of the approved wire services before they can be distributed further to ensure that all investors have access to the same information and so that no one can trade shares using privileged information that is not available to everyone. Prior to the Act there was only one regulatory wire service, RNS.

Market abuse has become a serious issue and it includes companies misleading investors and issuing misleading information. The collapse of large international companies such as Enron (discussed later in the chapter) has highlighted this area. The FSA was given new powers under the Act to tackle market abuse and the matter is now an offence. All parties involved with communication of information to the market must have taken every precaution to ensure that it is a true reflection of the situation as they too have a responsibility under the rules. This has put increased pressure on financial PR.

The activities of financial PR

The aims of financial PR

The main purpose of financial PR is to ensure the share price of a company adequately reflects its value and to help liquidity in its shares. It does this through creating and maintaining awareness and understanding about a company in the City and achieves its aim by encouraging favourable 'third party' interest and comment.

Financial PR exists only for companies listed on the stock market. According to Jonathan Clare, managing director of Citigate Dewe Rogerson:

> Good financial PR will reduce the cost of raising capital for a company. If a company wishes to raise money through the market and its share rating is low then it may not be able to raise the required capital on acceptable terms. Its share rating may be low because it has not projected itself sufficiently so the City understands and approves of its business strategy.

A company also needs to have 'liquidity' in its shares, that is, sufficient shares are traded to create a market. Investors can be discouraged from investing in stocks that are 'illiquid' as it may be difficult for them to realise their investment at a later stage. Companies with little liquidity are more likely to have a lower share rating.

Communicating what exactly?

The City judges a company by its financial performance and its growth potential. Financial PR can help to communicate this through raising awareness of a company's activities and business strategy.

The communication also involves managing the City's expectations of a company. For example, if the City expects a 20 per cent growth in profits and a company reports only 5 per cent growth, the result is disappointment. Disappointment may lead to investors selling their shares and discourage other investors from buying, which would bring the share price down. Analysts rely on companies providing clear information and realistic expectations.

Case study one: Richmond Foods plc

Richmond Foods plc is a frozen confectionery company. Its sales are made up of private label ice cream and ice lollies for supermarkets (80 per cent) and ice lollies for the impulse market (20 per cent). The company makes its profit during the summer period. Its financial year historically ended 31 December, but following a merger and change of name it was decided to change the year end to 27 September to coincide with the end of its main trading season. The implications were that the company would report a loss for its first six months to 27 March (interim results) as it covered the winter period, where previously the company reported a small profit for the first six months to 31 June which had included some summer trading. It was crucial for the company to inform its investors and the City that the change of year end would mean reporting a loss at the interims. This was done, first, by including in the annual statement the following paragraph (note the formal tone of the language, this is very particular to financial PR):

> The change of year end from 31 December to 27 September coincides with our change of name, from Treats Group plc to Richmond Foods plc. This shortened reporting period defers the fourth quarter of the calendar year, which is traditionally a period of operating loss (expected to be less than £1.5 million) into the current financial year. This means prior to the exceptional items referred to above that the result for the calendar year would be a small profit.

It was then restated at the time of the AGM when the company issued a trading update which incorporated another reference:

> In our Annual Report, I indicated the likely results of the fourth quarter of the 1998 Calendar Year, which now constitutes the first quarter of our new financial year. It was expected that this quarter would report a loss of less than £1.5 million. I am pleased to advise you that the loss was £1.35 million, which means that prior to the exceptional items referred to in the Annual Report, the results for the 1998 calendar year would be a profit of £0.3 million.

The financial PR made it transparent to investors what the calendar profits would have been and this also exposes the results of the first quarter of the new financial year. Therefore, when the interim results were announced, the City had already anticipated the loss for the first half.

When to communicate

All listed companies have what is known as the financial calendar (see Figure 13.2), consisting of preliminary results, interim results and an annual general meeting (AGM).

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Financial calendar	Year end			Preliminary announcement	Report & Accounts produced	AGM	Half year end		Interim results			
Analysts/ regional brokers				Distribution of results Meetings held	Report & Accounts distributed	AGM statement distributed			Distribution of results Meetings held			
Institutions				Distribution of results	Meetings & visits	AGM statement distributed			Distribution of results	Meeting & visits		
Financial Press				Distribution of results		AGM statement distributed			Distribution of results			
Other press							Capitalise on corporate activity throughout the year					
Meetings	PR Meeting		PR Meeting		PR Meeting		PR Meeting		PR Meeting		PR Meeting	

Figure 13.2   Stadium Group plc, financial timetable 2002

Note: Some institutions like to have the Report and Accounts before any meetings are held

These are the times the listed company is legally obliged to disclose its financial perform-ance. These announcements also provide a platform on which to build strong relationships with the financial audiences.

Preliminary and interim results

When a company reports full-year figures it is referred to as its preliminary results. Once the full-year figures have been audited and the company's board of directors have approved them, they must be announced to the market without delay. The annual report is produced subsequently, but must reach shareholders not more than six months following the year end. A company is also required to report its half-year figures in the same way and these are referred to as its interim results. A smaller report is produced for shareholders at this time and must reach them within four months of the half-year end.

The first announcement of the figures is made to the market via one of the approved regulatory wire services. On that day meetings are held with major investors, usually institutions, and also with analysts and the media. A typical day is shown below, but this varies depending on the size of the company.

7.00 a.m.	Announcement of results – preliminary statement made via a regulatory wire service
7.15 a.m.	Company directors available to speak to the *Evening Standard*
	Available to speak to regional evening papers
	Available to speak to wire agencies
	Available to speak with the broadcast media (where appropriate)
8.00 a.m.	Meeting with the sales team of nominated broker
9.30 a.m.	Meeting with City analysts/private client brokers
10.30 a.m.	Meeting with journalists/press conference
Lunch	With institutional investors
P.M.	Meetings with institutional investors (arranged by company's nominated broker)

Financial PR is responsible for advising on and managing the timetable for the day including organising meetings with the media and presentations to analysts. The broker will arrange meetings with the institutions. As smaller shareholders do not always receive the annual report the same day as company announces, it is vital that the results are reported appropriately in the media.

The presentation of the results is key to creating understanding. Little notice will be taken of a badly written, uninformative chairman's statement or presentation. The chair-man's statement must contain everything the company wishes to convey to its City audiences, as all information for subsequent press releases and presentations must come from this. One of the main roles of financial PR is to assist in the writing of the chair-man's statement and presentation ensuring that the key messages are communicated effectively. Ahead of the announcement questions should be anticipated and answers prepared to ensure the consistency of information given.

Following the results, feedback is obtained from the analysts. This provides valuable information on how a company is being perceived.

The annual report

All listed companies are legally required to produce an annual report for their share-holders within six months of their financial year end and 21 days before the annual general meeting. The *UKLA Sourcebook* contains a list of items that must be included which refer in the main to the disclosure of the financial accounts and significant corporate or business activity for the year just ended. The annual report also provides the company with an important communication tool. Shareholders, the media and analysts will refer to it throughout the year. It is a marketing tool and can be used to introduce the business not only to potential investors, but also to potential customers. Its appearance will create an immediate image of the company. A fund manager was once reported to have said, 'You can always tell how well a company is doing by how much gloss it uses in its annual report.'

The AGM

The annual general meeting (AGM) is a legally required meeting held after the finan-cial year end for shareholders. At the AGM a company has the opportunity to release a trading update to the market via one of the approved regulatory wire services. The Richmond Foods case study showed how this can be used to good effect in managing City expectations.

The event varies from company to company. Not all capitalise on the advantages of meeting their main audiences face-to-face. The *Investors Chronicle* (19 February 1999) commented:

> AGMs are an opportunity for companies to give more information to shareholders. Not just price sensitive trading news but information about the products and services it provides so that investors have a deeper knowledge of what they have put their money into.

It went on to say: 'AGMs are the only point in the year when institutions and small shareholders can be treated on a truly equal footing.' The article criticised companies that do not make the most of their AGM.

Any price-sensitive information given out at the AGM must either already be in the public domain or be simultaneously announced to the market.

The location also varies and is dependent upon the location of the company's head office and the number of shareholders expected to attend. A company that produces an interesting or clever product could hold its meeting close to the factory and give share-holders the opportunity to visit the site, to bring about a better understanding of its activities.

Communicating outside the financial calendar

There are long periods when a company is not obliged to communicate with its investors. Activities outside of the calendar might include analysts' site visits to see the opera-tions of the company. This provides a platform for creating greater understanding about a company and allows analysts to get a better feel for how the company works and also an opportunity to meet management below board level. There may also be meetings with private client brokers if a company has a large number of private investors on its register, or if it would like to have more. A company always has to exercise extreme

care when hosting visits and meetings not to disclose any information other than what is already in the public domain.

In the case study press visits and meetings with private client brokers were undertaken, utilising the opportunities to communicate within the financial calendar as well as outside of it.

Communicating during transactions

Flotations

An initial placing offer (IPO) or flotation is when a private company goes public and becomes listed. The process involves finding investors to buy the shares when they are first traded on a named day. In this situation financial PR and IR work very closely together. The private company will appoint a nominated broker and a corporate financier who are responsible for the technicalities of the float and also for marketing the company to large institutional investors. It is the role of financial PR practitioners to support the IR role by raising awareness and creating understanding in the City about the company. This is achieved through gaining appropriate media exposure and private client broker and analyst briefings.

Mergers and acquisitions

Globalisation is one of the key drivers behind the recent spate of mergers and acquisitions as sectors continue to consolidate. The City expects that most listed companies will at some point complete a merger or acquisition and expects to see it as part of the company's growth strategy. Financial PR helps manage the City's expectations about the nature and timing of a likely deal. A company may do this by making reference to its acquisition strategy at the time of its results. However, confidentiality and UKLA rules on shareholder information restrict what can be said outside of a formal announcement.

Many large mergers or acquisitions may require money to be raised on the market through the issue of new shares and may also need the permission of shareholders. The company's broker and other advisers will prepare a legal offer document for shareholders setting out all details of the deal. This will be sent directly to shareholders who are asked to vote either by proxy or by attending an extraordinary general meeting (EGM). In most cases shareholders must have the 'offer document' not less than 21 days before the EGM so they have adequate time to analyse and assess the deal.

The role of financial PR in these transactions is twofold: to encourage shareholders to vote in favour of the proposed deal, and to encourage new and existing investors to buy the new shares issued. Ahead of the document being posted an announcement (a summary of the legal offer document) is prepared for issue via one of the approved regulatory wire services. On this, the City will base its first opinions. Press and analyst briefings will be arranged on the day of the announcement. Briefing meetings help to create a deeper understanding of a deal, ensuring accurate comment in the financial press and a positive reaction from analysts.

Hostile takeovers

When one listed company tries to take over another without its agreement this is a hostile bid. One of the most famous was when Granada took over Forte in 1997. The aim of financial PR and investor relations in this situation is to persuade shareholders

that the management of one company is more capable than the other company. This battle is most often fought out in the media.

The PR programme ahead of Granada's announcement ran for two years, with financial PR and investor relations working hand in hand. Granada ensured it had good communications with its shareholders and third-party audiences and made clear its strategy for growth. Forte, however, had a record of poor communication with its investors. Granada successfully took over Forte and demonstrated the importance of good communication.

Another example was the three-way hostile bid by Bank of Scotland and Royal Bank of Scotland for NatWest, which was won by Royal Bank of Scotland.

Each hostile bid is unique with its own issues to complicate the process. Financial PR and investor relations programmes are tailored accordingly, but with the same aim of winning the confidence of the other company's shareholders, as well as many other critical audiences, ranging from employees to regulators, customers to suppliers. The activities of all parties involved are closely governed by the Takeover Code.

Evaluation

The main measure of financial PR is share price. The share price of a company should reflect its full potential. A company that has financially performed well should have a share price equal to, or better than, its peers and reflect the performance of the sector as a whole.

Investor trust

The technology and internet boom of the late 1990s gave rise to much excitement in the City and across world financial markets. The potential to invest in these companies was made more accessible because of the internet, through the introduction of online sharedealing and an availability of up-to-the-minute information. Markets across the globe rallied as over-optimism in the potential of these stocks prevailed. The subsequent crash of these markets and, in particular, the failure of the companies to deliver the results promised were the beginning of investor mistrust. The collapse of Enron, closely followed by other international giants such as WorldCom, was the nail in the coffin.

Today investors are much less inclined to believe what they read, ruthlessly skipping the chairman's statement in the annual report, and going straight to the cash flow statement, on the lookout for any warning signs. This increased attention to some of the more detailed accounting practices of each company is now common practice. Barney Gray, investment analyst at Durlacher, says, 'Investors are now looking more closely at off balance sheet activity and how companies recognise revenue.'

Investors are also becoming increasingly active (after all the company does belong to them), and this has been seen recently with the GlaxoSmithKline pay vote which saw the shareholders vote down the firm's pay package for directors. The most recent, and aggressive, is the ousting of Carlton boss Michael Green following the merger of the company with Granada.

In terms of communication, investor mistrust and increasing regulation are leading to a greater transparency of the financial accounts of a company. The challenge to rebuild investor trust means that companies not only have to be more open than at any other time but also have to be able to meet, even beat, investor expectation without failure.

Any over-hype of a company's likely future performance is now met with scepticism as opposed to excitement.

Case study two: Stadium Group plc

Background

Stadium is a leading supplier of electronics manufacturing services with facilities in the UK and China. In 1999 Stadium was a UK-only based manufacturer of electronics and also plastics. The company floated on the stock market in 1996 when smaller companies were in vogue with large institutional investors and the UK manufacturing environment was more favourable. A changing environment, decline in UK manufacturing and a loss of interest in smaller companies by the institutional investors, gave Stadium a challenge.

In 2000 Stadium had acquired an Asian business which included a manufacturing facility in China and the company identified that the growth of this market could hold the key to the future of the company. It had realised three things:

- It needed new investors to replace those who wished to sell the shares and to stem the falling share price.
- UK manufacturing was changing forever as it struggled to compete with markets such as China.
- A diverse range of products, electronics and plastics was not suited to such a small company.

Stadium had a strategic review from which it was decided to move the company from the main market to AIM, a market better suited to smaller companies and also able to offer the opportunity of new investors. It also decided to sell the plastics side of the business and to reduce its UK manufacturing while increasing output in China. This new direction was more in line with the direction of the electronics market. In the short term it meant a significant decrease in revenue, as half the business was being sold before growth from the change had been achieved.

The PR programme

The message was to make clear that although the company was currently struggling to maintain revenues and profit in a changing marketplace, the new strategy would bring an opportunity for growth in the medium to long term. The target audiences were investors, both existing and potential, and the regional and national press.

- Investors – fund managers and large private shareholders needed to understand the changes and support the management. New investors, both institutional and private, were needed.
- Media – national overage was important to promote the changes to investors, while regional press support was key as the changes would affect local jobs.

Between June 2001 and February 2002 a series of press releases was issued to inform the market of each step of the change process. For every release, meetings/interviews were arranged with the press. Coverage was achieved in the main financial press, the *Financial Times*, *Investors Chronicle* and *Shares Magazine*. The local press supported

the changes because of the longer term prospects of the company. Strong relationships were formed with all the press and this ensured ongoing coverage as journalists continued to follow the company's progress.

Meetings with large institutional investors were arranged by the company's broker following the main announcement and financial PR took responsibility for arranging meetings with private client stock brokers.

The outcome of the programme was that new investors were found, existing investors fully supported the management, favourable press coverage was achieved and strong relationships with both national and local regional press were established.

Stadium's share price stabilised and then started to grow again as news of the company being a growth stock continued to spread.

Questions for discussion

1 Read the share tips in a national Sunday newspaper and then monitor the share price movement of those companies on the following Monday morning.

2 Identify three internet news sites for investors and assess how they can influence investment in a company.

3 Discuss the importance of the investment analyst to a listed company.

4 Compare a company's financial results announcement with the press coverage it receives the following day.

5 Identify media coverage of shareholder activism and discuss how effective it is in overturning the management's actions.

Acknowledgements

14 Public sector public relations

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Chapter aims

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This chapter gives an overview of the beginnings of PR in the public sector. Characteristics of national and local government and non-profit PR are examined. The future challenges of the sector are also discussed.

Challenges

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Working in the public sector is a challenging area of PR. As well as all the normal legal, ethical and technical considerations, public sector PR involves a greater range of stakeholders than in the private sector. These stakeholders are more likely to have overlapping characteristics. A local council is often the largest employer in its community, so residents may be employees, council tax payers and recipients of a vast range of services from education for their children to refuse collection. With public services such as the fire brigade, ambulance and police, the highly emotive level of their work is also complicated by questions of funding and national governmental policy over which they may have limited control.

Complications

....

Added complications for local government include the fact that policy is set by elected representatives, who operate on a party political basis, while council officers who carry out those policies are forbidden by law to engage in any political activity. Councillors who once may have felt that they were elected to act as their conscience directed are now required by central government legislation to be more responsive to their stakeholders. Local government has had to shift from a service delivery mentality, saying in effect to recipients of services that what was on offer was the only alternative, to a more marketing orientation, seeking the views of service users on what services should be delivered and in what way. During the 1990s, councils were subjected to compulsory competitive tendering (CCT), which has seen many services previously provided by council staff outsourced to private companies, and indeed the delivery of the public rela-

tions function is one service which has been affected. Many local government PR officers have had to operate more like internal consultants, working with the different council divisions, and some have left to start up their own consultancies, specialising in working with local government on a private basis. Many councils are now looking at outsourcing using the Public Private Partnership and working with companies like Capita.

Councils have also changed their mode of delivery and have reorganised, some deciding to provide services locally to improve access, rather than forcing service users to come to a central office. Changes in provision have necessitated changes in staff skills, from specialist to generalist, working in an office dealing with many issues rather than in a specific service.

The devolution of power to the Scottish Parliament and Welsh Assembly brought other layers of decision-makers into the arena. The decision of the Scottish Parliament not to charge university students the £1,000 annual tuition fee now paid by students in England and Wales has caused problems for local authorities who administer student grants, and will have far-reaching consequences in terms of student numbers and budgets for the future.

There are also different levels and tiers of local government, and getting the relevant stakeholders to recognise which services are provided by district, county or town councils is a tough job. In some areas, instead of the two-tier system of district and county, unitary authorities are responsible for all services which used to be split between the two. This is also true in the Metropolitan authority areas, such as Manchester, and London Boroughs. This does make it simpler for residents to understand who is responsible for what.

In 1994, the Local Government Group of the IPR estimated that nearly 1,000 PR professionals were working in local government. Often the local council's press office is the mainstay of news for the local press. As part of the Citizen's Charter, councils were required to publish their performance on a set of 60 to 80 indicators in the local newspaper (not a freesheet) by the end of 1994. These covered everything from speed of answering the telephone to refuse collection (Harrison 1995).

Beginnings of PR in the public sector

The Crombie Committee was set up in 1947 to establish terms of reference and to advise on the creation of a professional group of civil servants to provide the necessary links between government and the media. The Crombie Report set out the role of the information officer. There were four objectives:

- to create and maintain an informed opinion about the subjects with which each department deals
- to use all methods of publicity where suitable to help the department achieve its purpose
- to assist and advise in all matters bearing on relations between the department and its public
- to advise the department on the public's reaction to the policies or actions of the department.

In a later reference, Crombie insisted that the chief information officer (CIO) must have direct access to the minister, so that his work and that of his subordinates would bring them into direct relationship with all branches of the department at all levels. Most

importantly, the CIO should be made aware of developments in the policy of the department at the earliest practicable moment and should be consulted at the earliest stage on matters relating either to the informing of the public or to the response of the public.

The information officer was not regarded as anything other than a press officer and there was no hint of the enormous range of disciplines contained in the Government Information Service (GIS). In 1975 there were 1,250 information officers, but only 18 per cent were engaged in press work. The range of skills covered included dealing with producing articles, books, speeches, briefing materials, films, tours for overseas journalists, art and design, translation, and researchers. Objectives were stressed: 'The sponsoring department takes the lead and calls on the advice and common services of the Central Office of Information (COI) to provide the raw material.' Harold Wilson, quoted in the *IPR Journal*, said, 'The Information Officer's duty is to give facts . . . It is no part of his duties to engage in political propaganda. We are not engaged in an exact science' (James 1975: 11, 13).

Keeping politics and PR apart

Public relations practitioners working for local or central government work for the council or the government of the day, not any particular political party, and, as mentioned above, they are legally bound not to act in a political way. The Government Information Service is the overall authority for PR within central government, together with the Central Office of Information. PR practitioners within the GIS may work for any of the broader government departments, such as the Department for Education and Employment (DfEE) or the Department of Trade and Industry (DTI). This will involve working to provide PR and information campaigns supporting government initiatives. Regional offices provide staff to look after foreign journalists and dignitaries, and for ministerial and royal visits to their region.

The role of the COI

Initially, the role of the COI encompassed three areas:

- to tell the public what government was doing on their behalf and with their money
- to make the public aware of their rights and obligations
- to persuade the public to do something, for example to use condoms as a protection against AIDS.

(Cole-Morgan 1995: 64)

The COI began as a common service department that produced publicity material on a repayment basis at the request of ministerial departments in the UK and overseas. The COI reports to the minister for the Cabinet Office, who determines policy and the financial framework, approves business plans and sets performance targets.

In 1975, about half of the COI staff were employed in overseas services. Their priorities were to provide the following:

1 Information about positive political, social, environmental and particularly economic developments.

2   Publicity for British exporters participating in BOTB supported joint ventures, trade missions and other events overseas; and publicity for major UK trade fairs.

3   Publicity for new and improved products, processes and services, showing in specific case history terms that British industry is producing the goods buyers want overseas.

4   Extended publicity for products and services whose excellence is such that they reflect credit on British industry as a whole.

5   Publicity designed to show the achievement and reliability of sectors of British industry and commerce.

6   Publicity for research and development that shows that British exporters are backed by scientific and technological initiative and follow through of a high order.

(Cole-Morgan 1995: 70)

In 1990, COI Communications was established as an Executive Agency, and in 1991 as a Trading Fund. It has developed into the government's specialist agency for buying publicity and marketing services on behalf of government departments and agencies. By using its aggregated buying power, COI Communications can get the best price for the publicity materials needed by these clients. COI staff also advise client departments on selecting creative options and improving and evaluating campaign effectiveness. The agency is now based in London and employs around 350 staff (www.coi.gov.uk). In April 2002, the COI further expanded its role. The chief executive became the Government's chief adviser on marketing, communications and information campaigns, reporting directly to the director of communications and strategy at 10 Downing Street. In addition, the Regional News Network and Distribution Service transferred to the Government Information and Communication Service in the Cabinet Office and the COI was tasked with conducting more departmental research into understanding hard to reach audiences, such as the socially excluded (www.ipr.org.uk/member_area/info/policy/b-50-02.htm).

PR in local government

According to Brian Harvey (1995: 73) 'Local authorities vary considerably in the importance they place on professional public relations practice.' He lists the following objectives of the public relations function (1995: 75):

• to establish, maintain and project the authority's corporate character and identity

• to create understanding of the policies, procedures and activities of an authority, by keeping customers as fully informed as possible

• to respond, where appropriate, to criticism of the authority

• to establish and maintain effective channels of public communication available to the authority, and to develop a full range of appropriate techniques

• to create and maintain within the authority an awareness of the need to communicate with its various customer groups, and to ensure a sustained level of responsiveness to customer needs and opinions

• generally to manage the authority's public relations function and to advise on the public relations implications of the policies and activities of the authority and on the formulation of public relations policies.

More and more local authorities are using market research to obtain an understanding of their customers. Derbyshire and the Wrekin Councils employed this approach to good effect in 1986 and 1988, and started the trend. Market research provides a clear basis for undertaking activities and shaping future policies, as well as measuring levels of satisfaction with existing services (Harvey 1995).

The Local Government Acts of 1986 and 1988 form the basis of the legal constraints placed on public relations for local authorities. These and the subsequent legislation mentioned below were introduced by the Thatcher government, which sought to limit the powers of local government. The 1986 Act prohibits local authorities from issuing political publicity. A separate account of expenditure on publicity must be kept, and publicity is defined as 'any communication, in whatever form, addressed to the public at large or to a section of the public'. The 1988 Act sets out the factors to be taken into account in deciding whether any publicity material is considered to affect public support for a political party. In December 1987, the Local Authorities (Publicity Account) (Exemption) Order was passed, setting out what items could be excluded from the account. The original definition of publicity was so broad it could have been taken to cover any correspondence or message, so making the account meaningless. In 1988 the Code of Recommended Practice on Local Authority Publicity was published, covering content, style, subject matter, costs, dissemination, advertising, recruitment, publicity about individual members of an authority, timing and assisting others in providing publicity. The code urges a responsible approach, and that content must be relevant to the functions of the local authority. Cost-effectiveness is emphasised. The need for local authorities to publicise and explain their policies and decisions is recognised, but a warning is given about the use of public funds to persuade the public to hold a particular view on a question of policy. 'Objective, balanced, informative and accurate' are the keywords. The careful targeting of information is recommended, but at the same time information should be made available to all those who want or need it.

There are no restrictions on publicising comments made by council officers, but publicity about individual members of the authority is limited to those who represent the council as a whole, such as the mayor or the leader of the council or a particular committee. Publicity that deals with controversial issues cannot be issued between the notice of an election and polling day.

The Local Government Officers (Political Restrictions) Regulations 1990 set out a salary level above which staff become politically restricted. Officers would have to resign from their jobs before announcing an intention to stand for election as an MP, MEP or local councillor. There is no other sector of public relations which finds itself with such a range of rules within which it must operate. Any local resident can challenge local authorities and their public relations officers in the courts or through the district auditor (Fedorcio *et al.* 1991).

Non-profit PR

There are around 180,000 charities in England and Wales, governed by laws based on a 400-year-old statute. Organisations carrying out religious, educational or poverty work are included (Casciani 2003). The top five charities by income include the British Council, Wellcome Trust, Arts Council, Nuffield Nursing Homes Trust and Cancer Research UK (http://bubl.ac.uk).

A survey for the National Council for Voluntary Organisations (NCVO) found that most people did not really understand what organisations could be charities, for instance that the Royal Opera House was but that Amnesty International was not. Charities and pressure groups launched a campaign to support the case for reform, based on recommendations of the government's Strategy Unit. The unit's report in September 2002 proposed widening the definitions of charities to include not only organisations involved in poverty prevention and relief, education and health advancement, sports, arts and culture and advancement of religion, but also those concerned with community advancement, human rights, conflict resolution and environmental matters. The government is moving towards a more American model, where charities deliver a variety of social services. The case for reform of charities in Scotland is also being examined by the Scottish Executive (Casciani 2003).

Charities in England and Wales are subject to the scrutiny of the Charities Commission. Charities register with the Commission, which 'seeks to ensure that charities operate within a framework that enables them to work effectively for the purposes for which they were set up'. All charities with an income over £10,000 per year must send their annual accounts to the Commission, along with a report of their activities. The Commission also aims to give advice on how to work more efficiently, as well as monitoring and investigating any problems of fraud (www.charity-commission.gov.uk).

The main aims of non-profit PR are:

- Public awareness – media relations is often used to bring attention to the work of non-profit organisations.
- Use of services – particularly with education and health-related charities.
- Creation of educational materials – printed materials are used to both explain the charity's activities and in the case of health-related organisations to persuade publics to change their behaviour.
- Recruitment of volunteer workers – these are essential to the operation of most charities. See also Chapter 12 where volunteerism is an important component of corporate social responsibility activities.
- Fund raising – approaching institutions, corporations and individuals to donate the money to pay the bills and fund the charity's activities.

In the USA, non-profit organisations are granted tax-exempt status because they 'enhance the well-being of their members . . . or enhance the human condition in some way'. Thus trade associations, labour unions, professional associations, chambers of commerce, environmental and other activist groups are able to claim non-profit status. Social organisations include social service and health agencies, hospitals, religious, culture and welfare organisations. In 2001, of the $203.45 billion given to charities, 36.5 per cent was donated to religious organisations. Individual gifts ($152.07 billion) comprised the vast majority of donations (Wilcox *et al.* 2003: 402–19).

A changing future

The elections for London's mayor, though focused on the personalities of those standing, gave an indication of the Labour government's plans to change the structure of how

councils operate. The Greater London Authority Act led to the establishment of the London Assembly on 3 July 2000, a cross-London organisation of 25 members to provide a check and balance on the mayor. Ken Livingstone was elected mayor on 4 May 2000, with a role to develop London-wide strategies. The mayor was expected to develop partnerships between the boroughs, service providers, the business community and other community organisations.

With increasingly poor turnout at local elections, councils are barely representative of those whose lives they affect. Devolution of power to the Scottish and Welsh assemblies, and continuing efforts to create a successful Northern Ireland parliament, reflect the government's agenda on encouraging regionalisation and so to address the democratic deficit. The Local Government Act 2000 set out three options for residents to choose how they wished to be served by local government:

- a directly elected mayor working with a cabinet of councillors
- a directly elected mayor with a council manager, appointed by the council
- a cabinet formed by the ruling party or coalition, with a leader elected by the council.

Councils are required to set up Scrutiny Committees which would be able to examine the mayor, cabinet or officers of the council about their decisions, advise them on issues and make recommendations on budgets. 'Scrutiny committees are the main way by which the Cabinet is held to account in public for the services we provide' (www.salford.gov.uk). The intention of the government was to 'give people a better deal on services and a bigger say in how their communities are run' (www.local-regions.odpm.gov.uk). While the Local Government Association estimated the cost of modernisation at £150 million over three years, the government estimated that the changes would bring £1 billion in lower taxes because of increased efficiency.

'The idea that local authorities would treat the residents they serve as consumers might have appeared laughable a decade ago, but now quality and relevance are the watchwords', says Adam Hill (2000: 18). Reviewing the effects of the introduction of Best Value in April 2000, which requires councils to prove that they have proper public consultations over services and who provides them, he quotes Adrian Roxon, MD of Citigate Westminster, as advocating that the four C's of the programme – challenge, compare, consult, compete – should be complemented by the addition of communication. Several councils started to address the fact that individual departments were ploughing their own furrows in terms of public relations, setting up their own media liaison functions and issuing conflicting messages. Lewisham decided to strengthen its central communications department to provide a unified approach, while Liverpool and Birmingham reorganised the PR function to make it part of customer relations to create consistency. However, Mark Fletcher at Reputation, a consultancy which has worked for several local authorities, stressed that the main challenge for PR professionals is in internal communications, to enable council workers to understand the changes and sign up to them. With the emphasis on involving the electorate in local government, communications is vital to better engage people in the decision-making process.

Two case studies have been chosen to illustrate the nature of PR in the public sector. One is from a local authority and the other from the Metropolitan Police. Common ground includes the need for transparency and public accountability across a wide range of initiatives. Both are subject to external conditions beyond their control, with an agenda set by national government according to political considerations.

Case study one: Slough Borough Council

Background

The council was increasingly concerned about the quality of a significant portion of its housing stock, specifically, four tower blocks in Common Road, Langley, which provided 384 homes, consisting of one- and two-bedroom flats. The blocks were in need of complete modernisation. The cladding was crumbling, the heating system was out of date, the lifts were constantly failing. The design made estate security almost impossible, so that the blocks had attracted various criminal elements. This meant that they were no longer used to place families unless they were in urgent need of temporary housing. New tenants tended to be single people, so that the estate did not have a mix of tenants, normally thought to be important in creating a harmonious living environment.

The council wanted to improve the standard of homes and estate life. Research was commissioned from an outside agency. The findings showed that tenants were evenly split between those who wanted new, low-rise homes after demolition of the tower blocks, and those who wanted to stay put in modernised flats. The final recommendation was that the blocks should be demolished. Tenant activists were opposed to this, and claimed through newsletters, open meetings and the local media that the council had ignored tenants and fixed the result of the research. They said that most tenants wanted to keep the modernised tower blocks with the council as landlord.

The council decided on a compromise – to refurbish two of the blocks and demolish the other two. The initial cost of this was £15–20 million. As the council did not have this money and was barred from borrowing it, the only solution was to transfer ownership of the flats to another landlord, such as a housing association, that would be able to borrow the money. The eventual cost of the scheme was £30 million.

Objectives

- To reach disaffected tenants in the flats with accurate information about the plans.
- To involve tenants in helping to shape those plans.
- To encourage as many eligible tenants as possible to vote on transferring ownership of their homes.
- To achieve a 'yes' vote on transfer so that the work could go ahead.
- To achieve more informed and balanced media coverage.

Strategy and tactics

Improved consultation and dialogue with tenants was needed. The approach was to concentrate on the process of working towards agreement on developments for the site, so that all interested groups could feel involved in the final decision.

The two groups were: tenant activists who were knowledgeable about the proposals and vociferous in their opposition; the general tenant body who were confused about what was being offered and feeling alienated from both the activities and the council landlord.

The first step was to set up a communications panel including tenants from the Tenants Guarantee Group (TGG). Other interested parties were co-opted to the panel. Two representatives from the council, four tenants, one representative from the housing association and one from the tenant's independent advisers currently sit on the group. A joint

approach to communications was agreed which tenants agreed to. Newsletters, news conferences and media interviews were to have input from all interested parties, so that tenants were not swamped with information from several different sources.

The council helped empower tenants to have the confidence to deal with the media directly. Media training was given to tenants on the TGG (later the Community Board). Tenants were also informed of breaking news at the same time as information was released to the media.

An exhibition was held in January 2001 which put on display the ideas to develop the estate from three different housing associations each keen to become the new landlords. Each association had equal presentation time, display space and facilities and faced questions from the tenants. A community lunch invited tenants to come and quiz councillors, who had previously been seen as distant and disinterested in the estate's future. The media also attended the event, which ran for five days. Tenants completed questionnaires giving their response to the ideas put forward. The views expressed by the 60 per cent of tenants who completed the questionnaires led to the acceptance of the preferred housing association, Parkside.

This was followed up with an open day in June 2001 where the council, TGG and Parkside's architects and builders came together to work on designs for the revamped estate. The proposal was to refurbish two blocks and to demolish the other two to build new homes. Children were challenged to build the estate with Lego bricks and there was a competition to design a children's play area. The media were also invited, and this resulted in positive media coverage of the event.

Individual letters were sent to tenants after the open day, which announced which blocks would stay and which would be demolished. Letters were hand delivered on a Saturday morning and council and Parkside staff stayed on site throughout the day to answer questions and concerns. Social services, health services and police were also informed of the decision and a tenants' free telephone hotline was advertised.

In October 2001, a further open day was held so that tenants could see the latest plans, which included tenant input. A tenant-led community board was to be responsible for the day-to-day running of the new estate, and 11 eligible tenants came forward to join the board as a result.

In January 2002 tenants received the formal legal offer to transfer their homes to Longwood Park – a specially set-up housing association led by tenants and supported financially and professionally by Parkside. As well as the 94-page offer, which had been written with input from all interested parties, a jargon buster was included with the document as well as a summary of the main points. A slip was sent with the offer for tenants' comments, and whether they wanted to be balloted on the transfer proposal. Ninety slips were returned with an overwhelming request to go to ballot.

While the three-week period for the postal ballot was a period of communications purdah under the guidelines of the Electoral Reform Service, the council received permission to hang banners from the sides of the blocks with the message 'Voting Now' (Figure 14.1). Within one hour of the results being known, posters announcing them were hanging on all 12 floors of each block. In an environment where tenant participation had rarely achieved double figures, 75 per cent of eligible tenants had voted and of those 76 per cent voted 'yes' to the transfer.

Tower block tenants were the first to receive a new award to honour Slough's Community Initiative of the Year. Sponsored by Masterfoods, the award recognised the difference that tenants' involvement had made to improve the quality of their lives.

Planning permission was approved formally on 27 June 2002, and no objections were received from tenants, neighbours or other parties. This was highly unusual for a proposal

Figure 14.1   Common Road tower block banners

Used by permission of Slough Borough Council

of this size and initial controversy. The final plans included 192 new two-, three- and four-bedroom homes, modernisation for the remaining towers and a new community centre, sports changing rooms and children's play area. A final open day was held in July 2002 for tenants to look at designs and colours for cladding on the blocks.

Evaluation

The numbers of tenants attending events rose steadily, as did the numbers of tenants voting. There was also voluntary participation on the community board. Press cuttings and broadcast media coverage were also used to evaluate that messages were getting through, and the use of comment boxes confirmed that tenants were more informed about the proposals.

The communications campaign won the Best Consultation Campaign Award at the IPR Local Government Group Awards in 2002.

With thanks to Slough Borough Council

Case study two: The Metropolitan Police and Neighbourhood Watch

The Metropolitan Police Service (MPS) is a large organisation with a complex command structure that reflects the diverse range of tasks it is expected to undertake. Most of the day-to-day policing of London is the responsibility of Territorial Policing's 33 borough operational command units (BOCUs).

Added to this is Specialist Operations, which deals with counter-terrorism, royalty and diplomatic protection and some serious crime, and the Specialist Crime Directorate. Other specialist units include Traffic and Transport, Air Support, Dogs, Public Order,

Mounted Branch and Thames Division, which polices London's main waterway. The MPS also has thousands of civilian support staff working in areas such as recruitment, training, information technology and communications. Police Community Support Officers have recently been introduced to London to act as the eyes and ears of police officers and provide a visible presence and support to police officers.

For the past decade, the Metropolitan Police (Met) has had to cope with the aftermath of the murder of black teenager Stephen Lawrence in a racially motivated attack. The Lawrence family's misgivings about the conduct of the investigation into their son's death in April 1993 led to an initial internal inquiry, then an inquiry ordered by the Police Complaints Commission and finally a public inquiry which resulted in the Macpherson Report in February 1999. That report contained the conclusion that the Met was 'institutionally racist'. In response, the Met launched its Diversity Strategy, admitting that there had been 'issues of confidence and trust' between the Met and ethnic communities for some time. Working with the Commission for Racial Equality (CRE), the Met has continued to hold public forums and police briefings to promote its strategy. However, with a workforce of 27,000 police officers and 14,000 civilians, there are doubts about whether the strategy has really changed things. 'The commitment of John Grieve [Deputy Assistant Commissioner and Head of the Racial and Violent Crime Task Force] and his officers has not yet reached the fingers and toes of the Met in relation to all of their dealings with black people on the street, all of the time', according to Barbara Cohen, Principal Legal Officer for the CRE (quoted in Gray 1999: 10–12). Internal communications is a vital part of the work of the PR department within the Met, ensuring that all staff understand the 'corporate' policies.

The effect of the Lawrence case is still being felt. Even when the Met launched its Diversity Strategy it was criticised for doing too little, too late. 'One of the added difficulties for us with the Lawrence Inquiry was that we were no longer dealing with our regular media contacts', said Charles Dodsworth, Deputy Director of Public Affairs and Internal Communications.

> We deal with the crime reporters daily. They know us and know they can trust us. That's not to say that they won't be critical, but they do understand the problems we face. The correspondents assigned to the Lawrence Inquiry were new to us. We didn't know them and they didn't know us. Much of the criticism was justified but for a while we were on the back foot until we got to grips with the situation.

Dodsworth also added that, 'In the Met, we make all our mistakes in public.'

Another aspect of the work of the Met is that it is not dealing with an homogeneous area. 'We have just reorganised from five areas within the Met to three. Every one of the previous outer London areas was bigger than any other in the country, and on top of that we have Central London, with the royal family and a vast number of public events to police', says Dodsworth. The Met polices more than 3,500 public order events each year, which recently have included the huge Countryside Alliance marches, the Golden Jubilee Celebrations and the Funeral of Queen Elizabeth the Queen Mother.

Each of the three areas is headed by an assistant commissioner, who also has responsibility for particular issues London-wide. 'We act almost like an internal PR consultancy', says Dodsworth.

> We discuss with each assistant commissioner what budget they have available for campaigns, and try to plan ahead throughout the year. We could do more planning, after all we know approximately what our budgets are likely to be and even the

number of incidents. The police tend to be better at reacting to crises – when the nail bomb went off in Brixton in 1999 it was amazing to see the whole place spring into action.

Like local government, the Met is governed by legislation. This tends to be more about its priorities for action than how its PR is carried out. The Crime and Disorder Act 1998 contained the Labour government's commitment to reform the youth justice system, build safer communities and improve the performance and efficiency of the criminal justice system. With regard to the last point, all agencies were required to speed up procedures, increase co-operation and work towards long-term problem-solving.

The Met published a comprehensive list of performance indicators in the Report of the Commissioner of Police of the Metropolis for 1998/9. With national as well as London-wide policing responsibilities, the MPS has a budget of £2.4 million and currently has some 28,600 officers.

Other legislative constraints include the information that can be given out. 'We have to be careful in our day-to-day dealings and careful of the language we use, because of the rules about *sub judice* information. If we arrest someone, we cannot give out their name, but only a description', says Dodsworth. Other areas where the police have to be careful about the release of information is when it may cause widespread panic. When the IRA staged a water contamination scare, the PR department worked closely with the media not to release detailed information until after an arrest had been made.

The Neighbourhood Watch scheme is an example of the police working with local communities to tackle crime. When the original schemes were launched in 1983, even the advertising showed little old ladies looking through their net curtains. The schemes were most successful in white, middle-class, suburban areas. Numbers peaked at 12,500, but many of the schemes became organisations merely on paper. By 1998, there were only 5,800 schemes covering 800,000 Londoners. The Met relaunched its scheme with a poster featuring a group of meerkats to symbolise the fact that people in a Neighbourhood Watch scheme are responsible for watching and caring rather than snooping (Figure 14.2). Meerkats were chosen after research showed how positively people viewed the animals. People also identified with the natural instinct of the meerkats to work as teams, looking out for each other and their young and building strength through unity. Inner city areas where there was a more pressing need were targeted.

A year later in June 1999, the Met negotiated a £1 million sponsorship deal with *Yellow Pages*. Forces can raise up to 1 per cent of their budget through sponsorship but it must be spent on non-essential police work. The three-year partnership aimed to support several projects in the community including providing street signs about the Neighbourhood Watch scheme, a London-wide training programme for Neighbourhood Watch co-ordinators, and the translation of publicity material into key non-English languages.

As well as a launch event at the House of Commons, with the then Home Office Minister, Paul Boateng, Chief Executive of the National Neighbourhood Watch Scheme, Sue Yoxall, the then Met Commissioner, Sir Paul Condon and Head of External Relations from *Yellow Pages*, Richard Duggleby, the Met PR department used its publication, the *Link*, to publicise the scheme. The *Link* contains stories about the Met's involvement with the community and is distributed London-wide. New information packs and leaflets were also produced. The scheme and the sponsorship also received media coverage. The new partnership was timed to coincide with the National Neighbourhood Watch Community Safety Week, and events were staged throughout the week to encourage people to mark their property to make it less attractive to burglars.
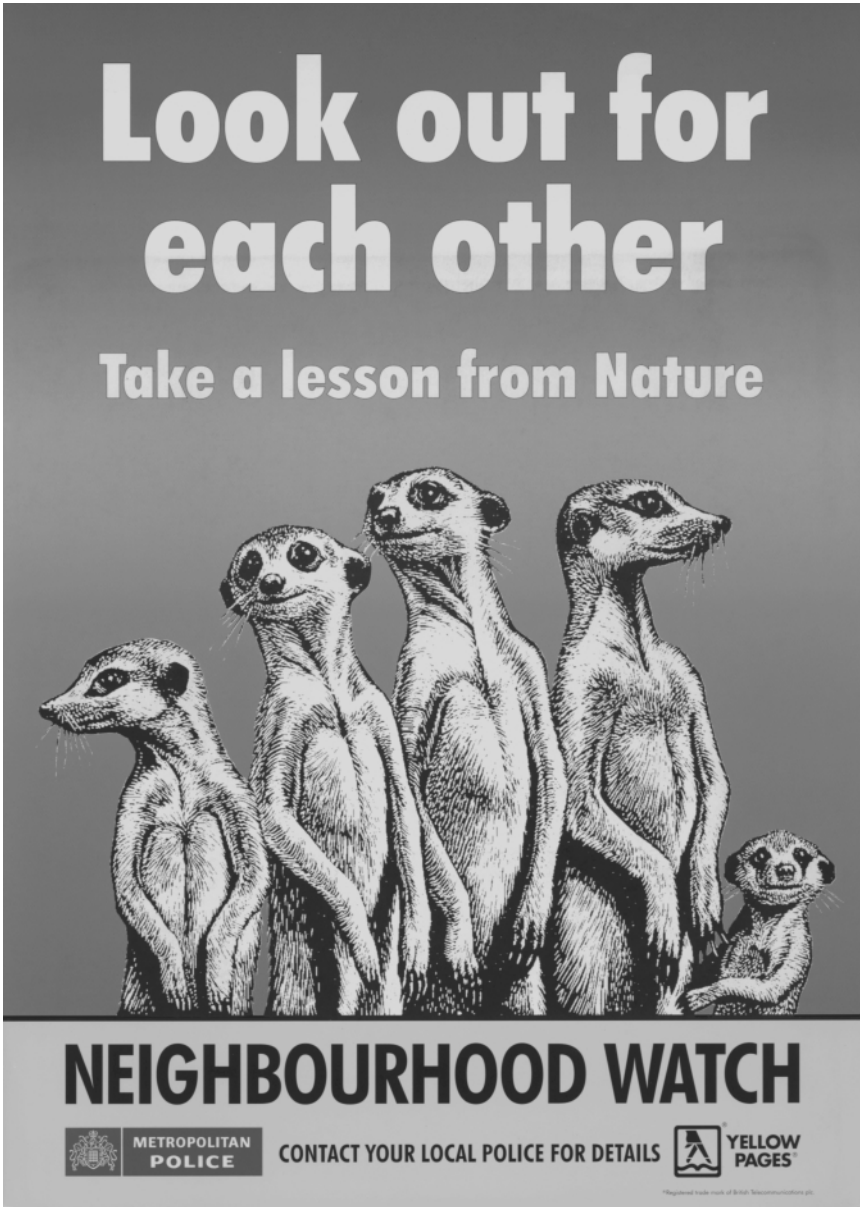
Figure 14.2   Metropolitan Police – Neighbourhood Watch campaign poster
Used with permission

Since the re-launch of Neighbourhood Watch in London and the sponsorship agreement with *Yellow Pages*, 25,000 new meerkat street signs have been installed, breathing new life into local schemes. The total number of active watches in London has increased by 33 per cent to 8,000 and the number of properly constituted borough-wide Neighbourhood Watch associations has risen from 16 to 24, a 50 per cent increase. Significantly, during the period of the *Yellow Pages* sponsorship, London experienced its lowest burglary rates for 20 years. In spring 2002 a London-wide independent body was formed for the first time in the movement's history. The new London Neighbourhood Watch Association now oversees and deals directly with all matters relating to Neighbourhood Watch across the capital, while the Metropolitan Police continues to support the initiative enthusiastically. Over one million items of Neighbourhood Watch literature bearing the image of the group of meerkats have now been published and research has shown that by February 2002 69 per cent of those asked recognised the meerkat sign. Meerkats will continue to be the symbol of Neighbourhood Watch in London for the foreseeable future.

The Met's Community Safety and Partnership Unit concentrates on building effective partnerships with the community, and Neighbourhood Watch is part of that brief. Community and crime prevention officers also work with Neighbourhood Watch schemes, attending the initial start-up meetings to offer advice on security and provide a local link for the scheme members. As well as tackling one of the force's aims to reduce the level of burglary, vandalism and other street crime, the CSPU and the involvement with Neighbourhood Watch also show the increasing commitment of the Met to work with all sections of the community.

With thanks to the Metropolitan Police

Questions for discussion

1   What are the challenges of working in the public sector?

2   Which element of the planning process was paramount in the Slough case study?

3   How could the Neighbourhood Watch campaign have been improved?

4   Grunig and Hunt suggest that the public sector is an area where the public information model of PR is practised. Do you agree?

5   How do public scrutiny and accountability affect PR in the public sector?

15 Consumer public relations

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Chapter aims

Public relations that deals with consumer products has to co-exist and interact with marketing communications. From the question of whether the relationship between PR and marketing is as adversarial as many marketing texts suggest, we move to a definition of consumerism and the role of PR in relation to both marketing communications and product branding. Consumer buying behaviour and customer retention are discussed.

Public relations in the field of consumer relations is often regarded as marketing communications. Marketing, as we have seen, is the identification of the needs of consumers, and how to satisfy those needs profitably. Organisations who class consumers as one of their main publics or stakeholder groups are likely to be relating to them as buyers of their products. Within the field of consumer PR, several further specialisms exist. Each has to deal with the particular media within its area, and the specifics of the market. Fashion PR has to gear itself to the timetable of the seasons and the catwalk shows in the main cities of Milan, London and New York and lead times on influential magazines, while also looking ahead to the next best thing. Those who deal with clients who produce fast-moving consumer goods (FMCG) have to have different approaches to those who deal with clients who produce white goods (fridges, household appliances) and cars, where the buyer is making a decision which will involve a substantial sum of money.

Grunig and Hunt see President Kennedy's message to Congress in the early 1960s as the main impetus for the rise in consumer relations programmes: Kennedy 'declared four basic consumer rights: the right to safety; the right to be heard; the right to choose; the right to be informed' (1984: 316). Consumer specialists were appointed to the office of Special Assistant to the President for Consumer Affairs to respond to the needs of consumers. Companies gave added value to their products by producing general educational literature such as an insurance company which produced booklets on managing stress and other health topics.

PR vs marketing?

Public relations and marketing are often seen as adversarial. Marketeers tend to see PR as a subordinate part of their armoury of tools, and indeed businesses reinforce this by

the organisation of their communication function. Public relations practitioners would see marketing as part of their remit, for they would see it as primarily concerned with selling products to consumers. All organisations have a need for public relations, but not all are involved in marketing. The Fire Service carries out community and media relations, but does not try to convince people to start more fires and so use their services more.

Belch and Belch (2001: 576) see PR in the same bracket as publicity and promotions, to 'generate buzz'. They also admit that PR is much more about changing attitudes than promoting specific products.

What is clear is that public relations and marketing should be corporate allies, working together for common goals. Kitchen (1997: 227–34) gives details of a survey carried out among the marketing and PR personnel in seven UK firms to explore the relationship between the functions. Areas of overlap were found. While the growing importance of PR was generally agreed, it appeared that marketing budgets were still substantially higher. PR was viewed as important for marketing support by the marketeers, while PR executives saw this as a minor area and viewed issues management, employee communications and corporate communications as their priorities. However, there was general agreement that PR was part of integrated marketing communications.

Cutlip *et al.* (1985: 495–6) list seven forms of assistance to the marketing function which PR can perform:

1 Publicising news and events related to the launching of new or improved products or services.
2 Promoting established products or services, to the extent that they are newsworthy.
3 Creating a favourable image of 'the company behind the product'.
4 Arranging for public appearances of marketing spokespersons.
5 Probing public opinion in market areas.
6 Focusing news media attention on sales conferences and other marketing events.
7 Assisting in programmes concerning consumerism.

Kitchen suggests that while there is 'a significant relationship between corporate public relations and marketing public relations', the focus of each is different. He suggests that marketing aims to create exchanges with consumers and uses PR tools to that end. Public relations on the other hand aims to 'create and maintain mutually beneficial relations with publics who could impact on business success' (Kitchen 1997: 234).

Consumerism

The last element of Cutlip's list above refers to the increasing activism of consumers in their expectation that the goods and services they buy should fulfil the promises of related publicity material. Consumerism is 'the idea that consumers should influence the design, quality, service and prices of goods and services provided by commercial enterprises' (Macmillan 1986: 309). However, a survey in the USA in 1977 found that consumerism had many meanings, including consuming things and 'an obsessive interest in goods . . . akin to materialism' (Mayer 1989: 3). Mayer gives a comprehensive history of consumerism as a social movement concerned with 'protecting and enhancing the rights of buyers', and attributes major pieces of legislation to consumer activism such as the Pure Food and Drugs Act of 1906, in response to Upton Sinclair's novel, *The*

Jungle, which exposed the conditions in Chicago's stockyards (Mayer 1989: 4, 17). One aspect of this can be seen in the rise of consumer watchdog programmes, which publicise where companies have failed to deliver a good response to complaints. In the early 1990s, Hoover was the subject of a hostile campaign by the BBC consumer affairs programme *Watchdog* with regard to a promotion which offered free flights with the purchase of certain products. The company underestimated the potential demand for their offer, with the result that it had underbooked the number of flights. In order to satisfy everyone who claimed their flights, a profitable promotion turned into a massive loss maker. *Watchdog* sent an undercover researcher into one of the travel companies dealing with the claims, where they managed to secretly record one of the managers briefing staff on how to discourage claimants from taking up their free flights. The company did not put up a spokesperson until *Watchdog* had featured the problem several times. The marketing manager in charge of the promotion was sacked, and the company lost a considerable amount of consumer goodwill. Obviously the most influential organisation in this field in the UK is the Consumers' Association. Its magazine, *Which?*, also available online, carries reports on a vast range of products to enable consumers to pick the best available in their price range.

Marketing communications
....

Norman Hart (1995: 25) defines marketing communications as 'across the board communications to help move a potential customer from a state of ignorance towards a position of decision and action'. He goes on to describe the adoption process:

1 Awareness. The individual becomes cognisant of the innovation but lacks information about it.
2 Interest. The individual is stimulated to seek information about the innovation.
3 Evaluation. The individual considers whether it would make sense to try the innovation.
4 Trial. The individual tries the innovation on a small scale to improve their estimation of its utility.
5 Adoption. The individual decides to make full and regular use of the innovation.

'Marketing communications encompasses any form of communication that contributes to the conversion of a non-customer to a customer, and subsequently to the retention of such custom', says Hart (1995: 25).

Hart suggests that customers do not buy a product but rather satisfaction, so that they buy holes rather than drills. Customers base decisions on the benefits they perceive from the product. Packaging and presentation will affect this perception. Size, weight, colour and smell all appeal, often on an unconscious level. Brand name is also part of the total 'product offering'.

How does PR fit into marketing communications? The traditional elements of the marketing mix are the four Ps – product, price, place and promotion. Price can indicate good or bad value for money; in some cases a high price signals quality or prestige. Place means the kind of outlet where the product can be obtained – a product will be viewed differently if it is sold on a market stall rather than in a high street department store. Promotion refers to the media and messages used to influence buyer decisions. It is here that PR contributes most, bringing a range of activities which can support and

supplement advertising and marketing. The selection of which medium to use to convey the messages will depend on the target market, and the most effective communication is often referred to as the 'media mix'.

The size of the market is the first consideration when deciding which tactics to use when communicating with various publics. A group of people who are involved in any decision are often called the buying decision unit, or BDU. If only ten BDUs are to be approached, personal contact would be the most appropriate medium. If there are 1,000, direct mail editorial publicity, demonstrations or telephone selling could be used. With 100,000, mass media advertising would be best. Different media have different kinds of impact – a press advert can make an impression only by means of text and photography, but if it is in a magazine it will have a longer life than a TV advert. The TV advert, however, has the advantage of movement, colour and sound. This is further exaggerated when shown in a cinema.

Stone (1995) quotes research from the 1970s which identified six main zones of influence within families when making decisions about buying various products. These were:

- man's influence
- woman's influence
- children's influence
- man and woman
- man and children
- woman and children.

This was followed by research in 1991 which found that children were the main influence on the purchase of video games (61 per cent) and women were dominant in the purchase of dishwashers and food processors (69 per cent and 67 per cent). Only one area was male dominated – satellite television aerials (72 per cent) (Stone 1995). Information on buying decisions can inform the public relations practitioner when devising campaigns, selecting the appropriate tactics to carry messages about particular products to specific publics.

The kind of message is the next consideration. A simple message could be conveyed by a poster, but a complex or technical one would need to be presented in the specialist press. In selecting media, cost must be considered in two ways. First, the actual price of using the medium selected and whether this fits the budget available. Second, a cost per contact should be evaluated to see if the medium delivers cost-effectiveness. Personal contact by a salesperson will obviously cost more per contact than using the national press.

Timing also affects what medium is to be used. Television, radio and the press can deliver a message quickly, within 24 hours. Trade and specialist media have longer lead times, trade fairs and exhibitions are infrequent. Which medium is to be used will depend on when the message needs to be delivered.

The development of marketing public relations (MPR)

Kitchen and Papasolomou prefer to use the term MPR to talk about the area where marketing and public relations merge. They refer to Kotler's description of MPR as 'a healthy offspring' of the two disciplines. They also cite Duncan's findings that MPR

was thought to be particularly effective in some areas which may have originally been served by advertising and also in brand building. They suggest Shrimp's definition of MPR as public relations which 'involves an organisation's interactions with consumers . . . regarding marketing matters'. In addition, objectives for this area of public relations are related to Harris' suggestions of introducing new products, cultivating new markets, influencing opinion leaders, positioning companies as leaders and experts in order to extend the reach of advertising and gain exposure for products that cannot be advertised to consumers (quoted in Kitchen 1997: 258–67).

Kitchen and Papasolomou also use Kotler's thoughts on the different tasks which could be undertaken by marketing, MPR and public relations. The first deals with market and customer assessment and segmentation as well as product advertising. MPR is concerned with corporate advertising, media strategy and surveys into employee attitudes and customer satisfaction. Public relations then takes responsibility for news, community relations, lobbying and social investments (Kitchen 1997: 255).

What is certain is that the various descriptions of marketing and public relations activities show that the disciplines are moving more closely together towards a more integrated approach.

Branding

Consumer PR and marketing communications are most often concerned with brands, the value of a name of a product or company, and how this affects people's buying behaviour. In some cases, the company name is the brand, like Virgin, Sony or Kodak. Association with a corporate brand like this may affect consumer decisions. In others, the brand names are well known, like Fairy Liquid, but the parent company less so, like Unilever or Procter & Gamble. In some cases, like soap powder, companies produce different brands which then compete with each other in the marketplace.

There were nearly 26,000 new products launched in 1999 in the USA, compared to only 12,000 in 1986 (Schneider 2001: 1). With the market saturated with new brands which can hardly be distinguished from each other, brand loyalty has declined. Consumers are tending to buy whatever is on offer, so that sales promotions and coupons have become more important in buying decisions (Belch and Belch 2001: 528).

Two different approaches can be taken to branding. HSBC Holdings chose to rebrand its Midland Bank operation in the UK. Richard Beck, head of group external relations, stated 'By unifying the group, we will have better global recognition.' In contrast, when Axa Equity and Law merged with Sun Life in July 1997, it chose not to rebrand Sun Life financial products as the name was better known in the UK than the parent company (France 1999).

Naomi Klein feels that 'the role of branding has been changing, particularly in the last 15 years . . . the brand itself has increasingly become the product'. Thus 'Nike was about "sport" not shoes; Microsoft about "communications", not software' (Klein 2000). Companies are now projecting their brand onto many different products. Klein links this increase in branding activity with the tendency of multinationals to shift actual production away from where the goods are bought, and points to the dangers of corporate employment practices in developing countries. She quotes the protests in Paris and Seattle, where rioters attacked McDonald's and Starbucks, as evidence of a backlash against global brands.

David Bright, Barclays' head of market research, also concludes that branding means everything that surrounds a company's offerings, 'from external communication to staff

behaviour and physical surroundings'. He believes that both rational and emotional elements underpin the most enduring brands (Echo Research 1998) (Figure 15.1).

Al and Laura Ries, having written the seminal work *The 22 Immutable Laws of Branding*, turned their attention to public relations in 2002 with the controversially titled *The Fall of Advertising and the Rise of PR*. They state, 'You can't launch a new brand with advertising because [it] has no credibility. . . . You can launch new brands only with . . . public relations.' They also redefine advertising's role as brand maintenance, and public relations' as brand building. While their definition of public relations often seems to be simply about media relations, they insist that advertising spend is only effective if public relations has prepared the way and that 'this is the key to success in today's marketing arena' (Ries and Ries 2001: xi, 266).

Public relations in the launch process

'Done well, a launch helps a new product rapidly establish itself amongst its target users, gain market share and enhance the company's brand position', says Joan Schneider, CEO of Schneider & Associates, a Boston-based public relations firm with over 20 years' experience in product launches. 'Done poorly, however, it can negate all the time, money and human capital that went into developing the new product.' With this in mind, Schneider commissioned Boston University to carry out a study into how launches were conducted to identify success factors and help product managers increase their launch success rate.

Interviews with 12 launch experts helped formulate the survey which was then administered to 91 consumer product executives with new product experience. A broad range of consumer product companies were represented in the sample, including food and beverage, sporting goods, health and beauty, and apparel and shoes. Participants were asked for detailed information about their most recent launches. The cases were then segmented into highly successful and less successful, based on market performance compared to goals.

The survey found that treating the launch as a separate phase rather than just the end of product development was more common in the successful launches, as was extending activities after the product was in-market. The best launches showed advance planning,
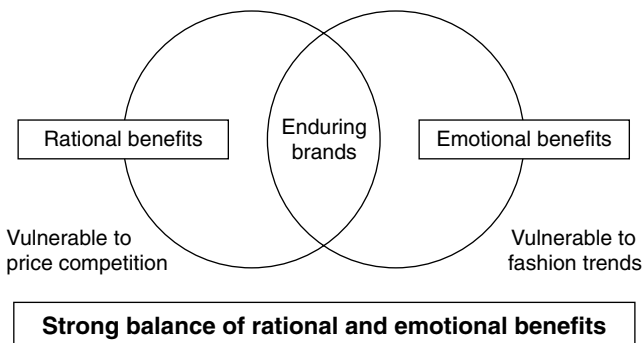
Figure 15.1 Enduring brands

Source: David Bright, Barclays Bank

with the development of the product occurring one to two years before shipping, along with selecting the advertising agency. Selection of the public relations agency took place 10–12 months before shipping, with public relations activities starting four to six months before and continuing for at least nine months after the product was on the shelves. Timing was better if determined by internal strategic concerns rather than external, seasonal factors. More attention was paid during planning to public relations and media coverage to build the brand by those with successful products. However, having a detailed launch plan was not enough; the willingness to be flexible and to cope with delays was also important. Team formation and composition was critical to success, the best teams having six or seven members, including marketing and brand managers as well as operations, manufacturing or product development. Interestingly, the less senior the overall manager of the team, the better the result. Brand or product managers had a higher success rate than senior marketing personnel or CEOs. In terms of budgets, unsurprisingly those with larger budgets were more likely to succeed, as were those that concentrated on consumer-focused activities rather than trade-focused.

Finally, it was found that using public relations activities, while generally under-used in the launch arsenal, was highly significant. Public relations activities such as generating positive consumer and trade press mentions, reviews and retailer interest were seen as having far more impact for highly successful products. This would seem to support Ries and Ries' assertions above.

'Considering the amount of time and resources spent on new product development, new products have a surprisingly small window of opportunity during which their fates are sealed', says Schneider. 'The keys to success are adequate planning and utilising public relations as one of the tools to create a favourable environment.'

Consumer buying behaviour

The PR practitioner also needs to consider the attributes of consumers, and what contributes to their buying decisions. Various writers have put forward suggestions about publics and their motivation.

Grunig and Hunt (1984: 160) define four kinds of publics:

- publics active on all issues
- publics apathetic on all issues
- publics active only on an issue or small number of issues that involve nearly everyone in the population
- publics active only on a single issue.

These kinds of publics relate to environmental, minority and consumer issues. Grunig and Hunt also discuss the behavioural molecule developed by Richard Carter, which is related to consumer behaviour, and was further developed by Michael Ray, who suggests four stages in consumer behaviour:

- developing a need (detect)
- searching for and comparing alternatives (construct, define)
- purchasing (behave)
- postpurchase (detect).

Publics who recognise a problem and do not feel constrained are likely to be the most active users of consumer information. Grunig and Hunt's research found three different kinds of consumer publics when they looked at how people decided which supermarket to use. The first, working-class public, thought about comparing stores but was constrained by lack of transport from making changes. The second, professional public, where both partners were likely to be working, was constrained by time and simply shopped at the nearest supermarket. Finally, a middle-class public felt least constrained and was able to make a considered choice between supermarkets. This group were most likely to be aware of consumer programmes and advertisements.

Belch and Belch put forward a basic model of how consumers make buying decisions, and link the five stages to internal psychological processes:

- Problem recognition   Motivation
- Information search   Perception
- Alternative evaluation   Attitude formation
- Purchase decision   Integration
- Postpurchase evaluation   Learning

'While problem recognition is often a basic, simple process, the way a consumer perceives [it] and becomes motivated to solve it will influence the remainder of the decision process' (Belch and Belch 2001: 107, 109). Motivations for buying a watch – is it from a functional need to tell the time, or to make a fashion statement – will affect whether the consumer focuses on reliability versus design. Motivation is often linked to Maslow's hierarchy of needs, which suggests that it is only after basic needs such as food, shelter and sex are satisfied that people can focus on safety, then love and belonging, and finally self-esteem and self-actualisation. Marketeers in the developed world assume that the basic needs are met, and may try to associate their products with one of the higher levels. Volvo concentrates on satisfying basic needs for safety in positioning its cars, while BMW focuses on the higher levels of self-esteem and status.

Kotler suggests that buying is the result of inputs and outputs (Williams 1989: 156). Stimuli for buying include price, quality, availability, service, style, options and image. These can be delivered to the consumer by a variety of channels, such as advertising, salespeople, friends, family and personal observation. After processing this information, the consumer makes a choice of product, brand, dealer, quantity and frequency. This is one of several 'black box' models, which concentrate on the external factors that can influence behaviour. The consumer's thoughts are hidden in a black box, and the marketeer evaluates the relative importance of the external stimuli in order to form a marketing strategy.

Other models of behaviour include personal variable models, which take account of values, beliefs and attitudes. Fishbein developed a model which stated that an attitude was built from beliefs about attributes of an object, weighted by the importance of each of these attributes. Comprehensive models attempt to take both external factors and personal variables into account. A useful summary of the main theoretical models can be found in Williams (1989).

Keller and Aaker (1998) conducted an experiment to find out what aspects of a marketing campaign affected consumers' evaluations of corporate credibility. They suggested that there were three elements to this credibility: corporate expertise, where the company was thought to be able to competently make and sell its products and services; corporate trustworthiness, the extent to which a company is thought to be

honest, dependable and sensitive to consumer needs; and corporate likeability, or how likeable, prestigious and interesting the company is.

They investigated three kinds of corporate marketing activity, emphasising product innovation, environmental concerns and community involvement. Corporate expertise was found to be the most important factor in the evaluation of any new product, rather than environmental or community concerns. This suggests that a new product offered under an existing strong brand name will benefit from that association, even if it is beyond the company's normal product range. Examples of this in the UK have been seen particularly in relation to Virgin, which has expanded from record shops into other areas of leisure such as cinemas and air travel, as well as into financial products.

France (1999) has stated that 'The reputation of a company depends as much on the strength of its corporate brand as it does on the quality of the products it sells.' In a competitive market, where products can easily be matched on price, the corporate brand may be the difference in building consumer loyalty. Giles Fraser, MD of information industries at Hill & Knowlton, agrees with Keller and Aaker and thinks that strong brand names give companies an advantage in the market place. However, contrary to their findings, he believes that

> People are increasingly interested in not only the product and service they buy but the company behind the product. They want to know it is ethical in its business prac- tices, that it pays a good wage to its people, that it puts something back into the community.
>
> (quoted in France 1999)

He suggests that people buy from successful companies because it says something about them as consumers.

Keeping customers
....

Marketing communications is not only concerned with obtaining customers, but with keeping them.

> It is generally accepted that only about 10 per cent of dissatisfied customers ever complain. These are the ones you and your firm have the best chance of satisfying and retaining, because they have identified themselves and defined a problem for you. Of the other, silent 90 per cent, you can be pretty certain that only 10 per cent will ever buy from you again. The rest . . . are lost, possibly for ever. Even if you could get them back it would cost five times as much as keeping them happy in the first place.
>
> (Stone 1995: 141)

Stone states that customer satisfaction is based on quality and meeting expectations. He suggests that it is easier to build relationships with customers if enhancements are offered, such as rewards or bonus points for regular shoppers (like the plethora of super- market loyalty cards). Other enhancements could include add-on services, like free kitchen design from suppliers of kitchen units.

Companies are now starting to look at lifetime customer value (LCV). This takes into account the costs of acquiring a customer – direct mail, research, capital investment – as well as the likely profits to be made once the customer is won. In competitive busi-

nesses, the churn rate, or how many switch to a rival supplier in any one year and therefore how long an average customer is retained, must also be factored in. Market valuations for many e-commerce businesses make assumptions based on LCV. Amazon, with 6 million customers, is valued at over $3,000 per customer (Wileman 1999). Companies need to define whether some customers are unprofitable, in that they cost much more to obtain and retain than they spend in return.

In fashion PR, emphasis lies squarely on media relations. Richard Edwards (1999) quotes a number of sources. Debenhams fashion PR head, Catherine Sturgess, reports that the company sees a noticeable increase in sales whenever one of their products appears in a magazine or newspaper, 'People come in and ask for the products they have seen. Some of them come in clutching their copy of *Marie Clare*.' Anne Rafter, MD of Stephanie Churchill PR, says 'If you pick the right publication for the brand you are working on, well-targeted editorial can generate huge sales.' However, this means a move away from the blanket coverage press release to a more focused and strategic approach. Regional as well as national press is important in targeting potential customers. Because of their dialogue with fashion editors, and having to have an awareness of consumer interest, fashion PR practitioners are developing two-way channels of information between the boardroom and the fashion media, which in turn influence consumer trends.

This awareness of consumer needs must extend to staff relations, particularly in the retail sector. Work on brand and corporate reputation can be undermined by a customer's poor experience in a store. Peter Hutton of MORI says 'The first major study to reveal that happy and committed employees lead to happy and loyal customers was done in the early 1990s by Sears Roebuck in the States. It has had a major impact.' Linda Barber of the Institute of Employment Studies found that stores where staff were more satisfied (because they were better managed and looked after) generated a £200,000 increase in sales per month (F. Murphy 1999). So consumer PR needs to link into human resources and internal communications so that their work is not wasted.

Types of campaign

It is useful at this point to revisit the types of PR campaign that are available, so that PR activity in the consumer area can be viewed as part of a broader whole. According to Patrick Jackson of Jackson, Jackson and Wagner in New Hampshire (Newsom *et al.* 1993), there are six types:

- public awareness
- information with awareness
- public education
- reinforcing attitudes and behaviour
- changing attitudes
- modifying behaviour.

Hendrix (1995) sets out impact and output objectives for consumer relations programmes. The former might include increasing knowledge about the company's products, promoting more favourable opinion towards the company, stimulating greater participation in consumer relations programmes, and encouraging more positive feedback from consumer groups. The last could involve distributing more consumer publications, developing employee consumer seminars, and meeting with important consumer groups. All of these objectives should be underpinned with prior research into consumer attitudes, and

expressed in precise terms of percentages and timescales. Some tactical activities to meet these objectives include advising management and staff about consumer issues, developing an efficient consumer response system, handling customer complaints through a customer relations office, and liaising with external activist consumer groups.

The case studies presented below have been selected to illustrate different approaches to consumer PR. The first concerns work undertaken for a small family food business in Yorkshire by Harrogate-based consultancy Cicada PR. The other examines how an in-house department and consultancy worked together in the motor industry.

Case study one: Shepherds Purse Cheeses Ltd and Cicada PR Ltd

Shepherds Purse Cheeses Ltd is the leading blue cheese maker in the UK. It is a small, family-run business employing 18 people. The company produces six speciality cheeses, including Yorkshire Feta made from 100 per cent ewe's milk. Yorkshire Feta is the company's founding product and is now its second best-selling cheese and a British Cheese Awards Gold medal winner (Figure 15.2).

In October 1997, managing director Judy Bell discovered that feta had been registered as a Protected Designation of Origin (PDO) in 1996, so that only feta produced in Greece could be labelled as such. EC regulations forbid the use of local labels and trade descriptions foods which were not produced in regions indicated by the EU. The company had five years before the name of its cheese had to be changed.

Shepherds Purse Cheeses worked with Cicada PR to develop a strategy to increase sales of the cheese, but also to fight this European legislation, stressing that the name change could harm sales of Yorkshire Feta and seriously affect this small business – a David and Goliath angle.

Figure 15.2   Shepherds Purse Yorkshire Feta

Used by permission of Shepherds Purse and Cicada PR

The campaign mixed media relations with lobbying. Initially, the Yorkshire Feta campaign was targeted at local papers and regional business publications. The story was picked up by national media. Judy Bell and her son Justin undertook a media relations course, and appeared on regional and national radio and television. This sparked considerable support from the public, who wrote to the company suggesting new names for the cheese. The root of the campaign was the fact that feta was not purely Greek. There is no region in Greece known as feta (unlike Cheddar and Wensleydale who cannot protect their product name because they are deemed by the EC to be wholly descriptive of a type of cheese). The word 'feta' is of Italian or French origin and the cheese is made all over Europe with some countries exporting to Greece. It is also made wholly from either cow's or sheep's milk and sometimes it is a mix including goat's milk.

Alongside this, every Yorkshire MP was approached for their support. More than 34 per cent replied positively. The Refreshments Department of the House of Commons was asked to serve Yorkshire Feta, and it was added to the Regional Menu of the Members and Strangers Dining Room.

On 16 March 1999, the Court of Justice annulled the registration of the name feta as a PDO on the grounds that it is a generic description of a particular type of fresh young cheese. Shepherds Purse was able to continue marketing its product as Yorkshire Feta without hindrance. In addition, Asda approached Shepherds Purse Cheeses to sell Yorkshire Feta under their regional cheese banner. Sales in 1999 rose by 30 per cent. Judy Bell said, 'We were a small successful company but not well known across the country. We would never have dreamed that PR could have such a positive effect on our bottom line.'

However in 2002, Shepherds Purse faced an even greater and unexpected impact on its business when Greece reapplied for the Feta PDO and the directive was successful on a procedural weakness. The company was again given notice to cease production of its Yorkshire Feta cheese.

The directive's operational date covered any product not being marketed for the five years prior to the date of the EEC regulation which was 24 July 1992. Shepherds Purse only commenced trading in early 1987 and had to be able to prove sales of feta prior to July 1987. At that time Shepherds Purse was just Judy Bell, some sheep and a small dairy incorporated in the Bell family farm. It says something for the marketing skills of Judy Bell in that two successful and well known delicatessens in Thirsk and Northallerton were able to vouch for the fact that they had been selling Yorkshire Feta continuously since it was first launched in the early spring of 1987.

The financial implications of re-branding and re-marketing Yorkshire Feta, which had been produced for over a decade under that designation, would have serious consequences to a small food producer's future and the sheep milk producers who had geared their production to supplying Shepherds Purse's growing demands. The company had also been the recipient of a DEFRA grant which was conditional upon meeting sales and production criteria.

Cicada Public Relations once again used media relations and lobbying. Euro MP Edward Macmillan-Scott took the case to the European Commission, meeting with Bertel Haarder, Europe Minister from Denmark which held the EC presidency, and Franz Fischler, EC farm and fish commissioner. Edward Macmillan-Scott also visited the Shepherds Purse dairy and a photo-call was held. The Government Department for Food and Rural Affairs took an active interest in the case.

Anne Mackintosh MP and Austin Mitchell MP also supported the company's case. Judy Bell made an appearance on *BBC Look North* to present her case and gave a number of interviews with local radio, including BBC Radio York and BBC Radio

Cleveland. Local media, including the *Darlington & Stockton Times* and the *Yorkshire Evening Post* picked up the story and a healthy debate was kicked off involving opposition by Labour Northern MEP David Bowe. A letter was sent to the letters page of leading trade title the *Grocer*, which resulted in a number of subsequent articles and further debate. The result was a further five years to continue to use the 'feta' designation.

'We are genuinely grateful for the backing we received from a number of sources throughout our campaign', said Judy Bell. 'The Cicada strategy worked once again to meet our first objective to secure a further five year period of grace. We are still pursuing the right to continue selling Yorkshire Feta beyond that period.'

Despite the impact of foot and mouth disease on local sheep flocks, sales in 2002 of Yorkshire Feta rose by 7 per cent.

> *With thanks to Shepherds Purse Cheeses and Cicada Public Relations Ltd*

Case study two: Daewoo Cars and Jackie Cooper PR

Daewoo was launched on 1 April 1995 to the public in the UK, with a goal set by the Korean parent company of achieving 1 per cent of the market in its first year. Although that may sound like a small target, Hyundai, Daewoo's main competitor in its home Korean market, has not achieved that ten years after its entry into the UK. In April 1995 Daewoo was simply another Asian car marque in an already overcrowded market.

The task set by the parent company meant that the Daewoo management team had to do something very different from other manufacturers. The approach they took was a classic customer-centred marketing campaign. First, surveys were commissioned to find out what the public liked about buying cars and what they didn't. An opening offer of 200 cars, free for one year, in return for customer feedback, was set up. The response crashed the BT lines. Such attention grabbing tactics meant that in the first year, public awareness of the Daewoo name rose from 4 per cent to 98 per cent.

Results of the survey showed that customers did not like the negotiation process of buying a new car, and that the actual price was often £1,500–£2,000 above the list price with delivery, road tax and extras. Women also felt that car salesmen tried to pull the wool over their eyes. The findings were used to put together a complete package, with free servicing, including parts and labour, for three years, a fully inclusive price with no extras, and AA breakdown cover. 'Initially we never presumed to say that we had a cutting edge product', said Alison Moran, marketing manager of Daewoo Cars UK at the time. 'We always focused on the package, and the benefits to customers. We wanted to reach beyond the motoring pages and enthusiast magazines, because a majority of the car buying public never went near them.' Daewoo outlets were designed with children's play areas and cafés. This approach led Daewoo to take on Jackie Cooper PR (JCPR), a consultancy which was better known for its consumer clients, six months after the launch.

'We have a stubborn refusal to niche brands, and for years that was what the car industry had been doing', said Robert Phillips, managing director of JCPR. 'With Daewoo we had a brief to go for a wider consumer environment.' JCPR looked at how women drivers were treated in showrooms, sending a woman in different clothes, short skirts or business suits, into car retail outlets. A man sent into the same outlets was able to obtain a far better price. They then staged an event for women's press editors, many of whom had never been along to any event staged by the car industry. Penny Mallory,

who presented the Channel 4 motoring programme, was invited, along with women rally drivers and mechanics who gave instructions to the journalists about manoeuvring and maintenance. This approach continued, with work being done in association with the Suzy Lamplugh Trust on safe driving tips, and producing a one-off redesign of the Matiz car by the clothes designer Wayne Hemingway of Red or Dead. 'We didn't get traditional motor show coverage with the Matiz', said Phillips. 'It was a picture story and was covered in the women's press, shopping and fashion pages. It outstripped the launch of the new Ibiza, the new Jaguar and the new Rover in the UK.'

'Now we had a big story to tell as well', said Moran.

> The Technical Centre at Worthing represented a huge investment in the UK. We had a young enthusiastic team designing and styling Daewoo products worldwide from a European taste perspective to make them more appealing. It brought in about £15 million per year to the town, and completely transformed what used to be a retirement town into one of the most prosperous places in the country.

While coverage of Daewoo cars was rarely flattering, Moran felt that the detail of the products and the dialogue with customers provided strength (Figure 15.3).

> When we launched the Nubira we set up consumer panels, and fed back comments from customers. When we launched the new version in summer 1999, those comments were taken into account, including better back support in the seats, three point seatbelts in the back and even down to moving the cup holder.

This was built on the customer focus of the Korean parent company. 'The Chairman announced that customers who had been with Daewoo for some time should be taken to Korea to see how the cars are made, to make them feel part of the Daewoo family, which is a very Korean perspective', she said.

Another of the new practices that Daewoo introduced was selling its cars through its own outlets, with staff paid a salary rather than dependent on commission. 'It costs so much in advertising, marketing and PR to get a customer, and if you lose them you have to spend it all over again', said Moran.

> For years, car manufacturers had been spending huge amounts on advertising, then handing their customer facing dealings over to a third party. They never had any control over training or the point of sale approach. We have direct control over the image that the customer sees, and that is a big advantage in the market.

In-house and consultancy work closely together, and that includes marketing and advertising personnel too. 'We enjoyed working on the account because there has been no ownership of ideas by any one agency', said Phillips. 'The original creatives at Duckworth & Finn gave all of us permission to use their catch line, "That'll be the Daewoo". The sales promotion on the 4×4 was originally a PR idea, we just sparked off each other.' This was reflected in-house, said Moran.

> Advertising doesn't start until the cars are on sale, but PR activities start about a year in advance to flag up the developments. We had regular regional and national meetings, where creative concepts were presented so that we were all aware of what was in the pipeline. The staff base was quite young and co-operative. We then took the themes of each other's campaigns and carried it across to our own area.

Daewoo Cars Ltd
Daewoo House
Homestead Road
Rickmansworth
Hertfordshire
WD3 2LW
England

News Release

FOR IMMEDIATE RELEASE
22 July 1999

THE NEW DAEWOO NUBIRA

Daewoo Cars today lays claim to an unofficial crown: the fastest mover in the automotive business. The arrival of a new-look Nubira barely 24 months after its initial launch underlines Daewoo's ability to spot changing market trends and to adapt to them as quickly as possible.

Changes to the Nubira – it means 'go anywhere' in Korean – also emphasise Daewoo's customer commitment: some of the improvements made to the car follow suggestions from Nubira owners proving that not only does Daewoo listen to its customers, it acts on their comments.

The new-look Nubira arrives after a period of intense activity from the Korean car maker. Just two years ago, automotive observers were stunned by the arrival of not one, not two, but three brand new ranges from Daewoo, a company then emerging from a 20-year joint venture with General Motors

The new Lanos, Nubira and Leganza models progressed from concept to reality in less than 36 months. Such a short lead time would have been remarkable enough if it involved just one new model, but all three ranges had been developed simultaneously – an extraordinary achievement.

But Daewoo is not a company to rest on its laurels. Less than 12 months later, the company unveiled the critically acclaimed Matiz city car – another totally new car – to bring its range to four.

Following Daewoo's take over of SsangYong, comprehensively improved versions of the Korando and Musso off road vehicles were launched earlier this year. And now, comes a extensively improved Nubira, incorporating a total of 90 significant changes.

Principal changes to the Nubira include revised front and rear styling bringing it in line with the Daewoo 'family' look and adding a total of 25 mm to the length of the car; a totally new interior with improved ergonomics and more space; and re-engineered power plants and drivetrains offering greater performance and economy with lower emissions.

Other improvements include enhanced safety, greater refinement and higher levels of standard equipment.

Despite all the changes, however, the prices for the new Nubira are exactly the same as they were for the outgoing model. The full line-up is:

Nubira SE 1.6 saloon	£12,225
Nubira SE 1.6 estate	£13,225
Nubira CDX 2.0 saloon	£13,225
Nubira CDX 2.0 estate	£14,225

ends . . .

for further information please contact:

Alison Moran	**Neil Reeve**
Public Relations Manager	**Press Officer**

Figure 15.3   Press release for the launch of the new Nubira by Daewoo and Jackie Cooper PR

Used with permission

'It allowed PR to come into its own', said Phillips. 'PR was the glue that bound it all together. The team here was committed to the brand, and had a passion and energy that enthused the media as well.'

JCPR used its experience in other consumer fields to introduce a new media relations approach in the car industry. 'In the first Motor Show that we did, everyone else had dolly birds on their stands', said JCPR divisional director Ian Withington.

> We had Marguerita Pracatan singing her ode to the Daewoo concept car – it brought the whole show to a halt. The following year, when we were issuing new models and saying goodbye to the old ones, we hired a French performance artist, Monsieur Mangetout, who eats metal, to eat his way through an old Nexia. Mangetout complained that he didn't like the indicator lamps.

Withington also illustrated how PR amplified the media opportunities of the company's practices.

> With the 1,000 test drivers of the Nubira, we found that one of them was a grandmother, so we had a crash test granny. We also had an ex-James Bond stunt double. All of the test drivers had some local media which we could approach with photo opportunities and stories.

JCPR's commitment to the brand was a prerequisite, believes Phillips.

> We would not do anything to damage the equity of the brand, nor anything to conflict with the advertising or marketing. There was trust between us and the client. You must have either that passion for the brand or the passion for the challenge to do good PR for a product.

That passion extends to their other clients, like Procter & Gamble and Baileys.

Evaluation is built into everything JCPR does. 'We can't provide guarantees, but we can evaluate', said Phillips. 'We always try to use both quantitative and qualitative methods.' This sometimes involves trying to measure the ripple effect of customer recommendation:

> Recently, we were briefed to get people talking about a particular brand. We organised a focus group, asked them who they had told about the product, then got those people in, and so on. We wanted to measure what we had been trying to do – media coverage doesn't do that.

Phillips and his team's passion for their clients was matched by his own for his profession. 'PR is the corporate banking of the new millennium', he said.

With thanks to Jackie Cooper PR and Daewoo Cars
(All quotes from interviews with the author, June 1999)

Good PR cannot guard against all eventualities. Problems in the Korean economy led to Daewoo's bankruptcy in October 2000. The company was taken over by General Motors and a new sales and distribution company was set up in the UK: GM Daewoo UK Ltd. Since the new company was formed they no longer use Jackie Cooper PR.

Questions for discussion
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1   How do public relations and marketing overlap in the area of consumer public relations?

2   Is it relevant to define public relations and marketing as separate disciplines in this area? Should all campaigns be carried out from an integrated marketing communications viewpoint?

3   Think of products which appeal to consumers' basic needs of food and safety. How are they different from those which try to be linked with higher needs such as self-esteem and self-actualisation?

4   What is your reaction to the attributes of a successful launch, as investigated by the Schneider Associates/BU study? How do they relate to successful and unsuccessful product launches that you have been aware of?

5   Cicada used media relations and lobbying to make their case. How could this have been supported by marketing activity? What motivations was the campaign trying to appeal to?

16 Business-to-business public relations

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Chapter aims
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This chapter deals with the particular characteristics of public relations for organisations whose publics are other businesses, rather than target sections of the 'general' public. Media relations is the core of this kind of PR. Several case studies illustrate success stories.

'No public has grown in importance as much as the retail trade', said David Bernstein, and then discussed the inadequacy of putting an 'exhortatory ad in the *Grocer* telling the retailer to stock up now' (Bernstein 1989: 102). Manufacturers have to talk to the retailers and tailor their offer to get them to stock their goods. They also have to be careful that in dealing with their distributors, they do not contradict messages that they are giving to their other stakeholders.

Consistent tailoring
....

In non-grocery products it is just as important to ensure consistency, while tailoring that message to the particular concerns of the stakeholder. Businesses that other businesses may want to communicate with are not homogeneous either. They may be suppliers of raw materials, and so have to understand the company's systems, needs and market opportunities. Deadlines must be met, and invoices submitted for payment to fit in with any cheque-run timetable to avoid financial disputes. They may distribute a company's products – few manufacturers sell direct to the consumer, but operate through retailers and agents. The rise of internet shopping has affected this area, with direct sales of airline tickets and books to the fore. Thus retailers in certain areas need support from manufacturers to encourage consumers into their outlets. For some manufacturing companies, other businesses are their customers, because of the products that they produce, such as heavy machinery.

One historical example of how business-to-business PR is important in getting products to market is that of Birds Eye. When the company introduced frozen foods, few retailers actually possessed the freezer cabinets which would enable them to stock and sell the products. Direct advertising and PR activity to consumers would have been

wasted if there was little possibility of them being able to buy the products. Consequently, Birds Eye had to conduct a PR programme with retailers, showing them the benefits of buying the cabinets and stocking products, before consumer activity began.

Management Today classes PR consultancies as operating in the business-to-business area, and indeed Countrywide Porter Novelli won the Business-to-Business category in its 1999 Unisys Service Excellence Awards. The company's winning qualities were described as 'strong leadership, clear vision and unifying values', and the consultancy's approach to accountability and servicing its clients' accounts was praised. Managing director Paul Miller was quoted as saying, 'Proving that PR pays measurable dividends is a vital ingredient of customer satisfaction.'

Cinderella?

Paul Vousden, managing director, the Compass Consultancy, and ex-director of VLP, which specialises in business-to-business (BTB) PR, feels that it is often regarded as the Cinderella of the PR world. In a letter published in *PR Week* (14 May 1999) he wrote

> Our clients and their industries may not be as sexy and headline hitting as those within the consumer sector [but] they are still immensely important . . . the BTB marketing industry is worth £8.1 billion and PR is an important part of this sector.

BTB is not significantly different in the techniques used, but mainly in their application. The publics targeted are likely to be much smaller. In some instances, each separate individual approached within that public can be targeted separately. If a company is selling large items of printing equipment, the audience will be known. PR here creates the atmosphere in which items can be sold. The reasons for the buying decisions are also professional, rather than personal. Buyers are looking for equipment to help them do their job, or to ease the process for others. PR must reach all members of the company who contribute to a buying decision, sometimes referred to as a Buying Decision Unit (BDU). 'A lot of people fall into writing for the professional in all that they do', says Vousden. 'People are still consumers, and many of them are not very technically minded, apart from their own field.'

Getting the language right

Victoria Tomlinson, managing director of Harrogate-based Northern Lights, believes that few companies really understand about getting their product across to buyers through the media.

> I spent a day with a regional newspaper's business desk and could not believe the large numbers of press releases that failed to make any point. They were written in heavy technical jargon, had no story and did not highlight the 'so what' aspect to readers. An example was the launch of a new valve with a long description about its technical features but absolutely no mention as to why it was better than a competitor's or how it would change a manufacturer's product. The most complicated process can be written in plain English and understood by a non-technical person.[1]

Another example of this is in the construction sector. 'We do a lot of work where we are approaching architects', says Vousden.

> They are buying a solution to a problem rather than something with hyperthermic values. There has to be a balance between giving a technical description of the product and showing those technical aspects to be the benefits of buying it. The buyer is still interested in what's in it for them, just like any other product.

Precise targeting

One of the traditional methods used in BTB PR is media relations using the trade press. The range of trade titles means that publics can be precisely targeted. Some specialist publications work across an industry, such as *Caterer and Hotelkeeper*, others reach people in particular job functions in several industries, such as the *Accountant*. 'Sixty per cent of the media relations we do is with the trade press', says Vousden.

> We are trying to move away from sending press releases into getting longer pieces and features in particular trade magazines. We are also increasingly looking at the national press, as people who read the trade press also read the nationals. If people are buying grommits and they have been featured in the *Daily Telegraph*, it helps to build the brand.

While media relations may be the core of BTB, other techniques are also used extensively. For particular clients, a series of presentations to key decision-makers may be used. Exhibitions are useful for demonstrating products, although they are becoming increasingly expensive. Newsletters may also be sent to clients and potential clients informing them of company developments. BTB is an area which is seeing increasing use of new technology in communications too. Facility visits also help to demonstrate the product to potential buyers and journalists, but should have a proper structure. 'Journalists have less time, they are under pressure. However, they are still willing to come on a visit if it features a trip abroad, which is a very good way of getting their undivided attention for the length of the trip', says Vousden.

> We had an Italian client that made safety barriers, so we took a party of journalists to see them in situ in Italy where there is a higher level of crime. There was also time to see the factory where they were manufactured, as well as some sightseeing in Venice.

Lobbying is used by some clients. Thames Gateway, a partnership of twelve London boroughs, asked Vousden, while at VLP, to raise their profile prior to the 1997 general election. Thames Gateway promotes a mixture of manufacturing, housing and social facilities in any development in their area. It was feared that under a new Labour government, their role might be subsumed under a cross-London body. VLP came up with the idea of turning the tables on politicians and doorstepping them. Using a prop doorstep, existing and prospective MPs were stopped by the director of the partnership, and given information about why it was so important for the partnership to continue and emphasising the concerns of being on London's doorstep. Of course, media were briefed in advance that there would be good photo opportunities available. Candidates for the area were also invited to an event at Canary Wharf, which Nick Raynsford, who subsequently became Minister for London in the new government, attended. This benefited Thames Gateway, as Raynsford continued to be supportive of the partnership.

Sometimes products have to be re-packaged to show customers the unique features of a particular supplier. Selling energy to businesses is fairly difficult, as buyers tend to concentrate purely on price. Eastern Electricity found that it was too expensive to pursue domestic consumers, and that business clients were more profitable. On talking to the sales team, they found that most businesses wanted to feel that Eastern understood their particular needs. While Eastern is not the cheapest in the market, savings can be made by some manufacturers. Those who can manufacture their product at any time and stockpile until needed can take advantage of cheap tariffs overnight. One such business was cement, so a package was put together for cement manufacturers, showing how they could run their machinery and make substantial savings. Eastern also found that by analysing electricity demand, other information about a business could be deduced. A holiday camp owner could tell which nights were the most popular because of changes in demand.

Measuring success

'One of our difficulties is in getting clients to give us the evidence of outcomes of PR activity so that we can measure effectiveness and evaluate', says Vousden.

> We do have our own system for measuring and analysing media coverage and attendance at seminars. The hardest thing is to get feedback from clients about enquiries, sales leads and actual sales. We do use informal feedback from influential people in the field, which while it is not statistically valid can be very useful. We also look at what we have done and what we have achieved for clients every three months. This process alone can help clients to focus on what they are spending, what their objectives are and what the outputs are.

Tomlinson is a champion for measuring success of PR activities against business goals: 'It is a sad fact that 30 per cent of PR professionals say that their work cannot be evaluated and more than half are content to evaluate purely on the basis of media coverage.' She advocates setting clear business objectives for each PR campaign, such as numbers of enquiries, increased sales, improved recruitment, better share price or reduced staff turnover:

> It is hard relating PR to these sorts of results but it is worth doing. Just the process of setting measurable goals is a good discipline. It concentrates the mind on what you want to happen as a result of the PR, ensures you have evaluation processes in place, and makes sure that success or failure can be measured. This gives a good base to improve on for the future.

Two case studies from Northern Lights have been selected to show the variety of BTB PR.

Case study one: Finding the next management buy-out – Shulmans and Northern Lights

Background

Shulmans is a leading firm of commercial lawyers in Leeds. Well established and with a strong corporate finance team, it appointed Northern Lights to increase market share

in corporate finance and create stronger links in the referral market. It especially wanted to attract enquiries from directors considering a management buy-out (MBO).

Northern Lights carried out market research and found that Shulmans had a good reputation in corporate finance which could be built on. Larger law firms only dealt in deals of £30 million and upwards, so that there was a significant opportunity for Shulmans. Corporate financiers were not sure who the team was apart from the two main partners. One respondent commented that a MBO would be a 'once in a lifetime deal, difficult to build up experience in'.

Objectives

Northern Lights set objectives for the campaign which were additional to Shulmans' own targets:

- three new MBO clients
- two new corporate finance clients
- five new business MBO enquiries
- head of corporate finance to receive five invitations to major events
- 15 top corporate financiers to attend a Shulmans' event
- two *Yorkshire Post* articles.

Strategy and tactics

It was agreed that a PR campaign should demonstrate Shulmans' expertise and increase the visibility of Andrew Bradley, head of corporate finance. The target audience was agreed to be company directors and those who made referrals (accountants, bankers, financiers) in Yorkshire. The target media were narrowed to the *Yorkshire Post* and the *Financial Times*.

Upon finding that there was no advice literature available for those who were considering an MBO, 300 directors who had completed an MBO were approached to contribute their advice. Unfavourable comments about lawyers were included to give the resultant *Director's Guide to MBOs* independent credibility. Alongside the publication, photos of MBO directors and features on MBOs were sent to the *Yorkshire Post* and other key media. Over 100 enquiries were received for the *Guide*, which were then converted into contacts for a joint conference which was organised with the *Yorkshire Post*. The conference was held at the Royal Armouries in Leeds. Articles in the *Yorkshire Post* and the *Financial Times* generated delegates and ultimately new business.

Results and evaluation

The campaign resulted in:

- ten new clients
- 29 quality contacts for possible future MBOs
- eight major articles in the *Yorkshire Post*, two articles in the *Financial Times*, plus additional coverage in *Real Business*, *Real Finance*, *The Times*, *Business in Yorkshire* and *Acq Monthly*

- 50 corporate financiers attended Shulmans' new office opening. Fourteen top corporate financiers attended a corporate finance event. Andrew Bradley received at least 100 invites to corporate finance events in the region
- 80 people attended the conference – 40 per cent said they would definitely go to Shulmans if they did an MBO, 57 per cent said they probably would.

Shulmans also received positive feedback from directors and referrers who praised the *Guide* as the first honest and frank account of MBOs. The corporate finance team generated so much work that it had to recruit four more solicitors. Fees of three times the cost of the campaign were generated. Chairman Jeremy Shulman said, 'This campaign has enabled us to break into new areas of business. We are delighted with the results and have asked Northern Lights to work with us in other areas of our business.'

With thanks to Northern Lights, Shulmans and V. Tomlinson

Case study two: Turning business around – Peatey's Coatings and Northern Lights

In December 1995, Peatey's Coatings, a 50-year-old family business, appointed Northern Lights to help with a survival strategy. A firm which had installed £0.5 million worth of new plant at Peatey's had gone bankrupt, and commissioning of the new equipment was delayed by six months. Interest on the loan and delayed production income against a turnover of only £1.25 million meant that the company was facing a severe cash crisis.

Previously, the company had not had a salesforce, marketing or PR function, relying on the quality of its work to bring in new business. Production difficulties meant that clients had put work out to other metal coaters. Peatey's needed to regain this business, plus additional work to fill its increased capacity. When Northern Lights was appointed, the company was facing a possible closure within two months. The following targets were agreed for the PR campaign: to gain £10,000–15,000 additional work from existing customers each month and to gain £8,000–10,000 new business from five new customers each month. The consultancy budget was very small.

Northern Lights worked with the client to analyse the most profitable type of work and the most profitable type of customer. Peatey's carried out research with existing customers to ascertain their perceived strengths, what percentage of their work was placed with Peatey's and what percentage with their competitors. Results showed that some customers were putting 25–50 per cent of their work with competitors, and it was decided to target these customers first. The main strength of Peatey's was felt to be the quality of its work.

The key messages were agreed to be that the company was back to full production and Peatey's work was of better quality than its competitors'. Northern Lights also wanted to make the company stand out from others. An initial publicity route, using the fact that the managing director was a woman in a man's world, was rejected as it focused on an individual, Ruth Chapman, rather than the company. Northern Lights suggested that Peatey's should become the first company in the country to give a guarantee for metal coating work, and to use Ruth Chapman's appointment as a director of Leeds TEC to emphasise the company's commitment to training and quality.

A marketing, sales and PR strategy was devised, covering target customers, how to approach them, customer service and dealing with phone enquiries. Three of Peatey's customers were interviewed and quotes on their reactions to the guarantee were used in

media releases. A press launch and photo shoot were arranged, and Ruth Chapman was given media training. Media releases and photos were also sent to the key regional business and trade press.

Articles appeared in all the key local business and trade press. This included five major local business press articles, four in local business magazines and six in the metal finishing trade press. All referred to the new plant investment, training or quality. The turnaround was dramatic. In December 1995, Peatey's made a £6,000 loss. The first article appeared in January 1996, and orders of £10,000–20,000 were placed. By June 1996, Peatey's had made a £40,000 profit in the first six months of the year. Ruth Chapman was invited to speak at six major conferences, which also brought in new business. The company's technical expertise has been recognised and staff have been expert witnesses in legal cases. Another company in a similar situation contacted Peatey's for advice, and a long-term mutual relationship developed.

Ruth Chapman commented,

> Before appointing Northern Lights we were facing possible closure. We had never done any PR before and I didn't really have any idea what it could achieve. Everything Northern Lights did was focused on our business, and as a result everyone in the company has more confidence in ourselves, our product and our marketing. As soon as the first article appeared, the phone started ringing and it's never stopped. Seeing us in the media gave customers confidence in us and the orders started rolling in. The bank was happy and now we are going from strength to strength.

With thanks to Northern Lights and
Peatey's Coatings, and V. Tomlinson

Questions for discussion

1   What is the main difference in the audiences for BTB and consumer public relations?

2   Why are media relations such a core element of BTB public relations?

3   How could the new media relations techniques discussed in Chapter 10 relate to BTB public relations?

4   How could consolidation of suppliers affect BTB public relations?

5   Could other methods of evaluation have been used to assess the success of either of the case studies?

Note

1   Unless otherwise stated, quotes are taken from interviews with the author.

17 Using the internet effectively in public relations

Jo Chipchase and Alison Theaker

Chapter aims

This chapter, maybe more than any other, has required extensive revision since the first edition. Dealing with fast-moving developments in the electronic medium via a printed medium illustrates one of the major differences and challenges for public relations practitioners. In addition, several specialist texts have been written to address the area, and this chapter can only give a brief overview of areas to consider. The characteristics of the internet and how messages are transferred in cyberspace are discussed. Elements of attracting audiences on the web are examined. The issue of activism and rogue websites is raised. The main tools of electronic public relations are listed: websites, interactive discussion groups of several kinds, virtual press offices and email. Lastly, monitoring an organisation's presence on the web is recommended. It is now important that every PR practitioner in every field of activity should be competent with new technology.

In 2001, the IT sector was a growth area in the UK PR industry, in terms of stature and earnings. According to *PR Week*, during 1998 the UK's top 150 technology sector PR agencies generated a combined fee income of £86 million, accounting for 19 per cent of the PR industry's total fee income that year. Once perhaps considered the unglamorous preserve of specialist business-to-business agencies, the IT sector is forging ahead in terms of attracting clients from the lucrative internet and new media marketplace. With computing and the internet becoming increasingly mainstream, IT companies were asking PR agencies to reach general audiences alongside the 'traditional' publics of IT analysts and the press, while many consumer campaigns included an internet/web component. As a spokesperson for *PR Week* pointed out during late 1999: 'There's a lot of "dot com" [website] business around, and the technology agencies are benefiting.'

However, the dot.com bubble burst, and along with it the client base disappeared for many PR agencies specialising in technology. At the time of writing, there seems to be light on the horizon for the technology sector, although *PR Week (US)* reported a 'wait-and-see attitude' to spending on PR by technology clients (2002, 2003). A survey by Golin/Harris International in 2002 expected that PR spending would remain flat during 2003.

However, the need to use online media effectively is now integral to every sector of PR, and practitioners are having to adapt accordingly. Mark Pinsent of technology

specialist agency Text 100 suggested during 1998 that the ability for PR practitioners to provide clients with internet-based services would be 'absolutely crucial', and agencies that could diversify into more generalist sectors would be 'on to a winner'.[1] Commenting on the pace of change within the communications environment at that time, Wendy Richardson of the Public Relations Consultants Association (PRCA), predicted during 1999 that 'no PR firm will be in business unless it embraces new technology'.

The internet as a mass medium

Back in 1995, Warren Newman, an ex-president of the IPR, commented: 'the internet *is* public relations' – but, at that time, the net was ranked seventh as an issue of importance by PR practitioners. Today, in view of its audience reach, potential for propagating information and convergence with other media (consider webcasting, internet radio, interactive digital TV, wireless application protocol aka WAP) the internet cannot be ignored by anyone operating within the PR industry. According to Cyberatlas (www.cyberatlas.com), by February 2003, the total worldwide internet population was estimated to be around 580 million. The same survey suggested that British internet users numbered around 29 million, although the *Which? Online* annual internet survey for 2002 put the UK population at only 19 million, with a slow down in the rate of increase. In fact, CNET News flagged up a decline in the number of households connected to the internet in November 2001. However, *Which? Online* suggested that even though new users were declining, the more experienced user population was spending longer online, encouraged by switching to unmetered packages. Confidence in e-commerce continued to grow with nine million UK consumers making an online purchase in 2002 (*Which? Online* 2002) and technologies such as WAP which brings internet content to mobile phones expanding access and usage.

The role of free ISP services, initially taking their lead from Dixon's 'newbie'-orientated Freeserve venture (www.freeserve.co.uk), was significant in encouraging widespread internet use, bringing people on to the net who might not have been interested otherwise. Research by NOP suggests that free service providers attracted a new type of internet user – generally older and from the C2DE social groups – where previously users were from predominantly younger age groups and ABC1 social rankings. Market competition and the somewhat problematic unbundling of the local loop (the copper wire between household and exchange) from BT resulted in the introduction of broadband services, such as ADSL, which carry data faster than modems and copper lines. As an alternative to ASDL, cable companies such as ntl started offering affordably priced broadband services ranging from 128kbps to 1mbps through cable modems or customers' set top boxes. A typical modem plugged into a copper line operates at 56kbps. However, *Which? Online* (2003) found that broadband connection did not make financial sense for most internet users.

The USA represents the largest number of users, or 29 per cent of the global internet population (www.cyberatlas). Greenspan (2003) found that while users had become evenly balanced in terms of gender, the average American user was still young (29 per cent between 18 and 29, 47 per cent between 30 and 49), white (77 per cent), employed (44 per cent with more than $50,000 yearly household income), educated (37 per cent with college degree) and suburban (52 per cent). A Bigreasearch survey (www.big reasearch.com) in December 2002 identified the growth of simultaneous media usage, or watching television and using the internet at the same time, with 50 per cent of the US internet population doing this on a regular basis. In fact, contrary to the initial

demographics of internet usage, 31 per cent of women said that they went online while watching television, compared to 24.3 per cent of men. In the UK, more hits were received on the *Big Brother* websites during broadcasts.

Even though the UK is still playing catch-up, the net is increasingly being used as a means of accessing information for a wide range of purposes. For example, in the four weeks preceding the March 1999 NOP survey, a significant number of the respondents had used the web to:

- search for information on a particular company (2.9 million people)
- read newspapers online (1.9 million people)
- locate travel information (1.9 million people)
- search for financial information (1.3 million people)
- shop online (1.3 million people)
- search for employment (1.2 million people).

In October 2002, using email was the most common activity on the web, with 76 per cent of users, but finding information about goods and services was still highly significant, with 71 per cent of users engaging in this. Phillips research (2001) showed that 43 per cent of respondents had bought something as a result of information found on the web, compared to 41 per cent who responded to magazines and 29 per cent to newspapers.

The PPA (www.ppa.co.uk) has been reporting the internet's increasing significance in business decision-making for some years. While business publications were the medium most widely used, with 87 per cent of decision-makers using the medium regularly, 71 per cent said that they used websites.

In 2000, the total online population represented around 30 per cent of the UK adult population (source: Continental Research). In comparison, approximately 99 per cent of UK adults listen to radio, 98 per cent watch TV and 64 per cent read newspapers daily. There is evidence that the internet is a significant adjunct to traditional media. 'The latest annual government internet survey showed that downloading news was a purpose for 28 per cent of users', says Phillips. 'This means that 6.3 million people used the internet to source news in the UK.' A survey commissioned by Freeserve.com in July 2002 revealed that people in the UK spent three times longer surfing the net than they do reading newspapers.

Characteristics of the internet
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Gregory (in Phillips 2001: 49) sets out three phenomena of the internet that practitioners must take account of:

- Porosity – the passage of information from internal to external audiences means communications cannot be exclusively directed to one public.
- Transparency – opening internal systems to scrutiny from those external to the organisation, such as delivery tracking systems.
- Agency – transforming messages and images as they are passed from one person to another, such as the many examples of manipulating images on 'suck' sites (see below, discussion of rogue sites).

Horton (2001: 7–10) maintains that communication on the web should obey the same principles as all other corporate communications:

- Simplicity – focused on the themes that support corporate success.
- Timeliness – providing information when needed. Online communication increases the pressure to deliver information quickly.
- Openness – access to information.
- Definition – ensuring that key audiences receive information.
- Flexibility – using the relevant media for the message.
- Individuality – persuading one person at a time. Online communications enable users to personalise how they want to receive information.
- Meaningful – making sure that messages are clear to the recipient.
- Measurable – determining 'whether a message contributes to or detracts from an organisation's . . . success'.

Holtz (1998: 16–21) suggests that communication has been changed fundamentally with the advent of online media. In moving from an industrial economy to an information economy, communication must change from the hierarchical, top–down model (the broadcast paradigm) to a networked, accessible system (the network paradigm). Expectations have shifted from pushing out a huge quantity of messages to improving their quality and relevance by customising communication through email and discussion groups. As a massive volume of data has become available to organisations about their customers' preferences and desires, products and services are now customer-driven rather than producer-driven. In addition, whereas organisations and media owners used to set the agenda, now individuals can set up their own websites to express their opinions. People with similar interests can form virtual communities unlimited by geographical considerations. The internet is a 'pull' medium as users go to a website because they have a specific information need, compared to print media which 'push' information at the receiver whether they want it or not. Holtz cautions that while making information available on the web is a necessity, messages still need to be sent via an integrated mix of media, as not all individuals are internet savvy. Indeed, Greenspan (2003) states that 'nearly one-quarter of Americans experience life unplugged'. Holtz also sees the task of communications no longer as distributing information to every member of the target audience, but to 'entice each individual, one at a time, to your site'.

IT sector skills requirements

Are specialist skills required in the IT sector? Do practitioners have to become experts in web design as well as words? When asked to name the concern voiced most frequently by IT sector PR agencies, a spokesperson for *PR Week* answered 'recruitment'. He elaborated that 'getting people who have specialist technical knowledge can be difficult'. Although the 'anorak' image of IT-related roles has diminished, and interest in the internet is no longer considered socially undesirable, industry entrants may consider the technology sector less inviting than 'glamorous' consumer PR. This is despite the fact that career progress within IT agencies can be rapid. Are PR skills more important than technical knowledge, or vice versa? Mario Tilney-Bassett, a new media specialist, has worked within both the IT and the consumer PR sectors. He comments:

> The technology sector needs PR generalists who are capable of grasping technology or at the very least what the technology means to the end user. For example, you do not need to know how television works to explain the difference between a colour and a black and white set.

He adds that technology specialists 'tend to get bogged down in technical issues and can overwhelm the listener with jargon', while claiming that many PR practitioners are 'technophobic'. Esther Kaposi counters, 'It is quite easy to argue the opposite and say that all clients in all sectors should be able to expect computer skills, while PR is partly intuitive and difficult to learn.'

Lyle Closs of Ogilvy Public Relations said in 1999 that there was a need for people who understood and liked technology. He commented: 'Clients expect practitioners to understand their business. For technology PR people, a good computer studies degree is preferable to a PR qualification. PR skills can be taught, but a fascination for and love of technology is harder to teach.' Closs emphasised the need for public relations practitioners to adapt their skills: 'Outside the IT sector, considerable ignorance exists . . . consumer and business-to-business PR people will have to learn fast . . . or find themselves out of business in a few years' time.'

Taking a similar view during 1999, Dave Bennett of Manning Selvage & Lee believed technology sector practitioners should have a broad skills set, especially as campaigns were becoming more mainstream: 'Some 90 per cent of our accounts are multi-faceted, in that they include some sort of non-IT characteristic. In five years' time, there will be no such thing as a wholly IT account, dealing exclusively with trade media and analysts.'

'The technology sector is now almost a side show compared to the internet mediated activity needed in the communications industries', says Phillips. 'Consumer, financial, B2B have to use internet capability. In any one day upwards of 1,000 press releases are made available through organisations such as PressBox, PA and Waymaker.'

PR practitioners must be able to find their way round the internet and use email effectively. The figures look encouraging: a survey of 180 of PRCA members conducted back in April 1999, covering all sectors, found that 100 per cent had email and internet access, while 88 per cent had a website and 62 per cent had an online newswire (such as Reuters Business Briefing) (Figure 17.1). These figures suggested that, even a few years ago, practitioners were eagerly embracing new technology.

As more and more qualified graduates enter the profession, the technology skills level of general practitioners should rise. The IPR's insistence on approved courses having sufficient coverage of new technology means that the 'technophobic' level amongst new entrants will fall. This may mean that senior level practitioners will know less about new technology than their account executives. Technologically challenged practitioners will feel increasing pressure to update their IT skills at the demand of clients, colleagues and the press. As technology moves ahead, many may take their example from the IT sector. Holtz (1998) believes the IT sector set a precedent for the PR industry's adoption of new technology:

> Practitioners working in the technology sector face a particular challenge – to lead the way by introducing new concepts that apply all the rigorous principles of effective, ethical communication. As representatives of the companies that are developing the technologies that make dynamic, many-to-many communication possible, public relations practitioners have no margin for error. They are expected to embrace and understand the capabilities of the technologies they promote, along with traditional communications. Even other communicators expect to follow the leads of the technology community.
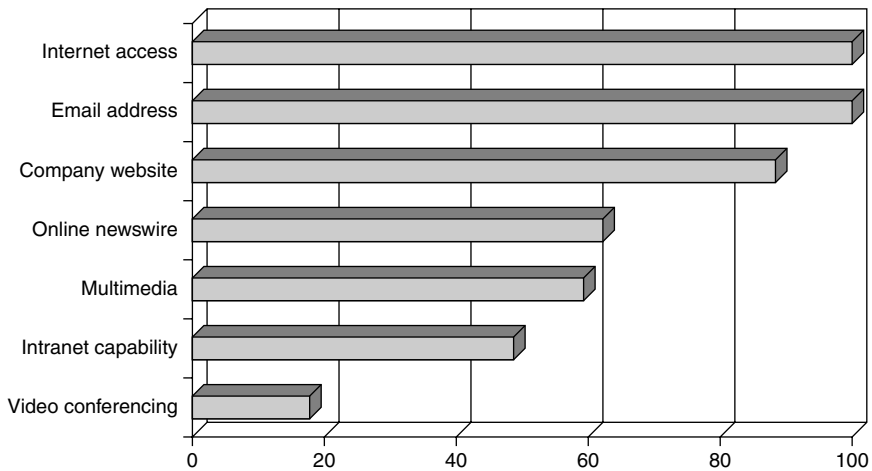
Figure 17.1   Technologies used by UK PR agencies – April 1999

Source: PRCA benchmarking study

During 1994, John Pavlik (of Columbia University, USA) had a vision of the PR industry moving towards virtual teams with flat structures, helped by online communications. He predicted that virtual offices would exist, with clients and PR people communicating via email. He also said there would be a shift towards two-way communications, with PR people targeting virtual publics (that is, special interest groups that exist on the internet). Pavlik's visions are coming to fruition, in the IT sector at least. Virtual teams exist at many agencies, as individuals based in different locations can share information easily using email and intranets, as if seated in the same office. For this reason – and because the need for costly facilities provided by the employer is avoided – the use of hot-desking and freelancers is growing. Taking an industry-wide view, PR practitioners can easily share ideas and contacts using online industry forums such as UKPress (www.ukpress.org), a networking resource for communications professionals that launched in early 2000. Meanwhile, the internet makes tasks such as day-to-day research much easier and faster than before.

The diversifying IT sector and its audiences

A few years ago, technology sector PR largely spent their time communicating the benefits of products and services to IT managers, by targeting the publications read by these people. Popular (if unexciting) themes such as cost-efficiency, flexibility, reliability and robustness were used to encourage IT managers to invest in hardware, software and networking products – while enabling them to justify their purchases to finance directors and board members. IT messages and audiences were not exactly diverse.

Suzy Frith of IT specialist agency Citigate Technology described in 1999 how the situation had changed:

For many years, vendors of IT services and software found communication easy. Their only audience was the IT department and the only relevant medium was

specialist IT magazines. Now the picture is more complex, as IT has come out of the back office and drives virtually all business processes. So, IT vendors still need to sell to the people who make technology work – but they also need to gain the confidence of the board, business managers and users. They are having to think again about external communications in a highly competitive market in which reputations can be destroyed by ill-chosen words and behaviour.

At the time, Frith believed IT companies were immature in their thinking, and consequently needed help from PR people to focus on markets, avoiding the previous tunnel vision on technology. In particular, Frith suggested that PR people must help IT vendors to:

- realise that the single audience model (targeting just IT managers) is no longer effective
- develop strong brands
- identify and segment target audiences
- create market propositions
- 'develop what they say and how they say it, because communications is not their core business'.

Dave Bennett of Manning Selvage & Lee believes the main industry stakeholders – whether these are small businesses, public sector bodies, finance directors or end-users – can be targeted by 'having a sound proposition, focusing on the benefits rather than the technology, and being *creative* about it'. Public relations is at its most effective when used as part of an integrated corporate communications programme. The following case study demonstrates how a campaign for a purely 'techie' product can reach multiple audiences successfully, by using a different message for each type of target press.

Case study one: EVUS launches Cambridge Silicon Radio

Cambridge Silicon Radio (CSR) launched in May 1999 – a nine-man team spinning out of Cambridge Consultants Limited (CCL) – with $10m of venture capital funding and some very big ideas. CSR is a 'fabless' silicon chip manufacturer, a very techie business, but with some hot technology. CSR's specialism is building short-range radios onto silicon chips, and the team's expertise had been used in a number of bespoke applications. However, the announcement of the Bluetooth short-range radio technology specification by Ericsson, IBM, Intel, Nokia and Toshiba presented an enormous market opportunity for the team. CSR's ambition was to be the first to market with a single-chip Bluetooth radio – a position that could see it quickly becoming a billion-dollar company.

As with any start-up, besides CSR making an impact in the electronics industry, the chief barriers to growth were lack of money and lack of people, and these key objectives needed to be addressed in the company's PR launch. A further objective was to position CSR as one of the drivers behind the development and adoption of Bluetooth technology – the success of which would largely be driven by consumer adoption.

A launch strategy was developed by EVUS, which involved positioning CSR within the key financial media as a well-funded UK start-up, within the electronics press as a

technically innovative company, within the local Cambridge media as an excellent employment opportunity for technical professionals and, where possible, within consumer media as a British company bringing an exciting new technology to market.

The *Cambridge Evening News* was briefed under embargo to run a story on the afternoon of Tuesday 11 May 1999, the objective being to secure a launch story in the *Financial Times* on the morning of the same day. The launch release would be distributed to the trade press on the Tuesday. The strategy worked to perfection – although not without the odd drama. The *FT* ran a positive story on page 2 of its 'Companies & Markets' section, the *Cambridge Evening News* ran a large story under the headline 'Spin-off predicted to be world beater' and the key industry title, *Electronics Times*, carried a front-page story with the headline 'Billion-dollar Bluetooth bid'. In addition, a number of national titles, including *The Times* and *Observer*, picked up on the consumer applications of Bluetooth technology, strongly tying CSR to its development.

Although, at the end of the day, CSR's success will be based on selling millions of silicon chips, its ability to do so relies on many different factors. CSR's PR objectives continue to be multi-focused, with campaigns running in the technology, business, national and consumer-orientated media.

Case study provided by Mark Pinsent of EVUS, a division of Text 100

Targeting consumer audiences

Increasingly, technology companies are using mainstream media to reach a wide audience. Technology companies such as Cisco, which manufactures routers (an essential component of data networks), and IBM, which targets the corporate market with 'solutions for a small planet', advertise on prime-time TV. After all, countless business managers and end-users will be watching and may influence their company's procurement decisions. Similarly, internet ventures now promote themselves through every given medium. Whether consumers are viewing a TV advertisement for a major search engine or a billboard advert for a cut-price travel site, they simply cannot escape the dot.coms.

Caraline Brown of Midnight Communications, a technology sector agency that targets consumer and other audiences with creative campaigns, believes the secret of PR success is to 'keep it simple'. Brown does not believe in focusing just on the technology – rather, she thinks an IT product or service must be seen to have real benefits. In 1999 she commented:

> People want to know how a particular technology will relate to their everyday lives. While technology for technology's sake at one time generated news stories, this is no longer true in a sector where audiences are becoming increasingly savvy. In the old days, the press loved the fact that a product or service had launched on the internet, and that alone would be worthy of coverage. Today, with the high speed of technological change, good PR coverage depends on coming up with an idea that brings the technology alive.

Brown pointed out that the computing and technical press had undergone a 'radical' facelift:

> Early publications tended to focus on high-end technology users – industry players and computer experts – rather than the person on the street. However, there has been

tremendous expansion in the computing and high-tech media, and we are now seeing internet magazines carrying front covers that compete with the likes of *Maxim* and *GQ*.[2]

She added: 'When you consider that everyone from pensioners to under-fives are embracing the internet with equal enthusiasm, there has never been a better time for IT sector PR practitioners to make an impression.' In addition, many publications which launched during the dot.com boom closed during late 2001 to early 2003 because of decreased advertising revenue.

Technology PR is definitely moving towards emphasising the lifestyle aspects of products. 'It's no longer about speeds and feeds', says Andrew Gordon (2002). 'It's about the benefits. Style is emerging as the latest means of hyping hi-tech, particularly for mobile phones.' He also quotes Tom Shay, director of corporate communications for Fuji, who says, 'Consumers don't care about how digital cameras work, they just want it to be easy to use and take good pictures.'

Lydia Whitefield, VP of corporate communications at Avaya, agreed. 'You have to say what the technology can do for you.' She also feels that the downturn in the economy has made technology firms more cost conscious, so that PR is becoming more important as it is more cost-effective than advertising in reaching decision-makers.

Dealing with the public online

Holtz (1998: 61–7) points out several differences when communicating with audiences online. Whereas print communications are linear, publics can enter web pages at several different points. On the one hand, no assumptions can be made that someone will start reading at the beginning and continue to the end. On the other hand, organisations must anticipate why someone might visit their site and ensure that the navigation and content can provide the desired information. Reading information from a screen is different from reading a book. Readers must be enticed to scroll down, rather than leaving the site because what they want is not immediately available. The navigation system should lead people where they want to go without too many distracting clicks. People scan text rather than read it, so text on web pages needs to be succinct. Holtz also maintains that web communications are narrowcasting rather than broadcasting, that a 'one-size-fits-all' website will satisfy no one. He quotes the example of Disney, which not only has a corporate site, but also individual sites which deal with each movie and how to get hold of the related merchandise.

Tools of online public relations

Websites – what works and what doesn't?

PR practitioners, including those outside the IT sector, are being asked to consult clients on setting up websites and running internet-based campaigns. Some agencies have created specific new media divisions to meet clients' needs in this area. Websites are important because they represent a company's image and brand values online, and can be used to communicate cost-effectively with many audiences, when compared to other elements of the marketing mix such as advertising and printed literature. Communication through websites may be:

- business to business – reaching third parties, shareholders, potential investors, industry bodies, analysts, trade media, etc.
- business to consumer – reaching customers (existing and potential) or general 'surfers' through information resources, e-commerce systems, entertainment sites, portals, etc.
- internal – providing tailored information to staff, clients and affiliates using intranets, extranets (inter-connected intranets) and password-protected areas on corporate sites.

According to a study by the *Los Angeles Times*, based on various internet statistics, including those from specialists Media Metrix, the web is shrinking despite continued growth in the number of sites. People are spending less time on general surfing, relying instead on a small selection of trusted sites (in the UK leading sites include the Google.com search engine). More than a third of most people's online time is spent at the 50 most popular websites. The study also suggested that word-of-mouth recommendation, known as 'viral marketing', was becoming increasingly important as a means of securing an audience for a website, although saturation in this area means it is increasingly difficult to make an impact with a viral campaign. This format was used successfully to promote the *Blair Witch Project* movie, which soon became the topic of conversation on bulletin boards across the world. Conversely, a website's reputation can be destroyed by negative visitor opinion. Boo.com, the internet fashion retail venture that failed during May 2000, floundered from the start when UK new media experts voiced their collective lack of faith in its design and functionality, as well as the fact that the owners had a lavish lifestyle before they showed any decent results.

A successful website should have the following features, according to Kirsner (1998):

- a 'What's New' section – so users can identify the latest content and go directly to it
- a search engine or site map – to ensure all content is straightforward to locate
- a feedback mechanism (an online form or email address), so users can comment about the site and suggest areas for improvement
- consistent navigation (a uniform navigation system should appear on each page)
- security information (this is particularly important if the site has an e-commerce system where users are asked to enter their credit card details)
- linking instructions – to encourage reciprocal links with other sites
- a privacy policy – if users provide their email address to join a mailing list, they need to be reassured that it will not be passed to third parties without permission
- location and contact details.

A survey conducted in the UK by Redsquare revealed that internet users actively dislike:

- *'Data speeds too slow'*. Website visitors will feel frustrated if pages do not load within approximately 30 seconds. This is especially true of people who are using modems at speeds of less than 56k.
- *'Disorganised mess'*. Many sites are inconsistent in their approach to visual identity, navigation, layout and the structuring of information.
- *'Substandard design'*. Poorly designed websites are no more acceptable than sloppy examples of corporate literature.
- *'Slow response'*. If a website has a feedback mechanism, it is unacceptable to ignore enquiries, or even to take a few days to reply.

- *'Too much information'*. The most effective websites provide succinct, relevant punchy content.

It is important for websites to be user friendly and straightforward to navigate – otherwise a proportion of the potential audience will be lost. In new media forums, a debate has emerged about the use of Macromedia's Flash – which creates animated, multimedia content for websites – on general consumer sites, as users who do not have the latest browser plug-ins (helper applications) are forced to download the software or skip the content. As a general rule of thumb, Flash is considered inappropriate on e-commerce sites, information sites (such as search engines and directories) and anything aimed at a predominantly new user audience. The use of superfluous Flash content – among other unnecessary adornments – was a major contributory factor to the failure of Boo.com. However, Flash *is* appropriate for entertainment sites, music resources, online advertising campaigns and digital art. It can be the role of the PR person to advise clients on best practice.

The PR person should, from the start of a website project, ensure that there are set sign-off stages for the design (including the precise structure of the navigation system) and the content. A site plan should be drawn up in conjunction with the developers so everyone is working to the same 'blueprint'. Designs should be signed off as mock-ups created using just imaging software before any coding or further development starts. It is important to allow sufficient time for beta testing the site before it is unleashed on the public. It can be damaging to a company's image to launch a website that is full of oversights and errors.

Website follies can be avoided when technical experts, designers and marketing communications people work together as a team and listen to advice from industry veterans. According to Gusterson (1999), both technical and communications expertise is necessary to create an effective website. He suggests that PR practitioners who understand the web are well suited to assuming ownership of site content and liaising with technical staff over presentation. He also points out that practitioners must adapt their writing style, as the web requires something different from the traditional paper-based writing mode. People rarely read web pages word by word, instead scanning the page and picking out individual words, sentences and graphics.

PR people should certainly be aware of how to edit material for the web. Suggestions for formatting web page content include:

- keep the word count to around 400 per hypertext page, as information is less easy to read on a screen than on a printed page
- break up body text with sub-headings
- link from a feature or opinion piece to other sites that display relevant information
- include references to other sites as hyperlinks
- include an email address, in case the viewers require further information
- remember that your potential audience is global, even if the site has a local focus
- be sure to remove references to printed material from the copy, such as: 'On page three of our brochure you will find . . .'

Horton suggests that web page design is 'equal parts science and art' (2001: 154). He recommends setting up a site map so visitors can get where they want to be in no more than three clicks (aka click thrus, which emphasises the need for good navigation links). He also suggests that a home page should always have links to a site search engine and map, so that if information is not immediately apparent, visitors have a

chance to conduct a personalised search for what they want. A feedback or 'contact us' button is another must.

Phillips (2001: 124) adds that practitioners must pay attention to the needs of site visitors to feel that the information is trustworthy. As anyone can set up a website, organisations have to demonstrate that their site contains bona fide corporate and product brand equity.

As might be expected with such an interactive medium, developing a website is a continual process. It is not good enough to simply set it up and leave it sitting on the web server. Web users are impatient with out-of-date material, which reflects on the reputation and trustworthiness of the organisation. As the web is a pull medium and users have to be attracted to an organisation's web site if they are to visit, sites must be promoted effectively. Tried and tested methods include:

- printing the URL (aka site address) on all company literature
- targeted promotions and competitions that encourage repeat visitors or entice people to join a mailing list
- viral marketing
- reciprocal linking with other sites
- referral schemes – for example, e-commerce sites may pay third parties who send visitors their way a percentage of the sales relating to those visitors
- search engine placement and the buying of 'key words' on major search engines.

To draw visitors, it helps if the content includes current news and information, so that the site becomes a resource. Dysart (2003) suggests on-site polls as a way to increase visitors and to provide news stories. He cites the Computing Technology Industry Association (www.comptia.org) as a good example. Surveys are conducted on such related topics as web security, software buying and what computer industry visitors look for in an application's service provider. Survey results are then provided to the media in an easily downloadable form. Conducting surveys establishes the organisation as an expert in the field, and also allows a dialogue with visitors about what they are interested in without a hard-sell pitch.

Search engine placement should not be overlooked. As content on the web is organised in an anarchic fashion, users normally search for information using their preferred search engine or directory. These may be indexes like AltaVista or Google, which use software called spiders to gather information from the web based on words contained in web pages, or directories such as Yahoo!, which employ website developers to catalogue and update information according to a list of topics. When a user types a word into the search engine, a list of websites where the word or phrase appears will be returned. Users then scroll down to see whether there is a site that relates to what they are looking for. When designing a site, meta tags can be inserted into the HTML code at the beginning of the page to identify it to search engines and help classification. Keywords describe the content and summarise what the site is all about. Horton (2001: 128) lists various tricks which may help sites to improve their search engine ratings, that is, come nearer the top of the list in a user search for particular terms. It is also possible to buy keywords on major search engines such as Google, which improves a site's visibility when that particular word or phrase is entered by users. Search engine placement should be conducted at least quarterly if it is to be effective. As it is something of a 'weird science', it should ideally be outsourced to a freelancer or agency that specialises in this field.

As with all forms of public relations, measurement of website effectiveness is important. Holtz (1998) criticised the measurement process for websites, which has traditionally focused on the number of hits, visits and page impressions attained during a certain timescale. (For example, you could attract 12,000 visitors to your UK-focused women's portal – but is this *really* useful if 90 per cent are young male students living in the USA?)

The problem may be that many sites do not have a clear purpose. US-based author and PR consultant Dan Janal (1998) says too many companies go on the web without a set of goals. He suggests: 'Most sites fail because they don't have a strong call to action. There is simply no incentive to move people from being curious to being committed.' In some cases, sites have failed because they were launched before being fully tested – which is usually a recipe for disaster. PR people could help ensure that a site has attainable objectives, that the technical team works with the marketing people, and that live testing is not conducted on the public.

In many cases, PR agencies need to put their own sites in order. Mark Pinsent identifies various shortcomings:

> [There is] a lack of appreciation of what visitors want to see – more commonly, they get what the company wants to tell them. There quite often seems to be a desire to get people off the site as soon as possible, with loads of links to other sites.

He advises against including material that should perhaps be confidential – such as information concerning specific client contacts and PR decision-makers. After all, most agencies do not wish to inadvertently encourage head hunting of their valued personnel. Nor do they wish to tarnish their reputations as professional communicators by uploading ill-thought-out content.

'Through using search monitoring, a practitioner can get instant feedback about the reception of their messages online', says Phillips. 'Brand messages and further information needs of publics can be monitored on an hourly basis. Reaction times from people, not intermediaries, can be obtained and messages changed in minutes. This can be tried out on www.wordtracker.com.'

The internet also allows webcasting, the streaming of audiovisual material from the web server which is viewed by end-users through plug-ins such as Real Player or Windows Media Player. This can be either live or archived, and can range from Powerpoint slides which could accompany a clip of a CEO speaking to an AGM, to awards broadcasts, seminars, music festivals and full-length pop concerts, sporting events and perhaps most famously Channel 4's *Big Brother* reality TV programme. Horton (2001: 167–8) advises practitioners to use experienced technical companies to set up the webcast. As with any public relations tactic, a webcast must have a clear objective and a specific target audience.

Holtz (1998: 235–45) suggests several ways of measuring the success of websites and integrated campaigns rather than hits (which he suggests is an acronym for How Idiots Track Success). A parallel can be seen in the development of evaluating media coverage in print by using column inches, with the current sophisticated methods of media content analysis (see Chapter 19). He starts by recommending sophisticated tracking, to monitor where visitors come from (for example, the referring sites that have sent them to your site) and which pages they visit once they have arrived. Another way is to associate unique URLs with particular directives that encourage people to visit the site. Like adding direct marketing or promotional coupon codes, this marks each query with its

origin and shows which activities are working. New customers can be asked to register, or provide postcode information so that they can be directed to retailers in their area. Retailers can then be asked to find out where purchasers found out about them. Depending on the objectives, other methods may be used. Is the aim to reduce the amount of time enquirers need to spend on the phone to an operator? If so, does phone traffic increase or decrease after the site is launched? Have callers first consulted the site before phoning customer services? Is it to save money on printed publications such as glossy brochures and reports? The IPR intended to stop printing its expensive annual members' list and replace it with an online directory. The latter would have the added advantage of being instantly updated, rather than being out of date virtually as soon as it was printed. However, members' requests meant that a printed register of members with names and job titles had to be reintroduced as some found this easier to navigate. Full contact details are still only available on the website, however.

Scherpereel and Skutski (2003) suggest a template for assessing an organisation's website, including whether messages to each audience have been defined and assessed by visitor feedback. A process for updating content should be in place, and a clear design applied consistently. Navigation considerations include download time and logical navigation aids. Content must not only be grammatically correct and free of typographical errors, but also, perhaps more importantly, current and relevant.

Virtual press offices

Before advising clients on best practice regarding websites, PR agencies should put their own houses in order. Too frequently, PR agencies' sites commit some of the cardinal sins of web design or fail to cater fully for the needs of key audiences such as the press. In an age when many journalists prefer to obtain information electronically, numerous net-savvy agencies and in-house PR departments have set up virtual press offices (VPOs) to provide specially tailored information to the press (examples can be found at www.midnight.co.uk, www.chapr.co.uk, www.whiteoaks.co.uk). The fact that journalists rely on the internet to source information, rather than using 'traditional' methods, is illustrated by Wilcox's comments (in Rainier PR 2003):

> Journalists are lazy people. . . . Proof of this comes in an anecdote from a good friend of mine who is an editor of a major technology weekly. Wandering in late to the office, my friend was confronted with a team of reporters sat around chatting. Challenged by their editor, one young hack said: 'We can't do any stories, the internet is down.'
>   This was met with a firm 'Well pick up the bloody phone then!' from their editor.

Typical content of a virtual press office includes: company information such as backgrounders and biographies, product information, press releases, image libraries and contact details. Press releases should be searchable by client/product or key words and should be indexed in date order. All collateral should be easy for journalists to find, with the minimum of fuss. It is not ideal to ask journalists to register for a press area before they can access what should essentially be public domain information, as this tends to be an off-putting factor. According to Rainer PR (2003), a virtual press office should:

- inform journalists on the company's business, its products and services

- allow journalists to view all up-to-date news announcements and access relevant materials to support the development of news and feature articles, including photos and background information

- provide online and telephone contact information for local PR staff who are able to provide additional information and access to spokespersons

- be functional, both for the company and journalists concerned

- be linked to clearly from the home page of the website and not be easily confused with investor relations

- have consistent branding and a clear design

- be updated regularly.

If you do not have sufficient company news to keep a virtual press office fresh, consider including industry news – such as research statistics, white papers and round table transcripts – from your particular sector. Otherwise, a weekly industry round-up from your CEO might keep the content live. It is vital to have a streamlined process for updating a virtual press office. As soon as a press release is issued using the traditional methods, it should also appear on the VPO. Most VPOs are governed using a Content Management System (CMS) – 'back-end' software, usually bespoke, that indexes text, images, files, and so on within a database. Generally, users can upload text and documents, and so on by logging on to a simple administrative centre online (Figure 17.2). It should be
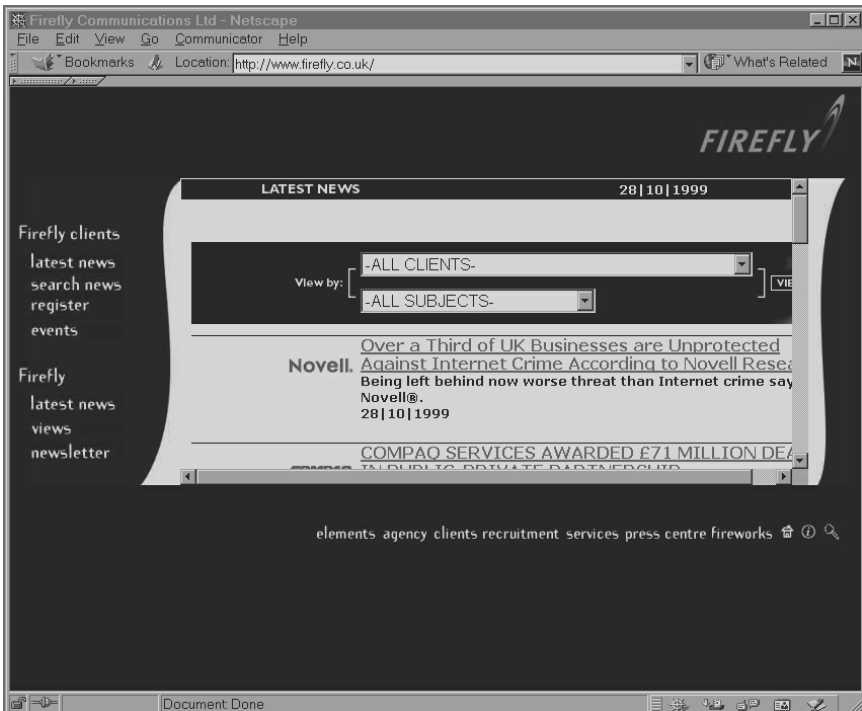
Figure 17.2   Firefly's searchable internet press centre

the responsibility of a designated member of a team or agency to ensure that the virtual press office is kept updated at all times.

When considering specific content for a VPO, certain rules apply. Press releases should be provided in text format and as downloadble PDFs – not as Word documents, which journalists fear may contain viruses. Images should be of a sufficiently high resolution to print in the target publications – that is, 300 pixels per inch (ppi) – and should be downloadable in both JPEG (Windows) and EPS (Mac) versions. Pictures should be searchable by person, event or product, and the picture library should, ideally, use an efficient indexing system.

A common grumble voiced by journalists who use VPOs is 'the company has masked its contact details'. Journalists find it particularly frustrating to have their enquiries thwarted because there is no means of gaining further information or a spokesperson's comment. Enquiry forms are an extremely poor substitute for telephone numbers and email addresses of 'live' PR contacts. Too frequently, the enquiry forms found on the press sections of corporate websites go unanswered. At best, an auto-responder message saying 'your enquiry has been received' may come through, which is hardly useful when an answer is needed quickly. Generally, a lack of direct feedback will lead to journalists giving up and heading elsewhere for a story. Contact details should be made clear. Furthermore, with global sites, the stated contacts should cater for journalists who want to speak to someone in their own language and time zone. Healthcare journalist Rachel Newcome commented in an email interview with the author (2003):

> The biggest failing in online press centres is not including any contact names, emails or numbers. I had a frustrating trawl around a medical charity's website the other week. I could not find a contact phone number at all! So, I gave up in the end and went to a rival organisation who had all the details at hand. Mostly I need to contact people at short notice, so with a looming deadline there's not time to hang around searching for ages.

IT journalist Mary Branscombe is of a similar opinion, and lists the shortcomings of VPOs as follows (2003):

> I dislike registration forms that take weeks to be approved and those asking for strange authorisation details I don't know how to provide. Other common failings include: lack of contact details, lack of photos, no dates on press releases, no contact phone number to publish for readers, impenetrable archives with no powerful search feature, no distinction between US and UK news when US products are different, maze-like navigation between US and international areas and specialised areas for key products that haven't been kept up to date or integrated with the rest of the press centre.

Before setting up a VPO, PR practitioners should plan the content and design carefully and solicit expert advice from those who have expertise in this field. Furthermore, pre-launch testing must be carried out thoroughly to ensure the finished product does not contain anomalies and truly does meet the needs of the press.

Virtual forums

Virtual forums are important to the PR person because unmediated comments – either positive or negative – about a product, entity or organisation can propagate widely on

them and can potentially be seen by thousands of people. Virtual forums include Usenet newsgroups, email lists, message boards and chat rooms. According to Phillips (2001: 81), a newsgroup is 'a discussion about a particular subject consisting of contributions written to one of a number of internet properties and redistributed through Usenet'. Consumers can use these virtual forums to find out about products and services from other customers. Groups have a strong sense of community and their own sets of rules (or 'netiquette'), and any inappropriate interjections can give rise to 'flaming', in other words, angry and insulting responses. Boardreader, a company that monitors online web-based discussion (www.boardreader.com), has identified 32 million users on the sites it monitors. It is fair to assume that this form of exchange is significant and growing.

Horton (2001) recommends care in using newsgroups for public relations purposes. First, a relevant newsgroup must be found, that relates to the product or service being discussed. He states that 'there are more than 50,000 newsgroup bulletin boards' (p. 135) and the first step is to assemble a list of possible groups based on area of interest. Time should then be spent assessing the quality and importance of discussions, and whether the site is moderated or not. He recommends using moderated sites, as the moderator is responsible for keeping discussion on track and policing the contributors. Permission to post information can be obtained from the moderator. Horton advises practitioners to be wary of cross-posting, or posting on too many sites, as this is regarded as the net equivalent of junk mail. Only sites where the participants would genuinely be interested in the subject should be posted.

Some companies 'seed' the discussions with favourable comments about their products and services (the online equivalent of a 'whisper campaign'). A number of companies are transparent about their activities in newsgroups, while others use surreptitious tactics to attack rival brands. These are known as disguised postings and if discovered can result in angry reprisals and accusations of web abuse, which can be counter-productive. Phillips (2001: 162) suggests researching topics of interest to the group and thereby gaining an expert reputation, rather than simply a corporate representative.

Another type of forum is the chat room. Horton (2001: 74–6) recommends using this only 'in a planned manner with specific objectives'. Chat takes place in real time, so is costly in terms of staff resources as someone has to be on hand to answer queries. He suggests that chat can be useful for customer relations, such as discussing why a product failed and what to do about it, or if a potential buyer has questions which will influence their purchase. He warns against the anonymous nature of chat, as participants can use aliases.

'A fast growing form of low cost website is a form of online diary called a web log, or blog. These sites have content added to them on a regular basis and tend to have a niche following among friends. Some have considerable reach and others are commercially driven', says Phillips.

Using email effectively

The use of email in media relations has been discussed in Chapter 10. Phillips (2001: 149–56) suggests several other ways to use this technology. Email has the advantage of being delivered directly to a targeted individual. It is possible to tailor messages individually, if one has the time and resources, and to develop relationships based on which emails the recipient opens and reads. Practitioners can also use internet mailing lists to approach people who have signed up to receive information on specific subjects. Holtz (1998: 45–6) provides guidelines for producing email newsletters, a cost-effective way

of keeping in touch with targeted individuals. Cunningham and Greene (2002) point out that even though email is traditionally a spontaneous medium, standards of grammar and presentation must not be allowed to lapse. They advise treating text distributed in this way like any other business communication.

Speed of response is vital in managing email communication. Many companies set up an auto-responder device which lets the sender know their email has been received. However, if no follow-up is received, this can be viewed as a delaying tactic. Consumers have higher expectations about speed of response by email, whereas they would tend to wait up to four weeks for a reply by 'snail' mail. Cunningham and Greene also warn that 'There is no such thing as privacy in email', and that 'once you hit send, you never know who will end up receiving your message'. Emails can be forwarded in whole or part to unintended recipients. A notable example is the Claire Swire email saga that occurred during 2000. Ms Swire ill-advisedly used her corporate email system to send a message containing salacious sexual content to a partner. He forwarded the message to his friends, who forwarded it to their friends, and so on. Soon, the message had propagated around the world's mail servers – much to the embarrassment of Ms Swire.

Email can be used to launch a viral marketing campaign. This is a way of creating a buzz about a product, a kind of electronic word-of-mouth and is a cheap way to reach many more consumers than would be possible with traditional media. Horton (2001: 153) uses the example of Hotmail, which built its subscriber base to 12 million in just 18 months by automatically adding an advert about its free services to each email that was sent though its system. Viral marketing attempts to enrol recipients in passing on the message to their friends by offering free services and encouraging them to email pages from a website.

Internet reputation management

For communications professionals, a key issue concerning the internet is the interactivity between users and the fact that anyone can voice their opinions without constraint. Unlike other mainstream media, the internet allows two-way and many-to-many communication. Howard Rheingold (1994) described the network and broadcast paradigm. The network paradigm involves multi-directional communications between citizens (for example people holding discussions using email and online forums), while the broadcast paradigm involves the one-way (downwards) provision of information and entertainment (such as ntl providing video on demand). Rheingold accurately predicted that the big players in the internet industry would form alliances and focus on the net as a means of exploiting the broadcast paradigm, with an emphasis on piping entertainment into homes. However, the influence of virtual communities – the network paradigm – is perhaps more relevant to PR practitioners.

According to Phillips (1999), 'Internet Society' comprises thousands of communities who have their own agendas. Established internet users may be active in numerous online communities, and will frequently carry information (factual or otherwise) from group to group. Online communities use resources such as chat rooms, email lists, newsgroups and bulletin boards to discuss topics of interest. The anonymous nature of online resources, where people can assume any identity they choose, may lead users to articulate things they would not mention in 'real life'. As Phillips points out, the anonymous aspect of the internet changes the nature of 'stakeholder society'. Individuals can participate in many different stakeholder groups and may use interactive resources to influence events as never before, without the need to go through media gatekeepers (that is,

editors). In many cases, people will voice their opinions freely about companies and services – and these opinions can spread and prove influential.

Says Phillips (1999):

> Once companies had control of what was said and believed about their activities. Now every stakeholder has, can and does provide knowledge and opinion freely. Anyone can create a website. Unacceptable practice attracts comment, criticism and active opposition. Companies have to fight for a place in internet stakeholder society.

Gusterson (1999) believes monitoring the internet enables companies to:

- formulate defence strategies against online attacks
- act early to contain a crisis
- monitor stakeholder opinion
- gather competitor intelligence.

In some cases, corporate reputations have been saved by diligently monitoring virtual forums. For example, during March 1999, complaints about Pioneer DVD players began to appear on newsgroups. Pioneer contacted complainants directly by email, and offered to fix their DVDs – an approach that contained the negative publicity, preventing it from reaching a wider audience such as the national press. Conversely, Intel chose to ignore newsgroup discussions about the now infamous floating point error in its Pentium chip. Eventually the story was picked up by the mainstream media and Intel had to spend millions repairing the damage.

The monitoring of virtual forums is especially important to publicly quoted companies. Investors are increasingly using message boards to discuss companies and share stock tips. AgriBioTech saw its stock fall by more than 20 per cent when negative messages were posted on a message board provided by the popular search engine and directory, *Yahoo!*

In some cases, newsgroup postings can provide a proactive PR opportunity. For example, a posting on the uk.local.london newsgroup during August 1998 suggested: 'If you want free PC banking, try FirstDirect. As for NatWest, I wouldn't bank with them if they were the last bank in the universe' (Figure 17.3). The discussion soon spread into other groups, taking the NatWest debate to a wider audience. Had NatWest spotted the postings and responded quickly, it could have reversed the adverse coverage and mentioned positive aspects of its service. However, after 24 hours had elapsed and nothing had been done, at best an issues management job could have been implemented. A missed opportunity existed for rivals of NatWest – especially First Direct – to respond and emphasise the benefits of their services. For the PR practitioner, there was an opportunity to act as 'internet guardian' and advise the companies on how to proceed.

Phillips (2001: 68–78) offers detailed advice about how to gain a clear picture of what is being said about an organisation on the internet. First, landscaping is the process of finding websites, discussion groups and chat rooms that contain information about an organisation. The data then needs to be audited, to assess preconceptions and opinions expressed on the internet and whether there are inconsistencies in information disseminated by the organisation and its publics. Phillips uses the example of BT announcing 3,000 redundancies in February 2000, when its online recruitment partner Monster.co.uk was advertising 1,000 jobs and the web page about corporate vision was down. While it is not possible to monitor the entire web, there are companies which

Author: Stuart Pearce   author profile
Email: email reply
Date: 1998/08/23   view thread
Forums: uk.local.london   post new · post reply
view for bookmarking · text only   subscribe

>I was somewhat surprised to find out that the **NATWEST** does not provide
>PC-Homebanking for individual accounts, only for companies. It is
>otherwise a standard and completely free service in any bank here in
>Denmark.
>
>I will appreciate any response. Thanks in advance.
>
>Leo

If you want free PC banking, try FirstDirect. They're a telephone banking
service, and a subsidiary of Midland Bank. I've never had any problems with
them at all, and their service is free even if you go overdrawn. (Within
limits, of course.)

As for **NatWest**, I wouldn't bank with them if they were the last bank in the
universe.

Stuart

View Thread

» Thread Entry Point «

- **Natwest Bank - is it good?** - Leo *1998/08/10*
  - --- Aldrin *1998/08/10*
  - --- Will van Zwanenberg *1998/08/10*
  - ------ Thom Baguley *1998/08/12*
  - --- Adam Cheney *1998/08/11*
  - --- dove98 *1998/08/11*
  - ------ Will van Zwanenberg *1998/08/11*
  - --- » Stuart Pearce *1998/08/23* «
- **Re: Natwest Bank - is it good?**
  - --- Will van Zwanenberg *1998/08/11*
  - ------ Peter Foster *1998/08/11*
  - --------- Will van Zwanenberg *1998/08/11*
  - ------ Matthew M. Huntbach *1998/08/11*
  - --------- Will van Zwanenberg *1998/08/11*
  - ------------ kahunaaccidentale *1998/08/11*
  - --------------- Will van Zwanenberg *1998/08/11*
  - ------------------ Peter Buchwald *1998/08/11*
  - --------------- Penelope Wythes *1998/08/12*
  - ------------------ Will van Zwanenberg *1998/08/13*
  - --------------------- Terry S *1998/08/13*
  - ------------------------ Jane Ellen *1998/08/14*
  - ------------------ P.D.Stamford *1998/08/15*
  - ------------ David Rees *1998/08/11*
  - --------------- Will van Zwanenberg *1998/08/11*
  - --------- Penelope Wythes *1998/08/12*

Figure 17.3   Newsgroup postings: a potential PR opportunity for NatWest and First Direct, but a threat if ignored

now offer the means to monitor select web pages, newsgroups and online discussion forums. Once the information has been gleaned, an assessment should be made as to whether a response is necessary.

Crisis communication

While newsgroups are important to reputation management, websites play a vital role in proactive corporate communications. Websites are particularly useful in crisis situations – but if a company does not have a site that acts as an adequate information resource, people will seek (possibly inaccurate) comment from other sources. The Middleberg/Ross Media in Cyberspace Study reveals that journalists are increasingly turning to websites for corporate information, especially during crises. It is advisable for corporate websites to provide online press kits that contain up-to-date background information. If a corporate website is successful in divulging the necessary details during a crisis, it can engender a sense of openness and honesty and help with damage limitation.

During October 1996, an *e. coli* bug contaminated the Odwalla juice company's products, resulting in the death of a child. The company decided to use the web as a third-party information resource, which gave the press and public a sense of openness. The site attracted more than 20,000 hits during its first 48 hours. When Swissair lost a flight off Nova Scotia in 1998, it altered the first page of its site within hours to provide information and phone numbers in three languages. In contrast is the case of TWA. When Flight 800 crashed, Boeing failed to provide information in response to the disaster, which resulted in the public turning to alternative internet sources for information about safety records.

Rogue websites

Just as the web gives corporations a voice, it gives consumers a voice too. In particular, disgruntled consumers may air their views about an organisation and its products and services through the creation of 'rogue' websites. Sometimes, a rogue site will use a domain name similar to the company it is attacking, while others take a more generic approach. The following case study demonstrates how an individual can use the web to bypass media gatekeepers and challenge a large corporation over a consumer complaint – in this case, within the aircraft industry.

Case study two: Brian Corbett, British Scareways (www.aviation-uk.com)

Brian Corbett set up the British Scareways site during 1996, after he was dissatisfied with the repair work carried out by a BA subsidiary on his small aircraft. Corbett believed illegal documentation had been issued for the repair and refused to take the plane back, believing it could be dangerous. British Airways subsequently took Corbett to court and won the case. However, Corbett says: 'Eventually, through correspondence with BA and the Civil Aviation Authority, I received documentation admitting the original documents were wrong.' He believes this evidence prevents BA from starting legal proceedings against British Scareways. 'BA knows the site is there and leaves it alone, as I could prove my case.'

British Scareways has attracted 45,000 visitors to date and elicits material from disgruntled BA customers and employees around the world (Figure 17.4). 'The site has gone off on a tangent', says Corbett. 'It has become a clearing-house for other people's problems, rather than my own.' Corbett admits he would be willing to turn British Scareways into a consumer opinion mechanism if BA paid him to do so. 'I'm not trying to blackmail BA – I just want to recoup the money I lost', explains Corbett. 'I don't think BA is a rogue, although its subsidiary was. BA thinks it's big enough to ignore me.'

A spokesperson for BA said:

> We are aware that websites such as British Scareways exist and we take action against them where necessary. However, the airline has no plans to buy out the rights to this or any other site at present. BA has its own official website where customers can make contact with the airline and provide feedback.

Horton (2001: 60) advises that 'the worst mistake a PR practitioner can make is to ignore what is happening online'. Holtz (1998: 186–96) offers a variety of techniques for dealing with criticism online, depending on whether the attack comes from an unhappy customer or an activist group. Other sites can involve fans who appropriate and misuse copyright material. He states that legal action should only be used as a last resort, as such retaliation can fuel the grievances of the critic. Many companies now take the view that monitoring rogue websites can be useful in pinpointing issues which must be dealt with to improve customer relations. Indeed, the case of Nat West and First Direct quoted above provides an example of this.

Figure 17.4   British Scareways site challenges BA over aircraft safety

Websites and direct action

While other rogue sites target companies such as Wal-Mart (www.walmartsucks.com) and the Ford Motor Company (www.flamingtowncars.com), the core of anti-corporatism online is the growing number of activism sites. A good example is the McSpotlight site (www.mcspotlight.org), which was set up to challenge McDonald's during February 1996, after the infamous 'McLibel' trial against two environmentalists from North London (the longest running libel trial in British legal history). The site, which generated 1.7 million hits in the first twelve weeks of its life alone, now runs a variety of campaigns for activist groups and provides leads to many other organisations. The 'Wal-Mart Sucks' site thrives as an independent forum for consumer opinion. The rogue Dunkin' Donuts (www.dunkindonuts.org) (Figure 17.5 top) was bought-out during 1999 by Allied Domecq and turned into a 'consumer opinion site' (Figure 17.5 bottom).

During the summer of 1999, the international June18 'Carnival Against Capitalism', which publicised itself via www.j18.org, demonstrated how the net can bring together loose alliances, organise and motivate people and turn words into actions. In the UK, a large-scale demonstration ensued in the City of London. J18 was significant in that it brought together a disparate range of organisations with different agendas and turned them into an activist coalition against capitalism. Sites such as www.ainfos.ca, an anarchist site and www.urban75.com – a much less intense but quite aggressive site – also look to aid activists.

Mike Slocombe, who runs urban75 (Figure 17.6), comments:

> The web allows campaign groups to publicise their actions and forge links in a manner that wasn't possible a few years ago, and attract more people to their cause. After J18, much of the popular press was painting a picture of the protest being almost exclusively attended by thugs, rampaging hooligans and shifty anarchists, with only destruction on their minds. As I was there and had gone for quite different reasons, I wanted to offer an alternative viewpoint, giving the chance for readers to see the other side of the story and make up their own minds. After putting up a photo report on urban75, I was invited to talk on mainstream radio and TV to offer my version of events, which struck me as evidence of how the web can be a powerful alternative reporting tool.

The future

What does the future hold for technology sector PR? With IT coming out of its box and into the mainstream, PR practitioners in all sectors need to understand online audiences and the nature of two-way communication, and be able to offer consultancy on internet-related matters, such as website planning and development, internet reputation management and online press targeting. Other PR opportunities created by the internet include lobbying through campaign websites, online sponsorship opportunities and tracking internet coverage for clients. Virtual press offices and electronic distribution techniques are important to all PR practitioners, not just technology specialists. As Mario Tinley-Bassett states:

> Whether the internet will change PR for better or worse depends on whether you see it as a threat to established techniques . . . or an opportunity. The PR of the twenty-
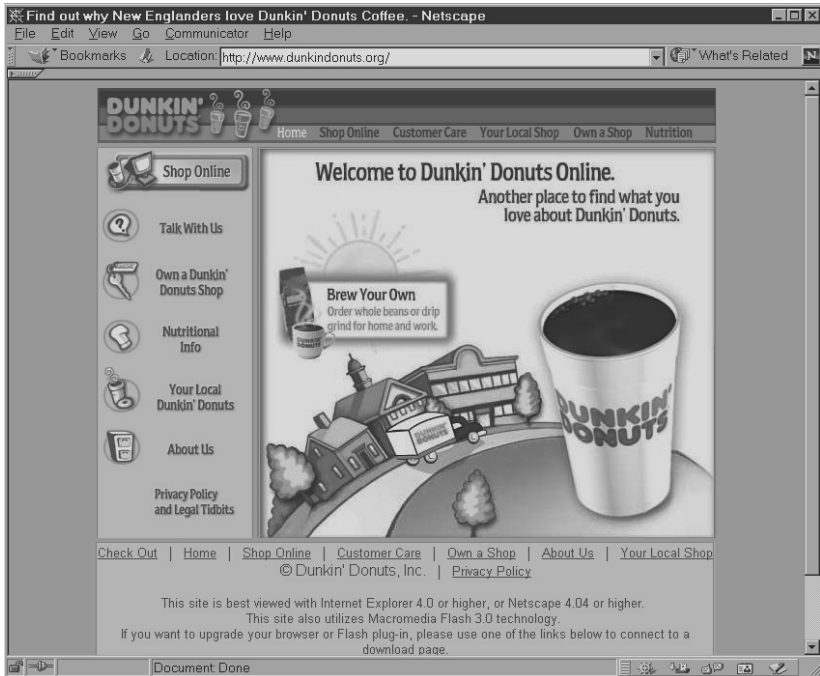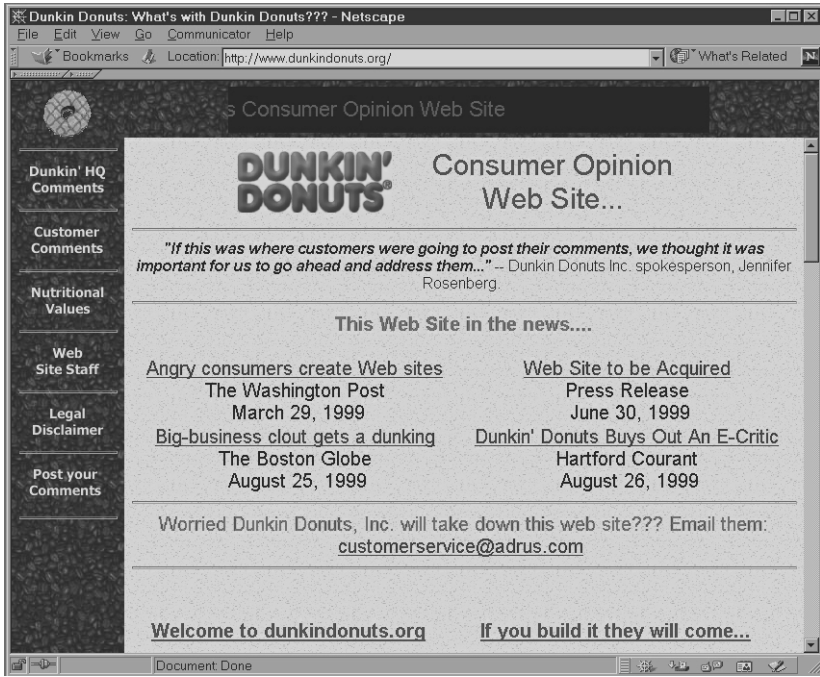
Figure 17.5   Allied Domecq bought out Dunkin' Donuts' consumer opinion site (top) and turned it into a customer resource (bottom)
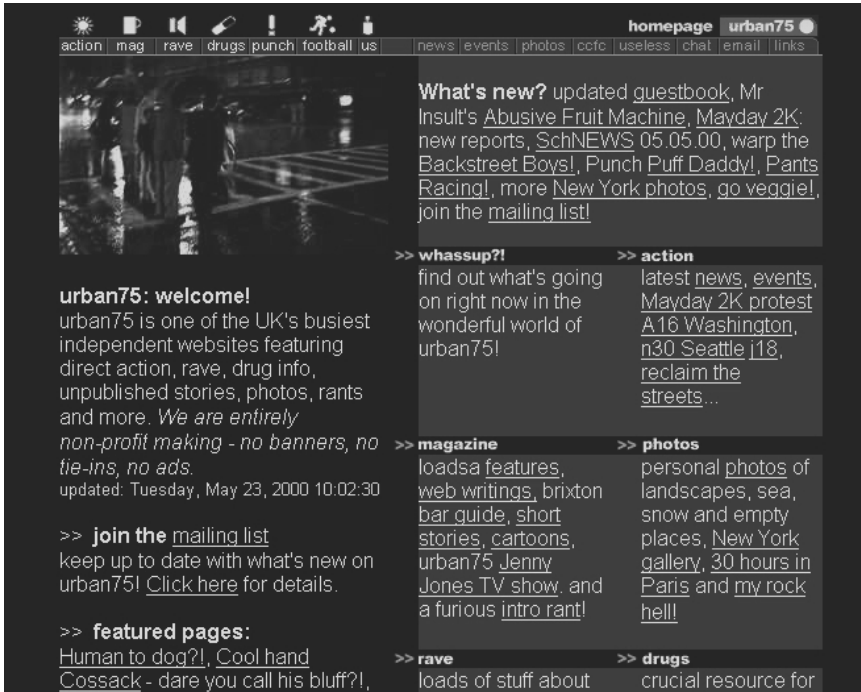
Figure 17.6   urban75 – a Brixton-run site renowned for direct action

first century will grasp technology but not be overwhelmed by it. Ultimately, despite new methods of getting the message across, the human element cannot, and should not, be eliminated.

'The big technology issues for the PR industry will be in competing with communicators who can accept information and re-process it quickly', says Phillips. 'The use of technologies such as XPRL (extensible Public Relations Language) will change how press releases are distributed, PR evaluation is conducted and media clippings are provided. The long view has to be based on an internet that is many times faster than at present.' Phillips predicts that this will lead to always on mobile, 3D, multi-way communication with better-than-video quality within the next five years. 'It will supersede cell phone messaging which is already a ubiquitous form of communication. Mobile communication is already a big challenge for PR people still set in "push" mode.'

Questions for discussion

1   Do you agree with Holtz that the internet has completely changed the nature of communication?

2   Are IT or PR skills more important in dealing with publics via the internet?

3   Examine a website that you like. At which publics is it aimed? What are the objectives of the site? What elements make it a successful site?

4   Examine a website that you dislike. Does it contain any of the elements that arose from the Redsquare survey or not? What elements need to change to make this a successful site?

5   Was the British Airways response to the rogue website in the case study appropriate? How could they have responded more effectively?

Acknowledgements

Notes

1   Unless otherwise stated, quotes are from email and telephone interviews conducted by Jo Chipchase during 1998 and 1999.
2   However, the days of lifestyle-focused internet publications may be numbered, as the 'traditional' lifestyle press increasingly covers websites as a matter of course and the hype that has surrounded the internet diminishes.

Part IV

Shaping the future

18 Changing media

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Chapter aims

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This chapter is an attempt to flag the main developments in the media. Attitudes to media reform are summarised. Cross-media ownership and the development of conglomerates affect the number of media outlets. The move from analogue to digital broadcast has implications for how consumers watch television, and the development of interactive television now seems to have taken off. The implications of the Communications Bill 2003 are examined. Significant dates in the development of the media in the UK are discussed: 2006, BBC Charter renewal; 2014, renewal of commercial television franchises. Given that the pace of change is likely to render many facts in this chapter obsolete at the time of publication, an attempt is made to predict what significance these changes will have on the practice of public relations. It is useful to bear in mind the discussions in Chapter 10 about changing methods of contacting the media.

Attitudes to media reform

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A description of recent history and the debate on control of the media sets the scene for later developments. Curran and Seaton (1991) suggest that debate on media reform is polarised into paternalists and libertarians. Libertarians wish to minimise restraints on freedom of expression, and believe that the public should have a greater right to know how public body decisions are made. Sarah Tisdall was jailed for leaking information to the *Guardian* in 1984, although her crime embarrassed the government about the plans to site Cruise missiles in England rather than endangering the country's defence. Election promises by the Labour Party have not been fulfilled by the Labour government's Freedom of Information Bill, which, it has been argued, restricts information more than under previous Tory law. Debates on privacy law have usually arisen over intrusion by the press into a celebrity's private life, but no government has been willing to dismantle the self-regulation of the press and take on a regulatory function itself.

Paternalists, on the other hand, emphasise the dangers of an unregulated media, and believe that some individual rights such as privacy and fair trial take precedence over freedom of expression. The Broadcasting Standards Council was founded in 1988 in response to concerns about sex, violence and standards of decency in broadcasting. In 1990 it was given the power to force publication of its indictments, although it does not

have the power to force compliance with its code. Broadcasting was made subject to the Obscene Publications Act in 1990. Margaret Thatcher favoured both a free market for the media and extensive moral and national security controls (Curran and Seaton 1991).

Opinion is also divided between those who favour public service broadcasting and those who favour a free market. Furthermore, some want to preserve the traditional system, some to refine public broadcasting, others want no media regulation beyond the law and others feel that some intervention should secure specific public goals. The free market approach holds that consumers are the best judge of their own interests. However, a free market is dependent on all consumers having equal access to the media to enable them to make a choice. The social market reformers argue that intervention is needed to ensure a spectrum of choice and to keep quality high. Anti-monopoly legislation for the press was introduced in 1965, so that large press groups had to have government permission to buy new titles. From 1965 to 1990, 125 acquisitions came under this legislation, but only five were refused, and none of those involved a major title. Because of this ineffective law, reformers argue that large press groups should have to demonstrate that any takeover would be in the public interest.

High market entry costs mean that many groups and opinions are underrepresented in the press. The public service approach stems from a view that broadcasting should seek to educate public taste, making a wide diversity of programmes available. In addition, information should be given to the electorate to enable voters to make an informed choice in elections, and so increase participation in democracy. The funding of the BBC through the licence fee has long been the subject of controversy, making it susceptible to political outrage if it is seen to be biased by one party or another. Only the government can increase the fee, so the BBC is again subject to political considerations. While the licence fee was confirmed in the latest Broadcasting Act, the BBC was not able to secure the increases it wanted to fund new services.

For commercial media, the Council of Europe and European Commission ruled in 1989 that advertising should be restricted to 15 per cent of daily transmission, and no more than 20 per cent in any hour, and that member states should ensure, 'where practicable', that 51 per cent of fiction and documentaries should originate from the EC. This diluted original proposals after opposition from the US television industry and the British government. Many feared that the increased amount of airtime due to the development of cable and satellite would be filled with poor-quality imports from the USA and Australia. Curran and Seaton hope that the media will evolve to have both 'power and responsibility – to the public rather than to proprietors and governments' (1991: 371).

Advocates of public service broadcasting wear many guises. Paul Smee of the Independent Television Commission, speaking at a VLV conference in April 1999 said:

> The evolution of public service television stemmed from Reith's belief that few people know what they want. The ideal of public service broadcasting is geographic universality, universality of appeal to all groups, relating to national identity, distanced from vested interests especially government, competition in good programming and to liberate rather than restrict programming. The strength of public service broadcasting is carried across many channels in the UK. There are regulated requirements for range and diversity of ITV also. Public service quality does not equal highbrow, we need to work with commercial forces, let public service broadcasting evolve, and preserve the regionality of ITV programmes.

Patricia Hodgson, then Head of BBC Policy and Planning, speaking at the same conference, was also in favour of regulation and national support for the BBC.

Tony Benn said that broadcasting was too important to leave to the broadcasters. Pay TV fragments the audience as they have to compete for audiences to attract advertising. BBC provides cultural glue, for instance 22 million people watched the Christmas edition of *Eastenders*. The licence fee is an investment in the democratic vitality of the nation.

Mergers

True to the Thatcher government's belief in the free market, the auction of the new broadcasting licences in 1990 resulted in Big Nine (Anglia, Carlton, Central, Granada, HTV, LWT, Meridian, STV and Yorkshire) and Little Six (Border, Channel, Grampian, Tyne-Tees, Ulster and Westcountry) regional licences. Rules were set that any of the big companies could take over the little ones, but not each other. Yorkshire immediately took over Tyne Tees. When the new licences started in 1993, the rules were relaxed so that big companies could take over each other, but with a limit of two licences per company. Carlton and Central then merged. Meridian took over Anglia and Granada took over LWT in 1994, then new rules came into force in 1996 with a new Broadcasting Act which removed the two-licence limit but retained a cap of 25 per cent of advertising revenue. No one company could control more than 15 per cent of the viewing audience. Carlton took over Westcountry, Meridian (now United News and Media) took over HTV, Granada acquired Yorkshire/Tyne Tees, and STV merged with Grampian. Granada and Carlton collaborated in the launch of the new digital channel ONdigital in 1998 (Horsman 1999).

The planned merger of Carlton and Granada was referred for a full Competition Commission enquiry by the DTI in March 2003. The merger will result in a company which the two firms feel would be better able to compete against an increasingly commercial BBC, as well as on the world stage. In the UK, the new company would command 54 per cent of TV advertising (Doward 2003a).

Increased access

In August 1995, OFTEL (1995) published recommendations relating to the future of telecommunication systems, looking at the future of the interaction between televisions, telephones and PCs, wanting to see the development of broadband switched mass market (BSM) services, promoting competition and regulating dominant systems. This was related to the unbundling of the local loop, also known as the copper circuit, between the consumer and the exchange, in July 2001. Consumers are able to access the exchange from companies other than BT and benefit from unmetered time.

What is now clear is that PCs are not the only way to access the internet, email or communication systems. Links through wireless applications protocol (WAP) mobile phones are possible using the phone's screen and keypad. Storing and processing data, accessing databases, surfing the web, storing telephone directories and text messaging are all possible. Wi-Fi, wireless fidelity, is the newest development to enable laptops and personal data assistants (PDAs) to connect wirelessly to the internet. Networks cost less than $100 to set up in the USA, and organisations which do this can enable their staff to connect instantly and download material from office-based computers or the internet. Bluetooth is another version which sets up smaller networks which run at lower energy levels to enable mobile phones to connect to a similar range of information (Gardner 2003).

Cyber cafés are commonplace, even in remote locations, and people can use email forwarding or web-based email accounts to communicate from wherever they can access an internet-connected machine. The accessibility of the internet is especially noticeable in war time, when information can be sent from inside the war zone, by various organisations. This makes consideration of source and bias even more relevant.

Cross-media ownership
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Convergence of media, telecommunications and computer industries give companies the resources to assemble multi-media networks. In January 1994, legislation was outlined in the USA to deregulate the telephone and cable TV industry, allowing cross-ownership and enabling telephone companies to offer cable TV services. In the UK, LWT, Pearson and Kingfisher have formed a consortium with British Telecom to develop video on demand through phone lines. In February 1994, Viacom, which owned a number of cable channels and Blockbuster video rental, took over Paramount, which included control of the film studio and Simon & Schuster books. In 1998 domestic telephone markets in the EU were opened up. Granville Williams (1994: 15) predicts that the possibilities of mega-monopolies across sources of information, education and entertainment will have serious consequences for those without the skills to take advantage of the new media:

> Far from liberalising the flow of communication, and creating new voices, we will see higher levels of concentration of economic power in the media and telecommunication industries, and growing levels of information management by such groups in pursuit of commercial objectives.

Williams states that competing channels financed by advertising tend to aim at the centre ground of taste to maximise audiences, so that choice of programming is reduced. On the other hand, the growing numbers of channels leads to increased demands for programme stock. In order to finance programmes, material which can be marketed internationally is produced, so that national identities become diminished. He suggested broadcasting control would move into the hands of major corporations, rather than regulatory bodies with a brief to ensure quality, and that product placement is not only becoming a multi-million dollar business, but can also affect programme content.

The provision of services will also depend on their profitabilty, so some people may not be able to access them. Larger companies will be able to dominate markets and crowd out competitors. Williams quotes the example of Channel One in the USA which provides educational programmes to secondary schools. Channel One provides satellite dish, VCRs, television monitors and cable and wiring. In return, students are required to watch two minutes of advertising per twelve-minute broadcast.

Cross-media ownership and its impact on public opinion were examined in a paper from the Broadcasting Research Unit in 1989 (Barnett 1989). At the end of 1989, nine satellite channels were available in the UK, six of which were owned by News International, which also owns five national newspapers. A survey was carried out to compare opinions of those who read the *Sun*, *The Times* and *Today* with those who read other papers. The survey found that two-thirds of viewers were satisfied with programmes on terrestrial television. News International readers were more hostile to the BBC, and they were more in favour of freedom of channels, more sponsorship and fewer current affairs programmes. They also felt there was too much regulation of broad-

casting, and were less in favour of regulation of ITV. While the majority of viewers support the licence fee for the BBC, News International readers opposed it. In conclusion, the report found that opinions about broadcasting held by News International readers were out of step with the population as a whole, and that the editorial policy of these papers was having a significant effect on opinions of readers. 'It is patently true that large numbers of News International readers hold views which are to the parent company's financial advantage.' The report recommended that there should be controls on newspaper interests in satellite TV channels, and indeed that steps should be taken to reduce News International's newspaper holdings 'to protect editorial and journalistic diversity'.

Communications Bill 2003

The issue of convergence and de-regulation was a major element of the debate on the proposed Communication Bill in 2003. The draft of the Bill in 2002 included proposals to converge the existing five regulators into a single OFCOM, to remove requirements for licensing telecommunications, introduce a new structure for regulation of broadcasting and to set out conditions to allow better use of the radio spectrum.

After substantial debate in the House of Lords, the government was forced to agree that its proposal to allow newspaper proprietors to take over Channel 5 (known as the 'Murdoch clause') should include a 'public interest plurality test' or show that any consolidation would add to the plurality of voices. Discussions on the Bill were in the wake of concerns that de-regulation would allow such conglomerates as Clear Channel, the US company which owns 1,200 US radio stations, music venues, outdoor poster sites and the celebrity management company SFX, to buy into the UK media market (Teather 2003). Clear Channel was the focus of protest by more than 750,000 Americans against the decision of the Federal Communications Commission to allow large media companies to own television and radio stations and newspapers in the same cities (Barnett 2003). Clear Channel has been accused of syndicating radio programmes from one location to several stations, so that local bands are stifled and radio becomes 'a homogeneous mush'. Promoters maintain it is difficult to get airplay on these stations unless their promotion company is used, and that is then tied into Clear Channel venues for performances. The organisation was also accused of instructing its presenters to whip up pro-war fervour amongst listeners during the Iraq War in 2003, as well as banning the Dixie Chicks from their playlists because one of the singers said she was ashamed that Bush came from the same state, Texas (Teather 2003).

Despite protests, the FCC also raised the cap on television ownership to allow conglomerates such as Fox (owned by News International), Viacom and Disney to own stations reaching up to 45 per cent of Americans. It concluded that 'greater participation by newspaper publishers in the television and radio business would improve the quality and quantity of news available to the public'. Critics argued that this would in fact lead to fewer, independent, local voices. US Representative Edward Markey said the vote would 'undermine . . . localism, diversity and competition', and 'make Citizen Kane look like an underachiever' (Howe 2003).

The question of diversity and impartiality of news was integral to the debate over the proposed Bill. A public debate organised by the Campaign for Press and Broadcasting Freedom between Chris Shaw, Channel 5 and Richard Tait, former editor in chief at ITN, raised the question of diversity and bias. Shaw felt that 'news with a point of view is already here on British television', and that opinionated news would create real diversity.

Tait cited an opinion poll in which 70 per cent of people trusted television news but only 6 per cent trusted newspapers to argue for the retention of the tradition of 'fair and accurate television reporting' (Jones 2003).

The press online

'Newspapers remain important, [but] no one can be in any doubt that they have been subsumed into a much greater whole', said Roy Greenslade (2000: 14). 'Almost all papers are owned by public corporations . . . the resulting conglomerates are either part of global organisations or seeking to become so.' Pressure to grow and expand has resulted from the need to compete internationally. Media owners have invested across political borders. The four main companies involved in Britain's regional press are US-owned Gannett, Trinity Mirror, Johnston Press and Associated Newspapers. After Wapping in 1986, union-imposed limits on pagination were ended and newspapers expanded into multi-sectioned papers. At the same time, the make-up of the target population has changed. Just over half the UK population is now designated as ABC1, and tabloids have had to change their content to appeal to better-educated audiences. Newspapers still remain the main medium to give context and significance to news stories, but are operating within much larger cross-media conglomerates.

The increase in usage of the internet has led to developments in the way readership interacts with the news media through the setting up of chatrooms associated with media websites. the *New York Times* launched Abuzz, where readers ask questions and are routed to knowledgeable sources. The idea is to 'humanise the internet' by creating 'new social networks', and also to increase registered users. Tribune bought Times Mirror, giving the company 60 sites, including the *Chicago Tribune*. Internet, television and radio outlets are installed in its newspaper newsrooms and journalists work across all media (Helmore 2000).

The NUJ in the UK is concerned about how the development of online news services will affect journalists' jobs and working conditions. There are no standards covering pay and conditions, training or career structure of web editors and authors. Some journalists work for printed media with online versions, and the boundaries between the two are not clear (Russell 1999). Some online publications pay more than the traditional press for commissioned wordage.

Newspapers have invested considerable resources in developing online versions. The *Financial Times* has integrated the news teams working on its printed and online versions into a single team. Web page producers sit at the same desks as page editors working on the newspaper. An increase in original journalism written for the web caused the company to hire additional reporters in London, New York and Tokyo. Where two reporters covered the same area, one's priority was writing for the web, the other's writing for the newspaper. All journalists work for the same company with the same pay structure and conditions. Deputy editor Peter Martin (1999: 17) stated the reasoning behind the move: 'it's now clear that the internet is a central part of our future. We are faced with duplicating our journalistic efforts for the new medium, or finding a way to get the best of both worlds.' At the IPR National Conference in October 1999, *FT* editor Richard Lambert expanded, 'FT.com is not just text online, it has a different front page and different content. PR practitioners are going to have to learn to deal with the different deadlines and agendas of a more diverse range of media.'

Magazine publishers have also ventured on to the internet. The Telegraph group's Handbag.com and Associated Newspapers' CharlotteStreet.com are the main ones.

Aimed at the same audience as the traditional women's press, the subjects covered have been similar, for example relationships, careers and family. Research for Handbag.com found that women have responsibility for 75 per cent of the buying decisions in the home, and so a site which has an audience of working women is potentially valuable to advertisers. In common with most internet businesses, there is no guaranteed income for such sites.

Other internet-based news companies include the news aggregators like Moreover.com. These companies take headlines from news sites and feed them into subscribers' websites, with details of where the articles can be found. They also charge the original location of the article a fee when people look up their headline from their site. Moreover.com states that it is a 'real-time information management solution', and claims that it powers news searches of 65 per cent of all online users (www.morevover.com). Companies like Yahoo! don't produce any original news content, but charge to a publisher's site every time a headline is clicked through.

More people are now getting their news from online sources, although a 2003 survey by the Online News Association found that only 13 per cent of the online public thought that online news sites were the most trusted source for news. Younger audiences were more likely to find online news credible, others were using online sources in addition to traditional media. However, 78 per cent and 68 per cent respectively found that cable television and broadcast television sites were credible. Accuracy was rated more importantly than timeliness (Tactics 2003).

The paper-based press will also have to deal with the invention of ways to make electronic information more readable. Barnes and Noble already provide software to make books more readable over the internet. Stephen King decided to publish his latest novella, *Riding the Bullet*, exclusively on the internet, but with little success. Microsoft has produced ClearType, designed to give text a paper-like quality on screen. Bill Hill, one of the co-inventors, believes 'The move towards screen readable information will change society just as much as the invention of the printing press but it will do it in five years rather than 500' (quoted in Kidner 2000). Xerox is developing e-paper based on a material called Gyricon, which will enable electronic information to be downloaded onto a material that looks and feels like paper, has the qualities of a computer screen and which can be rolled up like a newspaper.

The digital debate

In 1996, 88 per cent of TV hours were watched on terrestrial, in 1999, 87 per cent of TV hours were watched on free to air. Despite a slow take up of new initiatives, digital television is the important media development. Digitilisation means the translating of information into electronic 0s and 1s so that it is easier to send, store and manipulate. This information can be compressed, so that more channels can be transmitted using the same amount of capacity or bandwidth. Fibre optic cables can also carry much more information than radio frequencies, and two-way communication is possible using this technology. By 2002/03 Sky was claiming 6.3 million households as subscribers, with a target of 7 million by the end of 2003. Using the electronic programme guide (EPG) means that viewers can switch between channels more quickly, are less tolerant of programmes they are not interested in, and of adverts. The relaunched BBC Choice put resources into 15-minute programmes to appeal to 25 to 44 year olds. Such programmes can be recycled because only a limited audience will see them at any one time. Grazing may be on the increase, although the typical viewer concentrates on a few favourite

networks rather than continuously scrolling through 240 channels. Children are more likely to be able to operate the EPG adeptly to screen out anything they regard as boring (Brown 2000).

The main commercial companies offering digital services in the UK are Sky and ONdigital. Sky provides a free mini satellite disc and digital box, and charges as little as £1 for installation, as long as customers subscribe to its Sky World Family Pack. Subscription charges vary depending on how many channels the customer wants access to. ONdigital offers a free box to subscribers (France 2000).

Digital satellite television offers more than 300 channels, including existing Sky channels, plus a pay-per-view movie service which is like having video on demand. Digital cable television offers around 200 channels. However, the content of the channels has not significantly expanded the range of programmes on offer. Programme-making funds have not risen, so many channels rely on re-runs and cheap imports (Brown 1999).

The development of digital incurred a heated debate as to whether it was destined to succeed or was a technological dead end. Gerald Kaufman, Chair of the Commons Select Committee for Culture, Media and Sport said in 1999, 'Digital is a blind alley and a waste of resources . . . ten times as many people surf the internet than have subscribed to digital TV.' While the BBC spent £30 million on developing News 24, it was initially watched by only 0.1 per cent of the viewing public, while BBC Online is the most popular internet site in Europe. CNN posts the best of its reports and programmes on its website already. The commercial cable companies, Telewest, Cable & Wireless and ntl, all developed their digital services through set top boxes which also provide net access through the TV. In Germany, Bertelsmann, the publishing and media giant, abandoned TV interests in favour of internet development (Smith 1999).

In contrast, Chris Smith, then Secretary of State for Culture, Media and Sport, reaffirmed a commitment to digital in 2000, saying, 'Digital television will bring real benefits to consumers. It will be especially important for people who are housebound or who need specialist services.' He set two criteria before switching over from analogue to digital would be allowed (allowing the government to sell off the analogue frequencies to mobile telephone companies), that the 99.4 per cent of the population who could receive analogue must be able to receive the free to air channels on digital, and that the price must be within the reach of those on low incomes. He believed that these conditions could be met by 2010, along with a pre-condition that 95 per cent of viewers must have digital signals coming into sets within their homes (*VLV Bulletin*, Spring 2000)

By May 2003, 10 million UK households received digital signals and the prediction was that 44 per cent of homes would have been signed up by the end of the year. A report by Informa suggested that 93 per cent of US homes would be digital by 2010. The most popular channel for receiving digital was found to be cable.

The future of the BBC

Every week 99 per cent of the population watch BBC TV. The BBC is a unique media institution in that it also has the status of a cultural icon, largely due to its first director general, Reith. The discussions above concerning the various approaches to media reform show what a powerful place the BBC occupies in UK society.

The BBC's official line is that it does not use video news releases (VNRs), although it might occasionally do so if it were unable to get footage itself. It is obvious that with BBC News 24 and the online pages, there is more need for news stories to fill them, and once in the system, stories get picked up by other media (Goddard 1999).

The Davies review in 1999 examined the way the BBC should be funded in the future, grappling with the problem of maintaining a public service broadcaster in an increasingly competitive market. While 99.4 per cent of households can currently receive analogue broadcasts, this may not be the case when they are switched off and digital becomes the norm. There is no legal right for viewers to be able to receive broadcasts. The committee recommended either a separate digital licence or the increase of the current analogue licence to fund changes, as well as increasing private investment in BBC Worldwide and BBC Resources. Evidence was taken in the autumn of 1999 after the report. The Culture Secretary, Chris Smith, announced that future plans for broadcasting would have to meet two criteria of accessibility and affordability. In a document entitled 'Regulating communications: the way ahead', the government also set out its commitment to foster competitive markets, to ensure that the UK built on its competitive strength, and to take necessary measures to protect the interests of consumers. VLV recommended that there was a need for legislation to ensure that copyright owners must sub-license their rights when the exploitation of that copyright is essential to develop a new information market, and a dominant supplier in a related market refuses to license the copyright to aspiring entrants. These two conditions exist in European competition law (*VLV Bulletin*, autumn 1999).

In 1998/9 the BBC informed viewers and listeners: 'The BBC aims to give you a good return on your licence fee – that means providing something for everyone.' As it is funded publicly, the BBC must continually justify its expenditure, and has become increasingly aware of its need to show itself as responsive to viewers' and listeners' needs. In 1998/9 the BBC made specific promises under 12 headings, including responding to devolution in Scotland, Wales and Northern Ireland, changing the mainstream music policy on Radio 1 to appeal as strongly to young women as to young men, increasing subtitling, representing all groups in society accurately, and maximising benefits from commercial activities to the licence payer. In 1997/8, the BBC made 66 commitments under five headings. The governors concluded that 60 had been met in full, three were met but needed continued improvement and that in the other three, the BBC fell short of the commitment. These last were the commitment to spend one-third of the programme budget outside London and the south east, to ensure that eight out of ten hours' programming is made in the UK, and to represent all groups in society accurately and to avoid reinforcing prejudice.

The history of the BBC's presence on the internet has resulted in two competing websites from the same company. Originally, BBC Worldwide, the commercial arm, set up a site with ICL in 1995. The latter provided most of the money and all the technical support, the BBC provided the content. In 1996, the Director General, John Birt, recognised the importance of online services and set up BBC Online in December 1997, to be paid for from licence fee revenue. The commercial site was called Beeb.com. Since then, there have been constant problems with what output is to be presented on the public service site and which on the commercial site, and often information is duplicated. Beeb.com, prevented from using the BBC brand, has now made a deal with Microsoft to get promotion through its websites (*Economist*, 8 May 1999: 35–6). BBC Online contains 500,000 pages reflecting news, education and entertainment. Over 3 million hits are received each month – the BBC claims this represents a 42 per cent reach of regular UK internet users. It also contains news and issues forums to build communities online.

As mentioned above, the BBC has made a considerable investment in digital TV services, and those available free through the aerial are BBC1, BBC2, BBC Choice,

BBC News 24, BBC Knowledge, BBC Parliament and BBC Text – all paid for by the licence fee.

The appointment of Greg Dyke as Director General from October 1999 led to many changes within the BBC, making it a more dynamic organisation. The initiatives he introduced ended the internal tendering for contracts and bureaucracy that was a legacy of John Birt. The debate continues about the quality of programmes and services offered by the BBC and how these should be funded, including the extension of commercial activities to allow advertising on BBC channels. The BBC has so far lobbied successfully to avoid this, stressing the quality of its drama, news and children's programmes, which would not be made in a purely commercial enterprise, dependent on private finance.

In June 2000, a key aide of Greg Dyke flagged up far-reaching changes to this approach. Director of Television, Mark Thompson, proposed abandoning the mixed schedules in favour of using BBC1 as a general entertainment channel and transferring more serious programmes to BBC2. A new BBC3 would show comedy, while a fourth channel would carry serious music and the arts. The flagship *News at Nine* would be moved to 10 p.m. Essentially, the BBC would adopt a similar approach to the variety of themed channels available on cable and satellite. 'I don't believe it would be right to move overnight into fully genre-based channels, but I believe that unless we start the journey soon, we risk becoming irrelevant', said Thompson (quoted in Wells 2000: 9).

The BBC also faces competition from ITN's 24-hour service, launched in August 2000 and available across TV, digital radio, mobile phones and PCs.

For the first time in ten years, however, Dyke was able to announce in June 2003 that each of the BBC's five commercial businesses would report a profit. As well as increasing revenues from BBC Worldwide, internal savings of £331 million were generated. Dyke remained committed to the preservation of the BBC as the last line of defence against the Americanisation of British broadcasting (Pratley 2003). Dyke's resignation after the Hutton Report leaves a vacuum yet to be filled as this edition goes to press.

Digital radio

The Radio Advertising Bureau report on the future of commercial radio in 1999 stated that radio was a resilient medium, and would survive the onset of the digital age. Commercial radio stations increased from 46 to 170 from 1989 to 1999, as a result of the splitting of frequencies between AM and FM, additional local licences to diversify listener choice from 1989, and the launch of three national commercial stations allowed for by the Broadcasting Act 1990. This increase is set to continue, with up to 250 stations planned by the Radio Authority, mainly regional and community area licences. Radio Advertising Joint Audience Research (RAJAR) figures showed a growth in the audience for commercial stations from 40 per cent to 60 per cent of the UK population between 1986 and 1999. The Broadcasting Act 1996 set the conditions for the development of digital audio broadcasting (DAB). Advantages include CD-quality sound, a wider variety of services through the same amount of band spectrum, easier tuning to one frequency nationwide, and the ability to transmit information to a screen built into DAB receivers. The Act allowed national stations automatic access to DAB, and guaranteed slots for BBC local stations. Research showed that radio audiences were not declining, and that even though the choice of stations is increasing, most people only listen to one or two stations each week. As with the proliferation of television stations on cable and satellite, PR practitioners can target publics more precisely by approaching niche radio stations (Radio Advertising Bureau 1996).

The first national commercial digital radio service Digital One was launched in November 1999. At this time, there were still only a few thousand digital sets in the UK, costing upwards of £800, and early take-up of digital receivers was mainly in car audio systems. The principal shareholder of the company was GWR, which also put two of the new services on the internet and on Sky Digital as well. The company allocated £30 million for its development, but presenters were not initially well known or of high quality. GWR did not expect the channel to break even for at least five to eight years, with a planned raft of soft rock, news from ITN, sports from Talk Radio and an arts, books and comedy channel (Higham 1999).

The BBC offered more services with the advent of digital radio, including a part hours service for the Asian community. Currently 60 per cent of the UK can receive digital radio, although reception varies according to location and house structure. Improved sound quality and variety of services were the main reasons offered for the BBC's commitment to digital: 'We believe it's part of our role as a public service company to make sure our listeners get access to the best and most exiting technology.'

While RAJAR figures in 2003 showed that Radio 2 was the healthiest UK station, with an average of 13.23 million listeners each week, this was the first instance in which digital stations' audiences were tracked. Freeview, the replacement for ITV Digital, carried a number of digital radio stations. Smash Hits radio and Kiss FM attracted significant audiences. Mark Story, managing director of programming for Emap (which owns Smash Hits), said that the success of digital stations was due to their ability to target audiences more effectively. The BBC has set up Radio 6, a digital station for classical music. Patrick Yau, Head of Media at Bridgewell Securities, stated, 'Our findings suggest that [digital radio] is an area for growth' (Doward 2003b).

Interactive TV

Douglas MacArthur at the CAM/TASC lecture in November 1998 questioned the view that television and the internet would converge, in his turn quoting Elizabeth Murdoch at the 1998 Edinburgh television festival: 'The whole beauty of television for most viewers is that it is a passive experience.'

However, by 2001, Jupiter Media Matrix was predicting that interactive television would grow faster than the internet in the USA, serving 46 million homes by 2005. Forrester Research predicted that it would reach 80 million homes worldwide by 2005. The rationale for this was that combining online technologies with television and telephone services would achieve more penetration than PCs could. While more people were getting online, PCs were only in 31 per cent of UK homes, meaning that the vast majority of households were not connected. The major players in the UK are Sky, ntl, ONdigital, Telewest and Homechoice (Dodson 2001a). The most successful uses of interactivity so far are simple activities such as voting, games and access to extra information about what people are watching. Influencing the story line or choosing from a variety of camera angles, gambling and shopping have been treated with consumer indifference. The interactive gaming channel, Playjam, is Sky Digital's eighth most watched channel. Matt Hardisty, of media agency Naked, believes that interactive television will really take off once consumers know how to apply it to their lifestyle, once appropriate applications are in place. 'It will be accepted as a natural extension of viewing', he said (Gibson 2003).

The advent of Playstation 2 in December 2000 provided DVD video, CD and games console in one, and online gaming too. Scientists at the University of Surrey have

developed a way of allowing viewers to insert themselves into game or film action (*Hotline*, December 1999: 41–2). Broadband is a fat data pipe which enables consumers to access a library of films, pay to view, download them through the phone and into the TV ready to watch, like having a personal video library. Broadband may also be available through cable, satellite wireless or DSL (a high-speed data line). Currently there are more than one million broadband subscribers in the UK. Broadband has the advantage of faster internet connection and download (Cox 2003c).

Towards 2014

Barry Cox, visiting professor of broadcast media at Oxford university, gave a series of lectures in January/February 2003 addressing the future of television. He proposed that the licence fee should be abolished, that the BBC should be paid for by subscription and allowed to sell advertising. He maintained that if this were combined by addressing the way that Sky packages its channels – so that consumers pay for many channels that they do not want and never watch to gain access to those that they do – it would enable consumers to express a free choice. He foresaw that by 2014, the analogue signal could be switched off if the government compromised on the condition that 95 per cent of homes should have converted all their equipment to digital. He suggested the digital signal could be made available by fixed wireless transmitters, used to deliver cable broadband over the air. The increase of personal video recorders (PVRs) which allow people to store and organise many hours of recorded material, plus eliminate adverts, may lead pay television channels to have to change their funding model from advertising to subscriptions. Indeed, television's share of advertising is decreasing, from 27.1 per cent in 2001 to a forecast of 24.5 per cent in 2014 (Cox 2003a). In fact, what is spent on television is growing faster than the amount spent on television advertising. Consumers in the UK spent £4.7 billion on the licence fee and pay television, against the £3.1 billion spent by advertisers (Cox 2003c). Cox suggests that 'people have no more right to free television services than they have to free transport', and that we should 'give up most of the current statutory requirements for quality and diversity', instead relying on a free market to determine which channels survive in the digital world. He stated that the current situation in pay television in the UK where the market 'continues to be dominated by a single . . . operator that . . . owns or controls both the production and distribution businesses', would have to be addressed. The final development he predicted was that television screens would become used for much more than watching broadcast television channels, and that we 'need to transform ourselves from passive viewers into active consumers'.

Implications for public relations

As stated at the beginning of this chapter, the development of technology is moving at such a pace that one speaker at the VLV conference in 1999 likened it to the old Chinese proverb that if one placed one grain of sand on the first square of a chessboard, two on the next, four on the next, by the time you got to the last, 64th square, you would have covered the planet a foot deep. 'We're in the second half of the chessboard', said David Cleevely, managing director of Analysis.

David Cleevely also pointed out at the VLV conference that readers could expect to write the news, not just passively absorb it: 'The CNN site has an emphasis on user

choice, and users can send immediate feedback on programmes via email. Information and entertainment will be part of e-commerce.' He warned, 'This could be the end of advertising – suppliers can sell products to all via the internet. Users can expect and get more control.' This could have serious consequences for the array of media which is dependent on advertising to survive.

'To reach a 50 million audience, radio took 28 years, television 13 and the internet five', said Dominic Riley, head of marketing BBC Online, at the same conference. 'While it is generally younger, wealthier people, growth areas are schools, with the government's commitment to IT, families at home, people at work and public access in libraries and community centres.'

To continue to work effectively, public relations practitioners must keep up with the pace of change and understand the needs of the new media for information. In April 2000 the IPR published a report entitled *The Death of Spin?*, which set out the view that the public's increased access to information would mean that companies could no longer get away with corporate lying, due to the porosity of their public faces. Traditional media involve sending information to passive recipients, but on the internet, users generally pull information towards them. The web also has the capacity to allow people to take information and use it for their own ends. It is not difficult to lift content and set up a 'knocking' site, so loss of control over content is also a problem (Shelton 2000). Demon Internet agreed to pay £15,000 damages to a physicist who claimed he had been defamed by two postings on the net, which shows that legislation may start to deal with such cases. In the USA, however, libel laws are less powerful than in the UK and the internet receives protection under the 1996 Communications Decency Act, which gives the internet service provider immunity (Campbell 2000).

As mentioned in Chapter 17, PR practitioners will have to learn new skills such as using search engines and setting up websites, as well as recognising the implications of reputation management. The IPR report also suggested that the development of the internet was a great opportunity for PR to come into its own, as the means of managing all corporate communications. Phillips believes that PR will take an overseeing, information management role which will differentiate it from other communications disciplines (Campbell 2000).

The way to get news on to the new channels remains the same – a fax and follow-up call, as long as the story is visual, includes case studies and has interviewees available. Dembo concludes, 'As technology makes it easier, quicker and cheaper for us to do our jobs, the core of good public and media relations remains the same. A sound media strategy – strong messaging, compelling visuals and relationships – is the key to a successful program' (Dembo 2003).

Bahr puts forward the argument that 'digital delivery of video content to television newsrooms is here to stay', so practitioners will need to deliver content straight to journalists' desktops. This will enable the inclusion of a text advisory, video, graphics, photos and additional story information. He suggests working with a production company to produce professional digital video content.

Fogg and Taylor feel that the main implication for new technology is the impetus it gives to issues which may previously have been considered minor. Using online monitoring to pick up undercurrents of rumour and gossip and respond to them will be vital. They use the example of their client, the GSM Association, where comment on a US Congressman's website was picked up by online media and also by their own monitoring system so that they were able to respond rapidly, ensuring balanced and increasingly positive coverage for their client's position. So while new media 'enabled issue identification, easy addition of third party comment, global reach and basic evaluation', their

practitioner skills added crafting 'a well-written response and . . . follow-up to highlight the story to interested parties' (Fogg and Taylor 2003).

Gregory and Clark state that 60 per cent of the work of the PR industry is carried out electronically. However, because information is gathered in different formats and from different sources, a considerable amount of time is 'spent co-ordinating, reformatting and re-inputting information'. They are the first two chairs of XPRL.Org, which is developing a public relations specific XML, or extensible Mark-up Language, which enables computer systems to communicate and will mean that re-inputting or re-formatting information will be able to be done automatically, so reducing errors.

With the growth of digital and interactive television, questions have been raised about the future of advertising and whether organisations will divert resources into other forms of communication with their customers. This could be beneficial for the public relations sector, who will need to develop an extensive array of methods of communication which do not rely on media relations alone.

Questions for discussion

1   Does cross-media ownership represent a threat or an opportunity to public relations practitioners?

2   The online press extends the variety of media available to public relations practitioners. Could online news sources be used exclusively to send messages to an organisation's publics?

3   How might interactive television vehicles be incorporated into media relations programmes?

4   The diversification of channels provides the opportunity to target publics more precisely. Do you agree?

5   How might public relations respond to the challenge of a decline in advertising?

19 Research and evaluation – PR grows up?

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Chapter aims

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Scholarly research and a body of knowledge are prerequisites for any profession to attain respectability. The development of this in the public relations field in the UK has been slow. History and current developments are examined. The other end of the planning process is evaluation, and the debate has moved on from advertising equivalents and press clippings to how to measure public relations' return on investment (ROI) and effect on the business bottom line. Models of evaluation are summarised, and case studies of a variety of measurement presented.

The Holy Grail

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In the early 1990s, something strange happened. As recession began to bite and budgets were slashed, public relations practitioners began to talk about whether or not PR could be measured, and so prove its worth. Up to that point, no one had really been concerned about measurement of results. 'Gut feeling' was felt to be an acceptable gauge of whether a PR campaign had succeeded. People relied on their own experience to tell them what would work in a particular situation. Puchan *et al.* (1999: 166) suggested that an interest in evaluation was stimulated by 'the consumer interest movement, the implementation of measures to improve managerial effectiveness and the tendency to professionalisation'.

Public relations education in the UK lagged behind the USA, but a master's degree was introduced at Stirling University, and a postgraduate diploma at West Herts College in Watford. In 1989, the first undergraduate degrees in public relations opened their doors to students in Bournemouth and Plymouth. Leeds Metropolitan followed a year later. Public relations had its own academics now. In an academic environment, lecturers are required to do scholarly research. A research culture began to develop both within and outside higher education.

There was a lot of talk about evaluation which felt like the search for the Holy Grail. If only someone could find 'the way' to measure the outcomes from public relations, everything would be solved.

Today, some things have changed but others seem remarkably static. The number of public relations courses has grown, along with the number of staff required to produce

erudite publications on the subject, yet PR research in the UK is still in its infancy. There are very few academics actually doing research, and little of it connects with the public relations industry. However, as UK academics interact with European professors, a more lively scholarly debate is developing.

The negative reactions with which the students of these courses were greeted by those who had graduated from the school of hard knocks ('How on earth can you teach public relations? You can only learn by doing it!' and 'How can you fill a three-year degree course?') are still legion. 'Evidence of any sense of delight, is sadly lacking', wrote Sue Wolstenholme in 1997. Late in 1998 a senior practitioner was heard to exclaim, 'I never employ anyone with a public relations degree in my consultancy.' There is still a lot of fear and misunderstanding about the content of such courses and the abilities of those who complete them. Practitioners still engage in knocking the product of such courses for making typographical errors in their application letters. As public relations graduates make their way through the industry, this will change, as, despite statements such as the one above, an average of 85 per cent of those who complete one of the courses approved by the IPR gain employment in the industry. Several companies are now sponsoring student prizes, anxious to get the pick of the crop. While change in attitudes appears to be at a disappointingly glacial rate, these graduates are getting work and doing very well.

The level of debate on evaluation has developed, so that the Holy Grail is no longer sought, although there was a brief interlude where PRE-fix sought an industry standard. There is a plethora of techniques which are accepted, from media content analysis to market research. How far these have actually been translated from debate into action is still questionable. Interestingly enough, the author's experience is that the debate on evaluation in the USA is still stuck at the media evaluation level.

Taking research seriously

Some companies are grasping the nettle. In April 1998, a Forum on Communication Research was held at the London School of Economics. Representatives from academia and industry heard presentations from practitioners who were using research techniques to inform their management decisions. Academics and a market research expert talked about some projects with which they were involved. The main objectives of the forum were to 'bring together practitioners who are grappling with questions of measurement and evaluation with researchers . . . who might be able to help shed some light on the issues', and 'to identify real world problems which could be worked on . . . where companies have a lot of available data but little time to do a usefully thorough analysis'. The latter work would be carried out by graduate students to facilitate the industry–academia interface.

Despite Wolstenhome's (1997) opinion that

> If we want to be called professional then we have a duty to be connected to the growing body of knowledge in our discipline and have planned and regular exchanges developing it to add to our experience of the practical outcomes and gain their views on new theoretical approaches

there have been no further meetings of the forum.

Part of this impasse could be due to the academic institutions themselves. Even though many public relations academics have some experience in practice, links with industry

are not always maintained. 'Academics are po-faced and supercilious', said David
Phillips of Cyberalert.

Commercial researchers and academics could get closer together, and academics could
get closer to the industry. You have to be robust in putting your views to industry, you
can't live in an ivory tower. They are doing the work, but they are not telling the world
about it.[1]

Others in the industry feel that there is a role for purely academic research which
could feed into and inform practice. Sandra Macleod of Echo Research was involved
in the Communications Forum:

> One aim of the Forum was to bring together potential sponsors, to see if we could
> identify if there was some major research that we all felt was needed. Then we could
> all put something in the pot to fund it. There is also a need for greater involvement
> of industry and academia so that both can benefit. There is an interesting trend where
> more people from a research background are becoming involved in PR, especially
> in-house, people who have an understanding about how behaviours are influenced,
> what various audiences feel about organisations. They are turning that into communi-
> cations messages, turning the PR plan into a dialogue.[2]

Most of the industry outlook on research seems to concentrate on purely practical aspects.
Research is often linked to clients, and how information could help consultancies win
a pitch for an account (Medhurst 1999). The PR Toolkit (see case study, pp. 310–12)
includes audit as the first step in the PR planning process. Here research is used as a
diagnostic tool to develop PR strategy, as well as monitoring the success of that strategy
as it unfolds. The checklist to assemble the PR brief encourages the practitioner to work
with the client to set out their commercial background and objectives, and audit the
existing PR activity. Gathering information is seen as essential in order to set realistic
measurable objectives. Unless a definite starting point is defined, it is not possible to
effectively measure and evaluate the success of the PR strategy.

There are some encouraging signs that the worlds of academia and practice are coming
together. As discussed in Chapter 5, a body of knowledge and research is one of the
prerequisites for the development of PR into a profession. The EBOK project mentioned
their aims 'to codify the existing body of public relations literature in Europe to enable
its fuller use and application' (van Ruler *et al.* 2002). A Delphi survey was undertaken
in 2000 to attempt to draw up a common definition of the practice, although it concluded
that 'it is difficult to find any pattern in the naming of the field'. This research led to
further definitions of practice and parameters of public relations, suggesting that there
were four characteristics of European public relations:

- Reflective – analysing standards in society to enable the organisation to adjust its
  own standards.
- Managerial – developing plans and maintaining relationships with publics.
- Operational – carrying out communication plans.
- Educational – helping the members of the organisation to become effective commu-
  nicators (van Ruler and Vercic 2002).

Professor Betteke van Ruler believes that these are important steps to demonstrate a
European approach to the area, 'We need a European body of knowledge. There is no
point in imitating the US way.' She also thinks that, 'The general level of academic

research on public relations in Europe is too low. I am convinced that more research will lead to an increased professionalism. . . . We all need to be on the same team, whether we are academics or practitioners' (Hansen 2003).

Using evaluation in PR

'The public relations industry is worth \$24.5 billion worldwide. Public relations evaluation has grown by 30–40 per cent a year over the past five years', stated Sandra Macleod at the IPRA conference in 1997.

The evaluation debate has thankfully moved on from the Holy Grail stage mentioned above. Jon White (1999) said, 'It's time for us to move on from the search for evaluation methods, which already exist, to applying these in terms of improvements to the quality of management in public relations.' This is a development of his statement in 1994, that the need to evaluate activities in PR is 'partly a measure of professional insecurity' (quoted in Houlder 1994: 20). It is true that many areas of management experience difficulty in measuring effectiveness. Evaluation did not emerge as a distinctive field of professional scientific practice until the late 1960s, and it began to emerge as an issue in PR at about the same time (Noble 1999).

In terms of gaining the budgets to carry out evaluation, Peter Hehir has suggested, 'We get the budgets we deserve. If you can't prove the importance of what you do, you'll stay in a backwater PR department or struggle to keep your consultancy's head above water' (quoted in Purdie 1997: 8). As President of the International Committee of Public Relations Consultancies Associations (ICO), he advised the education of clients to appreciate the issues they faced and to allocate realistic budgets to allow for research and evaluation.

Models of evaluation

Watson provides a good summary of several models of evaluation, beginning with Cutlip's PII (preparation, implementation and impact). This is a staircase of suggested measures. The foundation layer of preparation evaluates strategic planning, the quality of the message and the adequacy of background information gathered to design the programme. Implementation examines how many messages are sent to the media and who received them. The capstone of impact examines changes in attitudes, opinions and behaviour.

MacNamara's macro model has a similar division of categories, this time inputs, outputs and results. The model is drawn in the form of a pyramid (Figure 19.1), and, unlike Cutlip, suggests evaluation methodologies which can be used with each level. Thus assessing the appropriateness of message content in the input section can be evaluated by the use of focus groups, the number of messages placed in the media in the output level can be assessed using media monitoring, and the number who change attitudes when evaluating results needs to be measured with quantitative research. MacNamara puts it forward as a 'practical model for planning and managing evaluation of public relations.'

Lindenmann's public relations yardstick also takes a three-level approach, assuming that objectives have been set beforehand. The three levels relate to the extent of measurement to be carried out. The first basic level measures output, such as media impressions. The intermediate level judges whether the target audience received the messages, using qualitative and quantitative methods to evaluate awareness. The final, advanced level

looks at outcomes, such as attitude change. Lindenmann emphasises, 'there is no one simplistic method for measuring PR effectiveness . . . an array of different tools and techniques is needed to properly assess PR impact'.

Watson adds his own two models. The first links to Grunig's models of press agentry and public information, stressing short-term, media analysis. The second model emphasises the continuing, long-term nature of public relations, taking into account the effect of the programme actitivites, making sure that judgements at each stage are fed back into the decision-making loop (Watson in Kitchen 1997: 290–6).

Lip service

The take-up of evaluation in the industry has not been overwhelming, despite a majority view that it is necessary. IPRA published the results of a survey in 1994, which found that 90 per cent of its members thought evaluation was necessary, but that only 18 per cent frequently undertook evaluative research. Furthermore, 31 per cent felt that 'trying to measure precisely is next to impossible' (IPRA 1994).

'I don't understand why so few communication departments use measurement . . . why ever not?' asked John Drummond (1997). Part of his approach was to separate his department at United Utilities into four audience-driven units, creating a balance across stakeholders. Internal customers were especially important. He could also show that United Utilities had 'one of the best customer communication ratings of any utility, with overall customer satisfaction up 30 per cent in two years'.

A year after beginning its PR%F campaign in 1998 to encourage client companies to allocate 10 per cent of their budgets to research and evaluation, *PR Week* undertook a major survey to show the uptake of evaluation methods by the PR industry. The results were disappointing. While the majority of practitioners believed that their work could be measured across a variety of disciplines, including crisis management, internal communications and business to business, those working in government relations overwhelmingly disagreed. A total of 20 per cent of respondents still felt their success could not be measured. There was widespread agreement that the PR industry needed to improve its efforts at evaluation, and the vast majority stated that 'I am personally committed to evaluating PR efforts'. However, when it came to the methods which could be used, 'the most commonly used method was media content analysis and press cuttings, closely followed by media reach'. This was despite the fact that only a third regarded the latter as an effective tool to convince budget holders to part with resources to fund it. A worryingly high proportion of 33 per cent said they relied on 'gut feel' to judge their success. The main obstacle to planning and evaluating PR activity was cited as difficulty in obtaining budgets, followed by lack of time. In addition, 43 per cent of respondents gave no answer when asked to state their investment in evaluation (Cowlett and Nicholas 1999).

The IPR and PRCA set up a joint planning, research and evaluation initiative in 2002 called PRE-fix. It was a response to an often-quoted reason for not using evaluation, that there were so many methods of media evaluation on offer that clients found themselves bewildered by the choice. PRE-fix aimed to develop one recommended industry-standard form of media evaluation. This 'return to a Holy Grail' approach failed when the IPR withdrew in January 2003, claiming that 'the PRE-fix brand name is starting to cause confusion in the market place' (*PR Week (UK)* 2003a). 'It was also difficult to get everyone involved to agree', says Chris Genasi, now of Eloqui. 'It became so complicated, we could not develop a meaningful standard.' In May 2003, however,

Measurement Methodologies:
(formal & informal)

Quantitative surveys (large scale structured)
Sales; Voting results; Adoption rates; Observation

Focus groups; Surveys (targeted) (eg *Customer, Employee or Shareholder Satisfaction*); Reputation studies

Focus groups; Interviews; Complaint decline; Experiments
Interviews; Focus groups; Mini-surveys; Experiments
Response mechanisms *(1800, coupons)*; Inquiries
Media Content Analysis; Communication Audits
Media Monitoring *(clippings, tapes, transcripts)*
Circulations; Event attendances; Web visits & downloads
Distribution statistics; Web pages posted

Expert analysis; Peer review; Feedback; Awards

Feedback, Readability tests *(eg. Fog, Flesch)*; Pre-testing

Case studies; Feedback; Interviews; Pre-testing *(eg. PDFs)*

Academic papers; Feedback; Interviews; Focus groups
Observations; Secondary data; Advisory groups, Chat rooms
& online forums; Databases *(eg. Customer complaints)*

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OUTCOMES
(Functional & organisational evaluation)

Number who change behaviour
Number who change attitudes

OUT-TAKES
(Proposed by some as a 4th stage)

OUTPUTS
(Process & program evaluation)

Number who understand messages
Number wo retain messages
Number who consider messages
Number & type of messages reaching target audience
Number of messages in the media
Number who received messages
Number of messages sent

Quality of message presentation
Appropriateness of message content
Appropriateness of the medium selected

INPUTS
(Formative research)

How does target audience prefer to receive information?
What does target audience know, think, feel? What do they need/want?

Key Steps/Stages in Communication

EXPLANATORY NOTES ON 'PYRAMID MODEL' OF PR RESEARCH

- The model is intended to be read **from 'ground up'**, the base representing 'ground zero' of the PR strategic planning process, culminating in achievement of a desired outcome (attitudinal or behavioural).

- Within the pyramid, **key steps in the communication process** are shown, **with suggested research methodologies aligned with their appropriate purpose**, as it is important for PR practitioners to understand what research methodologies to use and when. For instance, a methodology for measuring the number of messages sent cannot be used to draw conclusions about the number of messages received, considered, retained or understood by target audiences. (Not every step and every methodology are shown. The objective of this model is to provide a simple and practical overview of applied research for public relations practitioners – that is, what to use and when.)

- The model combines **formative** and **evaluative** research in the belief that the two types of research must be integrated and work as a 'continuum' of information gathering and feedback in the communication process, not as separate discrete functions. This model suggests that research should be undertaken *before*, *during* and *after* communication processes and programmes in order to identify, understand an address audience needs, interests and attitudes; to track progress; and to benchmark key metrics pre and post implementation. This fits with the 'scientific management of public relations' approach to research recommended by Glen Broom and David Dozier[1].

- The model also recognises the communication stages of *inputs*, *outputs* and *outcomes*, and proposes that evaluation research should be carried out of *outcomes*, not only of *outputs*. Formative research provides information for managing strategic and physical *inputs* such as the choice of medium (for example, event, publication, web, etc.), content, and format. *Outputs* are the physical materials and activities produced (that is, media publicity, events, publications, Intranets, etc.) and the processes to produce them (writing, design, etc.) *Outcomes* are the impacts of communication, attitudinal or behavioural. Other models which suggest a fourth stage, 'Outtakes' are noted. But 'outtakes' are considered to be part of outcomes and differentiation is viewed as 'splitting hairs'. This model seeks to present a theoretically sound but simple, practical approach that can be easily understood and applied by PR practitioners.

- The research methodologies listed are not intended to be exhaustive, but representative of the **informal and formal research** methods available to PR practitioners. The suggested list does, however, show the wide range of informal and formal 'tool' available for research.

- Of particular note in this model is the large number of evaluation methodologies available to PR practitioners which are **no cost or low cost** – including secondary data (*existing research*) which can be accessed within the organisation (for example, market research) or from the web, the media, research services such as LEXIS–NEXIS, academic journals or professional organisations; existing databases (for example, *customer complaints*); Advisory or Consultative Groups; informal feedback; unstructured and semi-structured interviews; readability tests on copy; pre-testing (for example, *PDF files of publications*); tabulation of distribution and circulation data; and some response mechanisms. This is an important point for PR practitioners to note as cost is frequently advanced as the reason (excuse) for not undertaking evaluation.

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[1] G. M. Broom and D. M. Dozier, Using Research in Public Relations: Applications to Program Management, Englewood Cliffs, NJ, Prentice-Hall, 1990, pp. 14–20.

Figure 19.1 Pyramid model of PR Research

global PR consultancy network ECCO announced its intention to establish a common methodology for evaluating international programmes, claiming that this 'could result in an industry-wide standard for international PR operations' (*PR Week (UK)* 2003b).

Meanwhile, research continued to indicate that the majority of practitioners were taking no action to engage in evaluation of their activities. A survey conducted by *PR Week (US)* in April 2002 found that 42 per cent of respondents spent less than 2 per cent of their budget on evaluation, with a further 21 per cent spending nothing at all. Measuring the delivery of key messages and collecting press clippings were the two most commonly used methods of measurement (Houston 2002). A follow-up survey in February 2003 found that 47 per cent of respondents to the Corporate Survey had no provision for measurement and analysis (*PR Week (US)* 2003a).

A comparison of theory and practice in the USA was carried out by Ahles and Bosworth in 2003. By analysis of a sample of entries for the PRSA Silver Anvil awards, they found that while 82 per cent of the public relations programmes submitted had objectives relating to changing behaviour, only 12 per cent addressed attitude change, a key component of behaviour change. Most campaigns had a clear tie to the organisation's mission and goals, but many did not specify a time frame or amount of change to be achieved. While 79 per cent of campaigns were concerned with increasing awareness, only 45 per cent carried out any benchmark research to quantify this at the start of the campaign, and there was no follow-up to assess what had changed. Half of the campaigns stated objectives in strengthening relationships, but there was no evidence of any benchmarking or follow-up research. They recommended improving the quality of objectives, and improving benchmarking and follow-up research (Ahles and Bosworth 2003).

The value of evaluation

The idea that evaluation is worthwhile and necessary is not new. In his address to the IRR congress in October 1998, MORI Director Peter Hutton stated,

> Evaluation is a sensible part of any PR programme . . . There must come a point when you have to ask 'What effect has my PR spend had?' and 'How do I know?' In MORI we have developed a model based on the idea that business success comes from moving people up a hierarchy from awareness, through trust, transaction, satisfaction, commitment and advocacy. There are many different ways of evaluating the success of a PR event or campaign. The most useful, however, will be part of a well executed PR initiative with clearly defined measures of success which relate back to equally clearly defined corporate and communications objectives.

Alison Clarke, of Huntsworth plc, agreed.

> Evaluation is part of the planning process. It enables one to quantify the lessons learned and develop benchmarks for future measurement. There are a variety of measurement tools now available for all kinds of evaluation, from input (analysis of existing data, focus group, pilot questionnaire), output (statistics on distribution, media monitoring, media content analysis, communication audit) and outcome (focus group discussion, surveys, pre and post tests). PR can influence beliefs, attitudes, opinions and behaviour. If the communications function is to be considered as a managerial one, it must refine its instruments of measure . . . to prove it is both useful and beneficial.

Penny Furniss of Sputnik Communications (quoted in Gray 2003) said, 'The hunt for "effectiveness" is a dead end unless it is lined up with business performance . . . Not column inches, but sales.' In the same article, Chris Genasi, then of Weber Shandwick added, 'Payment by results and establishing credible ROI measures for PR is the next big thing for our industry to tackle.' However, Claire Spencer of i-to-i tracker feels that the strength of public relations lies in 'the huge influence that PR wields to support and lend credence to other parts of the marketing mix', so maybe an integrated approach should be the future (Gray 2003).

Catherine Lugbauer disagrees with using the term ROI. 'ROI is a very specific measure of the net income a firm earns with its total assets, one easier to apply to an enterprise than to a department.' She advises building 'a matrix of products and services matched with their options', connecting media coverage to sales and profit, and including cost-savings and operating effectiveness measures in the mix to demonstrate public relations effectiveness (Lugbauer 2003). Chris Genasi feels that ROI is a valid term to use. 'Business people use it, and clients are increasingly interested in payment by results', he added in 2003.

The media coverage debate

One of the first and easiest ways of evaluating success in PR was to count the amount of media coverage gained. As the evaluation debate developed, the question of whether press cuttings were enough exercised many column inches itself. The Association of Media Evaluation Companies (AMEC) in conjunction with ICO produced an explanatory booklet in 1997 (AMEC 1997): 'Media evaluation is the systematic appraisal of a company's reputation, products or services, or those of its competitors, as measured by the presence in the media.' AMEC put forward media evaluation as an ongoing management tool which should be part of the business planning process. It stated that analysis involved the weighting of significant elements, the combination of measurement and judgement. This could also give information about trends, as media analysis would be ineffective in a vacuum. To those who argued that media analysis was a mere part of the picture, and not a very useful part at that, AMEC replied that output generated as a result of a PR programme could be measured in articles, papers, speaking engagements; outcomes could be measured by changes in attitudes and behaviours; and 'out-take' by the degree to which the audience retained the message. By using information gained from media coverage in different ways, several aspects could be measured. Share of voice would indicate the total amount of coverage for the industry or topic, and the percentage of that from the client. By examining message content analysis the extent to which coverage communicated the desired messages could be assessed. Trend analysis could track performance over time and look forward from historical information.

AMEC produced a checklist of ten points – starting with setting objectives, defining audiences and key messages, to sharing the results with colleagues and using the results to inform strategy and planning.

> The purpose of media evaluation is to identify patterns and trends and to measure strengths and weaknesses in coverage. It provides communicators with the specialised tools and IT support which professionals in other fields have come to regard as second nature.

According to Krippendorf (1980: 9), 'The pursuit of content analysis is fundamentally empirical in orientation, exploratory, concerned with real phenomenon and

predictive in intent.' 'Content analysis can use the past to show what will happen in the future. You have to understand the methodology and trust it', says David Phillips. He also feels strongly that adding up the amount of coverage and equating it to the cost of the same space if bought for advertising is crude and inaccurate:

> The relationship between reader and publication and between editor and reader is symbiotic, and invaded with permission by advertisers – advertising value equivalent (AVE) and editorial are not the same and you can't use the same tools to measure effectiveness. There is no advertising equivalent to editorial nor is there a measure of advertising avoided because of editorial coverage. There is no common measure for advertising and editorial. Measurable factors include whether it is timely, compelling, relevant, useful, authoritative.

By using media content analysis, Phillips suggests, PR practitioners can see what words to use in a press release, which journals to go to, which journalists, the optimum times to send in information, and how long it will take to get into print. Some messages are not part of the media agenda and some words always have negative connotations. Content analysis can identify the media agenda which the PR practitioner must work within.

Phillips questions the value of opinion polls:

> Andrew Cooper wrote a response to general election opinion polls, stating that in 1992 they were pilloried as inaccurate by 10 per cent. There were apparently vindicated in 1997 as they predicted a Labour victory, but they were still 9 per cent inaccurate.

Sandra Macleod, speaking at the IPRA conference in 1994, felt that the increasing sophistication of media content analysis techniques had led to unrealistic demands from clients.

> Companies need to tailor measurement needs to their campaigns or requirements, but I don't think anyone does it properly right now. It's good to integrate communications, but then you need to break them down into their specific parts to target as precisely as possible. It's rather like being an archaeologist, putting the pieces together and then focusing on the details. There is increasing professionalism in communications and a recognition that PR is an important part of an organisation's armoury. In terms of what you are going to get for your bucks, there's more bang out of PR than advertising. There is a greater profusion of media titles with tinier circulation figures. PR is ideal for getting through to those specific targets.
>
>   On the communications research side, where clients used to be happy with half yearly or monthly reports, now they want all the coverage about themselves and their competitors online the same day. But few companies have management that could absorb it daily. We can do that, if it is genuinely part of the decision support system, but I don't see that yet in companies. It is a tremendous opportunity to respond quickly, and technology has shown that things have got faster.
>
>   A hidden agenda of our work is management intelligence. Properly managed, corporate reputation grows in value. Nowhere is it more true that perception equals reality than in the media. Research in the USA has shown that when negative press exceeds 20–25 per cent of all media coverage, a corporation's reputation begins to suffer. Media content analysis provides a regular measurement of how reputation is shifting, why and what can be done about it. Media coverage can anticipate events.

Puchan *et al.* (1999: 172) point out that 'in many cases media evaluation is not significant in terms of attitudinal or behavioural change' and suggest that more use could be made of other survey-based research techniques.

The Public Relations Institute of Australia (PRIA) went so far as to issue a statement condemning the use of AVEs in April 2001. The position paper stated, 'The PRIA does not recognise AVEs of editorial media coverage as a reliable or valid evaluation methodology.' They also drew attention to the Australian Association of National Advertisers (AANA) policy also condemning AVEs and recommending 'More reliable and credible methods of evaluating PR.' The statement includes the opinion of Walter Lindenmann in the USA that using 'arbitrary' schemes, 'aimed at enhancing the alleged value of editorial coverage', was 'unethical, dishonest, and not at all supported by the research literature'. PRIA president at the time, Jim Macnamara, added, 'Continuing to use invalid and discredited methods . . . will erode the credibility of public relations and undermine the integrity of PR practitioners. . . . It is the responsibility of professional advisers to counsel [clients] on the inherent flaws in [this] methodology.'

Despite such strong condemnation, the debate seems to have come full circle. Hood (2002) uses an example of the vice president of marketing for HomeBane Mortgage Corporation, who considers advertising equivalency his most important metric when justifying his costs to his CEO. Gray (2003) agreed that AVEs were making a comeback during the economic downturn, 'They have found favour again as PR professionals seek to show that they offer value for money.' In fact, AVEs were once again accepted as evaluation measures in the 2002 *PR Week* Awards. 'Whilst they admitted that AVEs were not a good measurement tool, there was nothing else in many of the campaigns', said Chris Genasi. 'It really demonstrates the failure of the industry to come up with something better. Clients on the marketing side tend to like them, so they are still alive and kicking, unfortunately.'

Not surprisingly, Philips disagrees. Developments in technology allow not just the scanning of clippings, but automated assessment of source, reach and density of key words. Combining this with subjective analysis of tone, favourability and attitude and presenting it quickly in electronic formats means that trend and competitor analysis is available to the practitioner much more quickly. This can inform planning of media programmes, identifying publications and journalists that need the most attention, the extent of coverage needed to gain competitive share of voice and spotting issues which could impact on the organisation (Phillips 2002).

Philips added in 2003:

> Timely media content analysis, and today this means the online media as well, can move the practice of public relations into the realm of daily strategic application of corporate resources. It can reflect the affective changing moods and behaviours in the public sphere as well as among specific publics hour by hour. At any point in the day, the ability to identify what people want to know through analyses of search engine queries is now both possible and inexpensive. This reflects both interest and behaviours of online communities. The influential media, that will change how organisations behave, has shifted. The *Guardian* has more international influence than *The Times* because its online reach is greater and there are more websites linked to its pages. A story in the *Guardian* can be identified for its comparative influence and should ring louder bells for the PR practitioner. Such evaluation techniques applied across the media and delivered as strategic intelligences in a timely fashion, reflect consumer and other stakeholder influences. The PR industry could push this open door to the top table if only it could realise the value of evaluation.

Variety of methods

There is certainly no shortage of methods available. Most of these have grown from the various methods of media measurement carried out by commercial companies such as Media Measurement and Echo, but content analysis, though great claims are made for its impact on areas of PR activity other than media relations, is no longer the whole story.

Paul Noble (1999: 15) states, 'There is no one simple, single solution to the problem of public relations evaluation . . . different evaluation methodologies are appropriate at different stages of the process.' Furthermore, evaluation is not undertaken for its own sake, but for a purpose. The large number of variables with which PR is concerned complicates matters. He quotes Patton,

> The practice of evaluation involves the systematic collection of information about the activities, characteristics and outcomes of programmes, personnel and products for use by specific people to reduce uncertainties, improve effectiveness, and make decisions with regard to what those programmes are doing and affecting.
>
> (Noble 1999: 15)

Some practitioners use evaluation in summative form, assessing final outcomes, to offer accountability to clients and themselves. There is room for both formative and summative evaluation and different methodologies are required for different steps (Noble 1999: 18).

Curtis (1999) suggests that techniques used in other areas of marketing communications can be utilised by PR practitioners. 'It's more complex, but it's entirely possible', says Jennie Kettlewell of Bulletin International (quoted in Curtis 1999).

Puchan *et al.* (1999) suggest that while evaluation methods are fairly well established, more could be done to assess the impact of public relations at a broader, social level.

At the end of the day, it is the effectiveness of the message that is important. 'In communication, it's not the journey that counts. It's the destination', said Jim Macnamara (2002). He urged practitioners to evaluate in order to provide evidence of what they contributed to their clients' business. To counter research findings from the PRSA in 2001 that practitioners said that cost and time were the two main reasons that they did not use formal evaluation more, he set out his top ten methodologies. These included using existing secondary data such as customer satisfaction surveys, setting up consultative groups, pre-testing publications, using response mechanisms to check that messages were getting through and web analysis. These methods, along with using case studies to identify best practice, cost nothing and can be administered in a short amount of time. Macnamara advised that media content analysis, interviews and mini-surveys could be available at relatively low cost, with expensive professional surveys being needed only annually to add to the DIY methods. He suggested that not doing evaluation was 'in the least, short-sighted and under-performing as a communication professional. At worst . . . not doing evaluation is irresponsible . . . and unethical'.

The case studies that follow use a variety of methods. The first describes the development and content of the IPR Toolkit. Other studies show how Echo Research has provided media analysis to illuminate the effect of PR activity for two clients, and how VisitBritain uses research on an ongoing basis.

Case study one: The IPR Toolkit

The IPR Taskforce was established in June 1998. *PR Week* identified a similar initiative with the PRCA, and joint funding was agreed in September 1998. *PR Week* then leant

support to the initiative by headlining the PR%F campaign in October. Working with Mike Fairchild, as author, and AMEC, the group set themselves a goal of publication by June 1999. Alison Clarke, Vice-President of the IPR, took a presentation to several local group meetings in advance of the main launch of the finished Toolkit to emphasise the importance of measuring public relations. The Toolkit was designed for practitioners, whether in-house or consultancy, clients, PR training and education bodies and journalists. Case studies on best practice were also included. In keeping with the aims of the campaign, evaluation was built in from the start. Content was tested with a client panel, and feedback from users was encouraged. An online version was then developed.

The Toolkit built on research commissioned by *PR Week* which showed that one-fifth of practitioners did not believe their results could be evaluated; less than a third mentioned surveys as a research tool; only 16 per cent of public sector respondents felt focus groups were useful; only 3 per cent had ever used pre-testing; and one of the biggest obstacles to evaluation was cost (Echo Research 1999).

The main thrust of the Toolkit rests on the five-step objective setting, measurement and planning model (Figure 19.2). This was refined in subsequent editions. The process was broken down into five stages.

- **Step 1 Audit** Gathering of existing data, such as current communications and leaflets, identifying benchmarks, analysing the current situation in order to set a good brief. Using research as a diagnostic tool to define the problem and issues.
- **Step 2 Setting Objectives** This is the key to well thought out and executed evaluation. Using the organisation's aims, communication objectives can be set. Audiences, messages, desired responses and timing should be identified. Other communication activities need to be taken into account.
- **Step 3 Strategy and plan** This is the part of the campaign where the overall strategy is drawn up, based on the objectives, together with the tactics to be used. Pre-testing
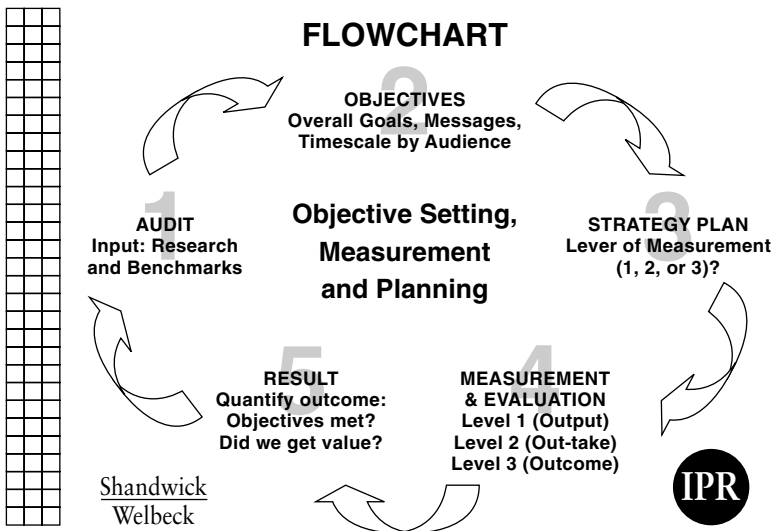
Figure 19.2   The research and evaluation process

Source: IPR toolkit. Used with permission

of proposed techniques should be employed here. Whether output, out-take or outcomes are to be evaluated must be decided and appropriate techniques built into the programme.

- **Step 4 Ongoing measurement** The main question to be asked at this stage is, 'Are we getting there?' Measurement can be carried out at regular intervals. Analysis at this stage might lead to some of the tactics being adjusted.
- **Step 5 Results and evaluation** At the conclusion of the PR programme or campaign, there is a thorough appraisal of whether the objectives were achieved. Cost–benefit analysis would determine whether value was given, and might also point out things which could be done differently next time.

Each step of the process is examined in detail in the Toolkit. Extensive information about and definitions of research techniques are provided. Advice on using media evaluation as a diagnostic tool, some DIY measurement systems and case studies on pinpointing the effect of public relations are included. Interaction with advertising, marketing and viral marketing is examined, as well as adapting the planning, research and evaluation techniques to the web.

The main addition to the latest edition of the Toolkit is a guide to the variety of media evaluation methods available. Most evaluation in practice is still a measure of media coverage, and the Toolkit seeks to give an objective view to what the various methods can be used for.

Essentially, the Toolkit emphasises that there is no single industry-wide measure, but that there is a range of tools available. Some are simple and could be carried out by practitioners themselves, others can be bought from specialists. There are even discussions of measuring ROI and how to measure avoiding bad news. The most effective way of evaluating public relations is to use a combination of tools, and over time it is hoped that practitioners can persuade clients and employers to use more sophisticated methods.

Case study two: Fish4 and Echo Research

Fish4 is the umbrella brand name of a range of interactive online services, backed by the majority of the UK's regional newspapers. Through its entry point on the internet (www.fish4.co.uk), consumers can search vast databases of cars, homes, jobs and other directory-based services. The Fish4 site was launched in October 1999, aiming to be the UK's leading source for finding cars, jobs, homes and local businesses. It is already one of the UK's top five car websites, the UK's number one jobs website and the UK's number one homes website.

Local expertise, local content

While the majority of web-based businesses seek to exploit their global reach to the full, Fish4's primary goal is to be the 'local expert'. The company aims to deliver to its approximately 950,000 users information which is specific to their locality. 'In theory', according to Jonathan Lines, Fish4's energetic Sales and Marketing Director, 'the logistics involved in delivering such highly localised information are nightmarish. But in practical terms, we have access to unrivalled and extensive content.' The content to which Lines refers is that gathered by approximately 800 daily and weekly regional

newspapers – around 80 per cent of the UK's local print media. The sheer volume of local content is largely accessible thanks to Fish4's five principal shareholders, Newsquest Media Group, Northcliffe Newspapers Group, Trinity Mirror, Guardian Media Group Regional Newspapers and Regional Independent Media.

'We undertake a huge amount of research because we feel it is critical to our future success and evolution as a company', Lines says. 'We have to know how we are perceived across all our target audiences.'

Fish4 commissioned Echo Research to conduct continuous tracking and evaluation from October 1999 to March 2000, the time of a major drive to raise awareness and drive traffic to the site. This included evaluation of PR-generated media coverage, together with interviews with opinion formers, journalists and consumers.

Objectives

The main aim was to:

- evaluate brand recall and awareness
- assess the effectiveness of above-the-line advertising spend
- measure the impact of public relations activity.

Lines says: 'We rely on research a great deal and are continuously commissioning new projects all the time. Working with Echo allows us to undertake several different types of research with one company which already understands our brand values and objectives. In the time-critical world of an internet business, this kind of support is highly valuable.'

Integrated marketing communications research

During the period covered by the monitoring, Fish4 ran an integrated communications campaign using TV, outdoor, press and radio and PR: appropriate arrangements were made to facilitate internet searches for the site. After running advertising at a relatively low level through the last quarter of 1999, Fish4 sharply increased expenditure, primarily on TV and outdoor, in February 2000, backed by an intensifying of the ongoing PR activity (Figure 19.3).

Research showed that the increased advertising spend led to a dramatic rise in brand awareness, which was sustained through PR when the TV burst had finished. At the same time, the number of visitors to the site started to grow rapidly.

Analysis of the sources of brand awareness showed the importance of the TV burst and the impact of posters, but also spotlighted the continuing value of favourable PR in newspapers, with it being the second most important source of awareness.

Interviews with opinion formers in the internet and marketing fields endorsed Fish4's creative work and media strategy and was fed into subsequent campaigns:

- 'It's a likeable and a friendly campaign'
- 'I think it's quite clever'
- 'Makes people instantly link it to the internet'
- 'They need to raise awareness like any other brand, product or FMCG. TV is the best medium *for this*'.

The marketing campaign was also successful in raising awareness amongst journalists. A writer with the *Daily Telegraph* said she was familiar with Fish4 due to their 'PR
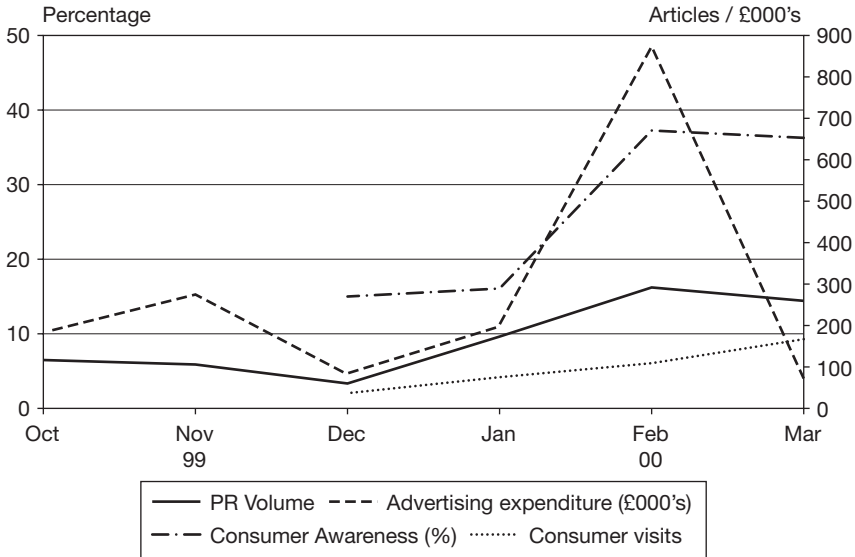
Figure 19.3   Fish4 Brand Awareness – Monthly Comparison

Used by kind permission of Fish4 and Echo Research

activities', while a journalist with *The Times* said it was 'generally through television advertisements'.

There was a marked synergy between the positive attributes of Fish4 cited by those consumers that had visited the site and from the site reviews in editorial coverage: 'An easy, quick way of finding what you want via the internet' (*Borehamwood & Elstree Times*, 2 March 2000).

Fine-tuning PR strategy

The value of Fish4's PR activity and the support received from its regional newspaper investors was shown by detailed regional analysis. A statistical relationship between consumer site visits and the volume of PR-generated coverage indicated that while advertising was driving awareness, PR activity could be prompting visits. The vast majority of the editorial coverage occurred in regional publications.

As a result of analysis of more than 1,000 UK press cuttings across the national, regional and trade media, the company was able to quickly fine tune its PR strategy. 'We were able to see gaps in our coverage and take steps to alter course pretty much instantly', Lines explains. 'In a competitive environment such as ours, this is a major asset.'

This included fine-tuning media targeting strategy and using Echo's detailed byline reports to identify target journalists.

Conclusions

Echo's work with Fish4 demonstrates how successful research can inform effective decision-making. By integrating and tailoring media analysis and market research techniques, Echo was able to identify strategic operational and communications opportunities.

Advertising tracking and media analysis informed Fish4 about what was happening. Market research enabled Fish4 to understand why it was happening. Combining the two gave the company a unique insight into the drivers of its brand, facilitating decisions which helped the company take control of the media agenda, promote an image in keeping with its strategic aim, and ensure value for money from scarce resources.

Case study three: Research for Communication Measurement – British Gas and Echo Research

Echo has worked with British Gas for six years. The main part of its work relates to media analysis of national coverage in print and broadcast media. This is carried out monthly and is presented to and discussed regularly with the PR team to enable them to monitor their performance. Key performance indicators for the team are linked to features of the analysis and the impact PR has on the general public.

In summer 2002 British Gas launched a new branding and communications strategy to reposition British Gas as a home services provider. Spearheaded by an ad campaign 'There's no place like a British Gas home', PR was used to support the new positioning, providing consumers with a flavour of the new British Gas home products and services.

The three elements of this integrated measurement project were:

- media evaluation
- impact to influence model by i-to-i tracker
- focus groups.

British Gas commissioned Echo Research in October 2002 to undertake media analysis of its campaigns relating to Home Services and combine this with measurement of the impact on the general public through various market research techniques, the first time British Gas campaigns had been evaluated in this way. This combined methodology was designed to provide British Gas with a more thorough understanding of the level of impact their PR work around Home Services had on consumers, so that they could measure how much it influenced consumers to consider using British Gas products or services relating to the home.

The presence of campaign-specific messages in media coverage was tracked through media analysis, while focus groups and an omnibus survey were conducted to test the relevance and recall of these messages, as well as the impact of media stories on the general public.

Echo carried out the media analysis and a series of focus groups in London and Manchester and worked at isolating the effect of communications on attitudes and behaviour, on the omnibus survey element. Echo's data on message presence was integrated into the model for measuring impact and influence.

Quantitative measures generated by the media evaluation and survey research were fed into British Gas's annual planning and target-setting process, to establish benchmarks. These key performance indicators are now collated and presented in a monthly scorecard provided by Echo and incorporated into British Gas's evaluation and survey work, which is conducted twice-yearly for all major Home Services campaigns.

Additionally, Echo regularly provides the monthly reports providing detailed evaluation of different aspects of British Gas's communications activity (for example, press release/message take-up, spokesperson activity) in their media coverage and assessment

of how it compares to their key competitors and a two-page executive summary report designed for the communications director to share findings with the senior executive team.

Key findings

Echo Research analysed five home service campaigns in relation to the following areas:

- presence of messages (pre-determined campaign specific and overall proposition)
- presence of key campaign spokespeople
- prominence of BGAS.

The PR campaign reached 90 per cent of homeowners over six times. British Gas measured the effectiveness of the PR campaign by analysing and comparing the findings for two groups in the sample – those who had been exposed to the communications and those who had not. On all the measures of success for the campaign uplift was seen for those that were PR aware. Those who had seen the communications were 52 per cent more likely to agree with the main British Gas proposition related to offering advice, products and services for the home.

Key findings and recommendations from the focus groups focused on message recall and relevance to British Gas's target audience, and how the stories and concept of a 'home' brand were perceived. Messages were readily understood, although general recall of press stories was low, even when prompted. Stories had most impact when they concentrated on:

- physical safety side of the brand
- demonstrating practical benefits to consumers
- relevance to reader in terms of life-stage.

Conclusions

The research showed that the 'Home Campaign' made a positive contribution to British Gas's overall performance in the media, although it was perceived largely in practical terms with little sign of emotional attachment or warmth. Therefore, marketing based on physical safety and financial security would be more effective. PR helped improve message recall and enhanced the TV advertising message.

'This piece of research and evaluation has been invaluable in helping to shape our strategy and planning for future campaigns. It's also helped me make better informed decisions on targeting limited resources for greater effectiveness' commented Sue Beeson, Head of Brand and Marketing PR, British Gas.

Case studies 2 and 3 reproduced by kind permission
of Sandra Macleod, Echo Research

Case study four: Proactive and reactive strategies in response to media coverage – Jo Leslie at VisitBritain
....

Despite being one of the world's biggest industries (worth £76 billion in the UK alone) tourism is incredibly volatile. In 2001 Britain lost £1.5 billion in inbound tourism due to the combined effects of foot and mouth disease and the September 11 attacks. In

2003, early estimates of the effect of the Iraq war and SARS suggested that they could cost the same again.

The media are central to every crisis, sometimes causing it in the first place and at other times perpetuating it beyond what it may deserve. Disaster pictures are wired around the world at the touch of a button. Getting these images removed and putting positive ones in their place is much harder.

Head of Public Relations, Jo Leslie, comments:

> During the past two years VisitBritain has learnt three lessons. The first is that a rigorous monitoring and evaluation process is essential. The second is that the UK media is our worst enemy, and finally that we should always be prepared for the worst.
>
> Monitoring the world media during foot and mouth allowed us to spot rumours and inaccuracies and issue swift rebuttals. More recently a regular reporting system from all markets around the world has allowed us to assess how international travel has been affected by the Iraq war and SARS and how they were impacting on perceptions of travel to Britain. From this we were able to judge exactly what messages to promote and how to do it, whether reactively through press statements and interviews or proactively through releases, VNRs, press briefings and bringing journalists to see for themselves.

VisitBritain spends £750,000 on public relations each year. Of this, nearly 10 per cent is spent on monitoring press coverage in eight international regions covering 31 key markets. Britain is the fifth most popular destination. Monitoring these many countries in a variety of languages is a huge logistical challenge. However, says Leslie, 'We are publicly accountable for every £1 we spend and therefore we must prove ROI.'

'Overseas journalists can be persuaded to take a reasonable approach and we have built up a bank of ambassadors around the world to help transmit positive messages. In addition we have a network of press officers providing press releases, monthly news digests, themed features, photographs, broadcast footage, arranging press visits and events and dealing with press enquiries.' The biggest challenge is mitigating the effect of the UK media. An invitation to Americans from Tony Blair was received well in the USA, but regarded with cynicism by the UK tabloids. The 'UK OK' campaign was welcomed by audiences around the world as simple and reassuring, but slated by the British media as 'weak' and 'unambitious'.

The Tourism Industry Emergency Response (TIER) group was set up in September 2001. It comprises senior representatives from every sector of the tourism industry who meet regularly to plan scenarios, agree impact assessments and develop recovery plans. It also ensures that everyone in the industry gives out consistent messages.

In terms of evaluation, VisitBritain operates a four-pronged evaluation system. First, volume and value of coverage are assessed. For each item of coverage, a standardised score sheet is completed by overseas PR officers and returned to London to be entered into a database. Twice a year the database is sent to an outside consultant to calculate AVEs. The data are analysed in a variety of ways. For example, in the financial year 2002/3, there were 7,785 articles and broadcasts, up 35 per cent from the previous year. The unweighted advertising value of this was £289.8 million. Weighted according to Price Waterhouse formulas for target audiences, this was valued at £504.1 million. Data are also broken down according to markets, regions and themes.

The score sheet includes marks out of 5 (with clear guidelines) for audience, impact and content. How closely the audience matches the target market segment, how prominent the piece is and how positive and accurate the coverage is and whether it reflects key messages are thus factored in.

The next element is an annual survey of travel writers, to assess their attitudes towards Britain and their opinions about prospects for travel there. Their attitudes towards VisitBritain are included in the survey. In the most recent survey, two-thirds of journalists thought that Britain would become a more popular tourist destination. They were positive about the nation's heritage, countryside, culture, architecture and variety. Negative opinions were expressed about the weather, public transport, food and prices due to the strong pound. With regard to VisitBritain, two-thirds of journalists said that they were the best national tourist organisation. The website, newsletters, knowledge and dynamism got positive reactions.

The final plank in the evaluation strategy is carried out every few years. 'Before and after' polls of readers of individual newspapers and magazines are undertaken around specific campaigns. This establishes whether coverage has any influence on readers' perceptions and behaviours. The surveys are supported by dedicated PR lines at British call centres to track enquiries. For example, 30 per cent of *National Geographic* readers recalled seeing an article on London and 40 per cent of them were more interested in visiting London as a result.

A KPMG audit in June 2002 concluded that VisitBritain had a 'sophisticaed media evaluation system . . . ahead of competitors/analogous organisations'.

'It's still far from perfect', says Leslie. 'Escalating monitoring costs and avoiding subjectivity are constant challenges. We also need to devise a way of valuing internet coverage.'

With thanks to Jo Leslie, VisitBritain

Progress?

Evaluation continues to develop, but the battle is far from won. The slow process of client and practitioner education has to continue. The industry must also resolve its uneasy relationship with academic research if it is to progress beyond an empirical response to organisation and client issues, however much that may encompass a more strategic approach.

If that particular nettle is not grasped it could have more serious consequences for the industry. 'It is about time for PR to stand up and show itself for its true value', says Sandra Macleod. 'Reputation is an asset to your balance sheet, and you have to manage it and measure it. Objective and independent research is increasingly being used to test internal and external stakeholder perceptions and expectations. The danger is that unless practitioners are up to the job, more will be lost to the management consultants.'

Questions for discussion

1   Does MacNamara's model cover all eventualities? What other forms of evaluation could be used to measure public relations activities?

2   Is the use of evaluation and measurement critical to the development of public relations as a profession?

3   How useful is ROI as a measurement of public relations effectiveness?

4   How could the prevention of coverage of a negative story be evaluated?

5   Is the five-point model suggested by the IPR Toolkit viable in the workplace?

Notes

1   All quotes from David Phillips are from interviews with the author.
2   Interview with the author.

20 Future challenges for PR

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Chapter aims

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The next exercise in looking into the future concerns the development of the public relations industry itself. This future cannot be divorced from the debates in the previous two chapters about the development of the media and the increased use of evaluation. As well as a review of various articles written on the subject, a straw poll was taken of influential figures from the PR industry and academia, and young PR graduates and practitioners, asking them whether the industry's own image was so poor as to necessitate a name change, and to state their vision of the future.[1] The major themes crystallised into the reputation of public relations, improving education and the quality of entrants, measurement of results and the impact of new technology. A fifth concern, that of globalisation, has been expanded from the discussion in the last edition into its own chapter, which follows this one.

A growth industry

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In 1990, Peter Gummer, Chairman of Shandwick plc, gave the annual CAM Foundation lecture at Trinity and All Saints College in Leeds. He took as his theme 'PR in the Year 2000'. He stated that while at that time the number of people working in consultancies outnumbered those working in-house by four to one, by the turn of the century companies would 'have an in-house function represented at a very senior level, probably at board or very near board level, able to buy in external assistance, both internationally and in particular specialisations'. He also estimated that consultancy fees would rise by 300 per cent to £15 billion worldwide, and that this growth would be driven by the development of PR in underdeveloped markets outside the UK and the USA. Important areas for growth were mainly environmental and government PR. 'I believe that PR will increasingly be seen for what it really is – an indispensable tool of management' (Gummer 1990).

In 1994, IBDO published the results of a survey on the PR industry which had been commissioned by the Department of Trade and Industry. The report recognised that the sector had 'grown spectacularly over the past ten years' and that 'PR is increasingly regarded as a serious discipline' (IBDO 1994).

Like IBDO, White and Mazur (1995: 251) concentrated on the consultancy sector in their own look at the future of public relations: 'In future, public relations, involving

skilful management of important relationships and communication with groups of people on whose support any organisation depends, will come to be regarded as a key task for senior management.' In order to take advantage of this, 'public relations practitioners will need to develop their qualifications and skills, or will find that their role will be usurped by others, possibly management consultants, or advisers from other areas such as marketing or law'. Offering a more strategic service was seen as the main aspiration of consultants. Looking at developments in the USA as a precursor to developments in the UK, two trends were viewed. While more work was being put out on a project basis than on retainer, consultancies were also being used for top-level strategic advice. The fact that consultancies elsewhere in Europe were smaller had led to public relations having a better reputation and attracting entrants from economics, law and languages, so that they were able to offer advice on environmental issues and corporate positioning. The key to a number of these issues was the drive to raise standards in the quality of entrants and practitioners, which will be discussed later in this chapter. The two possible futures for PR that White and Mazur envisaged were that it would become more technical, using communications techniques to support marketing activities, or that it would become a social practice, helping organisations to fit in with their social environments.

Several global conglomerates have grown up, including WPP, which owns 18 public relations consultancy firms, including three of the largest firms Hill & Knowlton, Burson-Marstellar and Ogilvy PR, as well as the largest UK company, Bell Pottinger. WPP also owns the advertising agencies Ogilvy & Mather Wordlwide and J. Walter Thompson, 80 companies in total in the fields of marketing, advertising, public relations and lobbying. The turnover of the group in 2001 was over £20 billion. The Omnicom Group owns Fleishman-Hillard, Porter Novelli Worldwide and Ketchum as well as other communications companies. Revenues in 2001 were $6.9 billion. Interpublic owns around 50 companies including the world's largest public relations firm, Weber Shandwick, and McCann Erickson Worldwide. Revenue in 2001 was $6.7 billion (www.corporatewatch.org.uk/profiles/pr_industry?pr2.htm).

Does PR need a name change?

This debate was still current when the first edition of this book was written. Now most practitioners feel that we have moved on from this as public relations comes more into its own. For historical interest, a shortened version of the debate has been retained. Opinions on whether the poor reputation of the public relations industry could be partly solved by changing its name were, not surprisingly, divided. Those who felt that this was a solution offered the following arguments.

> It would be tempting to do so to reduce the number of times I hear 'It's a PR exercise'.
> (Karen Heenan Davies, Dowcorning)

> It does need a name change both to overcome some of the negative associations and to position our discipline more centrally and effectively. Emerging disciplines of relationship marketing, marketing communications and internal communications are not necessarily seen as the province of public relations. I changed my department's title to Communications. The widening of the brief to be a full stakeholder relationship management unit has been very helpful.
> (Derek Prior, Director of Communications, Open University)

PR has got an image problem that, ironically, has been fuelled by the very audience our industry claims to influence – the media. PR fluff or spin doctoring conjures up images of insincere attempts to manipulate the media and to distort or hide the truth. Organisational communications is probably the best description of what we do. Communication should be at the heart of any organisation, as a means of helping define and crystallise the mission, and helping it reach its goals

(Paul Vousden, MD, VLP)

There would be better understanding of public relations if practitioners were called professional communicators, simply because that is what we do, using the appropriate tool to complete the task in hand.

(Catherine Arrow, Arrow Public Relations)

The many disciplines now covered by this catch-all name should be properly used, promoted and hopefully understood. Professionals know there is a world of difference between consumer PR/marketing communications, investor relations, media relations, public affairs, and the work of Max Clifford, but clients, employers and the general public don't see these specialist activities as anything other than PR.

(Christian Judge, Senior Media Relations Adviser, TXU Europe)

PR people have been suffering from an identity crisis for as long as I can remember. In a sense it doesn't matter what we call our industry, what matters is that we keep improving the quality of the experience that others have of it. There's no denying that standards vary and that sections of the media have eagerly promoted misconceptions of both 'public' and 'relations'. We have always described ourselves as communications experts, but personally I prefer reputation management because I think it more accurately describes the multi-faceted expertise which most of us offer today.

(Jon Aarons, Head of Issues Management, Financial Dynamics)

Those who felt that the profession should not change its name felt that it would be counter-productive and going against established PR counsel.

Public relations is a beautifully apt and appropriate descriptor of what we do. Whatever your business, we are always looking to forge relationships with the public in order to achieve a given objective. Unfortunately, PR still sees itself as a service rather than a crucial contributor and determinant of strategy.

(Rob Cohen, Glaxo Wellcome)

To abandon the term 'public relations' and replace it with some other term would lay the industry open to the accusation of attempting to pass it off as some other less openly criticised activity. We would be guilty of not standing up for the profession that we practise and teach.

(Danny Moss, Manchester Metropolitan University)

Public Relations is not something you do, nor something you use, it is something you hope to achieve. Ever improving relationships with the publics that are of importance for your organisation is the goal. Public Relations is the umbrella that can embrace many churches, and no other words can more accurately and succinctly describe what it is all about and what public relations people should be doing.

(Francis Carty, Dublin Institute of Technology)

I think the industry has to be thick-skinned and play a long game. Whatever image problems the industry may have won't be solved by changing the name. A number of factors, including the arrival of a government which places unprecedented emphasis on presentation, focus groups and media coverage, have made the industry intriguing to the media and public alike. When I left university in 1986 PR hardly registered on the graduate radar as a possible career – now it is one of the most popular. This should push up the quality of those coming into the industry.

(Simon Miller, Railtrack)

Even if the body of practitioners decided collectively one day to change the name of the sector, the resistance from marketeers, clients, the public and the media to acknowledge any alternative name would reduce the reputation of our fragile sector to farce. We'd be laughed at. As if a name change would make any difference to the quality of our work. Other planned name changes usually plummet to earth.

You can't PR the impossible. Who would be convinced if we 'renamed' British beef?

(Clive Booth, Lewis PR)

The reputation of PR

In November 1999, the US edition of *PR Week* published the results of a survey of 269 chief executives from a range of businesses. This found that 85 per cent of respondents believed that effective management communication affected stock performance. Nearly 80 per cent felt that PR was more important to their company than five years previously. Around 90 per cent of those of the largest companies believed that reputation related directly to profits, and all agreed that PR would become increasingly important. More of those from smaller companies felt that the internet was important in reputation management.

This shift in attitude was linked to the dot.com start-ups, where companies which had an intangible product were being valued highly based on a mixture of 'buzz and potential'. Also, the Fortune Yankelovich survey in 1999 showed that companies with a high corporate equity had a higher ratio of spend on PR and investor relations. As more Americans became interested in business because of various stock ownership schemes, the media also subjected business to more intense scrutiny. As Adam Leyland reported in *PR Week (US)* (1999), Harold Burson, Chairman of Burson-Marstellar, felt that

Public relations will become more important because the media will become more complex as they proliferate. This will make it more difficult to disseminate messages that can differentiate one entity from another. As this happens, PR will become less an art and more a science.

Howard Rubenstein, Chairman and CEO of Rubenstein Associates, said

The trends that are increasing the importance of PR will only accelerate in the next five years. The globalisation of business, the intensity of competition, the proliferation of media outlets, the impact of instantaneous communications and the ubiquity of the internet will all continue.

Increasingly, CEOs were becoming involved in the choice of heads of corporate communication. Additionally, if companies had a reputation problem, 56 per cent said

the first person they would turn to would be a public relations professional. This importance increased with the size of the company, with 73 per cent of CEOs of companies with revenues of $5 billion or more valuing PR counsel (Leyland 1999).

The PRCA commissioned Echo Research to determine the perceived image of PR in the media during 1999. While there was an increasingly positive link of PR with commercial success, and a recognition that PR had a credible and professional image, in contrast to the US findings, politics and spin doctoring were generally covered adversely. This and the focusing on certain personalities such as Matthew Freud, Max Clifford, Alastair Campbell and Sophie Wessex contributed to the leading negative message, that the PR industry had problems with its own image. The report concluded that creating case studies to show the importance of PR and extending their use in the media would help to inform the general public about the creative strength of the profession. It was also considered critical to find an authoritative representative to comment on PR issues (Echo Research 1999).

> I think the debate on a name change has gone away and is now old news. It's more important to address 'spin' and the accusations relating to it. This can also be countered by high-calibre individuals doing high-quality work in an ethical and professional manner.
>
> (Alison Clarke, Huntsworth plc)

> I get frustrated with the 'change the name' debate. It seems to me that when public relations can clearly demonstrate that it is a profession characterised by integrity, then the perceptions will change. If the practice does not become synonymous with integrity, a new name would become debased too. Public relations describes what we do and we should redeem the name, not run away from the challenge.
>
> (Professor Anne Gregory, Leeds Metropolitan University)

> There can be no doubt that public relations entered the twenty-first century as one of the governing institutions of our post-modern society. Today it holds the same status that used to be reserved for rhetoric in Ancient Greece. We have responsibilities not only to our clients and publics, but to society and our way of life as a whole.
>
> (Dr Dejan Vercic, President, EUPRERA)

Improving quality of entrants and training

Salim Kadebegil (1999) suggested that the future of PR depends both on increased investment in education and training by the PR industry, and on a shift in emphasis in business to recognise the importance of reputation and its management.

Improving professional competence, based on greater investment in training, was one of the issues to emerge from a PRCA Council discussion dinner in March 1999.

PR Week established a Best Practice campaign in June 1999 (Nicholas 1999a), linking to the CBI's Fit for the Future campaign. The objective of Fit for the Future was 'to create major sustainable improvements in the UK's productivity through a massive increase in the number of companies engaged in best practice'. The Best Practice campaign set up a panel of industry leaders, including representation from the IPR and PRCA, Marketing Council and CBI, to discuss a range of issues, beginning with budget transparency and costing of programmes, and encompassing ethics, training, valuing reputation and managing agency/client relationships. Management of multinational

campaigns and evaluation were also included. Guidelines resulting from debates on these topics were published in *PR Week*, with the intention of encouraging widescale involvement and feedback from the industry. The emphasis placed on education and training evidenced by the IPR's initiatives in this field have already been discussed in Chapter 5, and will contribute both to improving the calibre of practitioners and to improving the reputation of the industry.

In interviews conducted for this chapter, participants of the informal survey endorsed the emphasis on the quality of entrants and greater investment in training. Rob Cohen saw quality of entrants as linked to the image of the industry:

> As long as tactical PR takes the limelight in terms of attracting new talent into the industry, nothing will change. Only positioning and promoting PR as a cerebral discipline where brain power and strategic thinking are paramount will give PR a place on the board.

'Professionalisation of the industry is key to the future, and this is inextricably linked to education and CPD', said Ralph Tench of Leeds Metropolitan University. 'This involves strong relationships between relevant professional bodies, educational institutions and practitioners. Old models and theories will need reflection and change which will best be transferred to the practitioner community through linking training and education with innovation in practice.' Adrian Wheeler of GCI concurred, seeing the employment of higher calibre candidates as a good sign: 'PR people in general are not good enough at what they do. This is changing fast and needs to change faster.'

Clive Booth felt it could be the solution to eliminating poor practitioners:

> I should like it to evolve so that clients would only want to use professionally qualified PR practitioners, who could only retain their professional status by completing continuous professional development (CPD). In 50 years, when image will be a daily boardroom concern for all businesses, the cowboys might be squeezed out.

John McMahon saw a need to take training seriously: 'The future is bright, but the major constraint is trained young people to take the strain. The tenuous nature of client contracts has placed emphasis on the immediate at the expense of longer term planning.'

Weiner (2002) felt that 'The new landscape will require a revised set of skills and qualifications. General business and marketing knowledge will become increasingly important . . . there will be a need for fluency in marketing.'

Measuring results
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The IBDO (1994) report concluded that 'Evaluating the effectiveness of PR remains a hotly debated issue' and that 'the public relations industry may never be fully respected unless it can provide measurement of its value' (Executive Summary: 1).

The development of the IPR/PRCA/*PR Week* Toolkit on evaluation (see case study, pp. 310–12) was quoted as an example of improving the image of PR itself, by countering the argument that the effect of PR is hard to measure. 'Evaluation is the rocky but sunlit pathway for PR practitioners to climb, once and for all, out of the quicksand where our work is judged by instinct, gut-feel and intuition', said Adrian Wheeler (quoted in Gray 1998). He also warned that 'There is a pain factor in submitting work to the acid test of evaluation, and it's one that both clients and consultancies are

frequently inclined to dodge.' He felt that evaluation of objectives will become normal practice, and 'a sign that PR is at last wearing long trousers' (see IPRA 1997: 49–72).

Alongside the Proof Campaign which resulted in the Toolkit, developments in the USA included work by the PRSA to introduce a new tool to measure and evaluate the impact of PR. A commission on research and evaluation was set up by the Institute for Public Relations at the University of Florida. This led to discussions of whether a global kite mark standard could be developed. As Cowlett (1999a) reports 'There is no way you can have a set global standard when there are so many different needs within a single company from just one campaign', said Mark Adams, then Director of Text 100. Mark Westaby, MD of Metrica, warned of the need to pay attention to terminology: 'Even between the UK and the USA you have to be careful you are talking about the same thing.' Differences in the importance of various media also complicate the issue, according to Jackie Walford, Senior Vice-President International of CARMA: 'In the UK, the national press is important, whereas in India, Italy and the US, regional press plays a significant role.' Most international campaigns have varying local applications, meaning that a framework of objectives must be established. The major challenge was felt to be persuading clients that measuring outcome was an investment and resulted in bottom line benefits for their organisation. Again, as we have seen in the previous chapter, evaluation is something which the industry is tackling head on.

A note of caution was sounded by Francis Carty:

> At first glance public relations seems to be flourishing, but how much of it is really public relations and how much marketing is not clear. The profession will have to educate its clients and learn to take evaluation seriously and spend more money on it.

'One beneficiary of the new public relations will be integrated marketing communications,' thought Weiner (2002). 'PR executives must be prepared to . . . generate a positive contribution to the overall marketing goals of the organisation.'

The effect of new technology

At the IPR International Symposium in May 1999, Larry Weber, CEO and Chairman of Weber Public Relations Worldwide, suggested that the evolution of the PR industry was being driven by the availability of new technologies and the shift from text-based to visual communications. Implications of new technology included the redefinition of creative needs, distribution of news and relationship building. The characteristics of the new communications economy were interactivity, immediacy, information richness, individualisation and integration. As well as increasing expectations amongst stakeholders, for instance that emails would be answered within eight hours, it also allowed PR practitioners to develop a dialogue with their constituency, evolving towards Grunig's original model of two-way symmetric communications. Information was becoming more educative rather than attempting to sell products, and this could be customised to suit individuals and specific journalists. He felt that this led to the expansion of PR into corporate reputation management and brand leadership.

The development of the internet as a communications channel was also seen as one of the most challenging areas for PR, and one of its greatest opportunities. 'The internet has given us a direct pathway to the consumer, enabling us to circumvent the media as a filter and to build relationships directly with consumers, while still allowing us to act as intermediaries with the media', said Richard Edelman, CEO of Edelman PR. The

increased speed of communications also makes corporate reputations harder to manage, and because of increased access to information, transparency and immediacy of response are needed. 'The internet put word of mouth on steroids', said Harris Diamond, CEO of BSMG Worldwide. 'If service stinks, if performance lags, if your employees hate you, not only will you hear about it, so will everyone else' (quoted in Leyland 1999). 'The internet provides both a sword and a shield in dealing with the media', thought Weiner (2002).

The author's research revealed the following opinions. Ian Wright saw that:

> The key issue is the development of the media, leading to the fusion of the net and broadcasting. This will affect the way we do what we do and the structure and expectations of our clients and organisations. The need to communicate will remain, but the opportunity to narrowcast by whatever means to specific audiences will advance beyond all recognition. That will increase our work and the demands put upon us.

Alison Clarke agreed: 'The future of the industry will be remote virtual working enabled by technology. Reputation management will be critical to success and all companies will be looking to reflect this.'

Karen Heenan Davies saw the need to acquire expertise as critical:

> Practitioners in the future will have to have a wider range of skills and at a far higher level. Technological change will have a significant impact on communication and those of us in the profession will have to adapt accordingly. Clients will require expert advice on all forms of electronic communication and how to utilise them.

'PR practitioners need to be flexible and expect some convergence with other related disciplines. They need to grasp new technology and understand the potential of new media. There will be a need for "thinking outside the box"', said Jo Chipchase.

Increased demands would be made, thought Catherine Arrow:

> The fast-food fix of information demanded by the techno-savvy, 24 hours a day, 365 days a year, could create an ever hungry monster, supplied with poor ineffectual material. The practitioner of the future must ensure that whatever the speed of delivery, quality is maintained and communication is meaningful.

Regulation and the future of practice

Despite concerns about the poor image of PR being related to the fact that anyone can claim to be a PR practitioner (as indicated by respondents to the previous part of the author's survey), the PRCA Council discussion dinner concluded that self-regulation was preferable to statutory controls.

Adrian Wheeler felt that regulation was necessary and desirable in at least two areas of PR work – government lobbying and financial communications, but agreed that self-regulation by the professional associations was the way forward. As to the way that PR is practised in the consultancy field, he felt that medium-sized firms will become squeezed out by a move towards the large firms at the top, with a large number of small specialised companies at the bottom: 'International capability will be the watchword. Those firms which have invested in well-run networks will make hay.' He also forecast a rise in income for PRCA member consultancies from £350 million in 2000 to £1 billion by 2010.

'There will be more mergers and the large multinational agencies will get bigger', said freelance consultant Robert Minton Taylor.

> They will broaden their scope to become full service management consultancies and will be more global. Unless the medium-size firms are strong regional players, I see no long-term future for them. The niche players and sole traders will survive because they offer a personal service at a price which the majors are unwilling or unable to provide.

This view was supported by Mark Button of Le Fevre: 'Established consultancies will continue to set up specialist offshoots, and many successful smaller agencies will be bought up by larger multinationals. PR will increasingly be found in the boardroom.'
Simon Miller felt that the perception of PR was changing:

> Managers are increasingly valuing the contribution which PR and communications can make to a brand's reputation. PR departments are being seen more as being able to truly support business objectives by effectively promoting the organisation across the full range of stakeholders.

Danny Moss agreed:

> There is a greater recognition of the importance of communications and that reputation cannot be taken for granted. In a mature economy it is increasingly difficult to find tangible sources of differentiation and it is the reputation and relationships which organisations establish with their stakeholders which are the drivers of corporate success. The mechanisms of communication are changing and this has forced a rethink of traditional media strategies. A new generation of better-educated practitioners are assuming positions of authority and bringing a greater understanding of the potential of PR into the boardroom. However, the fundamental tools of the profession are unlikely to change dramatically. The principles of effective PR have not changed, it is the mechanisms through which the practice is conducted that have and will continue to evolve.

Mike Smith of Cardiff University also saw changes in attitude: 'As society matures an increasing number of those whose views matter are beginning to appreciate the importance of managing reputation and that this is a world away from publicity and spinning.'
Robert Phillips forecast a new role for PR practitioners:

> Successful companies will be those with real stories to tell, and consumer PR companies will be the storytellers, forging a genuine emotional connection with consumers. More specialists will emerge. Cause-related and community activities will be big. Corporations will finally wake up to the fact that their equity is built on their brands and their interface with consumers. I would like to see more emotion injected into the industry.

Derek Prior felt that technology provided both a challenge and an opportunity: 'The widespread availability of simpler tools via technology will mean more communications tasks can be carried out by non-PR specialists, giving us the challenge of really consolidating the core skills and knowledge that give us a clearly perceptible edge.' In contrast, Alison Radovanovic thought that convergence would occur: 'The future is bright, but

not in its traditional format. As the fragmentation of the media leads to the demise of mass audiences, this will in turn lead to an amalgamation of advertising, marketing and public relations, with PR to the fore.'

Others felt that changing practices would impact on the development of the profession. David Heal saw 'more planning, a more integral role within business, more measured and controlled programmes and better targeting of media'. Paul Vousden felt that 'Research will play a much larger role. Consumers and the community will become increasingly important and this will impact on communications. We will be more of a profession in how we go about our business.'

In conclusion, Richard Bailey believed that 'There will be a powerful new role of corporate counsel. PR practitioners will have to understand the whole marketing mix and contribute to integrated campaigns.'

A view from academia

In July 2000, the 7th International Research Symposium at Lake Bled, Slovenia, took the theme of the future of PR. Several academics presented their views on the future. Judy Motion, from the University of Waikato, New Zealand, suggested that new social movements would lead to an increase in importance for the discipline, and that the relationship side of PR would need development, borrowing from relationship and social marketing. Susanne Holmstrom from the University of Roskilde, Denmark, presented a view of the evolution of PR from an economic necessity to a normal part of the management process. Gunter Bentele of Leipzig University, Germany, also felt that PR would become more important, would become integrated into communications, and would develop into a 'new style' profession, aligned with international standards.

In July 2003, the 10th International Public Relations Symposium was organised at the same location (www.bledcom.com). This annual event, attended by practitioners and academics from Europe and beyond, demonstrates that research and education in public relations in Europe are gaining momentum.

Has anything really changed?

Looking back on this chapter for the second edition, it was felt that much of the discussion above could stay unchanged. That is not to say that things have not moved on in the past three years. Developments discussed in Chapter 5 relating to professionalisation are certainly important. However, looking at recent discussions of future issues for public relations gave a wearying sense of déjà vu.

Gable (2003) set out 'Five major PR issues for the next decade.' These issues were gleaned, first, by polling members of the PRSA Counsellors' Academy during 2002, plus using the results as the basis for a further workshop session at the PRSA 2002 Conference. First, communications was stressed, relating to the need to improve strategic planning. The next issue was the encroachment on public relations services by other consultants such as management consultants, lawyers and accountants. This was connected to the third issue, credibility. Public relations was still felt to be seen as a profession of spin rather than strategic communications and reputation management. The fourth issue reverted back to the question of defining public relations and a feeling that it was still a misunderstood profession. One of the most important ways to improve understanding and relevance was felt to be an emphasis on evaluation and measuring

long-term effectiveness. Lastly, finding enough properly qualified staff and promoting public relations as an attractive industry to college students. Gable added five other headings to this list: improving public relations curricula and education; overcoming the loss of faith in business ethics; countering the slump in the economy and resisting clients' tendency to want to do things cheaply rather than strategically; improving professional standards in agencies; and emphasising the public interest side of public relations to stress its contribution to society.

Woodall and Smith reported on a Future Trends study carried out for the IABC Research Foundation. More than 1,000 IABC members worldwide responded to the survey, and responses were supplemented by interviews with 30 senior practitioners. They also grouped their findings into five main areas. It was felt that professional communicators were ideally placed to use their boundary spanning role to provide critical information to organisational management to flag trends and changes in order to improve business performance. However, economic conditions were causing strategic planning to take a back seat to short-term issues. The use of new technology was the third theme, with rather mixed responses on whether practitioners were taking advantage of new communication methods. It was felt that there had been a change in the media mix rather than any comprehensive restructuring of the communications function. Evaluation was the next concern, with over half of respondents stating that they used informal feedback frequently or often. Employee satisfaction surveys, focus groups and media evaluation methods were all used, but only by a minority of respondents. Improving ways of measuring results was a common goal. Lastly, concerns with demonstrating improving productivity in communications was cited as both an opportunity and a risk. On the one hand, it would demonstrate value for money and establish credibility, but on the other, would expose the fact that most practitioners have no formal mechanisms in place.

Key issues

As we have seen, there are several main issues for the future. The calibre of entrants to the profession and the quality of the training they receive after they enter it must improve. This must involve both greater investment in staff and greater willingness to adopt new and more professional practices.

Public relations must tackle the question of its own reputation to improve its position in the organisational hierarchy, and there must be a shift in management teaching so that senior managers have a better understanding of what public relations is and what it can do.

The structure of consultancies may change, with a move towards larger, international companies and small, niche specialists. The fact that WPP, Omnicom and Interpublic are global conglomerates with interests across the whole field of communications may lead to a greying of the distinctions between the various disciplines. Practitioners must take up the challenge and opportunities offered by developments in new technology, both in the tactical area of media relations and direct communication with stakeholders through websites and in the strategic area of true company counsel. Awareness of the changing nature of business for clients and employers must lead to a global outlook.

Shifts in the economy that caused PR consultancies with a reliance on a narrow range of clients to be threatened with closure or takeover showed that senior PR managers need to strengthen their financial and general management skills.

Public relations practitioners need to support the trends in the increasing investment in corporate social responsibility programmes and ensure that they reflect a genuine response to stakeholder expectations rather than cosmetic surgery.

The activities of professional bodies in strengthening their codes of practice and contributing to government debates on standards will hopefully lead to a better general understanding of the nature of public relations. While it is unlikely that legislation will be imposed on entry to the profession, employers and clients will start to look for practitioners who are members of the professional bodies and who conform to their codes. The phrase 'it's only a PR exercise' may even disappear from common usage as there will be a recognition of the difference between PR and lying.

With the maturity of the industry it is to be hoped that there will be an adoption of more progressive human resources practices. An industry survey by *PR Week* in 2000 showed that more practitioners were complaining of stress and overwork. With more emphasis on the importance of work–life balance for both men and women, PR may move away from the long-hours culture. Against this, the explosion in global communications which has increased expectations of speedy responses will have to be skilfully managed. The final chapter addresses issues related to globalisation which public relations must come to terms with, and, indeed, is ideally placed to address.

Questions for discussion

1   How could the reputation of PR be improved?

2   Is it necessary to include public relations in the syllabi of MBA programmes? How else could management be shown the parameters of public relations?

3   What are the most important skills to be included in the curricula of public relations qualifications in higher education?

4   What forms of evaluation of public relations programmes are you familiar with? How could evaluation of public relations be improved?

5   How could the use of new technology improve the effectiveness and credibility of public relations?

Note

1   All opinions expressed in this chapter are from interviews or email responses to this survey.

21 Coping with culture

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Chapter aims

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While globalisation was an issue when the first edition was published, it was felt that this had grown in importance, enough to warrant its own chapter here. The main writers on differences between cultures are reviewed, as well as recent thoughts on how operating in a diverse world affects the practice of public relations.

The global PR community

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Public relations is growing and maturing, and that growth means that practitioners are increasingly involved in international accounts. Alison Clarke (2000) suggested that the global market for public relations had grown considerably and much was related to international business. She projected annual fee income to be £15 billion. Membership of the International Consultants Organisation had grown to include 500 consultancies in 23 countries, representing 24,000 staff. She felt that the growth of international PR was due to the development of organisations' international relationships and the growth of mega brands, including internet stocks. Moss and de Santo (2002: 3) revealed that the US Department of Labor were predicting that PR jobs would grow 60 per cent by 2004, although this was depleted by the economic downturn. Of the top 25 PR firms in the USA, the top 10 were international, earning $1.7 billion p.a. They also counted 150 national and regional PR associations with a total of 137,000 members. In China alone there were 100,000 practitioners, with another 450,000 students of the discipline. 'One of the key challenges for practitioners and students of PR . . . will be to become more conversant with how PR is understood and practised around the world' in order to develop communication programmes that span national boundaries (p. 6). Falconi (2003) estimated that there were three million individuals in the global PR community, 400,000 of which were in Europe.

In 1996, Kate Nicholas discussed cultural shifts and how they would affect the PR industry in Europe. Several developments were causing difficulties. One was the aim of some larger consultancies to have a unified brand across Europe while needing to take account of local regulatory frameworks and cultural values. Clients from the USA and Asia did not have an understanding of the regional differences within Europe. European

clients were using US consultancies when they wanted to break into the US market. Growth in the PR industry in France and the Netherlands had driven increased professionalism. Some clients continued to use UK firms as a central buying point for work in Europe, whereas others preferred a more bespoke approach (Nicholas 1999b).

IPRA published a survey of eight countries (comprising the UK, the USA, South Africa, Brazil, Japan, Singapore, Switzerland and Australia) in 1997 which looked at the effects of globalisation on corporate communications. The most important task for PR in the future was thought to be the maintenance and improvement of corporate social evaluation, along with corporate communication based on company strategy. In order to communicate globally, companies would have to use PR professionals native to the different areas of operation. Shareholders, investors and customers were thought to be the most important audiences, with employees ranking fourth. The fact that media were now reaching across national borders also had to be taken into account. There was unanimous agreement that companies would need improved communications in the global field. The main problems for the future included the challenge of dealing with product liability issues across national borders, managing confidential information in the internet age and maintaining a global standard (IPRA 1997).

The question of a European consensus as to what the PR industry represents was identified as a problem in moving forward. Reviewing a plethora of definitions, a common theme was found to be that PR 'helps organisations to establish and maintain good relationships with all kinds of publics which are important for reaching the organisation's goals'. However, the practice of PR was felt to be diverging from this, in that many practitioners were operating in circumstances where they were not allowed to consider strategic activities. Other practitioners were working in integrated marketing communications. The invasion of the PR professional domain by management consultants, lawyers and accountants was also confusing the picture. Setting up a European standard for PR that allowed for different regional and national cultures, as well as recognising the different stages of development of practice, was proposed (van der Laan 2000). As part of the attempt to find an agreed definition of PR, CERP commissioned research in April 1999 among organisations and experts across Europe to ascertain the components of PR practice.

Countrywide Porter Novelli also commissioned research on the impact of globalisation and new media on communications in the new millennium. Respondents felt that global organisations would be moving from a decentralised model to a centralised model. Activities would include investor relations, crisis management, corporate image, public affairs, corporate themes and PR for global business. There would still be local activities such as local stakeholder relations with media, advocacy groups and government. Protecting a company's reputation would continue to be the top priority. Brand building and protection would be seen as part of company reputation. International experience would be provided to company management, and new incentive programmes would reward co-operative global efforts. Successful media stories in one country could be transferred into other markets, as could adverse ones, so international sensitivity must increase. Consultancies could provide leadership in managing global accounts, and in acting as brokers to bring together the best people from different disciplines. There would be a need for a good understanding of strategy globally, but also those working in different countries would have to have the flexibility to tailor programmes and messages to their own local needs (Druckenmiller 1999).

Back in 1999, Karen Heenan Davies felt that 'Companies will become more global, so practitioners will need to demonstrate global capabilities, with cultural sensitivity and knowledge to adapt programmes to suit local needs.' Chris Genasi at Eloqui agreed:

PR will continue to grow in importance as the media and other pressure groups continue to scrutinise companies. Global media coverage means that consistency will be essential. PR will mature to become part of the business decision-making process, rather than something which is done after all the decisions have been made. Managing PR globally will become the norm.

The founding priority of Global Alliance (see Chapter 5) was to establish a proper framework for exchange and information gathering between individual associations facing similar problems. Other priorities were to benchmark certification and professional development processes across national boundaries and to compare regulations affecting the development of the profession (Farrington 2003). Practitioners are increasingly operating in a global context.

Internal diversity

It is not just international business which raises questions of diversity. Wilson and Eng (2003) point out that the population of the UK is changing rapidly and dramatically. While 29 per cent of the population in London is referred to as minority/ethnic, these are the emerging majority of tomorrow. Diversity must be recognised in all public relations programmes, and organisations must create product lines that truly speak to the needs of each market. They advise an holistic approach, integrating PR, marketing, advertising, and community relations, to build trust and understanding.

Billingsley (2002) refers to the diverse market in the USA. Nearly 25 per cent of the population identify themselves as not white. In the 2000 census there were 36 million blacks, 35 million Hispanics, 12 million Asian-Americans, with 4 million American Indians. Cultural background of targeted publics can change which media channels practitioners should use. Simmons Market research Bureau in 2001 surveyed Hispanics and found that they paid more attention to products advertised in Spanish. On the internet, the highest usage is among Asian-Americans, as 60.4 per cent use this medium, compared to 39.8 per cent of blacks and 31.6 per cent of Hispanics. She refers to a successful health campaign to target the black community which used churches and engaged pastors to launch the African-American Diabetes program.

Wilson and Eng also point out that while the Hispanic community is 40 per cent of the population in the USA, there are many different Hispanic cultures. These publics are not insignificant in terms of economic power either. Hispanics, Asians and blacks in the USA constitute a $1.3 trillion market (Wilson and Eng 2003). Clarke (2000) defined the differences between the religious, royalist culture of the Thais, the assertive workaholic Hong Kong, the international sophistication of Singapore and the heavily restricted media in Japan, and warned against regarding all Asian cultures as the same.

Definitions of culture

Sriramesh and Vercic (2003: 8) found no universally accepted definition of culture. They quote Tylor (1871), who defined it as 'that complex whole which includes knowledge, belief, art, morals, custom, any other capabilities and habits acquired by man as a member of society'. In 1952, Kroeber and Kluckhohn described a 'set of attributes and products of human societies . . . transmissible by mechanisms other than biological heredity'.

Hofstede is the third most cited author in international business studies published between 1989 and 1993 (Schneider and Barsoux 2003: 90). He defined culture as 'collective programming of the mind which distinguishes the members of one category of people from another' (Lewis 1999: 23) and Lewis reflects that, 'Comparisons of national culture often begin by highlighting differences in social behaviour' (ibid.: 8).

Cross-cultural perspectives

Several writers have addressed the questions of the characteristics of different cultures. Sebenius (2002: 80–1) gives clues on protocol. He offers eleven categories of interaction which need to be explored when operating within a different culture. These include:

- Greetings – how do people greet and address each other? What role do business cards play?
- Formality – will I be expected to dress and interact formally or informally?
- Gifts – are gifts exchanged? What are appropriate?
- Touching – what are the attitudes towards contact?
- Eye contact – should this be direct?
- Deportment – how should I carry myself?
- Emotions – is it rude, embarrassing or usual to display emotions?
- Silence – awkward or expected? Insulting or respectful?
- Eating – what are proper manners? Are certain foods not allowed?
- Body language – are certain gestures expected or offensive?
- Punctuality – should I be on time or are schedules fluid?

He relates this to anthropologist Edward Hall's Silent Language, set out in the *Harvard Business Review* in 1960. Hall suggested four categories of cultural variables that may drive surface behaviour:

- Relationships – if the focus is on relationships, deals arise from already developed relationships. If it is on the deal, relationships develop after it has been agreed.
- Communication – whether indirect, high context with non-verbal cues or direct and low context. In the USA, communication should be to-the-point, whereas in China people like very detailed data.
- Time – monochronic or polychronic? Anglo-Saxon schedules are fixed, people do one thing at a time. Latin schedules are fluid, interruptions are common, interpersonal relationships take precedence.
- Space – moving too close in some cultures produces discomfort, and in others, backing away may convey disdain.

Hofstede (Schneider and Barsoux 2003: 87–91) built on Hall's Silent Langauge. Based on an employee opinion survey of 116,000 IBM employees in the 1960s, across 40 different countries, he identified four value dimensions. Power distance is the extent to which unequal distribution of power is accepted. Uncertainty avoidance refers to society's discomfort with uncertainty and preference for stability. Individualism/collectivism

looks at the individual or group focus and masculine/feminine reveals the bias towards masculine assertiveness, competitiveness as against feminine nurturing, quality of life and relationships. On studying Asian cultures, a fifth dimension appeared, referred to as long-term orientation, reverence for persistence, thrift and patience. While there have been critiques of Hofstede's findings, several studies confirmed similar differences. A table of rankings was produced for each country, showing that the USA ranked most highly in individualism, in the top third for masculinity, but low on uncertainty avoidance and power distance. Japan was the most masculine culture, and also seventh in uncertainty avoidance. Arab countries were half way down the rank in terms of individualism, and ranked seventh in terms of power distance, and surprisingly less masculine orientated than the USA or Japan. Greece was ranked highest in uncertainty avoidance and Malaysia in power distance. Comparing societies with a high long-term orientation, building of relationships and market position were emphasised rather than the short-term bottom line. High power distance is reflected in more levels of hierarchy and centralised decision-making. High uncertainty avoidance results in more rules and procedures and risk avoidance. High collectivist organisations prefer group decision-making. High masculinity rates task accomplishment higher than social relationships. The ranks were then translated into country clusters, Anglo, Nordic, Latin and Asian.

While actions can be copied, understanding thought processes and concepts are more difficult, as people will have different notions of the same concept, such as duty or honesty. For example, in Britain and the USA, a contract is a document that should be adhered to once signed. In Japan, it is a starting document that can be modified as needed. In South America it is regarded as an ideal which is unlikely to be achieved but which is signed to avoid argument.

Hofstede's value dimensions can be redrawn to divide cultural norms into outer and inner layers (Marx 2001: 43–6). Symbols are the most obvious signs of cultural differentiation, including dress, small talk, table manners. Next, it is useful to examine which personalities are seen as heroes and how that illustrates which qualities are revered. Rituals mark the boundary between inner and outer, with a ceremony that marks particular occasions that have meaning. Lastly, values are the standards or principles considered valuable or important, expressing what people believe, and are often complex and subconscious.

Marx (2001: 47–57) sets out three dimensions of problem-solving. While problems that are encountered may be the same in different cultures, how people deal with them will be different. Orientation refers to the emphasis on task or relationships, which also includes whether individual action is regarded more highly than collective. In an individualistic culture, performance-related pay is a meaningful motivator but not in a collectivist culture. In the latter, it is important to see tasks as interrelated so that people can see that they are part of a group. The second dimension, the task approach, reveals whether the culture is tolerant of ambiguity or not. At one end of the spectrum is the German regard for structure, at the other the Brazilian emphasis on objectives rather than planning, so that the schedule is unimportant as long as the task is done. This also includes the approach to time. It is suggested that the English monochronic approach was learned as a result of the industrial revolution, as workers in factories were needed to be present at a particular time but that it seems logical and natural now. The third dimension is communication and presentation style, including the display of emotion. In the USA, regret and self-effacing behaviour are not acceptable, communication is preferred to be positive rather than neutral. In Asian cultures showing guilt or shame is regarded as loss of face. Informal, democratic attitudes can be contrasted with formal, predicted roles based on seniority, age, class and gender. Marx suggests that there is no

right or wrong, but that in order to be effective, people must adapt their methods of doing business according to the cultural context.

Hampden-Turner and Trompenaars (2000: 11) proposed six dimensions of cultural diversity:

- Universalism vs particularism. Rules, codes, laws and generalisations vs exceptions, special circumstances, unique relations.
- Individualism (personal freedom, competitiveness) as against communitarianism (social responsibility, co-operation, harmonious relations).
- Specificity, or analytic and objective or diffusion, holistic, relational.
- Achieved status, what you have done, or ascribed status, who you are and your personal connections.
- Inner direction where convictions are located internally, or outer direction where examples and influences are located externally.
- Sequential time, where time is a race along a set course or synchronous time where several things may happen at once.

Stevens suggested the following cultural profiles in 1991 (Schneider and Barsoux 2003: 92–3):

Anglo/Nordic   Village market. Decentralised, entrepreneurial, flexible, delegation, informal personal communication. Output control.

Asian   Tribe or family. Centralised, paternalistic, strong social roles, personal relationships. Social control.

Germanic   Well-oiled machine. Decentralised decision-making. Narrow span of control, compartmentalised, throughput control. Efficiency.

Latin   Traditional bureaucracy. Centralised decision-making, less delegation, pyramid of people, elitist, input control.

Selmer in 1998 added a Viking form of management, with decentralised decision-making, emphasis on consensus and avoiding conflict, informal channels of communication and long-range objectives. These cultural preferences affect how information circulates and is shared. In French companies, the flow of information between groups is limited, as information is a source of power and not easily given away. In Sweden, communication patterns are much more open and informal, whereas information sharing is not widely practised in Russia, especially with outsiders in case of misinterpretation. In Japanese companies, intensive and extensive discussion is encouraged at all levels.

Different conventions

Dealing with clients and publics in different countries and cultures requires sensitivity to different conventions. Silence in conversation in the USA, Peru or Kuwait is awkward, whereas in Asia it can be a response and a part of social interaction. Lewis (1999) draws attention to listening societies such as Japan, Korea and Finland, where people think about their reply to remarks in silence. He examines the different ways of gathering information, from the data-orientated Northern European emphasis on solid information to the dialogue-orientated Latin societies which put this information in a personal

context, to the more complicated listening society of Japan, where information will also be gathered from a web of relationships, memberships of clubs and schools.

Problems of translation run into the internalised thought monologue of each culture. Lewis uses the example of the Zulu's 39 words for 'green'. So it is not enough to translate merely the words, but attention must be given to the meaning of the message.

The Japanese regard the underdog as inefficient, so banks don't like to lend to struggling, small businesses. Lewis recommends moving away from chauvinism and a belief that one's own culture is the best to developing intercultural sensitivity.

Schneider and Barsoux (2003: 85) also question 'the logic of universal "best practices"'. They suggest that theories about organisational structure are products of societal concerns at the time, such as Weber's bureaucracy, the French administrative model of Fayol and the American scientific management of Taylor. Different approaches reflect different cultural assumptions about human nature and the importance of task and relationships. This leads to questioning the transferability of management ideas and structures, such as the US and European trends towards participative management and empowerment, which have been frustrated in Russia where employees expect strong, paternalistic management.

Organisation structures
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Hampden-Turner and Trompenaars (2000: 50–2) differentiate between global, multinational and international companies, and suggest a new form of transcultural corporation. They suggest that the normal form of global corporation is centralised, which expects offices in the 'Rest of the World' to be integrated with its own way of doing things, and these overseas offices are managed by nationals of the global corporation's country, normally American, such as in AT&T (now Comcast). Economies of scale are gained from producing essentially the same product in all markets. Multinationals are decentralised, locally responsive and overseas offices are managed by indigenous people, and may produce different products in different markets according to local needs, such as Unilever. International companies' prime export is knowledge, mainly American or Japanese, with local variations on centrally supplied know-how, using elements of both the previous two forms. Transcultural organisations are offered as a new model, taking advantage of diverse ideas across the world with common themes to be more competitive. Thus each function would be situated where the expertise exists, for instance research and development may be in India or Japan. The communication network is vital so that learning and knowledge can be transmitted throughout the organisation. Multiple perspectives are accepted as legitimate, along with a commitment by individual units to a shared vision. They suggest that Phillips, GE, P&G and Matsushita are moving in this direction.

How global are we?
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Schneider and Barsoux (2003: 271) question whether organisations are truly international. They quote Farnham, who said, in 1994, 'We are living in a world which is about as integrated as the world of the 19th century. . . . Fewer than 10 per cent of the businesses that inquire about going global actually try it.' Moss and de Santo (2002: 3) admit that the majority of enterprises have less than 10 employees, and operate on a small, local scale, yet they suggest that even these companies may take advantage of opportunities to trade internationally.

Joffe (2003) states that we know more about each other through travel, television and technology. The global citizen is mobile, well travelled, cross-culturally aware, speaks several languages, but is in a small elite group. However, the more we want to be the same the more we emphasis our differences, and it is increasingly important not to talk to masses but to individuals. She quotes the work of Holden, who suggested that culture in the workplace is an important socialisation process, that organisational culture represents a deeper level of basic assumptions and beliefs shared by all employees. In this approach, the life of the project or work group is more important than background or cultures of work team. Joffe advises, 'Assume difference until similarity is proven.'

Whatever the extent of international interaction in most people's everyday lives, more and more, public relations practitioners are having to cope with organisations that are themselves composed of culturally different individuals, communicating with increasingly diverse publics. 'To operate successfully on a global scale requires sensitivity to cultural diversity', state Moss and de Santo (2002: 1). Organisations need to be sensitive to cultural differences within their own workforce. There are variations between regions of countries, as we have seen above, and population migration has created multicultural societies. Public relations can adapt communications to suit the needs of this diverse population; global brands may be marketed differently in different parts of the world.

Public relations and globalisation

Morley (2002: 35) suggests that 'there is not likely to be a phrase you will hear in your career in public relations as often as "think global, act local"'. He claims that British public relations practitioners were at the forefront of internationalist awareness, especially those who worked in the European headquarters of major American companies, educating their foreign 'parents' in customs, sociology, politics and media of the local market. The rise of the multinational corporation was seen as commercial colonisation and a threat to local communities in Europe. The benefits of 'acting local' were that global companies became members of the community rather than being seen as foreign invaders. Morley proposes an emphasis on thinking local, to 'reach a level of understanding of the mindset of each group of people with whom you must communicate . . . [to] make your dialogue much more successful' (p. 39). This is much more than translating, customising and localising news releases. He uses the example of the Japanese ignorance of volunteerism and private donations, as social responsibility in Japan manifests itself in ways such as lifetime provision of employment. This led to the refusal of offers of help after the 1994 Kyoto earthquake, as they had no system for accepting contributions to the costs of medical care, which made them appear arrogant and insensitive. Alternatively, Western companies in China must pay attention to the concept of *feng shui* when building or refurbishing new premises. Sometimes, public relations' boundary spanning role must take on the task of explaining these differences to clients.

Clarke (2000) recommended local solutions with local understanding as a best practice model, although never at the expense of a global perspective. Core strategy should always come from the lead office, with local offices adapting it to local conditions. For example, it is rude to send an email release to a Japanese journalist unless there is a close working relationship. 'Information technology enables us to manage and damage reputations at the touch of a button,' she said. 'Public relations is intended to resolve conflicts and misunderstandings.' Lerbinger (2001) adds, 'The essence of PR is cultural context.' Communications exist in the context of intentions and interpretations of

participants, so that effective communication can only happen when a relationship is established. He quotes Bank's six primary dimensions of diversity: age; ethnicity; gender; physical abilities; race; and sexual orientation. Secondary dimensions are education; occupation; income; marital status; and military and work experience

Wakefield (Rosborough and Wakefield 2000: 3) found that 'larger European multinationals have more sophisticated global PR programs than those based in the US'. In terms of structure, he confirmed that the majority have a central PR strategy and relegate tactical delivery to local units. Most had full-time PR officers in less than 50 per cent of international units. Conflict between central and local units could be a barrier to global success. Therefore solid internal communication was increasingly important. He reiterated that 'The most effective approach balances central and local needs.'

Frameworks for global practice

Several writers have assembled books of case studies to examine both the diversity and the commonality of public relations practice. Moss and de Santo (2002) and Sriramesh and Vercic (2003) offer comprehensive collections. Both admit that there have been few international comparative studies, and that most try to test applicability of a US model of practice in other countries rather than examining indigenous characteristics. Sriramesh and Vercic state that while their book is anecdotal, they consider it a first step on the road to developing a body of knowledge for students and professionals and that by describing cases in different parts of the world they hope to improve the efficacy of international PR.

Sriramesh and Vercic relate the development of public relations to three elements in the infrastructure of a particular country. These are the political system, the level of economic development and the level of activism. Public relations thrives on public opinion, and so is most developed in democratic systems. The Freedom House survey of political change in the twentieth century found that there was a general shift towards pluralism (www.freedomhouse.org, Sriramesh and Vercic 2003: 4–5). Definitions of public relations assume a democratic structure which is not always the norm. Greater economic freedom in market economies favours the development of strategic public relations. As the discipline is yet to be widely considered, on a global scale, as an essential, core managerial function, where resources are scarce they are devoted to more urgent needs. Thus public relations thrives in developed countries, where suppliers have to compete for public attention, approval and support. The level of economic development also affects the communication infrastructure and impacts on the wealth and literacy of the population. Activism is another element which influences the development of public relations. It is unlikely to be high if the bulk of the populace are more concerned about where their next meal is coming from, and so is present in more developed countries. It provides an opportunity in that practitioners can represent both sides of an activist movement. Increasing pressure from activist groups can force organisations to be socially responsible and require public relations practitioners to communicate changes in policy as well as feed back trends in public opinion to management.

The nature of the media is also crucial in the development of public relations within society. As media relations is an integral and pivotal element of public relations, there is a need for a 'solid working relationship based on mutual respect for each other's work' (Wilcox and Nolte, quoted in Sriramesh and Vercic 2003: 11). The media has a powerful influence on the international images of nations and organisations, as we have

seen from several of the case studies presented in the text. In developing countries, the media may reach only a small, homogenous group because of illiteracy and poverty. People may not be able to read or afford television, even assuming that the infrastructure allows them access to electricity. Thus practitioners may have to adapt to using traditional and indigenous media. Access to the media will determine whether various segments of the population can approach the media to disseminate messages. In Japan, press clubs are gatekeepers between the media and other publics.

Examples of practice

Sometimes adapting practice means changing the emphasis on both brand and approach. When BP relaunched its corporate identity in the USA, centrally appointed consultancy Ogilvy & Mather used the vehicle of the BP Connect gas station, with internet kiosks, solar panels, fresh food, clean fuels, showing BP's new brand values at work. In Asia, where BP's subsidiary Castrol was more prominent, the emphasis was on oil. As Asia is not the most environmentally aware area, this aspect of the brand was not promoted (Murphy 2001).

In 1995, Dow Corning published a variety of materials for its products in different markets. One product was promoted with four different brochures in nine different languages. Local needs were over-emphasised. The public relations function was strengthened, and a new set of visual identity standards developed. The intention was to speak with one voice, albeit in different languages. The director of corporate communications reported directly to the CEO, and the worldwide communications team instigated regular global meetings, both face-to-face and by teleconferencing. Weekly global teleconferences of communications staff had rotating start times to deal with different time zones. Not all operational managers were based at headquarters, for example the Online magazine has one editor in Brussels with a network to gather stories. The meetings are used for information sharing, planning strategy and implementation, and those who are responsible for each communication project are identified. 'It wasn't a revolution', says Amy Rosborough, 'It took commitment and patience' (Wakefield and Rosborough 2002).

Despite the rise in democratic societies and the shift towards market economies, Moss and de Santo (2002) found little evidence as yet of the widespread adoption of Grunig's two-way symmetrical system of public relations. However, Kofi Annan, who launched the Global Compact Initiative in 1999 to promote responsible corporate behaviour, asking corporations to embrace nine principles in the areas of human rights, labour standards and the environment, said, 'Markets by themselves cannot respond to the real needs of society' (Annan 2002). He stated that 'Global citizenship, based on trust and a sense of shared responsibility', is a 'crucial pillar of progress'. He added, 'Sometimes, doing what is right is in the immediate interest of business, employees and local citizens. Sometimes we must do what is right because not to do so would be wrong. We must move from value to values, from shareholders to stakeholders, from balance sheets to balanced development.' Hopefully these sentiments will prevail over more narrow definitions of international interaction.

The following case study demonstrates an approach by a multinational corporation to a problem with the gap between image and reality.

Case study: Shell International – 'Listening & Responding'

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Shell is one of the world's largest businesses, operating in over 145 countries and employing 115,000 people. It is principally involved in the exploration, production, refining and marketing of oil and gas products, but it also has a substantial chemicals business and a stand-alone division developing renewable energy sources.

Like most major companies, Shell has had to respond to the changes in stakeholders' expectations of multinationals evident in recent years. Increasingly, the extent of the social and environmental responsibilities of a business is being questioned.

Shell's stakeholders include the financial community, NGOs, academics, media, government and corporate peers. In 1998, research undertaken by MORI revealed a 'knowledge gap' in their understanding of Shell's policies and principles. Negative views persisted because of a lack of information about changes in Shell's policies.

The 'Listening & Responding' communications programme was devised to address these perceptions and help Shell defend its brand reputation, generate understanding about its business principles and promote a more positive image about the Group among these stakeholders around the world.

A strategic approach

The Group identified a series of desired stakeholder responses from seven key 'special public' audiences.

Investors:	'I'd put my last dollar into Shell'
Customers:	'I'd go out of my way to buy Shell'
Government:	'Our desired partner'
The media:	'I'll give Shell the benefit of the doubt'
NGOs/Activists:	'If someone has to do it, better it be Shell'
The general public:	'You can be sure of Shell'
Employees/	'I'm proud to work for Shell'
potential recruits:	'I'd love to work for Shell if I could'

With these responses in mind, Shell devised a set of strategic communications principles, from which the 'Listening & Responding' programme was developed.

- An holistic approach was required. While Shell may have five businesses operating in 140 countries, to the outside world, it is just one brand.
- The campaign was to be PR-led, creating a dialogue with special publics on a number of different levels. Advertising was used as a PR tool to lay out Shell's position and solicit views and responses about Shell's approach.
- The campaign should be 'adult-to-adult' in tone, content and behaviour, with open and honest presentation of facts, demonstrating a willingness to engage with opponents and respond to criticism.
- The campaign must show how Shell was balancing short- and long-term needs, or delivering 'Action today with tomorrow in mind'.

A global activity plan

A global activity plan was developed to stimulate two-way engagement around sensitive, topical subjects such as social investment, environmental responsibility and human rights.

The Shell.com website was used as a crucial tool for education, engagement and dialogue. All communications used the www.shell.com address to drive people to the website where they could join a discussion forum about the issues or email Shell Centre directly – Tell Shell. A team of issues experts handled queries.

Direct contact with Shell people has proven to be a vitally important part of dialogue. Numerous stakeholder forums have been held since the campaign was launched, whereby small groups of Shell's management and special publics get together for a day to share ideas and debate issues.

'Listening & Responding' literature explains Shell's approach in detail and is used to keep in regular contact with key special public audiences. The Shell Report covers all areas of company performance. The short-form version is now distributed as an insert in various global publications and was distributed to more than 2.5 million people in 2002.

Shell wanted to encourage dialogue and debate and this led to creating a joint annual writing prize with the *Economist*, launched in 2000. The prize is aimed at opinion-formers, inviting them to submit essays about topical subjects such as 'The world in 2050' or 'How much freedom should we trade for our security?'. The prize has been promoted through advertising, a joint website, magazine inserts, posters for campuses and workplaces, and direct mail. In 2003, more than 5,000 entries were received from around the world.

Media relations is a fundamental element of the programme. At launch, a press conference was held in London to explain the full context of the campaign face-to-face. Since the launch, journalists have been kept abreast of campaign developments and case studies of business projects are used to demonstrate the Group's commitment to sustainable development.

Employees are a key audience for the programme as they are the public face of Shell for all stakeholders around the world. An annual internal photographic competition with *National Geographic* helps to engage and involve Shell people on a range of corporate issues, including sustainable development, diversity and inclusiveness.

Think global, think local

Research amongst local special publics, undertaken by MORI in 2000, suggested that the 'Listening & Responding' programme was reaching effectively the primary target audience of global special publics, but that fewer local special publics were getting the message. While 58 per cent of global special publics said they had direct contact with Shell people, only 28 per cent of local special publics had done so.

These findings demonstrated that the programme should be extended into local countries where, working with local Shell people, the approach could be adapted and made more relevant to the local special public audience. Every country has its own specific issues and therefore requires a different communications approach to ensure Shell's messages reach the right publics in the right way for that market.

Local country programmes were not intended to act in isolation – they built on the progress being made by the programme globally.

Following successful pilots in Malaysia and Ireland in 2000, four country programmes were undertaken in 2001, in Nigeria, South Africa, Argentina and the UK – all selected

for their diversity and representation. For example, the developed, activist UK market contrasted with a developing Nigeria where social and economic issues are paramount. In 2002, country programmes ran in Canada, Brazil, Hong Kong, Australia, Poland, Italy, Germany, the Netherlands and again in the UK.

Each country developed a programme tailored to suit their local needs, using a centrally developed and resourced template of communications materials. The focus of each local country campaign draws out the key messages which will have most resonance with the local audience. In Australia, the key message is environmental responsibility. In Hong Kong, where economic issues have been paramount in recent years, the focus of the programme has been on Shell's commitment to developing the country's economy in the form of the Shell LIVEWire scheme for young entrepreneurs and substantial health and safety training for all Shell employees.

Evaluation and measurement

The 'Listening & Responding' programme has been researched throughout to measure impact and effectiveness. Baseline research undertaken in 1999 and an annual tracking survey amongst global special publics around a number of agreed reputational metrics have assessed increased levels of awareness and engagement, and how well Shell's programme has rated against the main drivers of company reputation.

In the entry which won the International PR category of the 2003 IPR Excellence Awards, highlights of measurement included:

- 52 per cent of special publics in the Netherlands recalled a PR element of the campaign, including media coverage, briefings or literature. This figure reached 56 per cent in Australia and 63 per cent in the UK.
- Before the programme ran in Australia, 5 per cent of special publics believed that Shell demonstrated leadership in addressing environmental issues. This rose to 41 per cent in post-programme research. Belief that Shell demonstrated an ethical approach to business rose from 4 per cent to 30 per cent.
- 29 per cent of special publics in Hong Kong had recently attended a seminar or forum with Shell people. 39 per cent said they would speak highly of Shell before the programme, which rose to 52 per cent post-programme.

The programme has also changed the culture within Shell to an organisation that is more open and confident in its communications. In 1998, it felt very brave to take these issues to its stakeholders. In 2003, the 'Listening & Responding' programme is one of the most heavily featured campaigns in all internal Shell literature.

Shell has sought a response, best demonstrated in the fact that more than 100 Tell Shell comments are received by the corporate centre every month, covering issues as diverse as petrol prices and human rights.

The future

The 'Listening & Responding' programme is an integrated campaign at both global and country levels. The flexibility in the two-tier approach ensures communications can address specific local issues within the parameters of consistent corporate messages.

This approach will continue, with extensions of local programmes, in existing markets and expansion into new markets such as the USA. Perceptions will not change overnight,

but Shell is committed to the principles of dialogue and relationship-building.

With thanks to Rachel Jones at Fishburn Hedges and Shell

Questions for discussion
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1   What different cultural sensitivities should be taken into account with a PR campaign run in the south-east and north-east of England?

2   What European and American products have been successful in the UK? How has public relations supported dialogue with different publics?

3   What instances of different cultural sensitivities to time have you experienced? How were they resolved?

4   Is country of origin more important than place of work? Do you agree with Holden's view that organisational culture is more influential than societal culture?

5   How might problems of poor communication infrastructure be overcome in developing countries?

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