

*The Role of PR in Crisis Management*

**Thesis Report**

**Submitted to:**

**The Delhi School of Communication**



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# *Acknowledgement*

*"A reputation once broken may possibly be repaired, but the world will always keep their eyes on the spot where the crack was."*

**Joseph Hall**

It has been a mammoth effort, and possible only because I have been provided the opportunity and the creative freedom to do as I wanted. For this, and for all the guidance throughout my stay here, I earnestly thank Professor Ramola Kumar, who has forever guided me, and most of all encouraged me to go one step ahead of where I have been. It has been very creatively liberating an experience to be part of an Institution such as The Delhi School of Communication, which I had decided to be part of purely by instinct, which proved quite right!

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Last, but not least, if the concept even loses its sanctity in the future, but my faith in the Almighty, which has encouraged me step out of tough times, in the hope of something good, even better coming along. After all, hope is a good thing, maybe the best of things, and no good thing ever dies!

*For The Delhi School of Communication*

*“Regardless of how you feel inside, always try to look like a winner. Even if you are behind, a sustained look of control and confidence can give you a mental edge that results in victory”*

## *Contents*

<b>S.No</b>	<b>Topic</b>	<b>Page No.</b>
1	<b>Introduction</b>	
2	<b>Public Relation: What it is all about?</b>	
3	<b>Understanding PR in a Better Way</b>	
4	<b>Brand PR</b>	
5	<b>Role of Corporate communications</b>	
6	<b>Power of PR</b>	
7	<b>Intro - Crisis Management</b>	
8	<b>The Better Toll of Communication &amp; its Impact</b>	
9	<b>An Analysis of PR Vs Advertising</b>	
10	<b>The Fall of Advertising &amp; the Rise of PR</b>	
11	<b>Case Studies</b>	
12	<b>The Current Situation &amp; Impact</b>	
13	<b>The Research</b>	
14	<b>The Final Verdict</b>	
15	<b>Bibliography</b>	

# ***Chapter I***

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**Note:** The following are the important excerpts from the thesis, please contact the institute for the full Thesis Report

## ***Introduction***

Today's business world has become very competitive. To keep pace in this competitive environment it is very necessary to promote the products or services of the companies to create awareness among the consumers. This is because, until and unless we know about a particular product or service, we would not be able to recognize them. The main aim of promotion thus becomes:

- To create awareness and recall among the customers
- To induce purchase among the customers
- To build a bonding relationship with the customers.

The job of promotion only becomes successful, when the message is being communicated to the target audience in the market. It becomes the most important work to choose the right form of communication according to the suitability. Communication comes from the Latin Word 'COMMUNIS' i.e. common when we communicate, we are trying to establish commonness with some one, in order to share information, an idea or an attribute (feature) of a product communication always requires at least three elements-the source the message and the receiver.

Thus, the two most important and effective tools of communication to fulfill the work of promotion existing today is Advertising and Public Relations. Today's world is that of integrated marketing and the line between advertising and public relation (PR) is blurring day-by-day. It is thus interesting to find out what role PR and advertising play in today's marketing mix. It is further the aim of the research to scrutinize what the customers feel, i.e. which they think affect them more to recognize, recall or know a product or service. The main reason of choosing this topic is ***to provide the businesses a guideline based on which, they can take suitable strategies as to what form of marketing they should undertake to survive in the market.*** The perception of the company, the respective advertising agencies, PR agencies and above all the customers would give them an insight to the whole idea.

### **Objective:**

- To emphasise on the changing role of PR
- To accentuate PR's major role in Crisis Management.
- To educate and inform that PR is more than just building relationships.

### **Research Methodology:**

#### Primary Research-

- Questionnaires
- Intensive / Extensive Study, Discussion, Interviews
- Target Audience: PG students (MBA, Mass Com, IMC), PR Executives, Communication Specialists

#### Secondary Research-

- Case Studies
- PR books, research reports, Articles
- Online

**Key Areas to be covered:**

- *PR – IMC Approach*
- *PR & its various aspects*
- *PR – Changing Scenario*
- *Digital PR, Online PR, Brand PR*
- *PR & its role in Crisis Management*
- *Case Studies*
- *PR 2020 – The Future Ahead*

## **Summary**

### ***PR and and the IMC approach***

PR is an aspect of communications involving the relations between an entity subject to or seeking public attention and the various publics that are or may be interested in it. The entity seeking attention may be a business corporation, an individual politician, a performer or author, a government or government agency, a charitable organization, a religious body, or almost any other person or organization. The publics may include segments as narrow as female voters of a particular political party who are between 35 and 50 years of age or the

shareholders in a particular corporation; or the publics may be as broad as any national population or the world at large. The concerns of public relations operate both ways between the subject entity, which may be thought of as the client, and the public's involved. The important elements of public relations are to acquaint the client with the public conceptions of the client and to affect these perceptions by focusing, curtailing, amplifying, or augmenting information about the client as it is conveyed to the public.

Public Relations is finally getting more respect for brand building. In fact, PR has a distinct swagger nowadays and can no longer be viewed as the step child of marketing. Why? We live in a world of media hype and cynicism where advertising has lost some of its power to convince & influence. So marketers are turning towards the grass root, word – of – mouth programs to create that elusive and sought after buzz for a brand.

### ***How PR was born?***

The empire builders of the 19th century often disdained a curious public and an inquisitive press, but this attitude soon came under fire from muckraking journalists. In 1906 Ivy Lee, a former newspaperman, became publicity adviser to a group of American anthracite coal-mine operators who had aroused the anger of the press by their haughty attitudes toward miners and the press in labour disputes. Lee persuaded the mine owners to abandon their refusal to answer questions, and he shortly sent out an announcement that the operators would supply the press with all possible information. Later that year he was retained by the Pennsylvania Railroad and brought into effect a new practice: giving the press full information about railroad accidents. In this he was forging a major ingredient of what had not yet come to be called public relations.

There was, however, no uniformly accepted simple definition of the craft, trade, dodge, or art of public relations, and there is none today. This is true in large part because of the great variety of its elements. These include generating favorable publicity and knowing what kind of story is likely to be printed or broadcast. This rudimentary aspect of public relations is complicated by the variety of media; besides newspapers, magazines, and radio and television, there are publications of professional associations, recreational groups, and trade associations; producers of stage, motion-picture, and television entertainment; direct mail lists; and others.

### ***The Role of PR?***

The role of public relations was once defined by Edward L. Bernays, one of its pioneers, as "the engineering of consent." The characterization is accurate, but out of context it oversimplifies and has been used to attack public relations as cynical and manipulative. The real tasks of public relations in the business world may focus on corporate interests or those of marketing products or services; on image creation or defense against attack; on broad public relations or straight publicity.

In general, the strategic goal of public relations is to project a favorable public image, one of corporate good citizenship; but this cannot be accomplished with lights and mirrors in an age of investigative journalism, and the first responsibility of public relations is to persuade management that the reality must correspond with the desired image. Public relations is concerned with creating a favorable climate for marketing the client's products or services, including maintaining good relations with merchants and distributors as well as placing product publicity and disseminating information to trade and industrial groups. This calls

for the preparation of technical articles addressed to technicians and engineers and of others translating technical information for lay readers. It further includes publicizing praiseworthy activities by company personnel. Financial public relations involve relations with a company's own stockholders (stockholder relations) as well as with the investment community.

To a large extent, the job of public relations is to optimize good news and to forestall bad news, but when disaster strikes, the public relations practitioner's task, in consultation with legal counsel, is to assess the situation and the damage, to assemble the facts, together with necessary background information, and to offer these to the news media, along with answers to their questions of fact. When a client is under attack, it is a public relations responsibility to organize the client's response—usually involving several complicated issues—to be both lucid and persuasive.

A government relation is often included in public relations under the general designation of public affairs and encompasses lobbying. Industrial relations (i.e., labour-management relations), employee relations, and customer relations sometimes are accounted part of public relations. Community relations is important wherever a client has an office or plant.

Modern corporate executives often do not excel at public speaking or writing in non business language, and a duty of public relations is to translate executives' knowledge into speeches or articles intelligible to non specialists. In fact, the prime responsibility of public relations can be seen as interpreting the client to the public and vice versa.

Public relations, in contrast to advertising and sales promotion, generally involve less commercialized modes of communication. Its primary purpose is to disseminate information and opinion to groups and individuals who have an actual or potential impact on a company's ability to achieve its objectives. In addition, public relations specialists are

responsible for monitoring these individuals and groups and for maintaining good relationships with them. One of their key activities is to work with news and information media to ensure appropriate coverage of the company's activities and products. Public relations specialists create publicity by arranging press conferences, contests, meetings, and other events that will draw attention to a company's products or services.

### ***PR & Crisis:***

Another public relations responsibility is crisis management—that is, handling situations in which public awareness of a particular issue may dramatically and negatively impact the company's ability to achieve its goals. For example, when it was discovered that some bottles of Perrier sparkling water might have been tainted by a harmful chemical, Source Perrier, SA's public relations team had to ensure that the general consuming public did not thereafter automatically associate Perrier with tainted water. Other public relations activities include lobbying, advising management about public issues, and planning community events.

There have been countless public relations crises in the past and there are five steps that should be executed in order to properly manage a crisis. First, the corporation in crisis should be prompt, addressing the public immediately following the discovery of the crisis. Second, the corporation in question should maintain honesty because the public is more willing to forgive an honest mistake than a calculated lie. Third, it is important to be informative because the media as well as the public will create their own rumors if no information is given to them by the corporation in crisis. Rumors can cause significantly more damage to the corporation than the truth. Next, it is important to be concerned and show the public you care because people will be more forgiving if it is clear that the

corporation cares about the victims of the crisis. Finally, maintain two-way relationships. This is important because the corporation can learn a lot about the status of public opinion by listening. These five steps are necessary in order to manage any crisis public relations. With that having been said, each crisis situation is unique and, therefore, requires a tailored response. There are six types of responses and they range on a continuum from defensive to accommodative. First, corporations can attack the accuser attempting to eliminate the attacker's credibility. Second, corporations can use denial claiming that no crisis exists. The third response is justification where the corporation claims no serious damage was done or that the victim was at fault. Fourth, the corporation can use ingratiation to appease the public, such as giving away coupons. Next, corporations can use corrective action to right their wrongs. Finally, the corporation can give a full apology asking for forgiveness for their mistake. All six responses have been used in the past with varying results. If chosen properly, one of the six responses can help mitigate damage.

### ***Some PR & Crisis Cases:***

In March 2005, a woman bit into a finger while eating chili at Wendy's. This crisis could have damaged Wendy's image, but the corporation responded properly. They shut down the location, threw out the chili and had an investigation to discover the source of the finger. Wendy's communicated with the public openly and honestly. As a result, very little damage was done to their image.

Other successful cases of crisis public relations include the well-known Diet Pepsi case and the Tylenol case. Diet Pepsi ran into trouble when consumers began "finding" foreign objects in cans of Diet Pepsi. A variety of different objects were found including a syringe, a bullet,

and even a crack cocaine vial. The corporation knew that there was no possible way for these objects to be inserted during the bottling process. As a result, Diet Pepsi used a defensive strategy claiming its innocence. They communicated openly with the public, attacked the accusers, and allowed their bottling process to be shown on the news. Temporary damage had been done to Diet Pepsi, but they quickly rebounded from the situation. In a similar manner, Tylenol found itself in a crisis situation when people started dying from consuming cyanide laced Tylenol capsules. Tylenol acted quickly and pulled its product off the shelves without being forced to do so. They communicated openly and often with the public and had an investigation. Tylenol was found innocent at the conclusion of the investigation. Tylenol had a favorable brand image with the public because they pulled their product when they discovered the problem. Following the crisis, they even added safety seals to ensure the safety of its consumers.

### ***Changing Scenario:***

Crisis public relations is changing. With new media, such as My Space and Facebook, crisis situations have occurred on the web. While products and services expand to new media, there are new ways for crises to emerge. At the same time, new media can be used to communicate with the public. Corporations no longer have to rely solely on traditional broadcast news or print advertising to properly manage a crisis. Corporations can now communicate with customers across the world using a number of different media such as e-mail, websites, podcasts, internet video, and more. With more ways to reach the public and the lower cost of reaching a higher number of people, crisis communications can communicate with the public in ways corporations never imagined during the 1980's. While

communication with the public is easier and cheaper than in the past, the original 5 steps to properly manage a crisis as well as the six types of responses continue to be at the foundation of any crisis public relations plan.

## **Chapter V**

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### ***Role of Corporate Communications***

Corporate communication is the communication issued by a corporate / organization / body / institute to all its public(s). "Publics" here can be both internal (employees, stakeholders, i.e. share and stock holders) and external (agencies, channel partners, media, government, industry bodies and institutes, educational institutes and general public).

An organization needs to talk the same message to all of its stakeholders, in order to transmit coherence, credibility and ethic. If one of these points is broken, the whole community can make this organization disappear. The Corporate Communication area will help this organization to build its message, combining its vision, mission and values and will also support the organization by communicating its message, activities and practices to all of its stakeholders.

According to the book *Essentials of Corporate Communication* by Cees van Riel and Charles Fombrun the term Corporate Communication can be defined as the set of activities involved in managing and orchestrating all internal and external communications aimed at creating favorable starting points with stakeholders on which the company depends. Corporate

communication consists of the dissemination of information by a variety of specialists and generalists in an organization, with the common goal of enhancing the organization's ability to retain its license to operate.

As Jackson (1987) remarks: Note that it is corporate communication — without a final "s". Tired of being called on to fix the company switchboard, recommend an answering machine or meet a computer salesman, I long ago adopted this form as being more accurate and left communications to the telecommunications specialists. It's a small point but another attempt to bring clarity out of confusion.

Corporate communication serves as the liaison between an organization and its publics.

Organizations can strategically communicate to their audiences through public relations and advertising. This may involve an employee newsletter or video, crisis management with the news media, special events planning, building product value and communicating with stockholders, clients or donors.

What corporate communication encodes and promotes

- Strong corporate culture
- Coherent corporate identity
- Reasonable corporate philosophy
- Genuine sense of corporate citizenship
- An appropriate and professional relationship with the press, including quick, responsible ways of communicating in a crisis

- Understanding of communication tools and technologies
- Sophisticated approaches to global communications

How an organization communicates with its employees, its extended audiences, the press and its customers brings its values to life. Corporate communications is all about managing perceptions and ensuring:

- Effective and timely dissemination of information
- Positive corporate image
- Smooth and affirmative relationship with all stakeholders

Be it a corporate body, company, organization, institution, non-governmental organization, governmental body, all of them need to have a respectable image and reputation. In today's day and age of increasing competition, easy access to information and the media explosion, reputation management has gained even more importance. Therefore, corporate communications as a role has become significant and professional in nature.

Gone are the days when corporate communication merely meant 'winning and dining the client' - it has now emerged as a science and art of perception management.

### **Key tasks of corporate communication**

The responsibilities of corporate communication are therefore:

- to flesh out the profile of the "company behind the brand" (corporate branding);
- to develop initiatives that minimize discrepancies between the company's desired identity and brand features;

- to indicate who should perform which tasks in the field of communication;
- to formulate and execute effective procedures in order to facilitate decision making about matters concerning communication;
- to mobilize internal and external support behind corporate objectives.
- to co ordinate with international business firms

### **Tools of corporate communication**

Integrated communication can be achieved in various ways. The main four practices are:

- application of visual identity systems (sometimes referred to as "house style")
- use of integrated marketing communications;
- reliance on coordinating teams;
- adoption of a centralized planning system.

The communication agenda: to build reputation

Corporate communication helps an organization to create distinctive and appealing images with its stakeholder groups, build a strong corporate brand, and develop reputation capital (Dowling 1994; van Riel, 1995; Fombrun, 1996). To achieve those ends, all forms of communication must be orchestrated into a coherent whole (van Riel, 1992; Bronn, 2002), and success criteria developed that enable measuring the effects of the organization's communication on its reputation and value (Fombrun and van Riel, 2004).

### **External communication**

This involves building and maintaining a positive relationship with the media (television, print, web, et cetera). This includes, but is not limited to, drafting and dissemination of press releases, organizing press conferences and meeting with media professionals and organizing events for the media as a group.

### **External events**

Could involve vendor / supplier / distributor meets, channel partner meetings, events related to product launches, important initiatives, et cetera.

### **Company/spokesperson profiling**

- Ensuring that the company/organization spokesperson is in the public limelight, is well-known and considered as an authority in the respective sector/field.
- Managing content of corporate websites and/or other external touch points
- Managing corporate publications - for the external world
- Managing print media
- Brand management
- Development and upkeep of the corporate identity to ensure adherence to corporate brand guidelines
- To improve overall business communications so as to clearly and effectively communicate the essence of the company.

### **Corporate identity/organizational identity**

There are two approaches for Identity, respectively Corporate Identity and Organizational Identity.

"Corporate identity is the reality and uniqueness of an organization, which is integrally related to its external and internal image and reputation through corporate communication" (Gray and Balmer, 1998)

"Organizational Identity comprises those characteristics of an organization that its members believe are central, distinctive and enduring. That is, organizational identity consists of those attributes that members feel are fundamental to (central) and uniquely descriptive of (distinctive) the organization and that persist within the organization over time (enduring)". (Pratt and Foreman, 2000)

### **Corporate reputation**

Reputations are overall assessments of organizations by their stakeholders. They are aggregate perceptions by stakeholders of an organization's ability to fulfill their expectations, whether these stakeholders are interested in buying the company's products, working for the company, or investing in the company's shares

In 2000, the US based Council of PR Firms identified seven programs that were developed by either media organizations or market research firms, and that were being used by companies to assess or benchmark their corporate reputations. Of these only three are conducted regularly and have broad visibility:

- "America's Most Admired Companies" by Fortune Magazine;
- The "Brand Asset Valuator" by Young & Rubicam;
- "RepTrak" by Reputation Institute.

### ***Crisis communications***

Corporate reputation is formed by the firm's various publics on the basis of information and experience. Different publics consider different informational cues. Focuses on the cues considered by customers of a beverage firm. Uses focus groups and a survey among consumers to develop an instrument to measure corporate reputation. The instrument can be used to track the evolution of the corporate reputation of a firm over time.

Crisis communication is sometimes considered a sub-specialty of the public relations profession that is designed to protect and defend an individual, company, or organization facing a public challenge to its reputation. These challenges may come in the form of an investigation from a government agency, a criminal allegation, a media inquiry, a shareholders lawsuit, a violation of environmental regulations, or any of a number of other scenarios involving the legal, ethical, or financial standing of the entity.

Crisis communication professionals preach that an organization's reputation is often its most valuable asset. When that reputation comes under attack, protecting and defending it becomes the highest priority. This is particularly true in today's 24 hour news cycle, fuelled by government investigations, Congressional or parliamentary hearings, lawsuits, and "gotcha journalism". When events like these happen, the media firestorm can quickly overwhelm the ability of the entity to effectively respond to the demands of the crisis. To emerge with its reputation intact, an organization must anticipate every move and respond immediately and with confidence. Companies facing such a threat will often bring in experienced crisis communications specialists to help prepare and guide them through the process.

"A large part of crisis communication is the prevention of situations before they escalate to full-blown crises," said Steve Honig, president of The Honig Company, LLC, a firm that handles crises situations for several high-visibility companies. "The practice of crisis communication is a predictive art, whereby you must make correct assumptions and determine appropriate courses of action within a very short period of time."

Effectively responding to the challenges of a crisis requires more than the typical skills of the public relations professional, requiring instead experience at the highest levels of the field, such as investigative reporting, politics, and the White House.

Crisis communication can include crafting thorough and compelling statements, known as "messages," often tested by research and polling. A rapid response capability—pioneered by the 1992 Clinton-Gore campaign operatives and refined during Bill Clinton's eight years under attack by his political adversaries while in the White House, has also become an essential element of crisis communication. Additional tactics may include proactive media outreach to get messages and context to the media, identifying and recruiting credible third-party allies who can attest to the company's side of the story, and striking first, not waiting to be hit.

Crisis communication is a part of larger process referred to as crisis management though it may well be a major tool of handling a crisis situation in government, organization or business.

Crisis Communication is also sometimes considered a sub-speciality of the Business Continuity area of modern business. The aim of crisis communication in this context is to

assist organisations to achieve continuity of critical business processes and information flows under crisis, disaster or event driven circumstances.

Responding quickly, efficiently, effectively and in a premeditated way are the primary objectives of an effective crisis communication strategy and/or solution. Harnessing technology and people to ensure a rapid and co-ordinated response to a range of potentially crippling scenarios distinguishes a well thought out and executed plan from a poorly or ill-considered one. The inherent lag time in marshalling responses to a crisis can result in considerable losses to company revenues, reputation as well as substantially impacting on costs.

Effective crisis communication strategies will typically consider achieving most, if not all, of the following objectives:

- *Maintain connectivity*
- *Be readily accessible to the news media*
- *Show empathy for the people involved*
- *Allow distributed access*
- *Streamline communication processes*
- *Maintain information security*
- *Ensure uninterrupted audit trails*
- *Deliver high volume communications*
- *Support multi-channel communications*
- *Remove dependencies on paper based processes*

By definition a crisis is an unexpected and detrimental situation or event. Crisis communication can play a significant role by transforming the unexpected into the anticipated and responding accordingly.

Some of the most effective recent examples of crisis communication include Richard Branson's (Virgin) and John Armit's (Network Rail) dignified press conference after the Grayrigg rail disaster of 2007 and US Airways handling of the media after their crashlanding on the Hudson river

#### Employee communication

- Sharing information with employees, building employer pride, managing employee issues, et cetera.
- Manage the Intranet and other internal web portals
- Organizational communication
- Encourage and enable the employees to plan for new ideas and effectively implement them.

#### Internal communication

- Managing corporate publications for employees and partners
- Organising internal events for staff
- Corporate communication officers

Recent research on the corporate communication function reports that corporate communication officers (CCOs) in Global Fortune 500 companies tend to have average

tenures of about 4.5 years and that nearly one-half (48 per cent) report to the Chief Executive Officer. CCOs say that approximately 42 per cent of their job is strategic and 58 per cent is tactical. Over the next year, they will be focusing more on social responsibility, social media and reputation. The research done by Weber Shandwick and Spencer Stuart found distinct differences between CCOs in Most Admired companies versus Contender companies. [

Crisis has four defining characteristics. Seeger, Sellnow and Ulmer explain that a crises are "specific, unexpected, and non-routine events or series of events that [create] high levels of uncertainty and threat or perceived threat to an organization's high priority goals." Thus the first three characteristics are that the event is 1. unexpected (i.e., a surprise), 2. creates uncertainty, and 3. is seen as a threat to important goals. Venette argues that "crisis is a process of transformation where the old system can no longer be maintained." Therefore the fourth defining quality is the need for change. If change is not needed, the event could more accurately be described as a failure.

# ***Chapter VII***

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## ***An Introduction – Crisis Management***

Crisis management consists of:

- Methods used to respond to both the reality and perception of crises.
- Establishing metrics to define what scenarios constitute a crisis and should consequently trigger the necessary response mechanisms.
- Communication that occurs within the response phase of emergency management scenarios.
- Crisis management methods of a business or an organization are called Crisis Management Plan.

Crisis management is occasionally referred to as incident management, although several industry specialists such as Peter Power argue that the term crisis management is more accurate.

The credibility and reputation of organizations is heavily influenced by the perception of their responses during crisis situations. The organization and communication involved in responding to a crisis in a timely fashion makes for a challenge in businesses. There must be open and consistent communication throughout the hierarchy to contribute to a successful crisis communication process.

The related terms emergency management & business continuity management focus respectively on the prompt but short lived "first aid" type of response (e.g. putting the fire out) and the longer term recovery and restoration phases (e.g. moving operations to another site). Crisis is also a facet of risk management, although it is probably untrue to say that Crisis Management represents a failure of Risk Management since it will never be possible to totally mitigate the chances of catastrophes occurring.

### **Types of crisis**

During the crisis management process, it is important to identify types of crises in that different crises necessitate the use of different crisis management strategies. Potential crises are enormous, but crises can be clustered.

Lerbinger categorized seven types of crises:

- Natural disaster
- Technological crises
- Confrontation
- Malevolence
- Crisis of skewed management value

- Crisis of deception
- Crisis of management misconduct

### *Natural crises*

Natural crises, typically natural disasters considered as 'acts of God,' are such environmental phenomena as:

- earthquakes
- volcanic eruptions
- tornadoes
- hurricanes
- floods
- landslides
- tidal waves
- storms, and
- droughts

that threaten life, property, and the environment itself.

Example:

2004 Indian Ocean earthquake

Tsunami

### *Technological crises*

Technological crises are caused by human application of science and technology. Technological accidents inevitably occur when technology becomes complex and coupled and something goes wrong in the system as a whole (Technological breakdowns). Some technological crises occur when human error causes disruptions (Human breakdowns). People tend to assign blame for a technological disaster because technology is subject to human manipulation whereas they do not hold anyone responsible for natural disaster. When an accident creates significant environmental damage, the crisis is categorized as mega damage. Samples include software failures, industrial accidents, and oil spills.

Examples:

Chernobyl disaster

Exxon Valdez oil spill

### *Confrontation crises*

Confrontation crises occur when discontented individuals and/or groups fight businesses, government, and various interest groups to win acceptance of their demands and expectations. The common type of confrontation crises is boycotts, and other types are picketing, sit-ins, ultimatums to those in authority, blockade or occupation of buildings, and resisting or disobeying police.

Example:

Rainbow/PUSH

Boycott of Nike

### *Crises of malevolence*

An organization faces a crisis of malevolence when opponents or miscreant individuals use criminal means or other extreme tactics for the purpose of expressing hostility or anger toward, or seeking gain from, a company, country, or economic system, perhaps with the aim of destabilizing or destroying it. Sample crises include product tampering, kidnapping, malicious rumors, terrorism, and espionage.

Example:

1982 Chicago Tylenol murders

### *Crises of organizational misdeeds*

Crises occur when management takes actions it knows will harm or place stakeholders at risk for harm without adequate precautions. Lerbinger specified three different types of crises of organizational misdeeds: crises of skewed management values, crises of deception, and crises of management misconduct.

Crises of skewed management values

Crises of skewed management values are caused when managers favor short-term economic gain and neglect broader social values and stakeholders other than investors. This state of lopsided values is rooted in the classical business creed that focuses on the interests of stockholders and tends to view the interests of its other stakeholders such as customers, employees, and the community.

Example: Sears sacrifices customer trust

### *Crises of deception*

Crises of deception occur when management conceals or misrepresents information about itself and its products in its dealing with consumers and others.

Example:

Dow Corning's silicone-gel breast implant

### *Crises of management misconduct*

Some crises are caused not only by skewed values and deception but deliberate amorality and illegality.

Example:

Martha Stewart fraud case

### *Workplace violence*

Crises occur when an employee or former employee commits violence against other employees on organizational grounds.

Example: DuPont's Lycra

### *Rumors*

False information about an organization or its products creates crises hurting the organization's reputation. Sample is linking the organization to radical groups or stories that their products are contaminated.

Example:

Procter & Gamble's Logo controversy

## ***Models and theories associated with crisis management***

### **Crisis management model**

Successfully diffusing a crisis requires an understanding of how to handle a crisis – before it occurs. Gonzalez-Herrero and Pratt created a four-phase crisis management model process that includes: issues management, planning-prevention, the crisis, and post-crisis (Gonzalez-

Herrero and Pratt, 1995). The art is to define what the crisis specifically is or could be and what has caused it or could cause it.

### *Management crisis planning*

No corporation looks forward to facing a situation that causes a significant disruption to their business, especially one that stimulates extensive media coverage. Public scrutiny can result in a negative financial, political, legal and government impact. Crisis management planning deals with providing the best response to a crisis

### *Contingency planning*

Preparing contingency plans in advance, as part of a crisis management plan, is the first step to ensuring an organization is appropriately prepared for a crisis. Crisis management teams can rehearse a crisis plan by developing a simulated scenario to use as a drill. The plan should clearly stipulate that the only people to speak publicly about the crisis are the designated persons, such as the company spokesperson or crisis team members. The first hours after a crisis breaks are the most crucial, so working with speed and efficiency is important, and the plan should indicate how quickly each function should be performed. When preparing to offer a statement externally as well as internally, information should be accurate. Providing incorrect or manipulated information has a tendency to backfire and will greatly exacerbate the situation. The contingency plan should contain information and guidance that will help decision makers to consider not only the short-term consequences, but the long-term effects of every decision.

### *Business continuity planning*

When a crisis will undoubtedly cause a significant disruption to an organization, a business continuity plan can help minimize the disruption. First, one must identify the critical functions and processes that are necessary to keep the organization running. Then each critical function and or/process must have its own contingency plan in the event that one of the functions/processes ceases or fails. Testing these contingency plans by rehearsing the required actions in a simulation will allow for all involved to become more sensitive and aware of the possibility of a crisis. As a result, in the event of an actual crisis, the team members will act more quickly and effectively.

#### *Structural-functional systems theory*

Providing information to an organization in a time of crisis is critical to effective crisis management. Structural-functional systems theory addresses the intricacies of information networks and levels of command making up organizational communication. The structural-functional theory identifies information flow in organizations as "networks" made up of members and "links". Information in organizations flow in patterns called networks.

#### *Diffusion of innovation theory*

Another theory that can be applied to the sharing of information is Diffusion of Innovation Theory. Developed by Everett Rogers, the theory describes how innovation is disseminated and communicated through certain channels over a period of time. Diffusion of innovation in communication occurs when an individual communicates a new idea to one or several others. At its most elementary form, the process involves: (1) an innovation, (2) an individual or other unit of adoption that has knowledge of or experience with using the innovation, (3) another individual or other unit that does not yet have knowledge of the innovation, and (4)

a communication channel connecting the two units. A communication channel is the means by which messages get from one individual to another.

### **Role of apologies in crisis management**

There has been debate about the role of apologies in crisis management, and some argue that apology opens an organization up for possible legal consequences. "However some evidence indicates that compensation and sympathy, two less expensive strategies, are as effective as an apology in shaping people's perceptions of the organization taking responsibility for the crisis because these strategies focus on the victims' needs. The sympathy response expresses concern for victims while compensation offers victims something to offset the suffering."

### Examples of successful crisis management

#### *Tylenol (Johnson and Johnson)*

In the fall of 1982, a murderer added 65 milligrams of cyanide to some Tylenol capsules on store shelves, killing seven people, including three in one family. Johnson & Johnson recalled and destroyed 31 million capsules at a cost of \$100 million. The affable CEO, James Burke, appeared in television ads and at news conferences informing consumers of the company's actions. Tamper-resistant packaging was rapidly introduced, and Tylenol sales swiftly bounced back to near pre-crisis levels.

Johnson & Johnson was again struck by a similar crisis in 1986 when a New York woman died on Feb. 8 after taking cyanide-laced Tylenol capsules. Johnson & Johnson was ready. Responding swiftly and smoothly to the new crisis, it immediately and indefinitely canceled all television commercials for Tylenol, established a toll-free telephone hot-line to answer

consumer questions and offered refunds or exchanges to customers who had purchased Tylenol capsules. At week's end, when another bottle of tainted Tylenol was discovered in a store, it took only a matter of minutes for the manufacturer to issue a nationwide warning that people should not use the medication in its capsule form.

### *Odwalla Foods*

When Odwalla's apple juice was thought to be the cause of an outbreak of E. coli infection, the company lost a third of its market value. In October 1996, an outbreak of E. coli bacteria in Washington state, California, Colorado and British Columbia was traced to unpasteurized apple juice manufactured by natural juice maker Odwalla Inc. Forty-nine cases were reported, including the death of a small child. Within 24 hours, Odwalla conferred with the FDA and Washington state health officials; established a schedule of daily press briefings; sent out press releases which announced the recall; expressed remorse, concern and apology, and took responsibility for anyone harmed by their products; detailed symptoms of E. coli poisoning; and explained what consumers should do with any affected products. Odwalla then developed - through the help of consultants - effective thermal processes that would not harm the products' flavors when production resumed. All of these steps were communicated through close relations with the media and through full-page newspaper ads.

### *Mattel*

Mattel Inc., the toy maker, has been plagued with more than 28 product recalls and in Summer of 2007, amongst problems with exports from China, faced two product recall in two weeks. The company "did everything it could to get its message out, earning high marks from consumers and retailers. Though upset by the situation, they were appreciative of the

company's response. At Mattel, just after the 7 a.m. recall announcement by federal officials, a public relations staff of 16 was set to call reporters at the 40 biggest media outlets. They told each to check their e-mail for a news release outlining the recalls, invited them to a teleconference call with executives and scheduled TV appearances or phone conversations with Mattel's chief executive. The Mattel CEO Robert Eckert did 14 TV interviews on a Tuesday in August and about 20 calls with individual reporters. By the week's end, Mattel had responded to more than 300 media inquiries in the U.S. alone."

### *Pepsi*

The Corporation faced a crisis in 1993 which started with claims of syringes being found in cans of diet Pepsi. Pepsi urged stores not to remove the product from shelves while it had the cans and the situation investigated. This led to an arrest, which Pepsi made public and then followed with their first video news release, showing the production process to demonstrate that such tampering was impossible within their factories. A second video news release displayed the man arrested. A third video news release showed surveillance from a convenience store where a woman was caught replicating the tampering incident. The company simultaneously publicly worked with the FDA during the crisis. The corporation was completely open with the public throughout, and every employee of Pepsi was kept aware of the details. This made public communications effective throughout the crisis. After the crisis had been resolved, the corporation ran a series of special campaigns designed to thank the public for standing by the corporation, along with coupons for further compensation. This case served as a design for how to handle other crisis situations.

### **Lessons learned in crisis management**

## Impact of catastrophes on shareholder value

One of the foremost recognized studies conducted on the impact of a catastrophe on the stock value of an organization was completed by Dr Rory Knight and Dr Deborah Pretty (1995, Templeton College, University of Oxford - commissioned by the Sedgewick Group). This study undertook a detailed analysis of the stock price (post impact) of organizations that had experienced catastrophes. The study identified organizations that recovered and even exceeded pre-catastrophe stock price, (Recoverers), and those that did not recover on stock price, (Non-recoverers). The average cumulative impact on shareholder value for the recoverers was 5% plus on their original stock value. So the net impact on shareholder value by this stage was actually positive. The non-recoverers remained more or less unchanged between days 5 and 50 after the catastrophe, but suffered a net negative cumulative impact of almost 15% on their stock price up to one year afterwards.

One of the key conclusions of this study is that "Effective management of the consequences of catastrophes would appear to be a more significant factor than whether catastrophe insurance hedges the economic impact of the catastrophe".

While there are technical elements to this report it is highly recommended to those who wish to engage their senior management in the value of crisis management.

### *Bhopal*

The Bhopal disaster in which poor communication before, during, and after the crisis cost thousands of lives, illustrates the importance of incorporating cross-cultural communication

in crisis management plans. According to American University's Trade Environmental Database Case Studies (1997), local residents were not sure how to react to warnings of potential threats from the Union Carbide plant. Operating manuals printed only in English is an extreme example of mismanagement but indicative of systemic barriers to information diffusion. According to Union Carbide's own chronology of the incident (2006), a day after the crisis Union Carbide's upper management arrived in India but was unable to assist in the relief efforts because they were placed under house arrest by the Indian government. Symbolic intervention can be counterproductive; a crisis management strategy can help upper management make more calculated decisions in how they should respond to disaster scenarios. The Bhopal incident illustrates the difficulty in consistently applying management standards to multi-national operations and the blame shifting that often results from the lack of a clear management plan.

### *Ford and Firestone Tire and Rubber Company*

The Firestone Tire and Rubber Company dispute transpired in August 2000. In response to claims that their 15-inch Wilderness AT, radial ATX and ATX II tire treads were separating from the tire core—leading to grisly, spectacular crashes—Bridgestone/Firestone recalled 6.5 million tires. These tires were mostly used on the Ford Explorer, the world's top-selling sport utility vehicle (SUV).

The two companies' committed three major blunders early on, say crisis experts. First, they blamed consumers for not inflating their tires properly. Then they blamed each other for faulty tires and faulty vehicle design. Then they said very little about what they were doing

to solve a problem that had caused more than 100 deaths—until they got called to Washington to testify before Congress.

### *Exxon*

On March 24, 1989, a tanker belonging to the Corporation ran aground in the Prince William Sound in Alaska. The Exxon Valdez spilled millions of gallons of crude oil into the waters off Valdez, killing thousands of fish, fowl, and sea otters. Hundreds of miles of coastline were polluted and salmon spawning runs disrupted; numerous fishermen, especially Native Americans, lost their livelihoods. Exxon, by contrast, did not react quickly in terms of dealing with the media and the public; the CEO, Lawrence Rawl, did not become an active part of the public relations effort and actually shunned public involvement; the company had neither a communication plan nor a communication team in place to handle the event—in fact, the company did not appoint a public relations manager to its management team until 1993, 4 years after the incident; Exxon established its media center in Valdez, a location too small and too remote to handle the onslaught of media attention; and the company acted defensively in its response to its publics, even laying blame, at times, on other groups such as the Coast Guard. These responses also happened within days of the incident

### **Public sector crisis management**

Corporate America is not the only community that is vulnerable to the perils of a crisis. Whether a school shooting, a public health crisis or a terrorist attack that leaves the public seeking comfort in the calm, steady leadership of an elected official, no sector of society is immune to crisis. In response to that reality, crisis management policies, strategies and practices have been developed and adapted across multiple disciplines.

## Schools and crisis management

In the wake of the Columbine High School Massacre, the

September 11 attacks in 2001, and shootings on college campuses including the

Virginia Tech massacre, educational institutions at all levels are now focused on crisis management. A national study conducted by the University of Arkansas for Medical Sciences (UAMS) and Arkansas Children's Hospital Research Institute (ACHRI) has shown that many public school districts have important deficiencies in their emergency and disaster plans (The School Violence Resource Center, 2003). In response the Resource Center has organized a comprehensive set of resources to aid schools in the development of crisis management plans.

Crisis management plans cover a wide variety of incidents including bomb threats, child abuse, natural disasters, suicide, drug abuse and gang activities – just to list a few. In a similar fashion the plans aim to address all audiences in need of information including parents, the media and law enforcement officials.

## Government and crisis management

Historically, government at all levels – local, state, and national – has played a large role in crisis management. Indeed, many political philosophers have considered this to be one of the primary roles of government.

Emergency services, such as fire and police departments at the local level, and the

United States National Guard at the federal level, often play integral roles in crisis situations.

To help coordinate communication during the response phase of a crisis, the U.S. Federal

Emergency Management Agency (FEMA) within the Department of Homeland Security administers the National Response Plan (NRP). This plan is intended to integrate public and private response by providing a common language and outlining a chain-of-command when multiple parties are mobilized. It is based on the premise that incidences should be handled at the lowest organizational level possible. The NRP recognizes the private sector as a key partner in domestic incident management, particularly in the area of critical infrastructure protection and restoration.

The NRP is a companion to the National Incident Management System that acts as a more general template for incident management regardless of cause, size, or complexity. FEMA offers free web-based training on the National Response Plan through the Emergency Management Institute. Common Alerting Protocol (CAP) is a relatively recent mechanism that facilitates crisis communication across different mediums and systems. CAP helps create a consistent emergency alert format to reach geographically and linguistically diverse audiences through both audio and visual mediums.]

#### Elected officials and crisis management

Historically, politics and crisis go hand-in-hand. In describing crisis, President Abraham Lincoln said, "We live in the midst of alarms, anxiety beclouds the future; we expect some new disaster with each newspaper we read] Crisis management has become a defining feature of contemporary governance. In times of crisis, communities and members of organizations expect their public leaders to minimize the impact of the crisis at hand, while critics and bureaucratic competitors try to seize the moment to blame incumbent rulers and

their policies. In this extreme environment, policy makers must somehow establish a sense of normality, and foster collective learning from the crisis experience.

In the face of crisis, leaders must deal with the strategic challenges they face, the political risks and opportunities they encounter, the errors they make, the pitfalls they need to avoid, and the paths away from crisis they may pursue. The necessity for management is even more significant with the advent of a 24-hour news cycle and an increasingly Internet-savvy audience with ever-changing technology at its fingertips. Public leaders have a special responsibility to help safeguard society from the adverse consequences of crisis. Experts in crisis management note that leaders who take this responsibility seriously would have to concern themselves with all crisis phases: the incubation stage, the onset, and the aftermath. Crisis leadership then involves five critical tasks: sense making, decision making, and meaning making, terminating, and learning.

A brief description of the five facets of crisis leadership includes:

- Sense making may be considered as the classical situation assessment step in decision making.
- Decision making is both the act of coming to a decision as the implementation of that decision.
- Meaning making refers to crisis management as political communication.
- Terminating a crisis is only possible if the public leader correctly handles the accountability question.
- Learning, refers to the actual learning from a crisis is limited. The authors note, a crisis often opens a window of opportunity for reform for better or for worse.

## ***How Does PR help in Crisis Management?***

There have been countless public relations crises in the past and there are five steps that should be executed in order to properly manage a crisis. First, the corporation in crisis should be prompt, addressing the public immediately following the discovery of the crisis. Second, the corporation in question should maintain honesty because the public is more willing to forgive an honest mistake than a calculated lie. Third, it is important to be informative because the media as well as the public will create their own rumors if no information is given to them by the corporation in crisis. Rumors can cause significantly more damage to the corporation than the truth. Next, it is important to be concerned and show the public you care because people will be more forgiving if it is clear that the corporation cares about the victims of the crisis. Finally, maintain two-way relationships. This is important because the corporation can learn a lot about the status of public opinion by listening. These five steps are necessary in order to manage any crisis public relations situation.

With that having been said, each crisis situation is unique and, therefore, requires a tailored response. There are six types of responses and they range on a continuum from defensive to accommodative. First, corporations can attack the accuser attempting to eliminate the attacker's credibility. Second, corporations can use denial claiming that no crisis exists. The third response is justification where the corporation claims no serious damage was done or

that the victim was at fault. Fourth, the corporation can use ingratiation to appease the public's, such as giving away coupons. Next, corporations can use corrective action to right their wrongs. Finally, the corporation can give a full apology asking for forgiveness for their mistake. All six responses have been used in the past with varying results. If chosen properly, one of the six responses can help mitigate damage.

In March 2005, a woman bit into a finger while eating chili at Wendy's. This crisis could have damaged Wendy's image, but the corporation responded properly. They shut down the location, threw out the chili and had an investigation to discover the source of the finger. Wendy's communicated with the public openly and honestly. As a result, very little damage was done to their image.

Other successful cases of crisis public relations include the well-known Diet Pepsi case and the Tylenol case. Diet Pepsi ran into trouble when consumers began "finding" foreign objects in cans of Diet Pepsi. A variety of different objects were found including a syringe, a bullet, and even a crack cocaine vial. The corporation knew that there was no possible way for these objects to be inserted during the bottling process. As a result, Diet Pepsi used a defensive strategy claiming its innocence. They communicated openly with the public, attacked the accusers, and allowed their bottling process to be shown on the news. Temporary damage had been done to Diet Pepsi, but they quickly rebounded from the situation. In a similar manner, Tylenol found itself in a crisis situation when people started dying from consuming cyanide laced Tylenol capsules. Tylenol acted quickly and pulled its product off the shelves without being forced to do so. They communicated openly and often with the public and had an investigation. Tylenol was found innocent at the conclusion of the investigation. Tylenol

had a favorable brand image with the public because they pulled their product when they discovered the problem. Following the crisis, they even added safety seals to ensure the safety of its consumers.

While there are successful crisis public relations crises, there are a number of poor examples of crisis management. Ford and Firestone destroyed their images after mismanaging the crisis that occurred when many of their consumers died as a result of tire blowouts. Both companies claimed innocence and blamed the other. Ford and Firestone did not communicate openly or honestly with the public. Also, both corporations implied their lack of concern for their customers when they ignored the deaths and injuries of their customers to protect their bottom line. Ford's and Firestone's response to the crisis alienated their customers and caused significant damage to their image.

More recently, it seems the government has seen itself attempting to manage public relations crises, many of which could have been prevented. Dick Cheney found himself at the center of media attention when he shot his friend with a shot gun while hunting. He did not communicate with the public nor the administration in Washington about the incident until well after the incident had occurred. His actions made it appear to the public as though he were hiding something. When he finally addressed the public, it was too little too late. His mistake continues to be the foundation of many jokes to this day.

Additionally, the United Arab Emirates received the contract to protect many of America's ports. This caused a crisis because many if not most Americans do not trust the UAE at this particular moment. In the eyes of many, Bush gave the job of protecting our ports to the

enemy. Not to mention, he is perpetuating job outsourcing which makes Americans nervous. Protecting America's ports should be America's job. Also, Bush gave the UAE the contract at his discretion without consulting the public. He seems to have overstepped the system of checks and balances this country was founded on. Bush created an unnecessary crisis causing more negative public sentiment to be directed at his administration.

Other government flops have occurred in recent months, such as the failure to rescue Hurricane Katrina victims and Condoleezza Rice's feud with Venezuelan President Hugo Chavez. These two crises caused more negative media attention on the Bush administration.

The Olympics always have their fair share of crises to handle. Athletes taking performance enhancing drugs has been an issue in recent times, not only in the Olympics, but major league baseball and other sports as well. During the Olympics in Torino, Austria's ski team had their home raided by Italian police in an effort to discover drug use by the athletes. The police had probable cause to search because the team had been spending time with their ex-coach, Walter Mayer, who had been suspended for providing drugs to his athletes. Team Austria should have known that a visit from their ex-coach could have negative consequences such as this.

The most recent major public relations crisis involves Duke University and their lacrosse team. On March 13, the lacrosse team had a party with a stripper. Following the party, the stripper reported having been assaulted and raped. The fact that she was African American only made the school's relationship with local residents, who are majority African American shakier than it already had been. Following the accusation, there is an ongoing investigation

into the incident. 46 of the 47 players were forced to submit DNA and while no DNA was found on the stripper, the investigation continues. Days after the investigation began; one lacrosse player sent a horrible e-mail to team mates claiming that he would brutally kill the next stripper they had at a party. After the e-mail was discovered and released by the media, the lacrosse team's head coach, Mike Pressler, resigned. The crisis is not over yet and continues to be discussed in the media.

No matter how much planning goes into preventing crises, there are always crisis situations that cannot be planned for.

Technology is creating more ways for crises to occur. My Space.com got bad press when stories surfaced about young My Space users being stalked and harassed by sexual predators. This popular site is used by many young people and their safety has been a cause for concern. My Space is managing the situation well and plans to implement safety devices to prevent young people from being stalked by sexual predators. My Space is a new media and it is already managing crises.

Crisis public relations is changing. With new media, such as My Space and Facebook, crisis situations have occurred on the web. While products and services expand to new media, there are new ways for crises to emerge. At the same time, new media can be used to communicate with the public. Corporations no longer have to rely solely on traditional broadcast news or print advertising to properly manage a crisis. Corporations can now communicate with customers across the world using a number of different media such as e-mail, websites, podcasts, internet video, and more. With more ways to reach the public and

the lower cost of reaching a higher number of people, crisis communications can communicate with the public in ways corporations never imagined during the 1980's. While communication with the public is easier and cheaper than in the past, the original 5 steps to properly manage a crisis as well as the six types of responses continue to be at the foundation of any crisis public relations plan.

## ***Chapter VIII***

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### ***The Better Tool of Communication in the Present Business Scenario and the Impact of the same***

#### **Which Tool to Use?**

Deciding the question as to what combination of these different tools should be used not simple to answer. While there are no dear cut guidelines for determining the appropriate promotion



tool, the following factors affect the decision about the choice of various methods of promotion.

***Nature of the product:*** Normally for consumer goods where the number of target audience is very large. advertising is an appropriate tool. But of course it has to be supported by sales promotion. personal selling. and publicity- in that order. It is so because most consumer products are non-technical in nature. are low priced. and involve low risk. However. for industrial products personal setting is more suitable since these products need a greater

degree of customization (i.e. these need to be specifically tailored to the individual needs). and greater degree of explaining of features etc. This is to be followed by sales promotion. publicity and trade advertising.

**Type of the market:** The number and concentration of potential customers also affects the promotional mix. if the number of customers is quite large and they are scattered geographically (say users of tooth paste), then advertising will be more suitable since advertising can reach a large number at relatively lower cost. In the opposite case (say buyers of designer label from Delhi) personal selling will be more appropriate.

PLC Stage: During introduction phase advertising to spread awareness and sales promotional (to 'induce trial) would be more suitable. This will be supplemented by personal selling directed at dealers to stock the product. During the growth stage, when customers' number is increasing, sales promotion offer may be withdrawn. Likewise, in a maturing market when pressure of competition is very strong, persuasive (and not merely Informative) advertising will be needed, coupled with sales promotion offer to increase usage rate (like Maggi Soaps offer: Buy 3 packets, get one free in winters).

**Availability of funds:** Large funds would mean large advertising; small budget may only mean inexpensive sales promotional offers and feeble attempt at personal selling.

**Push Vs Pull Strategy:** Push strategy means that the marketer pushes the product towards middle men (wholesalers and dealers) who in turn push the product through to the ultimate buyer. Pull strategy means building up consumer demand by spending heavily on attracting customers to that they ask the middlemen to give them the product. LG believes the

spending more on push strategies and less on sales promotion (price cut, exchange scheme, etc.) following of pull strategy would mean emphasis on advertising ; while following of push strategy would mean using personal selling.

## **MEASUREMENT OF EFFECTIVENESS:**

In the end we also have to decide whether to:

- Continue a promotional program.
- Modify it
- Drop it altogether

The decision will depend on the effectiveness of the promotional effort. And how do we decide whether the effort was successful or not? Well, at the end of a reasonable period of time we must evaluate whether our objectives behind the promotional campaign have been met or not? The diamond company De Beers started advertising in India, around 1996. DeBeers's market grew at a high 9.4% in -1997 in India in fact one of the highest growth rates in the world for diamonds. Sales touched Rs.524 crore at an investment of about Rs.6.5 crore. Advertising to additional sale ratio was 1.2: 100 (i.e. for every Rs.1.20 worth of additional advertising, sales went up by Rs.100/-). While in 1995 only 0.5% population owned diamond jewellery this number went upto 2.6% in 1991 ( a 300% hike). Not only this another 12 % were actively thinking of buying. This obviously meant that advertising effort really paid off for the company.

Some years ago Ericsson showed Malaika Arora carrying a mobile phone in her palm. While the recall rate for the product was very high those who saw the ad (wrongly) thought that this mobile phone was especially for women! Well the ad was withdrawn.

## TOOLS OF COMMUNICATION

Advertising	Sales Promotion	Public Relations	Personal Selling
Ads in print/TV/Radio Packaging: Inserts Outer Covers Mailers Brochures etc posters/Leaflets Hoardings/bill board Point of purchase (i.e. in shop)	Lotteries/other Contest/games by the company Gifts Participation in exhibition/trade shows Demonstration of product Low interest finance Refund/Exchange scheme	Information to press Annual report Openly of the churl man of the company Sponsorship of an event/program Social work Government Lobbing with the Government	Sales presentation Telemarketing Samples

advertising Logo of the company			
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## The Evaluation

<b>Evaluation factor</b>	<b>Advertising</b>	<b>P.R.</b>
Objective	To appeal to mass audience at reasonable cost, with an aim to inform & persuade Mass customers	To reach masses with an independently spokesperson(i.e. from a source other than company message)
Audience	Uniform (same for all) low per audience	Mass stakeholders(Customers, employees shareholders)
Message	Low since message can't be changed to suit individual listener reader	Uniform for one category of audience)
Cost	Very high	No /low cost
Sponsor	Very high	No Sponsor

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The table above clearly indicates that each tool has its advantages and disadvantages. Hence the final decision of promotional mix choice will depend on as to which tools can best meet our objectives at lowest possible cost.

### **Advertising : is suitable when:**

- Market is very large and geographically dispersed.
- Promotional budget is large.
- Product is simple relatively less expensive, and with clear cut advantage that can be easily communicated to the customer (say a bathing soap).
- A favorable primary demand already exists (Note: primary demand means demand for a product category. e.g.. demand for a newspaper; a secondary demand means demand for a brand in this category, e.g. demand for the Times of India).

### **PR is suitable when:**

- -Advertising lacks credibility and we need to promote our brand(say. a new restaurant) .
- - We wish to ensure that people read news about our product as a news item(say, a health drink)
- We don't have very large budget (When the company is new).

## **Chapter IX**

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### ***An Analysis PR Vs Advertising***

PR agencies must protect themselves as more than media relations experts. They must act like consultants and not as mere order-takers.

Public relations can and will deliver, at times better than advertising. And at a fraction of the cost.

The 1980s was when advertising in India came of age, it was just a Rs 170-crore industry. Today, estimates place the industry at **Rs 9,000 crore**. Making this an attractive industry altogether.

Advertising has gone through its trial and tribulations over the years. Recognition has not been easy or automatic. But Public relations is an activity that has become an increasingly interesting and more effective today. It presents a landmine of opportunity with a lot of quicksand on the approach road.

## **PR arrives as a business opportunity**

Today, clients have realized the value of public relations as a means of communication. They know that while advertising can often neither be replaced nor substituted, it can certainly be reinforced and given credibility by public relations. They are also realizing that there is more to public relations than the huge press conferences where the media was wined, dined and gifted. They are realizing that there are columns other than the product launch column that they were accustomed to earlier.

Some enterprising clients use PR agencies to subtly increase their market value in the employment rat race. Others are using PR agencies to influence stock prices. Technology companies are using public relations to tell prospective employees that they are an "employer of choice."

Sadly enough, while this is a tremendous opportunity for public relations as a business, it seems to at least that the discipline does not get the importance it receives. We should clarify that public relations will get its place in India at least, when PR activities find a genuine provision in the marketing budget and not the leftovers of the advertising budget!

Clients need to understand that provisions for a PR budget extend beyond the (often miserly) monthly retainer that clients pay and should include events and other activities that build mileage and media visibility. Clients think they are smart when they start conversations with PR agencies with depressing clichés - "The good news is that we don't have money." And PR agencies smile, secure in the knowledge that at least there is a retainer. And this is the sad part to this whole unequal exchange. Public relations can and will deliver, at times better than advertising with much lower costs of the cost.

## **Clients have fun**

Clients are the source of all benefits to agencies. They give assignments and must be served. And yet clients, as we know, come in all sizes, shapes and colours. And often exhibit their true colours in the manner in which they treat PR agencies. As PR, similar to advertising has low barriers of entry - one man or one woman can start a PR agency. While this is welcome from a spirit of enterprise, it basically means that the costs of running a one-person agency are lower and the fees charged too are abysmally low. So clients get away with shoestring retainers. Nor is that all. Clients use their traditional strengths and the traditional disunity among PR agencies.

## **PR : An Instance**

A client was hardly doing anything that was newsworthy. The PR firm moved heaven and earth, pitching possible stories across different publications at different centres and actually got significant coverage. The client stopped working with them, which was fair. What was not fair was that he did not pay them the retainer for the last two months and soon released an ad calling for a PR agency. A year later, some other PR agency will have the same problem that we had. And it is precisely clients like these from whom the smaller PR agencies need protection. Advertising has the Advertising Agencies Association of India, a body that circulates details of client outstanding to its members and warns them against unscrupulous clients. And a body like this for public relations will make the industry stronger.

## **Is it only restricted to getting Coverages?**

A bone of contention between the client and the agency often is the coverage or lack of it. Agencies believe they are doing a great job and they are often very right. Privately, the client believes it as well, but is shrewd enough to recognise that accepting this would mean an increase of PR retainer fees. So the smart clients increase the strength of their whining closer to the time of the renewal.

The PR agency needs to find a means of evaluation that, even if not universal, will at least find general acceptance. And while a few large agencies probably are using their own proprietary models, broad basing their appeal and use must help the industry as well. Small PR agencies tend to be wary of the large ones and understandably so. But in their own interest, it makes sense for them to insist on clients being 'media trained' as larger agencies insist. Even if they are unable to provide this, they must ensure their clients go through this even if it is outsourced. It will only make things easier for them in the long run. Like this former client - a CEO of a technology company who was a complete wimp. He was put in front of media at least 10 times for interviews and ended up with one lousy write-up. Consecutively the account/ client was lost but the problem was elsewhere. Obviously, talking interestingly to media was not part of his key result area while coverage was part of the PR agency.

## **The PR classes:**

A growing industry without sufficient manpower basically means that no one has the time to train. Some mentoring happens, but formalized training? Agencies poach merrily from the competition and people leave without fulfilling their obligations and notice periods. Some of

them are suddenly struck with prolonged bouts of migraine, which seems to magically disappear in their new environments.

And it is in areas like these that the industry suffers. PR agency heads must talk to each other more often and trust each other more. And while there is no short-term solution to the people problem, that would help if more PR professionals, despite their busy schedules, taught PR courses.

## **The Medicine: PR**

PR is more like a Physician providing the client with a effective medicine after proper diagnosis. They are the consultants. Their real place is in the boardroom and not the back room. They honestly spend more time with CEOs than advertising agency heads. It is not a perk but an indication of their value, even if it is not reflected in our retainer fees. It is like acting as consultants and not as mere order-takers, notwithstanding the size of the assignment or the bark of the client. The PR professionals or rather consultants provide strategic counsel and project as more than media relations experts. PR truly understands disciplines like internal communication and understands that who build corporate image must build our own image as an industry now. PR activities helps to overcome a particular crisis. For instance, the cola industry is facing a huge crisis again. Last time around, public relations played a minor role in this entire confusion as clients relied on ludicrous ads featuring Aamir Khan who said that Coke was safe because he was saying so! Now the crisis is snowballing with every government and state threatening to join the fray. This is the

situation where the PR firms can really show their potential and prove the advantages of Public Relation activities.

### 1. Paid Space or Free Coverage

#### ➤ Advertising:

The company pays for ad space. You know exactly when that ad will air or be published

Your job is to get free publicity for the company. From news conferences to press releases, you're focused on getting free media exposure for the company and its products/services.

### 2. Creative Control Vs. No Control

#### ➤ Advertising:

Since you're paying for the space, you have creative control on what goes into that ad.

#### ➤ Public Relations:

You have no control over how the media presents your information, if they decide to use your info at all. They're not obligated to cover your event or publish your press release just because you sent something to them.

### 3. Shelf Life

#### ➤ Advertising:

Since you pay for the space, you can run your ads over and over for as long as your budget allows. An ad generally has a longer shelf life than one press release.

➤ Public Relations:

You only submit a press release about a new product once. You only submit a press release about a news conference once. The PR exposure you receive is only circulated once. An editor won't publish your same press release three or four times in their magazine.

4. Wise Consumers

➤ Advertising:

Consumers know when they're reading an advertisement they're trying to be sold a product or service.

"The consumer understands that we have paid to present our selling message to him or her, and unfortunately, the consumer often views our selling message very guardedly," Paul Flowers, president of Dallas-based Flowers & Partners, Inc., said. "After all, they know we are trying to sell them."

➤ Public Relations:

When someone reads a third-party article written about your product or views coverage of your event on TV, they're seeing something you didn't pay for with ad dollars and view it differently than they do paid advertising.

"Where we can generate some sort of third-party 'endorsement' by independent media sources, we can create great credibility for our clients' products or services," Flowers said.

5. Creativity or a Nose for News

➤ Advertising:

In advertising, you get to exercise your creativity in creating new ad campaigns and materials.

➤ Public Relations:

In public relations, you have to have a nose for news and be able to generate buzz through that news. You exercise your creativity, to an extent, in the way you search for new news to release to the media.

## 6. In-House or Out on the Town

➤ Advertising:

If you're working at an ad agency, your main contacts are your co-workers and the agency's clients. If you buy and plan ad space on behalf of the client like Media Director Barry Lowenthal does, then you'll also interact with media sales people.

➤ Public Relations:

You interact with the media and develop a relationship with them. Your contact is not limited to in-house communications. You're in constant touch with your contacts at the print publications and broadcast media.

## 7. Target Audience or Hooked Editor

➤ Advertising:

You're looking for your target audience and advertising accordingly. You wouldn't advertise a women's TV network in a male-oriented sports magazine.

➤ Public Relations:

You must have an angle and hook editors to get them to use info for an article, to run a press release or to cover your event.

## 8. Limited or Unlimited Contact

➤ Advertising:

Some industry pros such as Account Executive Trey Sullivan have contact with the clients. Others like copywriters or graphic designers in the agency may not meet with the client at all.

➤ Public Relations:

In public relations, you are very visible to the media. PR pros aren't always called on for the good news.

If there was an accident at your company, you may have to give a statement or on-camera interview to journalists. You may represent your company as a spokesperson at an event. Or you may work within community relations to show your company is actively involved in good work and is committed to the city and its citizens.

## 9. Special Events

➤ Advertising:

If your company sponsors an event, you wouldn't want to take out an ad giving yourself a pat on the back for being such a great company. This is where your PR department steps in.

➤ Public Relations:

If you're sponsoring an event, you can send out a press release and the media might pick it up. They may publish the information or cover the event.

## 10. Writing Style

➤ Advertising:

Buy this product! Act now! Call today! These are all things you can say in an advertisement. You want to use those buzz words to motivate people to buy your product.

➤ Public Relations:

You're strictly writing in a no-nonsense news format. Any blatant commercial messages in your communications are disregarded by the media.

# Chapter X

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## *The Fall of Advertising and the Rise of PR*

Trying to build the brand with advertising? This is a common question to all the people related to the sector. But, those days are gone when ADVERTISING was given the utmost importance. Today, it is the general acceptance that Try avoiding building up you brand with Advertising

Attempting to convince the target audience of the brand's claims through paid space or time lacks a key ingredient vital to success — credibility. What do we believe — what's reported on the evening television news, or the advertising which precedes and punctuates it? As customers we're cynical, suspicious, and cautious. We see the majority of advertising as biased, self-serving, and company-oriented rather than consumer-oriented. So we turn to independent, authoritative, third-party sources for recommendations and advice — friends, relatives, neighbours, and the media. When we've made up our minds, advertising serves as a reminder.

Some business people say they rely on "word of mouth" marketing, leaving that process to its own devices. Others feel the outcome for their bottom line is too important to leave to chance.

***In simple terms, a public relations applies research, creativity, and planning to assist the third-party brand perception-building process.***

## **PR builds brands**

Advertising doesn't build brands. Public relations does. One should use advertising to defend the brand against competitors once it's been built, and its credibility established, through PR. This has become the hard core truth for all the people involved in this field. Also, there has been the acceptance from the big shots of management also. That's the main conclusion and key piece of advice in *The Fall of Advertising and the Rise of PR*, a book by US-based marketing guru Al Ries.

## **How do ad agencies build their brands?**

To quote few of the perception from this famous book, this book may upset a lot of people.

Some of them are like:

- "Advertising has no legitimate role to play in brand building. Advertising's role is defensive in nature. Advertising can only protect a brand once it's established." This is Ries' central thesis which he illustrates copiously with case studies.

- Advertising agencies often sell advertising to clients on the basis of their own creativity. "Creativity wins awards, but does it also win sales?" asks Ries. He has chapters of evidence to the contrary.
- "Advertising agencies do almost no advertising themselves. Instead, they rely heavily on PR techniques to build their own brands."
- People tend to judge the value of a discipline by its numbers and ad budgets are invariably bigger than PR budgets. But more money doesn't necessarily mean more effective.

Mr. Al Ries cites Dell Computer's advertising/PR budget ratio as typical (\$430 million on advertising last year, \$2 million on PR).

"Yet Dell is a good example of a brand built by PR, not advertising," he says. "Early on, Dell made sure that computer analysts for all the trade publications received Dell machines for testing."

"*PC Week's* rave review of the Turbo, Dell's first IBM-compatible machine, appeared shortly after the product was introduced in 1985. Almost immediately, the company began selling more than a thousand Turbo machines per month. And the rest is history."

## **PR should come first**

Perhaps a word of caution is needed, it should be a reminder of a perception that has already been established by more credible means. Public relations should come first, establishing perceptions and credibility.

To quote Ries: "Brands don't need 'creative' advertising (the brand has already been created in the mind by PR). They do need 'reminder' advertising.

The Ries still see a role for advertising, but primarily as a defense mechanism for established brands and products, not as a builder of new ones. Public relations -- specifically publicity and the resulting word of mouth -- is what really build new brands, they maintain.

Most industry executives might dismiss that as "a gross generalization" but all agree that PR is an important and growing tool being increasingly used by marketers.

However, both suffered last year. PR spending has long paled compared to ad spending, given the lack of media expense and relative lack of production expense involved. A 2001 survey by Thomas L. Harris/Impulse Research found consumer-products companies, for example, spend about 0.05% of revenue on PR. That's a tiny fraction of the 2% to 10% of revenues such companies ordinarily spend on overall marketing expense. Those figures don't count salaries and overhead.

The survey also found that marketers cut PR budgets as a percent of sales from 0.09% to 0.07% last year, a 29% drop. The percentage of client PR budgets earmarked for product publicity, however, actually went up five points to 23%, even though total spending on product publicity actually went down 10% to \$518 million.

In India the Public Relations industry reached a major milestone last year in December with the launch and formation of Public Relations Consultants Association of India (PRCAI), an umbrella body representing all the professional consultancies in India. The PRCAI, mooted

by a group of seven leading public relations firms, is a pioneering body that will represent the over Rs. 1 billion industry, which employs about 8,000 professionals today.

Today's world is that of integrated marketing and the line between advertising and public relation (PR) is blurring day-by-day. The fact is that the distinction between PR and communication is virtually non-existent. It is thus interesting to find out what role PR play in today's marketing mix.

As is known, PR is a science that, if applied in the right manner, can not only build a brand but also sustain it for years. The industry in India, too, has grown. The PR industry in India has come a long way from being mere postmen delivering press releases to being consultants who are involved in the brand building process. It has today become a mainstream arm of marketing instead of the peripheral role it had played a few years ago. The potential is immense. Companies and individuals alike are waking up to the power of a good PR campaign. The big advantage that PR has is the credibility factor with consumers. After all, third party endorsements in the form of articles in newspapers and stories in the electronic media are far more credible than advertisements," she added.

What makes PR effective is its versatility. For this reason, it is not only used in the initial stages of brand building on a strategic level but also on a more tactical level.

To cut a long story short, PR is indeed an integral constituent of any well-balanced and integrated marketing mix. But the key issue here is that PR professionals need to go beyond and enlarge their role beyond mere media relations. They need to extend it to brand building and reputation management. But have the marketers understood the real importance of public relations. In India, PR has a wide spectrum. On one hand, it means only releases,

while on the other hand, bulldozing the media professional to write good things about the organization. On the international scene, companies, and on a majority basis the FMCG firms, spend a lot more on their PR activity and regard it as a permanent component of marketing. Though here in India, it can be safely said that marketers are using PR more than ever before, still many

## ***Chapter XII*** |

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### ***The Current Situation and the Impact***

People are tired of advertising and too much information. One needs to go through consumer engagement. That there has been a drastic change on the consumer front, we all know, and in the 'old days' we just had the company and the consumer, with just one message being delivered. As consumers become more segmented, clients become interested in talking to them on a one-to-one basis. India is a driving force behind a breathtaking and rapidly accelerating trend. There is a shift of economic power from the US and European nations alone to four nations with burgeoning populations and accelerating economies. These are Brazil, Russia, India and China — the 'BRIC' economies. In India, Goldman Sachs projects a

more than 5 per cent annual growth over the next five years — exactly the period over which the major industrial economies are slowing down.

Per capita growth over that period will exceed 7 per cent. By 2050, per capita income in India could be 35 times higher than it is today. The clients already know that the most robust growth will come from the massive expansion of emerging markets and not from taking a point or two of the marginal share in those markets which are already saturated. In this situation, the prospects of Advertising and PR has grown in the present business scenario in India. Advertising, one of the most effective communication tool, is facing a stiff competition from Public Relation.

The public relations profession in India has witnessed a significant spurt in growth since the 1990s. There is little doubt that the public relations profession in India will continue to grow, which provides us the opportunity to track the path that the profession has traversed in order to understand where it is headed. That is the primary purpose of this article—to analyze public relations in post-independence India based on empirical data from a series of research projects. Economic operations are becoming increasingly specialized. Contemporary living, with the decline of the hold of religion, of family ties and of civic obligations, is compelling

people to become 'lonely crowds'. At the same time, the mass media are creating mass societies, emphasizing stereotyped images, urges and aspirations. In such a situation, public relations can play a mediator role between the individual and the group. the liberalization of the market provided a fillip to the public relations industry as well as to related fields such as advertising and marketing. For the public relations industry the most significant impact of this shift in philosophy was the growth in recognition and acceptance of public relations as a

key management function. In general, top management began to pay more attention to the ability of public relations to contribute to managing the reputation of an organization. The negative stereotype of the 'fixer' has receded somewhat, but is still very evident, especially in the PSUs.

Consultancies or public relations firms in India have been burgeoning since the late 1980s. Large consulting firms have offices in all the metropolitan centres of the country. Prior to that smaller consultancies were in existence, but they mostly worked in conjunction with the in-house public relations units of companies. With changes in the economic climate, many advertising agencies started adding public relations services to their operations, very much in line with global trends. In addition, several local public relations firms either started independent operations or entered into affiliations with international public relations. Other trends have also supported the growth of consultancies, such as the increasing need for crisis communication in an economic environment in flux, and the anticipation that the traditional family business structure might break up. A new generation of managers is more willing to taking financial risks, as a result of which mergers, takeovers and tie-ins are more frequent than ever before. All these economic trends require the services of public relations.

## **Media Control**

The media are a close ally of the strategic public relations professional. The two industries enjoy a symbiotic relationship, which makes it essential for them to maintain a healthy relationship with each other. India has a diverse media environment, both broadcast and print, mainly because of the cultural and linguistic diversity of the population. Parallel with much of India's economy in transition, the media in India are in the hands of private and public ownership. The privatization process that has affected other industries in the past decade has also affected the media, with the private sector making inroads into

Public Relations in India 53 ownership of both print and broadcast. In particular, satellite technology has played a vital role in challenging the monopolistic government ownership of the broadcast media. Currently, there are approximately 28,500 English as well as regional vernacular newspapers in India. Because of the larger number of Hindi-speaking Indians, Hindi newspapers currently boast the highest circulation, exceeding the circulation of the English elite press of the late 1970s. Today, the total newspaper circulation in the country stands at about 53.5 million. Newspapers are not directly aligned with, or controlled by, political parties although observers do discern the political leanings of many newspapers. The traditional business papers were the *Economic Times*, *Financial Express* and *Business Standard*. Now there is a proliferation of business magazines such as *Business India*, *Business Today* and *Business World*.

The **broadcast industry** is accountable to the parliament via the Ministry of Information and Broadcasting with no other checks on it. But in the 1990s, with the entry of satellite and cable television, the structure has shifted from one monopolistic government channel to several channels from private sources. The central government, under different political parties, has tried throughout the last decade to restrict and regulate the growth of private broadcasting. Satellite technology has also contributed to the increase in foreign language content. Eventually, Doordarshan, the television organization owned by the government, joined the competition and multiplied its channel offerings.

The print media in India have mechanisms in place for protecting the freedom of the press. The Press Council of India is the most prominent official watchdog for the print media protecting newspapers as well as news agencies. Other media laws in existence also affect public relations. In 1995 copyright and intellectual property protection laws were updated,

especially in the area of software and cinematic products . The Securities and Exchange Board of India has guidelines for financial communication, especially advertising and promotional materials. The advertising industry is engaged in self-regulation. An umbrella trade body called the Advertising Standards Council of India comprising most agencies in the country drew up a Code of Self Regulation in 1985. As far as the film industry in India is concerned, the Central Board of Film Certification has pre-censorship rights over any film intended for public exhibition.

## **Media Structure**

The **print media** in India is restricted to the educated urban sections of the population. States with higher literacy levels tend to have higher newspaper readership and circulation rates. The infrastructure for news-gathering is primarily localized as is the distribution system. The national elite English newspapers have sophisticated news-gathering and distribution mechanisms, but their focus is limited to the major metropolitan cities. Printing and publishing technologies have been constantly improving, and the larger newspapers in urban areas have state-of-the-art production facilities (Jeffrey 2000). The two national news agencies are the Press Trust of India and the United News of India. All major international wires and news organizations have bureaus in India.

The government-controlled All India **Radio** network, the sole radio organization in India, is a widely diffused medium in urban and rural India. In 1947, at the time of independence, there were six radio stations in the country. Now there are approximately 195, covering roughly 97 per cent of the population. It is an affordable medium for many given India's high poverty rate. Ongoing plans to privatize radio and the addition of entertainment-oriented **FM channels** in the metros is breathing new life to radio as a mass medium. Therefore, radio is a valuable and cost-effective channel for public relations professionals

who wish to reach the diverse audiences spread over a vast geographic expanse. **Private channels** from foreign satellites such as the Hong-Kong-based STAR TV have a global/local appeal and the content has been continuously localized. Over-the-ground cable and satellite dishes that mushroomed in the 1990s have a wide reach in urban India. Although television has been successful in addressing the illiteracy barrier, its main drawback is the affordability factor. Furthermore, cellular phones and increasing Internet use by companies, organizations and the urban population are enhancing telecommunications connectivity, and much of the telecommunications industry is moving into the private sector. Transportation (rail, road and air) is still mainly in the public sector. The **postal system** covers the entire country. The public relations implications of the reach of these media are obvious. The urban population can be targeted in a sophisticated manner using select entertainment-oriented channels and FM radio. However, communication plans to reach the rural populace need to be well throughout.

## Chapter XIII

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### *The Research*



A research was conducted for making this thesis a more value addition and to provide a basis to the industry to choose the right mix of communication tool for laying down a more successful

business. Based on the questionnaire given below, the research was conducted

- **Research Methodology and Data Sources:** The research was started with an **Exploratory Research**. It included **interviews**. Exploratory Research seeks to investigate preferences and the impact towards the current business scenario. On the bases of this research various **hypothesis** was framed and tested on the basis of information collected through a survey. The survey was done on the basis of a **questionnaire**.

Broadly, the questionnaire would be divided into two categories- Customers and Companies. All the information regarding such research was be collected through **Primary Research**.

➤ **Data Collection:** The questionnaires was administered through **Personal** as well as **Online**.

➤ **Audience:** Customers- The general people

Companies- There were 5 companies in all from where the data has been collected.

The following are the factors have been taken into consideration while seeking out the information for the assessment:

➤ **Place**

- ✓ New Delhi
- ✓ Gurgaon

➤ **Methodology used**

The data collection tools used was:

- Questionnaire
- Online questionnaire
- Personal Interview

➤ **Time period:** The research was conducted in a given time period of 2 months

➤ **Target Audience**

<b>Demographic Profile</b>	Age group → 18 years and above
	Gender → Male/ Female/
	Children

<p><b>Psychographics profile</b></p>	<p>All the people who have the knowledge of PR and advertising and can give their views on the same to let us know their preference level.</p>
<p><b>Geographic location</b></p>	<p>New Delhi, Gurgaon</p>

## *Questionnaire*

**Name:** \_\_\_\_\_

**Age:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

**Address:** \_\_\_\_\_

### 1. Different forms of PR

i) **Public information:** \_\_\_\_\_

ii) **Investor Relations:** \_\_\_\_\_

- iii) **Public Affairs:** \_\_\_\_\_
- iv) **Corporate Communications:** \_\_\_\_\_
- v) **Marketing / Product Publicity:** \_\_\_\_\_
- vi) **Crisis Management:** \_\_\_\_\_
- vii) **Customer Relations:** \_\_\_\_\_

(Not more than 3 options to be selected)

**2. Different features of PR?**

- i) **Credibility:** \_\_\_\_\_
- ii) **Reach:** \_\_\_\_\_
- iii) **Un-paid:** \_\_\_\_\_
- iv) **No / Low Cost:** \_\_\_\_\_
- v) **Audience Targeting:** \_\_\_\_\_
- vi) **Crisis Management:** \_\_\_\_\_

(Not more than 3 options to be selected)

**3. Functional Areas of PR?**

- i) **Understanding & Analyzing Public Opinion:** \_\_\_\_\_
- ii) **Communication:** \_\_\_\_\_
- iii) **Researching & Evaluating programs of action:** \_\_\_\_\_
- iv) **Managing Resources:** \_\_\_\_\_
- v) **Influence / Change public opinion:** \_\_\_\_\_
- vi) **Crisis Management:** \_\_\_\_\_
- vii) **Customer Relations:** \_\_\_\_\_

(Not more than 3 options to be selected)

**4. Core aspects of PR?**

- i) **Media Relation:** \_\_\_\_\_
- ii) **Customer Relations:** \_\_\_\_\_
- iii) **Public Affairs:** \_\_\_\_\_
- iv) **Corporate Communications:** \_\_\_\_\_
- v) **Marketing / Product Publicity:** \_\_\_\_\_
- vi) **Crisis Management:** \_\_\_\_\_
- vii) **Customer Relations:** \_\_\_\_\_

**(Not more than 3 options to be selected)**

**5. Activities involved in PR?**

- i) **Public Opinion:** \_\_\_\_\_
- ii) **Investor Relations:** \_\_\_\_\_
- iii) **Media Relations:** \_\_\_\_\_
- iv) **Corporate Communications:** \_\_\_\_\_
- v) **Image/ Brand Management:** \_\_\_\_\_
- vi) **Crisis Management:** \_\_\_\_\_
- vii) **Event Management:** \_\_\_\_\_

**(Not more than 3 options to be selected)**

**6. PR & the various IMC tools**

**Brand Building:** \_\_\_\_\_

**Buzz Marketing:** \_\_\_\_\_

**Audience targeting:** \_\_\_\_\_

**Event Experience:** \_\_\_\_\_

**Reputation Management:** \_\_\_\_\_

**WOM:** \_\_\_\_\_

7. What do you understand by Crisis Management?

- i) Crisis / Risk Preparedness: \_\_\_\_\_
- ii) Contingency Plan: \_\_\_\_\_
- iii) Audit of potential problems: \_\_\_\_\_

(Tick any one)

8. Activities included in Crisis Management?

- i) Development of emergency response plans: \_\_\_\_\_
- ii) Advance Planning: \_\_\_\_\_
- iii) Creation of media directories: \_\_\_\_\_
- iv) Media Training: \_\_\_\_\_
- v) Consultation & strategic planning: \_\_\_\_\_
- vi) Crisis Communications: \_\_\_\_\_

(Not more than 3 options to be selected)

9. Which Social Media tool is more relevant in PR & Crisis management?

- i) Social Networking sites: \_\_\_\_\_
- ii) Blogs: \_\_\_\_\_
- iii) Corporate Sites: \_\_\_\_\_
- iv) Search Engine Optimization (SEO): \_\_\_\_\_
- v) Videos/ Pictures: \_\_\_\_\_
- vi) Webcasts / Podcasts: \_\_\_\_\_
- vii) Customer Relations: \_\_\_\_\_

(Not more than 3 options to be selected)

10. Which according to you is the most important step in crisis management?

- i) Being prompt and addressing the public: \_\_\_\_\_

- ii) **Maintaining honesty:** \_\_\_\_\_
- iii) **Providing sufficient information:** \_\_\_\_\_
- iv) **Showing concern & care:** \_\_\_\_\_
- v) **Maintaining two-way relationship:** \_\_\_\_\_

**11. Which Crisis response is more effective?**

- i) **Attack/Counter the accuser:** \_\_\_\_\_
- ii) **Denial claims:** \_\_\_\_\_
- iii) **Justification:** \_\_\_\_\_
- iv) **Appease/Please the public:** \_\_\_\_\_
- v) **Corrective actions:** \_\_\_\_\_
- vi) **Full Apology:** \_\_\_\_\_

**12. 3 C's of Credibility**

- i) **Compassionate:** \_\_\_\_\_
- ii) **Competent:** \_\_\_\_\_
- iii) **Confident:** \_\_\_\_\_

**(Rank According to most important)**

**13. 3 R's of Crisis Management**

- i) **Research:** \_\_\_\_\_
- ii) **Response:** \_\_\_\_\_
- iii) **Recovery:** \_\_\_\_\_

**(Rank According to most important)**

**14. In Environment Scan, what is that you search for first?**

i) **Negative - Positive News:** \_\_\_\_\_

ii) **Positive - Negative News:** \_\_\_\_\_

**15. Key Aspects of Crisis Management**

i) **Relationship Building:** \_\_\_\_\_

ii) **Environment Scan:** \_\_\_\_\_

iii) **Gathering & Releasing Information:** \_\_\_\_\_

iv) **Communication Procedures:** \_\_\_\_\_

**16. Whom will you prefer to see as a spokesperson during crisis?**

i) **CEO:** \_\_\_\_\_

ii) **PR Representative:** \_\_\_\_\_

iii) **Brand Ambassador / Celeb:** \_\_\_\_\_

iv) **Person Concerned:** \_\_\_\_\_

v) **Other:** \_\_\_\_\_

**Thank You for your cooperation**  
***Findings and Analysis***

*'One of the main things was that I did not have such a strong understanding of how influential TV was, for example. This is different from the European and US perspective, where print and online medium are more influential. All these here are still developing. We are also starting to see more specialist interest magazines develop here and that is why our focus is different here.'*

**Andrew Goldman,**  
**Vice-President Communications,**  
**Philips Consumer Electronics**

*'Clients want every rupee spent on advertising to deliver results. Today no medium can be treated badly. Therefore, there is no question of having priorities. More importantly, each medium has a critical role to play in delivering a brand story to the consumer.'*

**Tarun Chauhan**  
**Vice President, Lowe Lintas**

*'I think that Advertising is more appealing to me. To be very honest, I do not have much knowledge about the difference between PR and advertising. But, after you told me, I find that advertising will help to create more impact to the present business organization, though investment is huge. But, a proper advertising may make a brand even more famous than PR.'*

**Nitasha Gupta,**  
**Assistant Manager, Hinlays Group**

*'Advertising and PR are communication tools. There should be an overall communication strategy. A direct letter to the customer is as important and creates a different impact compared to advertising. A message carried by the media as news adds far more credibility than an advertisement. The choice of using advertising or PR should be based on the response desired. PR is and will have to generate much more OTS (opportunity to see) in the media than what perhaps is expected from advertising. Activities would get diversified in terms of conducting industry conferences, lobbying with the government and mobilizing public support on issues. Relationship management would definitely be the cutting edge. It is the best policy to choose the best or the right mix of the communication tool.'*

**K S Susindar,**  
**General manager, Group Corporate Communications,**  
**Murugappa group,**

*'The PR industry in India has come a long way from being mere postmen delivering press releases to being consultants who are involved in the brand building process. It has today become a mainstream arm of marketing instead of the peripheral role it had played a few years ago.'*

**Richa Sharma**  
**Correspondent, Press Trust of India**

*'I am associated with the PR industry for the last 4 years. I have seen it growing like anything. Advertising, if compared, the growth has been much lower. Companies are now interested to go opt for PR rather than advertising.'*

**Harshita Singh**  
**Associate Vice President, Business Development, ICPAR, Planman Consulting.**

*'I think advertising is more effective since it can reach a wider mass. If a company wants to make itself and its product and services prominent in the market vis a vis its competitors, it should be able to communicate it to the target audience. If you consider this fact that India is widely a rural country and a huge part of the population is illiterate, you can reach them through attractive and pictorial cum sound based advertisement. Thus, I think advertisement is more effective.'*

**Mrs. Gurdeep Kaur**  
**Housewife**

*It is important to acknowledge that the primary function of PR is to deliver credibility through the largest influencer – the media. Over the last few years, PR in India has seen a reputation shift for itself from a mere publicity tool to a reputation driver. Herein lies the credibility quotient. Therefore, today we are able to see the shift from PR = CC space to a more strategic communication process and*

*tool. However, one cannot of course dispute the fact that PR is also all about developing and maintaining relationships.*

**Sarabjit Suri**  
**Media –Manager, Perfect Relations.**

*'I think today advertising can do more than what PR can do. Advertising can deliver the message to the target audience in a more prominent way than PR. A Company should be in the position to adopt the best communication tool for itself. The present business scenario is very complex, yet interesting. So to keep pace with it as well as the competitiveness, the companies needs to make the right choice'*

**Ravi Perti**  
**Client Servicing, Adcon Services.**

## ***Chapter XIII***

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### ***The Final Verdict .....***

Are public relations and crisis management planning important to your business? The answer is simple and direct. Public relations and crisis management planning are not only important to your business, they are both CRUCIAL to your business, regardless of your

type of business. In today's fast-paced and ever-changing world, business is news. Plant closings, mergers and acquisitions, unemployment, strikes, labor negotiations, company expansions, building projects, construction-related accidents and catastrophes are often the lead story on the front page or the six o'clock news. Yet many organizations are totally unprepared or at least ill-prepared to handle the public relations and crisis management aspects of these events. This unpreparedness can lead to many negative and undesirable results for you, your employees, your clients and customers, your company and your business and industry sector.

Many businesses always have been and always will be in a highly visible position to the general public and the media. For example, the building and construction industry is important to the economy, as well as the overall health, safety & welfare of the public. The media are very interested in the building and construction industry because of the potential "high interest" stories it can generate, both positive and negative. To succeed in today's business world, all businesses must learn to manage rapid change and crises and work diligently to develop strong public relations and crisis management plans.

A general public relations program is important to your business to: complement advertising; provide research capabilities for marketing efforts; provide capabilities for special events to increase company & industry visibility; monitor governmental organizations; to communicate the state-of-the-industry to the public, including views on legislation, regulations, economic conditions, and other factors and events impacting your business; and to communicate with past and existing clients. A crisis management plan, including public relations aspects, is absolutely essential to maintain a company's credibility

and positive image in the face of adversity. The company's customers, employees, management, financial supporters, industry associates, the general public and the media need to feel that you are well organized and have the ability to handle a crisis in a very professional manner. Crises do not afford the luxury of time to pause and think thoroughly through the specific problem. Therefore, there is a need to be prepared for every type of emergency most likely to happen. I believe that many crises in business, just as in our daily lives, are often foreseeable. These crises can be managed and can provide unprecedented opportunities for positive public relations. A majority of businesses are reluctant to prepare for adversity because they do not want to admit that their business organization could ever be guilty of poor performance or mistakes.

A company which does not prepare for the possibility that some plan may not work or that conditions of business may change quickly - including changes beyond their control - will soon find itself unable to deal with a crisis and therefore will suffer severe negative effects on the business and its image to the public and its clients.

The most critical time for your business, when it comes to public relations, is when a catastrophe, scandal, or some other negative event occurs which involves your business or industry sector at large. Things can and do go wrong in the best managed companies and organizations. Therefore, by accepting this fact and anticipating certain crises, the potential damage from the crises may be minimized. Contingency planning for crises is not only a good management practice in any organization but, in my view, it is a mandatory practice for any business.

Many businesses today have high risk, high visibility, high impact on the public and our everyday lives, and high exposure to potential crises. Because of these characteristics, the potential damage from a crisis can be greatly multiplied. An unprepared, misinformed, or ill-at-ease company spokesperson; a disgruntled employee; and a victim of a tragedy at a building site have the potential of doing inestimable damage to your business or industry by their remarks to the media. Yet there are countless times when a company representative is thrust into the spotlight as an official "spokesperson" with little or no training in dealing with the media, especially in a crisis situation. In fact, when it comes to dealing with the media, most people would rather "be excused" from the task, because they are ill-prepared psychologically and professionally to deal with the media. In today's world, you must become prepared psychologically and professionally.

Conducting public relations activities without a plan would be the same as someone trying to build a quality building project without plans and specifications or a business trying to manage the growth of their business without any plans. Conducting crisis communications and public relations during emergencies without a plan and training could be about the same as committing suicide or at least "shooting yourself in the foot," because of the potential damage that could result to your company's image, business, employees, management, etc. and to the image and impact on your industry.

If you don't believe the potential damage that can result from what I have written above, think about the effect of poor public relations efforts during the TMI accident, NASA's Challenger tragedy, the EXXON Valdez oil spill event, or during the last major building site accident and the impact of the negative image on the companies and their industries. Or think about the effect of good public relations efforts during the Tylenol incident; during the

odometer rollback incident at Chrysler; or during the last successful rescue at a construction site accident and the impact of the positive image on these companies and their industries.

It is time to truly recognize the importance of public relations and crisis management and their potential impact on your business. It is also time to do something about it! There is no better place to start than within your own organization and industry and professional associations by developing public relations plans, that include crisis management plans, and by training key employees on how to deal with the media. With the risks as high as they are in your business, don't leave public relations and crisis management to chance or to a "seat of the pants" approach. Make a commitment and start planning for your future public relations and crisis management efforts today. The futures of your company and to your industry are at risk. With a strong commitment to good public relations and crisis management planning, the results can be tremendous. Without a strong commitment, the results can be disastrous.

Most communications programs require all three elements of the marketing mix: public relations, advertising and sales promotion. However, for budgetary and other reasons you may have to favor one element over another. Here's the case for PR as opposed to advertising.

Studies prove that the publicity portion of PR (articles and news stories) far more often than they believe advertising. Part of the reason is third party endorsement: the magazine or other media is telling your story for you, you're not doing it directly.

For equal portion of money, publicity can appear in more publications with much greater circulation than advertising. One news story can appear in hundreds of media.

While ad space and time are purchased, no rupee or favors are given to reporters — we can't buy publicity. Publicity experts earn media coverage by professional presentation of newsworthy material.

Many products and causes are launched — and sustained — through PR alone, without any advertising. Production costs for publicity are far less than for advertising.

Aspects of PR beyond publicity also offer benefits over advertising: strategic public action, tie-ins to causes, speechmaking, letter writing campaigns, lobbying, advisory boards, charitable contributions, etc.

PR is a strong opportunity to combat larger competitors who have more money for advertising.

If we have diverse markets and therefore a wide variety of media aimed at prospects, we can reach these targets more economically through PR.

Key executives build their industry presence through PR, specifically through by-lined articles, being quoted in news stories in prestigious media, and making speeches at top conferences. PR provides opportunities to outshine and even “knock” competitors without seeming negative. PR can stand alone in programs with no advertising. However, every ad campaign should be preceded and accompanied by PR, to support and extend the advertising message.

Advertising can cheapen the image of doctors, lawyers, financial planners and other professionals.

Newsletters and certain magazines are entirely editorial — platforms for PR not open to advertising.

PR is more factual since editors control their text. Advertising messages are couched in flowery adjectives.

To balance the above, let's state that only with advertising can you buy as much as you want, when you want, in specific media, and with the exact text and graphics you desire. Still, for the above reasons, most companies and organizations should take full advantage of PR opportunities. Those who don't (and those who rely on advertising instead) put themselves at a competitive disadvantage. The ideal is the appropriate mix of PR and advertising.

## ***Chapter XIV***

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