

Public Relations Cases

International perspectives

**Edited by Danny Moss and
Barbara DeSanto**



London and New York

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Public Relations Cases

This collection of contemporary international public relations case studies is an invaluable resource for teachers, researchers and students working in public relations, corporate communications and public affairs, as well as offering practitioners an in-depth understanding of the effective use of public relations in a range of organizational contexts.

Including cases from the UK, Norway, Sweden, Spain, South Africa, Canada and the USA, with a focus on such global corporations as Shell, BBC America, Worldcom, PriceWaterhouseCoopers and Marks & Spencer, it offers important insights into the development of public relations and communications strategies. These include:

- Corporate identity change and management
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- Crisis management in the oil, shipping and tourism industries
- Developing strategic alliances between voluntary and private sector organizations
- Public relations support for international branding and market entry
- The importance of internal communications during international mergers
- The integration of public relations and marketing communications
- Business-to-business communication

The cases examined in this book demonstrate the breadth of contemporary public relations practice and the increasing importance of the public relations function in both public and private sector organizations worldwide.

Danny Moss is Co-Director of the Centre for Corporate and Public Affairs at the Manchester Metropolitan University, and Course Leader for the University's Master's Degree in Public Relations. His previous publications include *Perspectives on Public Relations Research* (1999), co-edited with Dejan Vercic and Gary Warnaby, also published by Routledge. **Barbara DeSanto** is Assistant Professor at the School of Journalism and Broadcasting, Oklahoma State University, where she teaches graduate and undergraduate public relations courses. She has also developed an international public relations seminar, which she teaches annually in London.

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To Berni who put up with little attention during long hours of editing and to Angus who missed some of his long walks.

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Contributors

Ruth Ashford is a Senior Lecturer in Marketing Communications and Public Relations at Manchester Metropolitan University. Prior to entering academia in 1993, she spent eight years working in the NHS and latterly within a computer consumables organisation as the Marketing and Communications Manager. Ashford has had many research papers published in the areas of marketing communications relating to health services, perceived risk and the development of enterprise skills within education. She is currently Senior Examiner for the Chartered Institute of Marketing 'Marketing Fundamentals' paper. She is also Senior Examiner for the Chartered Institute of Bankers and the Chartered Institute of Marketing joint award in Marketing Financial Services.

Paul Baines is a Senior Lecturer in Marketing at Middlesex University Business School. He is a full member of the Chartered Institute of Marketing, a member of the Market Research Society and a Chartered Marketer. His research interests include the application of marketing to political campaigning and football clubs, where he has authored more than twenty papers.

Brian Cummings is Chairman and CEO of Cummings McGlone & Associates Inc., a Dallas agency that was named as one of the five fastest-growing agencies in the United States in 1999 by *Inside PR* magazine. He has more than thirty years of public relations experience on both the corporate and agency side of the business. He is also a partner in The Worldcom Public Relations Group, the world's largest network of public relations firms. He served as Chairman of Worldcom from 1997–2000. Before co-founding Cummings McGlone & Associates, he was Chairman and CEO of Publicis Public Relations, Inc., a nationally recognized marketing communications agency with more than thirty staff and \$3.6 million in income, and the largest public relations agency in the Southwest. Prior to coming to Bloom Public Relations in 1987, he served for three years as Senior Vice-President and general manager of the Pittsburgh office of Burson-Marsteller, a \$4.2 million office primarily focused on business-to-business marketing and corporate and

financial relations. He joined Burson-Marsteller after a thirteen-year public relations career with Rockwell International. He is a past chairman and member of the board of directors of the Dallas Division of the American Heart Association and a member of the Public Relations Society of America.

David Davies, after graduating in History and Politics at London University in 1981, spent seven years as a journalist and editor specialising in the food manufacturing and marketing industries. He entered the public relations industry with Moss International in Leeds, before joining Rex Stewart Grayling PR in Manchester in 1989, where he became Northern Regional Director. In 1995 he set up and ran the PR division of Stowe Bowden Wilson, which is now part of the McCann Erickson UK PR network, and two years later established his own independent consultancy. He has been a member of the Professional Advisory Committee for the MA degree course in Public Relations at Manchester Metropolitan University since 1993, and lectures part-time on this and other relevant courses at the university. As a PR consultant he specialises in business-to-business sectors including the food manufacturing and retail industries.

Barbara DeSanto APR, Fellow PRSA has a public relations career which includes time in Florida tourism public relations practice and as a Florida government public information officer. DeSanto earned her doctorate from Oklahoma State University in 1995. She served as Head of the Public Relations Division of the Association for Education in Journalism and Mass Communication (AEJMC) in 2000. She is an accredited member of the Public Relations Society of America (PRSA) where she serves on its Body of Knowledge Board. She teaches graduate and undergraduate public relations courses at Oklahoma State University-Tulsa and has developed an international public relations seminar which she teaches in London each May.

R. John DeSanto APR, Fellow PRSA is an Emeritus Professor of Mass Communications from the Minnesota State University system where he developed and directed two mass communications programmes while teaching public relations, journalism, advertising and mass media law for twenty-one years. As an accredited public relations practitioner, he continues to teach public relations, advertising and international media law and has taught at ten universities, with his present assignment at Oklahoma State University and Oklahoma State University-Tulsa. In addition, he is a former Senior Fulbright Professor to Nigeria and has worked throughout Africa. Most recently he has taught public relations at several universities and organizations in Europe and the Pacific Rim as a counsellor/professor.

L. Dow Dozier was, until he recently retired, the Director of Corporate Communications, Kerr-McGee. A native Oklahoman and graduate of the University of Oklahoma, Dozier served in the US Marine Corps before

beginning his communications career with several Oklahoma newspapers. He moved from newspaper work to public relations practice when he was hired as the editor of the Oklahoma Gas and Electric Company's corporate magazine. He was named corporate communication manager for OG&E in 1982, becoming Kerr-McGee's Associate Director for Corporate Communications in 1990, and then Director in 1994. He retired from Kerr-McGee in 1998 and works as a public relations consultant, adjunct college professor and volunteer elementary school tutor.

Stein Drogseth was Director of Corporate Communication for Tine Norwegian Dairies from 1995 to 2000. He is currently Director of Garanti, a real estate brokerage company for cooperative housing.

Craig S. Fleisher is Professor of Business Strategy and Competition, University of New Brunswick, St John, Canada. Author of several award-winning books and over fifty publications on corporate communications and public affairs topics, he was President of the Canadian Council for Public Affairs Advancement between 1995 and 1999.

Andrew Flint is a Director with the Marketing and Communication Agency Ltd (MCA), an international consulting firm that helps organizations align their staff with business goals and achieve successful change. His PriceWaterhouseCoopers case study was awarded a prestigious International Gold Quill Award in 1999 by the International Association of Business Communicators (IABC).

R. Brooks Garner is an Associate Professor in the School of Journalism and Broadcasting at Oklahoma State University, Stillwater, Oklahoma, where he has taught public relations courses since 1984. In addition to teaching, he is actively involved in research in the public relations field, and in developing and producing outreach programmes for the School. Prior to joining OSU, he gained public relations experience with Southwestern Bell Telephone, Phillips Petroleum Company, and Oklahoma Gas & Electric. The scope of his twelve years of practical experience in the public relations field includes writing and editing, media relations, customer and employee relations, crisis communications, community and educational relations, special events, and financial communications. He began his career as a news reporter for the *Daily Oklahoman* in Oklahoma City. He is an Accredited member of the Public Relations Society of America and the Tulsa, Oklahoma Chapter. He also holds membership in the Association for Education in Journalism and Mass Communications.

Andrew Glew is Head of Internal Communication, UK, at PriceWaterhouseCoopers (PwC) and managed the communication programme for PriceWaterhouseCoopers during the merger.

Anne Gregory is Head of the School of Business Strategy at Leeds Metropolitan University. Her main area of interest is in public relations as a management function. She headed up the University's Public Relations Studies Group until 1994. Before moving into academic life nine years ago, Gregory was a full-time public relations practitioner and held senior appointments both in-house and in consultancy. She continues with consultancy work and is also a non-executive director of Bradford Community Health Trust with special responsibility for communication issues. She has written a book, *Planning and Managing Public Relations Campaigns*, is editor of the Institute of Public Relations/Kogan Page series, 'Public Relations in Practice' and managing editor of the *Journal of Communication Management*.

Phil Harris is Chairman of the UK-based Academy of Marketing, a member of the Senate and Council of the Chartered Institute of Marketing and the board of the American Marketing Association. With Danny Moss, he is Co-Director of the Centre for Corporate and Public Affairs and joint editor of the *Journal of Public Affairs*. He is a past Vice-Chairman of one of the UK political parties and has stood as a candidate for both the EU and UK Parliaments. His most recent book is *Machiavelli, Marketing and Management* with Andrew Lock and Patricia Rees. His main research interests are in lobbying and political and relationship marketing. He is a Reader in Marketing and Public Affairs at Manchester Metropolitan University and an advisor and consultant to various organizations.

Tom Henderson has a long track record in the communications and corporate affairs business. He held marketing and communications jobs at Beecham (now SmithKline Beecham) and Grand Metropolitan before joining Dow Chemical in 1981 where he worked in various capacities both in Europe and in the USA, ending up as Director of Communications for Dow Europe based in Horgen near Zurich. In 1992 he joined Waste Management International in London as Vice-President, Corporate Affairs, where he was responsible for the development of a communications strategy for the newly founded plc. He joined Shell International in 1996 as Project Manager, External Affairs. His current portfolio includes reputation management, corporate identity and society's changing expectations of multinational companies.

Paula Hendsbee is Manager, Shareholder Communications at Clarica Life Insurance Company, Waterloo, Ontario, Canada. With an MA in Professional Writing from the University of Waterloo and ten years in the field of corporate communications, Hendsbee is a past President of the award-winning Grand Valley Chapter of the International Association of Business Communicators (IABC).

Larsåke Larsson has a PhD in Journalism and Mass Communication (Gothenburg University, Sweden) and is a Senior Lecturer in Media and

Communication, Örebro University, Sweden. Prior to entering the academic world, he was an Information Manager with several Swedish authorities. Larsåke Larsson has published a number of books including *Nyheter i samspel* (*News Interplay*); '*Det serverkliga illa ut . . .*' ('*It really looks serious . . .*': *Communication problems in connection with the ferry Estonia's disaster*) with Stig A. Nohrstedt, and *Tillämpad kommunikationsvetenskap* (*Applied communications /PR-textbook*).

Danièle A. Letoré, a Cambridge University graduate, has been working in public relations since 1982. She began her career in the European headquarters of Burson-Marsteller, where she worked on industrial accounts, then after freelancing, joined a multinational biotechnology company. After managing its Corporate Public Relations department, with responsibility for market and product public relations, she has now set up her own healthcare communications consultancy, Genevensis Sàrl, based in Switzerland. She has run training courses on public relations, media training, and fund-raising. Clients include blue chip pharmaceutical companies, privately owned healthcare companies, international organizations and not for profit healthcare groups.

Dominic Medway has a PhD from Leeds University and is a Lecturer in the Department of Retailing and Marketing at the Manchester Metropolitan University. He has led the Department's research into Town Centre Management and related themes. Other research interests include rural shopping and retailing in Britain's South Asian Community. Medway has presented papers at a number of international conferences and published articles in both academic and professional journals.

Danny Moss is Co-Director of the Centre for Corporate and Public Affairs at the Manchester Metropolitan University and is Course Leader for the University's Master's Degrees in Public Relations. Previously, as Director of Public Relations programmes at the University of Stirling, he was responsible for the introduction of the first dedicated Master's Degree in Public Relations in the UK. He is the co-founder and organizer of the annual International Public Relations Research Symposium which is held Lake Bled, Slovenia. Moss is the author of a number of books including *Public Relations in Practice: A Casebook*; *Global Sources*; *Public Relations Research: An International Perspective* (co-edited with Toby MacManus and Dejan Vercic); and *Perspectives on Public Relations Research* (co-edited with Dejan Vercic and Gary Warnaby).

Stig A. Nohrstedt has a PhD in Political Science (University of Uppsala, Sweden) and is currently Professor of Media and Communication at Örebro University, Sweden. Nohrstedt has published several books and contributed papers to a number of international journals and conferences, particularly in the field of risk and crisis communications. Books published include: *Tredje*

världen i nyheterna (News Coverage of the Third World); En nyhetsdag (A Newsday); Journalistikens etiska problem (The Ethical Problem of Journalism) with Mats Ekström; *'Det ser verkligen illa ut . . .'* (*It really looks serious . . .*): *Communication problems in connection with the ferry Estonia's disaster*) with Larsåke Larsson; and *Journalism in the New World Order* (forthcoming, with Rune Ottosen); *Risker, kommunikation och medier (Risks, Communication and Media)*, with Rolf Lidsg and Lars-Erik Warg.

Sandra Oliver is Founding Editor of *Corporate Communication International Research Journal* and Chair of the Committee for Relations with International Bodies, which includes the United Nations, at the International Public Relations Association. Based at Thames Valley University, London, Oliver is a Director of Studies and chairs the International Network for Corporate Communication Studies (INCCS), whose electronic research register went live in January 2001. Her current research activity is in the specialist area of communication measurement using eye movement/tracking techniques for web design, reading and analysis. She writes and lectures extensively and is the author of *Corporate Communication: Principles, Techniques and Strategies* (1997) and *Strategic Public Relations: A Corporate Communication Management Perspective* (2000). Oliver worked at the HQ of three multinational corporations and on regional and national newspapers before entering academia. She served on the UK's Institute of Public Relations Education Committee, on a British Government Commission, and is a Fellow of the Royal Society of Arts and an external examiner for numerous university programmes and on advisory panels, both in the UK and the USA.

Darinka Pek-Drupal was a project director. She holds a B.Sc degree in Biology and works as a public relations consultant for Pristop Communications, Slovenia. Her specialization is consultancy in the field of environmental communication.

Jo Petherbridge joined BBC Television as a publicist in 1991 after spending nine years as a newspaper journalist. Initially working on science programmes, she was promoted to head publicity for all BBC factual programming in the UK. She left the BBC in 1997 to move to the USA and was quickly approached to work on the launch of the new cable channel BBC America. She was appointed Vice-President, Communications for BBC America in 1998. Petherbridge was born in Birmingham, England, and educated at Hull University where she gained a BA Hons in English Literature.

Adam Roscoe trained on and later edited local papers in North West England before a period as a freelance journalist. During thirteen years in public relations consultancy, he was a director of Shandwick-owned hi-tech consultancy, Fowlers; MD of Hill and Knowlton in Manchester, where he was also a member of the firm's European crisis practice; and MD of Euro

RSCG-owned GTPR. Roscoe joined ICI in 1999 as Head of Communications at its Chlor-Chemicals business. A member of the IPR, he was External Examiner at the University of Central Lancashire's public relations BA joint honours course and is a member of the professional advisory committee for Manchester Metropolitan University's MA in public relations.

Peggy Simcic Brønn is an Assistant Professor at the Norwegian School of Management in Oslo, Norway, where she teaches corporate and marketing communication as well as organizational and management communication. She did her doctoral work at Henley Management College in the UK. Her thesis looked at the strategic orientation of public relations managers.

Don W. Stacks received his PhD in Communication Studies from the University of Florida. He is currently Professor in the School of Communication at the University of Miami and directs the undergraduate and graduate programmes in Public Relations and Advertising. Stacks, winner of the 1999 Pathfinder Award for Public Relations research, has served as Head of the Association for Education in Journalism and Mass Communication's PR Division, research Chair and research conference Chair of the Public Relations Society of America's Educators' Academy, and as past editor of the *Journal of Applied Communications Research* and the journal *World Communication*. He has served on more than ten editorial boards. Stacks was inducted into the Arthur W. Page Society in 1999. His research and consulting interests include crisis management, corporate communications, research methodologies, and not-for-profit public relations.

Donn Tilson, Associate Professor of Public Relations at the University of Miami's School of Communication, holds a PhD in Public Relations from the University of Stirling, Scotland, the first in Europe to graduate with a doctorate in the field. A member of the Public Relations Society of America's College of Fellows, Tilson is one of only 304 in the USA who have been inducted into PRSA's 'hall of fame'. He has published and lectured internationally on corporate public relations, including as a European University Public Relations Confederation Visiting Scholar at Complutense University in Madrid and Autònoma University in Barcelona. Tilson serves on the editorial board of *Ecquid Novi*, the research journal of the Southern African Communication Association, and is book review co-editor of *Journalism Studies*. He is a participating faculty member of UM's Institute for Cuban and Cuban-American Studies and the Center for Latin American Studies. Prior to joining UM, Tilson served as a public relations manager for BellSouth for sixteen years, directing the company's charitable contributions and educational relations programmes in Florida. In 1999 he was inducted as a Knight of the Equestrian Order of the Holy Sepulchre of Jerusalem, one of the oldest Orders of Chivalry in the world.

Neil Towers is a Business Development Manager and Visiting Lecturer at UMIST. He has worked for fifteen years in different supply chain roles within large multinational businesses and latterly as Director of a consultancy business supplying operations management services to SMEs. Towers concentrates on research relating to the relationship between marketing opportunities and operational controls, which has now developed into PhD research. He is also a Visiting Lecturer at Manchester Business School.

Dejan Vercic is a partner in Pristop Communications, was a member of the project team and acted as its Research Director. He holds a BSc degree in Political Science and an MSc degree in Communication Science from the University of Ljubljana and is currently a doctoral student in the Social and Organizational Psychology programme at the London School of Economics and Political Science.

Gary Warnaby is a Senior Lecturer at Salford University. He teaches and researches in the areas of retail strategy, public relations strategy and the marketing of place. He has presented papers at a number of international conferences and has published articles in a wide range of academic and professional journals as well as contributing chapters to several books in both the retailing and public relations fields.

Jon White is a consultant specialising in management and organisation development, public affairs and public relations management. He has worked in public and private sector organizations in the United Kingdom, the United States and Canada, for clients such as Shell, Lloyd's of London, British Airways and Motorola. He is a Visiting Professor in Public Affairs at City University Business School, London, and USI Lugano, Switzerland. He holds a doctorate in psychology from the London School of Economics and Political Science, where he also teaches corporate communications.

John Williams started in communications as a graduate trainee at the J. Walter Thompson advertising agency in 1975 and worked for more than eleven years with a wide range of clients and brands including Rowntree Mackintosh, Brooke Bond Oxo and Nestlé on accounts ranging from Yorkie to the *Guardian*. He joined the corporate and financial communications company Valin Pollen in 1986, becoming Head of Research and Planning and Assistant Managing Director. He was a co-founder of Fishburn Hedges in 1991. He is now Chairman. Fishburn Hedges is a corporate PR, public affairs and design company, now part of Omnicom. Williams's client work has focused on strategic planning and reputation management. He leads the Shell team and has also worked with a range of major companies including PriceWaterhouseCoopers, J. Sainsbury, Unilever, McDonald's and Sotheby's.

Introduction

Danny Moss and Barbara DeSanto

It is perhaps an over-used truism that the ‘world is becoming smaller place’, at least in terms of international travel and communications. Yet while the world is becoming more accessible to us all, it is increasingly apparent that the world remains an extremely diverse place, not only in terms of language and customs, but also in terms of work practices, educational systems, tastes, technological infrastructure, and cultures.

Equally, from a business perspective, there is a strong argument for global convergence – the growing similarity and integration of markets and consumption patterns – driven largely by the ease, low cost and frequency of international communications, transport and travel, and, of course, the Internet. Yet here again, there is a counter-school of thought which has argued that just because people around the world may wear a Rolex or Swatch, eat Big Macs and drink Coca-Cola, it does not mean that global convergence has arrived. While there are a number of products and brands that are more or less standardised around the world, it is questionable as to whether the manufacturers of these products are globalising their operations to meet the needs of increasingly similar worldwide markets, or simply capitalising on the similarities that have always existed between countries. Here it is important to distinguish in what respects countries remain different. For example, people may be drinking the same soft drinks or eating the same type of fast food, but they may be doing so in different places, at different times of the day, and for different reasons. While the product may be standardised, the cultural norms and values that influence its consumption may be quite diverse.

Hence, to operate successfully on a global scale requires acute sensitivity to cultural diversity that may exist even in countries which on the surface appear broadly similar in terms of economic development, consumption patterns, or political systems. Thus within the European Union, countries may be converging in terms of many of the fundamental economic indicators, but remain very different in terms of their cultures and traditional values. For example, there are marked differences among European countries in terms of the foods they consume, attitudes towards family and work, conceptions of time, and patterns of leisure – all of which may have profound implications for anyone seeking to develop a pan-European marketing or public relations programme.

Similarly, multinational companies, such as Sony, Ford, Glaxo-Wellcome, Coca-Cola and Unilever, that operate and market their products globally need to be sensitive to cultural diversity within their own workforces. While such companies may adhere to a fundamental set of operating principles, how these are applied in practice may require adaptation to reflect the differing national values and customs found across the world. Indeed, a failure to do so can result in some embarrassing and potentially damaging cultural *faux pas* as Ford found during the 1990s when it was found to have retouched a photograph featuring five workers from its Dagenham plant in the UK which was used in an advertisement in Poland. In the photograph used in the advertisement, the coloured faces among the group of workers were replaced with white faces. The reason for this action, according to Ford, was that Poles are not used to seeing people from non-white ethnic groups among the workforce and it wanted to adapt the advertisement to suit local tastes. Unfortunately for Ford, when the photograph was re-used in England, the Polish version of the photograph was used by mistake. When the workers at Dagenham recognised what had happened, they all walked out in protest. Ford apologised for the error and sent the workers in question a cheque for £1,500, blaming the mistake on its advertising agency. The incident resulted in embarrassing coverage for Ford throughout the media provoking headlines such as 'Any colour you want as long as its not black' which parodied the slogan associated with the early era of Ford's mass production of the model 'T' motorcar. The incident illustrates what a potential minefield the pursuit of cultural and political correctness can be for organisations.

The need for sensitivity to cultural diversity applies not only at the country or regional level; wide variations in culture can also exist between regions within individual countries. Thus, for example, there are quite obvious differences in tastes and values among the populations of many of the Southern states in the United States and those of the Mid-west and Northern states. Similarly, people living in the North West and North East of Britain have different tastes and lifestyles to those living predominantly in the South East of the country. Equally, population migration and the influx of ethnic groups into many parts of the USA and Europe have resulted in a multicultural society. This trend has created its own tensions, particularly as many ethnic minority groups have tended to congregate in particular areas, creating ethnic enclaves which are often isolated in many ways from the mainstream indigenous population of the country in terms of their cultural norms, values and lifestyles. Such ethnic groups can represent a significant proportion of the population and, as such, are recognised as increasingly important audiences not only for consumer goods manufacturers, but also for political parties, government agencies and educational institutions. Finding ways to communicate effectively with such ethnic and social groups involves more than the correct use of language and dialect, but also requires a sensitive understanding of cultural mores, patterns of media consumption, and opinion leader influences. It is here public relations practitioners are likely to be asked to play an increasingly

important role in adapting communications to suit the needs of what is becoming an increasingly diverse population in many parts of the world.

Notwithstanding the continued debate between those advocating the 'global convergence' or 'international diversity' approach to international business, there is little disputing the rapid growth in demand for many types of products and brands throughout the world. Just think what life would be like in many countries without Japanese electronics, French cuisine, or international tourism and travel! People throughout the world instantly recognise and demand Coca-Cola, Mercedes, BMW, McDonald's, Bacardi, British Airways and other major brands. Yet the way many of these so-called 'global brands' are marketed and distributed as well as what they symbolise for consumers may vary in different parts of the world. Equally, one must remember that for people in many parts of the world, acquiring such brands remains, at best, merely a 'pipe dream'.

Undoubtedly one of the key drivers in uniting societies and creating international markets for products and brands has been the rapid advances in communications technology, transport and travel. Similarly, the growth of international merger activity has led to the creation of huge multinational corporations that often operate on a global scale employing people from many different countries who may often migrate between offices around the world. However, it is important to recognise that the world of business does not only comprise these massive global corporations. Indeed, even in the most developed economies, the vast majority of enterprises remain relatively small, often employing fewer than ten people and, in many cases, operating on a purely local scale. Yet even here, the growth of internationalism may reach out and impinge on the operation of these small and medium-sized enterprises, as companies of all sizes take advantage of the opportunities for international trade that technological advances and lower transport costs have created. This growth of international and global trading in many markets has created increasing opportunities and demand for public relations to play a part in developing and supporting the expansion of international business operations, whether this be in terms of educating new markets about products and services, helping to unify culturally diverse workforces, or raising the profile and understanding of corporations as they expand into previously unfamiliar territories.

Indeed, the growth of international corporations has been paralleled by the growth of large international public relations consultancy groups or agencies such as Shandwick, Hill & Knowlton, Burson Marsteller and Worldcom, which have grown to service the needs of an increasingly important international business sector. Here, for example, David Drobis, senior partner and chief executive officer of Ketchum Public Relations, pointed out that the US Department of Labor predicts public relations jobs will grow 60 per cent by 2004, the third highest growth rate of all us industries. The top twenty-five public relations firms, of which the top ten are international entities, generate more than \$1.7 billion annually.¹ While the larger international public

relations consultancies tend to dominate the market for international public relations support, it is important to recognise that the industry worldwide remains one that is populated by numerous relatively small consultancies. Even large client organisations may prefer to use the services of relatively small local consultants in the various countries in which they operate because of their perceived greater local knowledge and contacts. Equally, some organisations may prefer to use their own in-house staff to devise and implement their public relations strategies, rather than employing external consultants. In such cases, organisations may choose to rely on local public relations teams to implement international campaigns, rather than attempting to devise and control the strategy centrally. This preference for local consultants or local in-house staff often reflects the belief that local expertise and knowledge are often the essential component to ensure the effective development and implementation of communications strategies, even if the overall goals and broad thrust of the strategy are determined centrally.

International public relations practice

The practice of public relations has developed significantly, particularly in western countries, from its post-World War II technical and media relations roots into a more sophisticated (although sometimes misunderstood) function that is recognised as an integral part of all organisational efforts to communicate with groups of people ranging from the media to employees. However, it would be wrong to suggest that such a view of public relations exists in all countries and organisations, even within the more developed parts of the world. Within Europe, for example, there are marked differences in the way public relations is understood and practised. In Greece and Spain, public relations still tends to be seen as a predominantly media relations or publicity function, and is often treated as part of the marketing function. In France there is no direct equivalent term for ‘public relations’, at least in the sense that it is understood in English-speaking countries. Of course, it is not only organisations in the so-called well-developed economies that employ public relations. Newly created republics and democracies all have their own variations of public relations practice, fashioned by their particular culture, and economic, media and socio-political infrastructures. While perhaps not always recognised formally as a public relations function, organisations, governments and corporations in such countries often rely on communications to help them develop and achieve their local and international goals. Moreover, as organisations and countries become more intertwined and interdependent, arguably public relations will be accepted as an increasingly essential element in making these alliances and partnerships work.

Thus, while public relations can be found in various guises in countries throughout the world, it is probably true to say that modern-day public relations practice as it is understood in western society is very much Anglo-Saxon concept that has been taken up, or in some cases, ‘exported’ to other countries

by US and UK multinational corporations, consultancy groups and educators. Moreover, if one examines the increasing number of public relations courses being taught in both English and non-English-speaking countries in recent years, it is generally the case that most of the textbooks that are used are largely of US or UK origin. However, while the 'model' of public relations being taught on many of these courses appears to be essentially the Anglo-Saxon model, the practice of public relations in many of these countries often remains relatively unsophisticated, consisting largely of publicity and media relations activities. This emphasis may reflect the still limited understanding and expectations of the function that often exists among indigenous corporate and public sector organisations

Global principles of public relations

However the practice of public relations is officially defined or perceived, several major themes underlie successful practice, wherever it occurs in the world. Research, strategic planning, effective selection of communication tools and evaluation of programmes carried out are core elements of all successful programmes, whether it is in South Africa or North America. While few might dispute the importance of such elements of any successful public relations/communications programme, they are not in themselves defining characteristics of public relations practice.

Researchers such as Sriramesh and White (1992), Grunig *et al.* (1995), and Culbertson and Chen (1996) have acknowledged that public relations, as it is understood and practised in many of the more sophisticated and developed countries, is essentially based on the US-model, tempered by lessons drawn from other Anglo-Saxon countries. Yet as Sriramesh *et al.* (1999) have pointed out, public relations may be influenced strongly by the cultural context in which it is practised and is likely to exhibit indigenous characteristics that reflect local or regional social, political, economic and media structures and processes as well as business practices. However, as Sriramesh *et al.* emphasise, relatively few international comparative studies of public relations practice have been conducted, and where such studies have been conducted, they have often sought to test the applicability of US models of public relations in other cultures, rather than adopting a more grounded, ethnographic approach to uncovering whether any indigenous characteristics of public relations exist. Yet despite these methodological limitations, studies of international public relations have revealed some similarities in terms of the basic components of public relations practice, most notably in terms of a strong emphasis on media relations as a core component of public relations practice in most countries studied. However, even here, significant differences have been found in the way practitioners approach managing their relationships with the media. For example, in parts of China it is not uncommon for practitioners to pay for press releases to be printed in the media, and in Japan the 'press club' system requires a

strong emphasis on cultivating and developing strong personal relationships with key journalists within the relevant press clubs.

What does this albeit limited research tell us about the existence of any generic or global principles of public relations practice? Perhaps the obvious conclusion that can be drawn is that no universal set of global principles of public relations practice seems to exist. However, there appear to be some obvious areas of commonality, such as a strong recognition that public relations is concerned with the task of building and maintaining relationships between organisations and their publics. There are undoubtedly a growing number of pressures at work that are bringing about a degree of convergence in public relations practices, not the least being the growth of international trading, merger activity, international media channels and the emergence of increasingly powerful global corporations. Such pressures, together with the growth internationally of public relations education, are helping to create an international understanding of what constitutes best practice in public relations. Here, it is the large global corporations and their consultants that have led the way in adopting such practices. Yet as many of the larger global businesses have recognised, to be successful, global strategies must always be tempered by a concern to adapt to local trading conditions, societal cultures and economic and political infrastructures. If public relations is to be effective on a global scale, such concerns will undoubtedly be the hallmark of any successful programme.

Moreover, there is little doubt that, internationally, the public relations profession is on a strong growth path, not the least in the developing countries. This trend is evidenced in the increasing presence and role of international public relations organisations such as IPRA (International Public Relations Association) and CERP (European Confederation of Public Relations), and, at the local level, national bodies such as the PRSNZ (Public Relations Society of New Zealand). There are currently more than 150 national and regional public relations societies with more than 137,000 members. Significantly, the president of the China International Public Relations Association has reported that in China alone there are 100,000 practitioners and more than 450,000 future practitioners studying public relations in various types of schools.²

Thus, one of the key challenges for practitioners and students of public relations as we begin the new millennium will be to become more conversant with how public relations is understood and practised around the world. Undoubtedly, as we move into a new era of more rapid and far-reaching communications, with firms increasingly looking to exploit international trading opportunities, it is likely that practitioners may be called upon to help develop communications programmes that span international boundaries, or in some cases, reach out around the globe. Here an understanding of how public relations may need to be adapted to suit local conditions will be essential. Equally, if programmes are to be developed effectively on a global scale, it will be essential to understand what will and will not work in different contexts.

This book sets out to contribute to a better understanding of how public relations is being practised in different countries around the world. The cases in this book illustrate the rich diversity, yet areas of commonality, in public relations practice as we work in the new millennium. Through a careful study of the cases the reader will gain insights into the breadth and variety of public relations practice in different countries and contexts, while at the same time observing the similarities of best practice amidst quite diverse scenarios and contexts. As this collection of case studies illustrates, public relations has become a global phenomena, although practices may vary in their emphasis and application around the world. As cases such as the Shell global reputation campaign in Case 1 illustrate, public relations can be deployed effectively on a global scale providing practitioners pay careful attention to local differences such as socio-cultural values and media structures. Thus, when managed effectively, public relations can have a genuine global reach, changing the perceptions and influencing the behaviour of what may be quite disparate populations.

The cases in this book also demonstrate the growing maturity of the practice. Public relations is much more than just garnering publicity or getting one's name in print or on television. Effective public relations practitioners around the world understand the value and consistent use of research to understand situations and assess the perceptions and beliefs of relevant publics, so that their efforts are consistent with the target public's knowledge and perceptions of the organisations and issues. Effective practitioners also develop strategic plans grounded in their research, which leads to targeted objectives that, in best practice, serve the interests of all publics involved. Communication is then developed and carried out according to a well-thought-out plan, rather than a haphazard, *ad hoc* reaction to outside events. The crisis cases in this book demonstrate that even where circumstances necessitate a reactive response to unexpected and uncontrolled events, effective practitioners are thinking ahead of how to turn reactive, relatively short-term challenges into proactive, long-term communication opportunities.

Furthermore, these case studies demonstrate the growing maturity of public relations practice internationally in terms of a clear management focus in the programmes undertaken. Best practice cannot be achieved without public relations operating as part of the management team, contributing to management decision-making. The cases in this book demonstrate the contributions public relations can make to the overall business, social, political and economic objectives of the organisations in question. Simply implementing the plans of other managers not trained in the importance of communication ignores, often to the detriment of the organisation, the critical role that communication can play in achieving an organisation's objectives. While such managerial involvement may not be the case universally as far as public relations is concerned, these cases do point the way forward to how public relations can be practised more effectively.

Perhaps one of the most important lessons to be learned from the cases in

this book is the multi-disciplinary and multi-faceted qualities of public relations practice. From corporate reorganisation to employee communication to product and service support, public relations can play a key role in developing the long-term environments in which relationships between key publics can develop and flourish. Nowadays organisations of all complexions are recognising the value of developing long-term relationships with customers and other stakeholders and have realised the folly and cost of relying on 'fair-weather friends' whose support may evaporate when the 'going gets tough'. Investing in long-term relationship building is, in effect, an essential insurance policy that can 'pay dividends' when organisations find themselves under fire and have to confront issues that may threaten their long-term survival.

Again, as many of the cases illustrate, one of the key tenets of effective public relations practice is that practitioners should operate as an organisation's 'antenna', constantly scanning the organisation's environment and alerting management to new threats and opportunities, and helping frame appropriate responses to emerging issues. Here practitioners can only function effectively if they are taken seriously by management and their advice is listened to by key decision-makers.

While studies of international public relations have failed to find evidence of the widespread practice of the type of two-way symmetrical public relations advocated by Grunig *et al.* (1992), there appears to be a strong recognition in many countries of the importance of negotiation and dialogue, even though the underlying aim of such activity may often be more asymmetrical than genuinely symmetrical. As Sriramesh *et al.* (1999) have suggested, public relations practice needs to be understood in the context of the cultural climate in which practitioners operate, and they call for further case studies of how organisations in different countries use public relations to solve organisational problems. In this respect, this book will hopefully add to our understanding of the differences and similarities in public relations practice in the international context, and hence may contribute to improving the effectiveness of the public relations internationally by highlighting examples of best practice from around the world.

Notes

- 1 David Drobis, *Still Young at 75*, speech delivered to the University of South Carolina, 7 October 1998.
- 2 Dennis L. Wilcox, Phillip H. Ault, Warren K. Agree and Glen T. Cameron (2000) *Public Relations Strategies and Tactics*, 6th edn, New York: Longman, 2.

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Case 1 Shell

Managing a corporate reputation globally

Tom Henderson and John Williams

Introduction

Shell is one of the world's largest businesses. It is principally involved in the exploration, production, refining and marketing of oil and gas products, but it also has a substantial chemicals business and a stand-alone division developing renewable energy sources. Shell is the most recognised and valued fuel brand in the world. The Royal Dutch/Shell Group of Companies is the second largest oil company and the second largest private gas company in the world. The Group operates in 140 countries and had gross sales proceeds in 1999 of \$150bn.

The Shell Group is nearly 100 years old and has had a long tradition of social responsibility and community investment. Nevertheless, like most major companies, it had to move quickly to respond to the rapid changes in stakeholders' expectations of multinationals in the 1980s and early 1990s. It had codified its operating principles into a formal 'Statement of General Business Principles' in 1976 and had invested much in raising standards of environmental compliance, for example, exceeding its own internal target to reduce greenhouse gas emissions by 10 per cent below 1990 levels by 2002, in itself double the Kyoto target.

Because of the remote nature of much oil and gas exploration and the breadth of the Group's operations, Shell had traditionally operated a very devolved structure, with much power vested in individual country operations, close to activities, partners and customers. This began to change in the early 1990s when, after a major strategic review, the Group was reorganised into five global businesses: Exploration and Production, Oil Products (refining and marketing), Gas and Power, Chemicals and Renewables.

1995: Brent Spar and Nigeria

Nevertheless, in 1995 the culture of the Group was still very localised and this had a significant impact on the response to the two corporate crises Shell faced that year, Brent Spar and Nigeria, which proved a watershed in the Group's history. It is not the purpose of this chapter to retell the story of these events, but the issues involved are outlined below.

The first was over the disposal of the oil storage platform, 'Brent Spar', located in the North Sea. After exhaustive scientific analysis and wide consultation with experts, Shell proposed to sink the platform in deep water in the Atlantic, rather than attempt a potentially more environmentally damaging salvage operation. The plan spurred one of the most high profile environmental protest campaigns ever, led by Greenpeace, who at one stage boarded the oil platform. Protests spread to Europe, where the impact was greatest in The Netherlands and Germany. Boycotts were called and retail petrol sales in some countries fell dramatically in the short term. A petrol station in Germany was fire bombed. The immediate result was that Shell did not proceed with its plans for sinking the vessel. Instead, extensive consultation was re-started and the Brent Spar has now been dismantled, and is being recycled, in part as elements of a new roll-on, roll-off ship quay in Norway.

In the same year, Shell faced the biggest challenge in its long involvement with Nigeria. Nigeria is one of the world's largest oil producers and Shell, in a joint venture with the Nigerian government, is the country's biggest private producer. Oil is vital for the Nigerian economy, providing over 90 per cent of foreign earnings. Most of Nigeria's oil is produced in the Niger delta, a poor area traditionally neglected by the changing government regimes and disrupted by tribal rivalries. Within one such tribe, the Ogonis, a protest movement sprang up, led by Ken Saro-Wiwa, a writer and intellectual. After a long period of protests and local disturbances, Ken Saro-Wiwa and eight fellow Ogonis were arrested by the Nigerian government, accused of murdering fellow Ogoni tribal leaders, and eventually hanged, in November 1995. There was widespread criticism and condemnation of this action around the world, especially in the West. Nigeria was expelled from the Commonwealth. As part of this protest, Shell was accused of different levels of complicity and collusion, or simply failing to use its position in the country to prevent the executions. Whatever the arguments, it left many observers in the West blaming Shell for the executions.

The impact on Shell: creating a recovery strategy

The extent of the worldwide criticism had a traumatic impact on Shell, which as a Group prided itself on its values, decency and commitment to act responsibly. It also had the practical impact of taking up a huge amount of management time and attention, and distracted the Group from its normal operations. Shell's immediate response was to admit, to itself and publicly, that, whatever the merits of how it had handled the situation in each case, it had not anticipated the impact of the events and the response of many of its stakeholders. John Jennings, then Chairman of Shell Transport and Trading, wrote in 1996:

The events of the past year demonstrated the degree of complexity in the multinational operations of Group companies and the need to gain

broader understanding and acceptance of their activities. This is, in effect, the Group's licence to operate.

We learned in 1995 that we need to have greater external focus if we are to create a better acceptance of the Group's business among varied audiences. Group companies must consult, inform and communicate better with the public.

(Shell Annual Report)

Shell recognised that reputation management was something that was now a global issue – both the previously mentioned events had impact in parts of the world far removed from where they took place.

Thus, the Group, led from the top by its then Chairman, Cor Herkstroter, embarked on a process to understand better the Group's stakeholders, their attitudes and needs, and then use that information to develop a fresh strategy to respond.

Society's Changing Expectations programme

That process was called Society's Changing Expectations and it was far more than a conventional research exercise. The study combined market research among general publics, among special publics (Shell's term for opinion-formers and those with a special stake in Shell's business) and also among Shell managers; a review of 60 existing research programmes in 21 countries; intensive interviews and analysis with 44 senior Shell executives; consultation with graduate recruiters about the views of young people; a benchmarking survey of practices in 23 peer companies; and 'round table' meetings in 14 countries where, altogether, 159 Shell executives came face-to-face with 145 representatives of special public groups.

The Society's Changing Expectations programme was not just research, but new communication with external audiences, a start of a process of culture change in the traditionally rather introspective and self-contained Shell 'world', and in itself a symbol of change to the outside world. The roundtables in particular were an innovation. Many Shell managers for the first time found themselves face-to-face with their critics, hearing some tough opinions of Shell and having to defend themselves.

One of the elements of the programme most influential on developing Shell's communications strategy going forward was a global reputation survey conducted by MORI. Its aim was to establish baselines of key expectations towards Shell; Shell's position versus other companies; criteria for judging companies' performance and reputation; and a detailed analysis of Shell's current image. The research covered 7,551 interviews with members of the general public in 10 countries; 1,288 interviews with special publics in 25 countries, ranging from academics and investment fund managers to pressure groups, representatives of non-governmental organisations and journalists; and 583 questionnaires to senior Shell managers from 55 countries.

The Society's Changing Expectations programme ran from late 1996 to the end of 1997. It reported back to the Shell Group Leadership Meeting in November 1997, a regular gathering of the Shell Group's 100 top executives. The study as a whole highlighted some fundamental strengths and weaknesses. Shell was recognised for its fine, high quality products, its huge technological expertise, the calibre of its people and its financial strength. However, the Group was seen as remote and arrogant, operating in a somewhat menacing industry faced with a variety of difficult issues; staff morale was seen to be faltering and the Anglo-Dutch/Euro-centric orientation of the Group and its culture prevented it from being seen as a truly global company sensitive to global needs.

In summary, Shell was seen as having lost touch with society's increased expectations concerning the behaviour, contribution and accountability of multinational corporations, and the progress that Shell had made was not appreciated. The research helped Shell identify what it called a 'knowledge gap' – a lack of understanding of Shell's values and approach, with specific concern over issues of environmental responsibility and human rights, which can be traced directly to the impact of Brent Spar and Nigeria, although they also reflect generally increased expectations of environmental performance and social responsibility. While Brent Spar and Nigeria did not impact to the same degree in all the countries surveyed, and while Shell's ratings varied by region (being generally higher in developing economies), nevertheless the results provided a clear call to action.

The most potent statistic from the MORI research was the 50/40/10 favourability split, which highlighted the knowledge gap: 50 per cent of the external sample were broadly favourable to Shell, 40 per cent neutral and 10 per cent hostile. (It is a mark of the impact of these issues on Shell people that the Shell managers researched estimated external opposition to be much more negative, about 50 per cent positive and 50 per cent hostile.)

A new strategy

Shell recognised that, to meet and keep pace with society's changing expectations, it was important to strengthen its commitment to its traditional values and improve performance, as well as to communicate both of them better. Shell also had to acknowledge that its stakeholders were now a much wider, more diverse and influential group than before. It had responsibilities that stretched beyond its traditional core of shareholders, customers, business partners and employees. It was this wider group that together granted Shell its 'licence to operate'.

In March 1997, the Committee of Managing Directors, Shell's global management group, revised the Business Principles to include a special commitment to contribute to sustainable development, an approach to resource management that seeks to meet the needs of society today without compromising the scope for future generations to meet their own needs.

Sustainable development requires balancing the financial, environmental and social cost and benefit in the plans and activities of every business. It also requires accommodating the demands of a whole range of stakeholders with different priorities and perspectives. Shell has now instituted a Sustainable Development Management Framework which creates a template to assess all projects and business programmes for their impact on the environment and on local communities as well as for their creation of wealth and return on capital.

The first step in Shell's new relationship with stakeholders was to issue its revised Statement of General Business Principles, first written and published in 1976. To topics ranging from business objectives to an unequivocal ban on bribery, new sections were added on human rights and, as explained above, sustainable development. The need to be open and accountable, to consult, communicate and listen, was enshrined as a core business principle. As part of this process, a greater level of consultation with outside groups was instigated to feed into the process of understanding stakeholder needs and responding to them. The Sustainable Development Management Framework has itself been the subject of considerable consultation.

The next change in Shell's move to greater accountability was the creation of the first *Shell Report*, a report to society covering all areas of company performance: financial, environmental and social. This was the first flagship communication of the Sustainable Development team, and sought through the use of external auditors and consultants (including Price Waterhouse (now PriceWaterhouseCoopers), KPMG and SustainAbility, led by environmental guru John Elkington) to match the independence and authority of financial auditing. The first report was published in May 1998 and the report has become a benchmark for corporate social reporting as well as an invaluable tool for stakeholder briefing, engagement and dialogue.

Shell recognised early on the value of the Internet and created a website, shell.com, in November 1996, offering access to all aspects of the company's performance and communications, including the issues raised and assessed in the *Shell Report*.

Shell also stepped up its issues management resources including an increased level of stakeholder engagement, and extensive training and practice development. Senior Shell executives meet with NGOs on a regular basis, including Greenpeace, Shell's main adversary over the Brent Spar disposal. Shell recognised that the value of stakeholder engagement was not just to close the 'knowledge gap' among special publics but also to learn, from regular engagement, the changing needs and expectations of the world outside Shell and to adapt Shell to meet those needs.

In terms of practice development, the Group added to the Sustainable Development Management Framework, by creating a series of primers (detailed guides) to address key areas of operation, including Human Rights.

Shell has also developed its environmental policy to meet rising concerns about pollution, waste and global warming. Shell supported the outcome of

the 1997 Kyoto Conference on Climate Change, set its own targets for reducing greenhouse gas emissions, withdrew from the Global Climate Coalition (a group of mainly US corporations, oil majors and car manufacturers opposed to the Kyoto targets) and, in early 2000, launched an internal carbon permits trading scheme to help meet Group targets.

Developing a communications strategy

Shell recognised that, to help rebuild its reputation, it needed not only to change some of its policies and practice, but also to be seen to do so. This required, for the first time in the Group's history, a global reputation management programme to 'build, maintain and defend Shell's capital'. The group identified a series of desired stakeholder responses from seven key audiences:

Investors: 'I'd put my last dollar into Shell.'

Customers: 'I'd go out of my way to buy Shell.'

Government: 'Our desired partner.'

Employees and potential employees: 'I'm proud to work for Shell.' 'I'd love to work for Shell if I could.'

The media: 'I'll give Shell the benefit of the doubt.'

NGOs/activists: 'If someone has to do it, better it be Shell.'

The general public: 'You can be sure of Shell.'

Creating an agency brief

The process Shell pursued to turn this strategy into action was unusual. Originally, a proposal was developed to build the programme around a substantial worldwide corporate advertising programme, but after discussion among the brand and public affairs community in Shell, this was rejected. It was felt important that any new communication from Shell had to be put in context, and that internal and key external audiences needed a greater degree of personal communications before any mass media were employed. Shell called this a PR-led approach. It recognised that advertising alone was, though powerful, too blunt a medium to achieve Shell's objectives. What was needed was a programme that could take a variety of messages to a range of audience groups through a spread of different media. Therefore Shell invited pairs of advertising and PR agencies to tender for the brief which was, in short, to help close the knowledge gap around the world about Shell, among its special public audiences.

The client team was part of Shell International and was based in Shell Centre in London, and was originally part of the external affairs department, although later the reporting transferred to the Sustainable Development team. This helped bring those responsible for managing Shell's commitment to sustainable development and reporting it closer to the team

responsible for the separate but overlapping task of managing Shell's corporate communications. The programme was managed by a steering group representing Shell's five global businesses as well as a range of head office roles, including international brand marketing and external affairs.

The agency choice was unconventional. The agencies chosen, J. Walter Thompson, the advertising agency, and the London-based PR agency Fishburn Hedges, had tendered with other partners, but were felt a good match and paired up by Shell. Also, although advertising would be the most visible medium (and more than half the budget), Fishburn Hedges was designated the lead agency, to reflect the PR-led approach.

Developing a strategy

In practice, the agencies and client have worked as equal partners and the strategy and programme developed reflects a unified approach.

In developing the original brief into a full strategy, the following 'strategy principles' were agreed that have guided the whole programme:

- 1 *The key target audience should be special publics:* While reputation management ultimately impacts on the bottom line through consumers and business audiences, it is opinion-formers that grant the licence to operate and often set the tone for how the general public hears about and assesses companies. The goodwill of customer audiences could be disproportionately affected by an adverse reputation among special publics. Shell went further and recognised that special publics were not a homogeneous group, but represented different perspectives and expectations from a corporation. It identified three groups:
 - (a) those with a *commercial interest* such as investors, business partners and governments receiving tax revenues;
 - (b) those who represent a *public interest*, such as lobby groups, NGOs, politicians and the media;
 - (c) those with a *personal interest*: employees and their families, future employees, and past employees and pensioners.
 This analysis informed the development of targeting and messages.
- 2 *The corporate reputation strategy should address all elements of Shell's reputation, and this requires a PR-led approach:* This confirmed Shell's initial instincts. It was important that the communications strategy developed was an umbrella for all of Shell's corporate communications and did not simply address social issues such as environmental responsibility or human rights. It was crucial that messages about sustainable development were consistent with all other messages coming out of the organisation from whatever source to whatever audience.
- 3 *'Globalisation' of special publics needs a global strategy, but adapted to local needs and delivery. It must be Centre-led but Operating Unit delivered:* Shell's experiences in a world of instant global news transmission, what

they call the ‘CNN World’, emphasised that it was impractical to have different strategies and messages in different parts of the world. The strategy needed to be devised and delivered from the centre. Yet while it is possible to create and place a worldwide advertising campaign from one office, PR delivery requires local engagement and the support of local Shell country operations (Operating Units). Their support and endorsement were crucial to success.

- 4 *Credible engagement requires an adult-to-adult approach:* Tone of voice was considered of critical importance. Traditional corporate advertising tended to have a rather patronising and self-congratulatory approach, talking down to audiences. This ‘trust me’ stance was no longer valid in what Shell identified as a ‘show me’ society. However, the other extreme, of taking a self-critical, apologetic, ‘big corporations have got it all wrong’ approach was considered equally inappropriate. The balance was to take a mature and even-handed approach with all audiences.
- 5 *Strategy is not just about closing the ‘knowledge gap’ but also the ‘values gap’ – Shell has to engage both head and heart:* It was agreed that facts alone would not win the Shell case. The traditional relationship between familiarity and favourability, which shows a high correlation between an audience’s knowledge of a company and its positive opinions towards it, was breaking down. Some audiences are generally critical of global corporations, whatever their level of knowledge. What was also important was to convey Shell’s values and close the gap in attitudes and approach, not just knowledge.
- 6 *The need to balance messages for the short term and long term:* Shell was planning this reputation programme during a period of immense financial pressure on the Group. Oil prices had dropped dramatically and the Group’s margins and return on capital were well down and below the targets the Group had set for itself. The financial community was looking for swift action. Yet at the same time, messages about Shell’s commitment to social responsibility and environmental protection inevitably took a longer view and promised results over a longer time horizon. Thus it was clear that Shell’s overall communications needed to balance addressing the short-term financial needs with tackling the longer-term issues the Group and the industry faced.

Some crucial thinking – creating a reputation management framework

The success of the programme was rooted in taking a holistic approach to planning the communications. While Shell may have five businesses operating in 140 countries, to the outside world, it is just one brand. As Shell people put it, ‘Shell is Shell is Shell’. While the project team would not be responsible for all Shell’s communications with its stakeholders, it had to ensure that there was one overarching strategy that provided a framework for

all communications activities. Shell also recognised that its reputation was driven as much by its actions and culture as by its communications, and that the impact on reputation needed to be a factor in all corporate activity.

The team developed a reputation management framework (see Figure 1.1) that identified three campaign strands that addressed different needs and issues:

- 1 *The Business Transformation* campaign recognised that Shell needed to continue to communicate, especially to the financial community and to its peers, that it was turning the business around, addressing the short-term cost pressures and was getting back on plan to meet its return on capital targets. This strand was led, outside the reputation management team, by the leadership of the Group and the investor relations team.
- 2 The second strand was the *Profits and Principles* campaign, which raised some of the issues faced by Shell in the way it conducted its business and invited debate on the dilemmas involved, based on the issues set out in the first *Shell Report*, entitled *Profits and Principles: Does There Have to Be a Choice?*, which was launched in May 1998 to audit and evaluate Shell’s progress on the road to sustainable development. The choice of topics was also very much led by the concerns and priorities of outside stakeholders.

The third strand was called the ‘*Living the values*’ campaign and was based on the need to offer proof that that the Group really was living the values it had embraced through its Business Principles and that the organisation’s activities and actions were in line with its commitments.

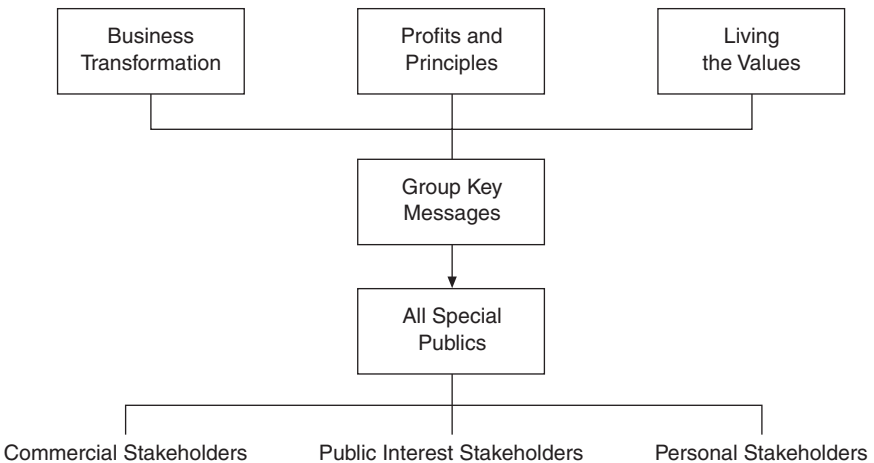


Figure 1.1 The reputation management framework.

The programme: benchmarking research

The external launch of the programme was scheduled for March 1999. Ahead of that, a benchmark phase of tracking research was conducted among global special publics covering six key target groups:

- the investment community;
- NGOs and IGOs;
- the media;
- government and politicians;
- corporate peers;
- academics and business gurus.

These were recruited worldwide, not through regional or country quotas but by a set of global criteria created by the research company, BPRI, including speaking at conferences or to the media, having papers published or articles written, and travelling abroad on business.

The benchmark research confirmed Shell's existing reputation among this group. The headline favourability figure of 49 per cent favourable, 37 per cent neutral and 14 per cent unfavourable was similar to, if a little more negative than, the 1997 figure of 50/40/10. The research also identified the main criteria by which each sub-group evaluated and rated major corporations. Selecting from a choice of twenty-six, collectively the sample listed as their top five criteria:

- integrity;
- commitment to sustainable development;
- well managed;
- transparent and accountable;
- financial success.

Inevitably, there was some variance in priorities between, for example, NGOs, who put emphasis on integrity and sustainable development, and investors who rated management and financial performance highly.

The internal programme

Before the campaign could be made public, an internal system of cascade briefing had to take place: in order to recruit local support from the external affairs and marketing community, to win senior manager endorsement, to explain to employees the rationale at a time of tough cost pressures, and through the campaign, to turn Shell people into ambassadors for the Group among their family and friends.

Regional workshops were held on each main continent for external affairs and brand executives, to brief them on the strategy, receive input and comment and make any changes necessary before launch.

Ahead of the launch, full briefing packs were sent out, and features appeared in Shell's main internal news media, *Shell World*, its global magazine, and Shell Business Television, its satellite television channel. Template articles were also written to feature in the internal magazines of country operations and each global business.

The external programme

It is perhaps an irony of this PR-led programme that the central component is, in fact, an advertising campaign, which accounts for over half the budget and represents the most visible element of the programme. But the advertising was designed very much as a PR tool, to encourage adult-to-adult dialogue, and to position itself as far as possible from traditional self-congratulatory corporate advertising. Its role was to allow Shell to reach out beyond its existing special public relationships to a far wider group of people, to ensure there was a genuinely global reach for the campaign, and also to use the medium to challenge and stimulate a response.

The schedule began with eight press advertisements, each of which took an issue from Shell's first report to society, *Profits and Principles: does there have to be a choice?*, usually referred to simply as 'the *Shell Report*'. The issues included responsible exploration and production in environmentally sensitive regions, investment in renewable sources of energy, climate change and global warming, community investment and human rights (see Figure 1.2). Each subject set out the dilemmas for Shell in addressing each area, and balanced this with the approach that Shell was taking. The invitation to dialogue was reinforced through a special website address leading straight to a micro-site on shell.com expanding on the issues, as well as an email address and postal address to write to Shell.

To reach the target audience of special publics around the world in the most efficient and cost-effective way, the media schedule was made up of international magazines and newspapers including *Time*, *Newsweek*, *National Geographic*, *The Wall Street Journal* and *The Economist*.

A key objective of the PR-led approach was that Shell's closest audiences among special publics – those that it engaged directly or indirectly over the course of a year – should have prior knowledge of the advertising element of the campaign and not see it cold and without context. This was intended to ensure the programme was not characterised solely as a corporate advertising campaign and that the rationale behind the programme was understood.

Therefore, a 'campaign guide' was produced in the form of two booklets, called 'Listening and Responding'. One, subtitled 'dialogue with our stakeholders', set out the background and thinking, going back to the Society's Changing Expectations research. The other carried all eight press advertisements and an explanation for each. These were mailed to all Shell's existing contacts from its two European headquarters and the booklets were made available for local printing and translation to each country Operating Unit.

PROTECT ENDANGERED SPECIES

OR BECOME ONE?



PROFITS & PRINCIPLES... IS THERE A CHOICE?



In the attempt to satisfy the world's ever-increasing demand for energy, it's easy for companies to overlook the importance of plants and animals. But ignoring endangered species can be very costly. Lasting environmental damage and public outrage are the real business consequences of forgetting the small and vulnerable.

Shell works hard to discover new sources of energy. But, we also work hard to see the world doesn't suffer in the process. If we're exploring for oil and gas reserves in environmentally sensitive regions, we consult widely with the different local and global interest groups to ensure that bio-diversity in each location is preserved. We're also trying to encourage these bodies to stay involved throughout the process and monitor our progress so that, together, we can review and improve the ways in which we work. It's all part of our commitment to sustainable development, balancing economic progress with environmental care and social responsibility. Because we believe that, even when times are tough, supporting the best interests of the world is in our own best interest.

[Each Shell company is a separate and distinct entity. In this advertisement, the words "Shell", "we", "us" and "our" refer, in some places, to the Royal Dutch/Shell Group as a whole, and in others to an individual Shell company or companies, where no useful purpose is served by identifying the specific company or companies.]

WE WELCOME YOUR INPUT. CONTACT US ON THE INTERNET AT WWW.SHELL.COM/PROTECT OR EMAIL US AT TELL-SHELL@SHELL.COM OR WRITE TO US AT: THE PROFITS & PRINCIPLES DEBATE, SHELL INTERNATIONAL LTD, SHELL CENTRE, LONDON SE1 7NA, UK.

Figure 1.2 Shell: Protect endangered species.

At the launch, a full press pack was prepared, which was distributed electronically to the Operating Units for local use, and in London a press conference was held to allow the maximum opportunity to explain the full context of the campaign face-to-face. The press conference was fronted by both the communications team from Shell Centre and the author of the *Shell Report* to make an overt link to Shell's sustainable development programme.

The shell.com website was recognised from the start as a crucial tool of education, engagement and dialogue. All communications used the shell.com address to drive people to the website. As explained earlier, a URL address direct to the microsite was featured in the press advertising that took the surfer directly into more detail on the issues raised in the advertising. The microsite allowed users to move into the main shell.com site, join a discussion forum about the issues or email Shell Centre directly. A team of issues experts was set up to help handle any queries arising from the advertising. In addition, web advertising was used to increase the traffic to shell.com. A number of banner ads were tested on a variety of general and specialist sites from ft.com and cnn.com to enn.com (environmental news network) and motherjones, a website linked to a radical California-based publication of the same name that was usually critical of big corporations. (Its decision to accept Shell's web advertising was the subject of vigorous debate on its own website.)

To extend the reach of the advertisements further, added value was sought from the investment made in the press media chosen. This led to the advertising booklet being inserted in international editions of *Newsweek* and *Time* and striking deals to feature the banner advertising on the websites of other media carrying the press advertising.

The relationships developed with the press media led to creating a joint writing prize with *The Economist*, the first such joint marketing activity *The Economist* had undertaken. Called 'The World in 2050 Writing Prize', it has been aimed at opinion-formers across the world, inviting them to submit essays about how the world might develop in the next fifty years and the implications for the public policy decisions to be taken today. The prize has been promoted through advertising, a joint website, magazine inserts, posters for campuses and workplaces, and direct mail. The closing date has not yet been reached at time of writing, but already a large number of enquiries and entries have been received.

Some PR ideas could be devised and planned at the centre but could only be executed by each country operation. These include a series of stakeholder forums where small groups of special publics and members of Shell's management would get together for twenty-four hours to share ideas and debate issues. After a successful pilot in Melbourne, a template was shared with the rest of the Shell country operations, which have set up and run their own local forums.

The *Shell Report* was already established when the reputation campaign

began, but in 2000 a new short form summary report was created with the aim of extending the reach of the main report, which for reasons of thoroughness and authority has to be long and detailed. The summary report has had good take-up including extensive translation, it has been mailed or delivered to all Shell employees in many countries and has been inserted in *Newsweek*, to extend its reach further. This report also offered a link back to shell.com to allow readers to access the full report and wider information about the Group.

The advertising remains a focal point for the campaign. As an extension of the initial issues-based press advertising, three television commercials were devised. The main challenge from the early engagement was to demonstrate that the values and principles that Shell had espoused had been embraced within the Group and were evident in its operations and people. To demonstrate this, three Shell people, each involved with leading edge work, but in themselves not untypical of many other Shell people, were chosen to be featured. The three films featured Frances Abbots-Guardiola, working in exploration in sensitive regions, Damian Miller, working in renewable energy, and Michiel Groeneveld, working on fuel cell technology to develop a virtually emission-free fuel from hydrogen. The TV schedule began six months after the press campaign and has run on international cable and satellite channels, backed by an extension to the shell.com website pages and a local country briefing pack.

Results

The programme is only in its second year, but from the start there was a commitment to continuous monitoring and evaluation. The Shell corporate identity team set four main criteria to judge the success of the programme:

- to achieve general support for the aims and objectives of the programme – to achieve a licence to communicate;
- to achieve a high level of take-up of the PR ideas and materials among Shell's local country operations;
- to encourage a good level of engagement and response to the campaign – dialogue is not possible if audiences merely passively receive and note the communications;
- finally and most crucially, that the key messages were getting through, that the knowledge and values gap was closing, and that attitudes to Shell were starting to change positively.

The initial response to the idea of the campaign was very positive, both internally within Shell and externally. Most evidence was anecdotal, and the best test was an absence of criticism that the move was simply an expensive advertising campaign or 'just PR'. The UK and European media who attended the launch press conference reported the news in a straightforward way and

linked the initiative to the *Shell Report*, which was about to be published for the second time. Headlines from the UK press included:

‘You can be sure of Shell’s efforts to be ethical’

(Independent)

‘Shell in search of profits with principles’

(The Times)

‘Shell wields the axe to clean up its image’

(Daily Telegraph)

The level of take-up by the local Operating Units was also very encouraging. At a time of tough trading conditions in many markets and considerable budget and resource constraints, a majority of the country operations used some of the tools. (Shell Centre did not provide any funding for local operations, only articles, artwork and templates, and copies of material.)

Nearly all Operating Units created some form of internal management briefing and cascade to staff, using in-house publications and team briefings. Some thirty-one countries ran articles in their in-house publications. Over fifty major countries sent out the campaign guides to their local stakeholders and to staff. Many issued press releases and seventeen countries adapted the advertising for local use in some form, mostly on a tactical basis. A number held stakeholder forums, including the USA, South Africa, Australia and Ireland.

The level of stakeholder engagement can most easily be quantified by the number of hits and visits to shell.com. As described earlier, all the communications material carried the web address and encouraged special publics to visit the site to read or debate. Although the impact of the reputation programme cannot be isolated, the launch of the campaign did help generate a huge increase in website traffic, from under 4 million hits a month before the campaign launched, to over 9 million hits in the months immediately following. Site visitors increased to over a million a month and their length of stay increased from an average of nine minutes to thirteen. In addition, Shell Centre received hundreds of emails, letters and website postings commenting on the programme, not all positive, but all part of the dialogue.

The most critical test was the shift in attitude. The Shell team was keen to see an immediate impact in the first wave of tracking research among global special publics, which went into the field in October–December 1999, eight months after the start of the programme. Shell’s external advisers counselled that there might not be significant shifts in such a short time. Ahead of the tracking, based on the initial benchmark research, the team agreed fourteen key performance metrics (quantified research measures) and set targets for the programme to achieve. These targets covered key messages and attributes, awareness of elements of the programme and general favourability and advocacy scores.

The results were good. The research showed that the campaign had already reached five of the fourteen metric targets. Shell had improved its rating

significantly on each of its key programme messages. Where there was a shortfall was in the reach and awareness of the campaign – in its early months, the level of impact and engagement was not yet high enough.

The core favourability score had, however, leapt from 49 per cent favourable, 37 per cent neutral and 14 per cent unfavourable, to scores of 67 per cent favourable, 26 per cent neutral and only 7 per cent unfavourable. In addition, positive advocacy (spontaneous or prompted recommendation) increased by 66 per cent and confidence in Shell as the oil company best suited to meet the world's energy needs in 2050 increased by 40 per cent. While not all of this could be attributable to the programme itself (the share price, the price of oil and investor confidence had all improved sharply), nevertheless it was significant that the most positive scores came from those exposed to one or more elements of the programme and that those groups most engaged with the programme – in particular the NGO community – had shown the largest shifts. Also, on most scores Shell had moved further in a positive direction than its major competitors.

The 'licence to communicate' was also firmly established. Over 70 per cent of respondents agreed with the statement about the press advertising 'I think it is a good idea for Shell to communicate in this way' and over 80 per cent agreed for the 'Living the values' television commercials.

Next steps

Reputation management should be a continuous process and indeed this programme, at the time of writing, has been public only fifteen months. Shell's strategy is now to extend the breadth and depth of the programme among special publics. It is negotiating to forge other partnerships with major media and global institutions to promote its messages jointly where there are common agendas. The 'Living the values' television work is being converted into press advertising. The use of the Internet is being extended, with new creative material, and widening the advertising schedule.

A key challenge is to increase the level of local country activity. To promote this, Shell is funding centrally two country tests, to explore if the pump-priming of greater levels of activity, including PR initiatives as well as press and TV advertising, will have the expected impact of accelerating the positive shifts in attitudes found to date, on a local basis. But that is for another study.

Lessons learned

The world remains both global and very local. While the Internet allows one message to reach 200 countries instantly, local attitudes and perspectives still vary. Although it is possible to plan and execute a global advertising campaign from one location, much stakeholder communication is delivered personally through local relations and small-scale engagement, be it a letter or a meeting. This has to be executed locally. Messages and values need to be

applied consistently across the globe; yet each market and region still have different priorities and will respond in different ways.

It is a challenge for any international organisation. There needs to be strong strategic thinking and good coordination from the centre; but also good links and relations with each business and country operation.

The success of the programme to date has been due to a number of factors: a commitment to a high level of research and evaluation, to understand audiences, test ideas and set measurable targets; giving time to consult business and country operations, to win local management support; developing a single strategy and coordinating all activities through one team of client and agencies working closely together; and, crucially, the commitment of the Shell Group leadership to the campaign, led from the top by Chairman Sir Mark Moody-Stuart, who himself initially chaired the steering group that oversaw the creation of this programme.

Finally, Shell feels that a holistic approach to communications has been achieved by the PR-led strategy and has delivered a potentially complex programme of stakeholder engagement and dialogue in a very effective way.

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Profits and Principles: does there have to be a choice?, *The Shell Report* (1998).

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Case 2 Racism – condemn it or condone it

The Commission for Racial Equality's 'personal responsibility' campaign

Adam Roscoe

Introduction

In the spring of 1998 the UK's Commission for Racial Equality (CRE) drew up controversial plans to challenge racism in the UK in order to demonstrate to the public at large and politicians that 'all was not well with race relations in Britain' and that complacency about racism existed.

The CRE was formed in 1976 under the Race Relations Act, is funded by the Home Office and is charged with a number of duties, including:

- to work towards the elimination of racial discrimination and promote equality of opportunity;
- to encourage good relations between people from different racial backgrounds;
- to monitor the way the Race Relations Act is working and recommend improvements and take legal action.

The last of these duties has brought both praise and brickbats – praise from the more liberal members of the public, trade unions and some politicians and criticism from others, mainly the more right-wing media whose tendency is to highlight some of the more 'unusual' legal actions supported by the CRE. There was a period when the CRE's support for Irish nationals working in the UK, whose natural intelligence was criticised on the basis of race, became the object of heavy and vitriolic criticism by newspaper leader writers. They took the opportunity presented by industrial tribunals to reinforce national stereotypes and poke fun at the CRE for being too liberal and 'right-on'. Considered, well-researched journalism on the subject of racism in all media was conspicuous by its absence.

As far as the media was concerned in late 1997 and early 1998 – there was no evidence of 'a racial problem' in the UK – and if there was a problem, it was in the minds of the CRE. The CRE felt differently and away from the media spotlight, commissioned research which sought quantitative and qualitative evidence about the real views and feelings of black, Asian and white people about racism to establish the situation for itself.

Research

In late 1997¹ the research, via an independent company, gathered the views of ordinary people from different racial groups in Britain about the issue of racism. The findings, in summary, showed that most black and Asian respondents stated that from their perspective, racism was still a problem in British society. They felt, though, that there had been changes. The racism of the latter part of the 1990s appeared more subtle, although it was sometimes reported as overt and black people felt most strongly discriminated against.

White respondents showed some positive attitudes towards ethnic minorities, but notably, many of the positive statements from this group indicated a degree of ‘qualification’ in respect of black and Asian communities. Quotes from the research include statements like:

‘A lot of my friends are black/Asian, but . . .’

‘I’m not a racist, but . . .’, and more overtly: ‘They are taking over the country.’

The research indicated that the key areas for discrimination were in employment, law and order, bullying in school and street violence.

Concurrent with this research, but in another forum, racial street violence was being investigated by Sir William Macpherson in what was then known as the Lawrence Inquiry. On 22 April 1993 Stephen Lawrence, a black teenager, was stabbed and killed by a gang of six white youths. The chain of events leading from the murder to the final recommendations of the Macpherson Report² highlight the continued existence of racism in the UK and ‘institutional racism’ in the police force.

Goals and objectives

Overall, the CRE realised that it had to meet a number of challenges in the years ahead. An internal report noted:

In the Millennium, the Commission recognises it has to move on from asserting the needs for racial tolerance to actively championing the value of diversity.

But first it needs to assert itself and create a platform for challenging people’s personal attitudes to racism – their personal responsibility.

The CRE’s advertising budget, by comparison with commercial or consumer marketing above-the-line spend, is modest. Traditionally, some of the hottest advertising ‘shops’ have pitched for CRE work on the basis that they will charge only for production (print and media space), giving their creative and strategic input on a *pro bono* basis. It is not all altruism, though – advertising agencies also see the opportunity to produce leading edge, and sometimes

'dangerous' advertising which can win them awards within their industry and thus create profile for themselves. This latter objective was stated by EURO RSCG Wnek Gosper, one of London's top agencies, as one of the reasons why they wanted the CRE's business. They were awarded the CRE's account, ending a long association between the Commission and Saatchi & Saatchi.

Wnek Gosper's proposals, in response to the brief to help the CRE: 'assert itself and create a platform for challenging people's personal attitudes to racism – their personal responsibility' were brave. Brave for the agency and brave for the CRE and its Commissioners.

The agency had devised an outdoor poster campaign using the 'tease and reveal' tactic. Tease and reveal is the technique where an initial poster, designed to challenge the audience is placed on sites for a period, to be replaced by a 'reveal' which comes clean about the purpose of the first poster.

Tease and reveal became fashionable among advertisers because it provided a platform for additional media coverage of the advertising itself. The 'genre' was judged to have become difficult in the eyes of the advertising industry watchdog, the Advertising Standards Authority (ASA) when one set of teaser posters announced that '60 per cent of girls under 15 have had sex'. The reveal, promoting a Millennium Debate, prompted the audience to take part in the debate to influence the future, or face the prospect of the teaser posters becoming fact in the future.

In its monthly report in June 1998, the ASA ruled the Millennium Debate campaign to be 'offensive and irresponsible'. The ASA issued guidelines for tease and reveal posters in general and urged advertisers to be aware that:

- Problems arise when readers do not see all parts of the campaign.
- The message can be inaccurate or seriously misleading if seen in part.
- Consideration should be given to the impact of individual elements of the campaign.
- The distinction between fact and opinion must be made clear.

This guidance helped form the CRE campaign, but all involved knew that conflict with the ASA was inevitable if the current tactics were pursued. They were.

Target audiences

The target audiences were identified as:

- as many members of the general public as the poster budget would allow;
- politicians and 'influencers';
- the media.

Strategy

The majority of today's media-targeted public relations undertaken by consultancies comprises 20 per cent research and strategy and 80 per cent campaign delivery. In this case, that ratio was reversed. The advertising campaign – in terms of development of creative ideas – was well in hand by April, when public relations consultancy Greenwood Tighe was appointed to advise on 'below-the-line' strategy to support the campaign.

There is always danger for public relations practitioners in being appointed once an advertising campaign is crystallising in order to 'PR the advertising'. Given the timescales, the budget, and the quality of advertising creative and research work, which usually prevail under these circumstances, it is advisable to give these projects a wide berth. The need to 'PR the ad campaign' usually indicates that the advertising agency has lost its nerve, privately admits that their campaign won't shift the target number of chocolate bars, etc. and a scapegoat will no doubt be required in the future. Enter the PR consultant who comforts him/herself with the view that advertising is 'the colouring-in', while PR is the 'joined-up writing'.

However, in this case, the brave creative work undertaken both by Wnek Gosper and the CRE, based on robust research, presented the PR consultant with a strong campaign and one that would benefit from involving the media as a 'booster' for the above-the-line message.

The aim of the advertising strategy for the Personal Responsibility campaign was:

- to provide a reference point for the public to re-examine their own attitude to racism, specifically relative to the consumer, employment, law and order;
- to urge action on an individual basis to challenge racism;
- to provide a route to complain.

The PR consultancy's own strategy overlaying this was to multiply the effect of the above-the-line spend by maximising the message and images via editorial media coverage and debate

Three CRE tease and reveal poster treatments had been devised – one for a consumer product – a training shoe, one for an employment agency and another focusing on law and order. Importantly, for the tease to succeed, the CRE was not mentioned on any of the initial posters. Key to the tease tactic was the inclusion of a telephone number that was presented as a 'call for more details' phone number. This number was actually linked to a call centre in the CRE, where the Commission was hoping members of the public would call to complain about the images – a direct feedback mechanism for the campaign – did people complain or condone?

The striking images of a black basketball player juxtaposed with an ape (which, incidentally, bit the photographer's assistant during the shoot) – one

showed a white woman looking nervously at a black man on a bus, advertising a rape alarm with the legend: 'Because it's a jungle out there', and another a white man treading on an Asian man's hand while climbing the career ladder – all addressed both overt and implicit racism. All of the reveal posters showed each tease with the challenge: 'What was worse, this advert, or your failure to condemn it?' Followed by the tag-line: 'Racism – Condemn it or condone it – there's no in between,' see Figure 2.1.

The poster campaign was centred on London, but with a presence in Manchester, Birmingham, Bristol, Leeds and Glasgow utilising sites on travel to work corridors and around public transport interchanges. Budget restrictions dictated that only 150, 48-sheet poster sites could be covered with a potential audience, based on site data and research, of three million people. A lightweight commercial poster campaign – perhaps for a new CD album release – would normally cover some 2,500 sites.

Given the guidance of the ASA, it was decided that the tease poster would only remain in place for five days, giving the reveal poster nine days in place.

Some scenario planning had been undertaken – especially concerning the potential for posters to be defaced or burnt – or indeed for people to be injured falling off poster sites in the process of vandalising them. Contingency arrangements for posters to be 'blanked over' were agreed with the poster site owners. During the period May to August the CRE's chairman, Sir Herman Ouseley, briefed the Home Office about a generic personal responsibility campaign due to go live in September, but as the campaign drew nearer, Home Office civil servants attended meetings and briefings to ensure they were fully briefed on content and timing.

Before reviewing the nuts and bolts of the campaign, it is worth noting the PR consultants' view of one of the pitfalls of the campaign: In April, within a position paper written for the CRE by Greenwood Tighe, the consultancy stated:

It is our view that it will not be possible to maintain the anonymity of the CRE during the tease part of the campaign. Any attempt to 'ride out' the potential furor without reference to the campaign rationale is likely to create severe media backlash against the CRE. This will then overshadow the key messages we are seeking to communicate.

Campaign activation – 16 September 1998

It was agreed that the media would be tipped off on day two/three of the tease by outraged members of the public who would be reluctant to give their names. Teaser posters appeared on 16 September and the analysis of call centre returns showed that ten members of the public had called, outraged at the images, some demanding their removal, while one advertising man from London asked: 'This is a trick isn't it?'

**WHAT WAS WORSE?
THIS ADVERT
OR YOUR
FAILURE TO COMPLAIN?**



RACISM. CONDEMN IT OR CONDONE IT. THERE'S NO IN BETWEEN. 0171 932 5437.  COMMISSION FOR RACIAL EQUALITY

**WHAT WAS WORSE?
THIS ADVERT
OR YOUR
FAILURE TO COMPLAIN?**



RACISM. CONDEMN IT OR CONDONE IT. THERE'S NO IN BETWEEN. 0171 932 5437.  COMMISSION FOR RACIAL EQUALITY

**WHAT WAS WORSE?
THIS ADVERT
OR YOUR
FAILURE TO COMPLAIN?**




RACISM. CONDEMN IT OR CONDONE IT. THERE'S NO IN BETWEEN. 0171 932 5437.  COMMISSION FOR RACIAL EQUALITY

Figure 2.1 CRE 'reveal' posters, illustrating the original 'tease' posters.

The ASA contacted the poster company and asked for details of advertiser – responding to a complaint from a member of the public. This call was managed with the promised to check and call back – a delaying tactic. And curiously, a Mr Huggins from Bristol wanted to know where he could buy the rape alarm . . . but the media had not picked up the story.

During day two it became clear that the press were reluctant to take anonymous tip-offs – an issue not addressed in our contingencies. However, the *Guardian* newspaper's media correspondent followed up the story and the Press Association was also tipped off. Media interest grew during the day, but CRE involvement was not rumbled.

Day two analysis of call centre returns revealed a member of the public in Battersea, London, who wanted to know where to buy the shoes and 39 calls complaining about offensive posters, with one caller who told the operator: 'F . . . you and your racist posters', and put the phone down.

On day three, the ASA called the poster company again and insisted on being given information that the campaign was CRE-sponsored. Top-level contact was made between the ASA and CRE, culminating in an order by the ASA that all posters should be removed. This move was resisted by the CRE on the basis that the reveal, in line with ASA guidelines, would be in place for longer than the tease. The ASA circulated a press release to the media condemning the CRE for its poster campaign and the media started to pick up on the issue.

Outside London, Mr Huggins from Bristol called again . . . However, Mr Huggins' real name was Det. Chief Inspector Huggins of Avon and Somerset Police who informed the CRE that he would not guarantee the safety of the sites and would arrest the poster contractor unless the posters came down. A panic-stricken poster contractor (with brush and bucket) avoided a day in the cells and all sites in Bristol were 'blanked'.

On day four, the media covered the poster row 'CRE v. ASA' story and the PA story formed the basis of coverage.

As planned, on day five (a Sunday) calls were made by CRE press office and consultancy staff to all national media about the 'reveal' press conference chaired by Sir Herman Ouseley, scheduled for the following morning. The media was mailed once (on Friday), called and faxed on Sunday – some four times – and yet many claimed they weren't aware of the event on Monday morning.

A press release was issued on the day, entitled: 'Silent majority confirms complacency through failure to condemn racism'. It summarised the basis of the campaign and noted the low number of complainants calling the phone lines on the posters. Within the text of the release, Sir Herman Ouseley was quoted as saying: 'The campaign is designed to force people into considering their own personal attitude to racism and is specifically intended to prompt a reaction – preferably complaint or condemnation.'

He went on to note the small number of complaints, given the thousands of people who must have seen them and could not be bothered to complain. He concluded:

This second series of posters is a message for them – there is no walking the other way or walking on the other side of the street as far as racism is concerned. We all have a responsibility not to tolerate racism at work, in the media and in our day-to-day lives. The posters are just part of a wider campaign to challenge passivity in the face of racism. The CRE is calling for formal public education programmes to tackle racism in this country.

On ‘Reveal Day’ the press tried to steer the story on to the row with the ASA and their condemnation of the campaign, prior to reveal. A number of journalists at the press conference, led by the *Daily Telegraph*, were broadly critical of the CRE approach, with some notable exceptions. Privately, after the press conference, many journalists praised the CRE’s approach and much of the coverage carried key campaign messages about condemning racism. Columnists reporting during the immediate period during the reveal campaign were broadly critical. However, following the immediate ‘knee-jerk’ reaction, some further considered features on the issue of racism and praised the CRE for its brave and direct stance. Debate was prompted about both the campaign tactics and the issue of racism in letters columns.

Towards the end of the year, and following invitations to Sir Herman to appear on radio debates about racism, BBC TV’s *Heart of the Matter* programme, which concentrates on the moral aspects of issues, focused on racism in Britain. The programme was thought-provoking and balanced and included extensive use of an interview with Sir Herman which contained many of the key messages about condemning or condoning racism.

Results

During and after the reveal period, Sir Herman undertook 21 interviews on radio and television – 14 of which were national. The campaign achieved 31 media ‘hits’ including 10 nationals and while many contained negative coverage – all noted the reason for the CRE’s campaign. Total readership and listener figures amounted to nearly 50 million with 68 per cent of the adult population of the UK coming into contact with the media coverage of the campaign. The public relations ‘multiplier’ on the actual advertising media reach, in this case, was effective – turning a potential three million audience into 50 million.

In addition, ‘Racism: Condemn it or Condone it’ support materials, including posters, cards and briefings, which encouraged ethnic minority people to be more aware of their right to complain and which sought to encourage white people to be active in condemning racist behaviour, were issued. Schools, commercial organisations, trade unions and Citizens’ Advice Bureaux were among the recipients.

In October the ASA reported that the campaign had broken its rules and ruled that for the next two years, all CRE advertising would have to be

pre-vetted by the ASA. The CRE and Wnek Gosper had prepared for this and immediately submitted a poster to the ASA for clearance. This poster – which appeared on only one location outdoors – opposite the ASA's London offices, and as a full-page advertisement in *The Times* – was in the form of an apology (see Figure 2.2). It noted in white type on black: The CRE is sorry . . . sorry that it had to break the rules to bring the issue of racism to the attention of the public. Sorry that as we approach the new Millennium, there is still a need for the CRE, sorry that young ethnic minority men are X times more likely to be attacked in the street than their white counterparts . . . etc.

The advertising agency, PR consultants and CRE staff met for a frank debrief on the campaign and its implications. The output from this meeting was in the form of a SWOT analysis as set out below:

Strengths

- More coverage for CRE than any other previous campaign.
- Positioned CRE as high profile, hard-edged, prepared to take serious issues head-on.
- Broadcast media gave ideal platform for erudite CRE chairman to put his point.
- Starting point for on-going campaign.
- Regional coverage.

Weaknesses

- Anonymous media tip-offs don't work well.
- Soured relationship between CRE and ASA.
- Control of message – media coverage was more about the campaign than the issues.

Opportunities

- On-going editorial interest – serious feature follow-throughs – *Heart of the Matter* spent 40 minutes on racism in Britain in October as a result of campaign.
- ASA ruling – gave CRE another go – CRE is sorry.

Threats

- Avon and Somerset Police made it impossible to keep the CRE's involvement out of the media spotlight.
- ASA adjudication came in record time – all future CRE posters will be vetted for two years.
- Control of messaging – race issues v. advertising issues.

THE COMMISSION FOR RACIAL EQUALITY IS SORRY.

Sorry that some people found our recent poster campaign personally offensive.

Sorry that so many were moved to complain.

Sorry that the Advertising Standards Authority felt obliged to condemn us.

Sorry that Pakistanis and Bangladeshis are 16 times more likely to be victims of racial attack than whites.

Sorry that so few people feel obliged to complain about or condemn *this* appalling state of affairs.

Sorry that there is one incident of racial harassment or abuse every four minutes.

Sorry that black people are some eight times more likely to be stopped and searched than white people.

Sorry that black Caribbean pupils are up to five times more likely to be excluded from school than white pupils.

Sorry that 13% of black people are burgled, twice the figure for whites.

Sorry that, according to some reports, ethnic minorities receive prison sentences up to nine months longer than white people for identical crimes.

Sorry that such dreadful truths fail to bring about real change in our society, no matter how often they are repeated.

Sorry that breaching this wall of complacency called for such a provocative poster campaign.

Sorry that such drastic measures were required.

Sorry that in a so-called progressive society on the verge of a new millennium a commission for racial equality needs to exist at all.

RACISM. CONDEMN IT OR CONDONE IT. THERE'S NO IN BETWEEN.  **COMMISSION FOR RACIAL EQUALITY**

Figure 2.2 *The Times* CRE advertisement.

Update

In February 1999 there was a late, but powerful confirmation of the CRE's premise that racism was still a problem in the UK. The Macpherson Report into Stephen Lawrence's murder contained no less than 70 wide-ranging recommendations for society in general on how it must develop 'zero tolerance for racism'.

While the report is remembered for sparking a lengthy debate on whether or not the police service in general and the Metropolitan Police in particular, suffered from 'institutional racism', many other recommendations were made. These other recommendations ranged from urging Ministerial priority action on racism in law and order, to measures to combat racism in the NHS, civil service, local government and schools. The report also recommended that, for the first time, the CRE should have a role in advising and monitoring racism in the police service.

Lessons learned

There are a number of specific tactical lessons to be learned from this campaign, but if there is one piece of strategic guidance, it must be that breaking the rules on very rare occasions, for very good reasons can boost a campaign's reach and impact.

The ASA's rule, that advertising in the UK must be 'legal, decent, honest and truthful', probably protects the customers of washing-up liquid and deregulated utility products very well. But challenging deep-rooted and personal attitudes to race and racism (what we *really* feel and do or say, when faced with racism) is a tough brief. Positive, smiling images of multi-cultural Britain, according to the CRE, go unnoticed by the public and media alike. They confirm a comfortable preconception. The CRE campaign was not about comfort – it was about difficult images and uncomfortable messages. In effect, the CRE needed to go 'over the top' in order even to register an issue with the media. Had there been no outrage, outcry or righteous indignation from the *Daily Telegraph* and Norman Tebbit, the issue of quiet insidious racism would not have been addressed.

Sir Herman Ouseley cited Stephen Lawrence's murder as an aspect of the problem of racism in late twentieth-century Britain during the 'reveal' press conference – it went unreported – perhaps a piece of the jigsaw the press wanted to ignore, or just facts that spoilt a good story. The CRE's personal responsibility campaign was seen as extreme in September 1998, but by February 1999, when the Macpherson report was published, there was little condemnation of reactionary, over-zealous, politically correct anti-racism campaigns. In effect, it put much of the reporting of the findings of the Lawrence inquiry into context.

More general lessons from the campaign can be seen as:

- tactically, the tease and reveal poster has had its day – so think of another hook when handling such issues;
- advertising and PR working to the same brief, but on a different budget can be a powerful combination providing there is close cooperation between the two functions;
- it is important not to underestimate just how difficult it can be to overcome public complacency or ignorance about such sensitive issues as personal attitudes towards racism which many may wish to avoid confronting. To capture peoples' attention and stimulate a response may often require a radical and perhaps risky communications strategy.

Notes

- 1 *The Perpetrators of Racial Harassment and Racial Violence* (1997), Home Office Research and Statistics Directorate Study 176.
- 2 Macpherson, W. (1999) 'The Stephen Lawrence inquiry' (The Macpherson Report), CM 4262–1, London: The Stationery Office.

Case 3 BBC America

How Britain won the colonies back

Barbara DeSanto and Jo Petherbridge

Introduction

When the American colonies sought to free themselves from their mother country, Great Britain, in the eighteenth century, little did they realize that the former colonies would pay for a return of the British through television. The most well-known and respected public broadcaster in the world, the BBC, found itself embracing a major philosophical change in the 1980s – creation of a commercial venture, BBC Worldwide, to provide programming around the world as well as generate revenue to supplement its traditional UK charter base. The challenge here was twofold: (1) to preserve the traditional BBC organizational culture and operational structure as the world's public broadcaster in its homeland, the British Isles; while (2) developing, marketing and earning revenue from a commercial arm, the newly created BBC Worldwide division. Could the BBC be both public and commercial?

This case study explores the introduction of BBC America into the US cable market by outlining how research and strategic planning and implementation, along with ongoing evaluation, contributed to BBC America's first two very successful years. At the centre of the BBC America launch was the polished BBC reputation. BBC America's success can be measured two ways: (1) in bottom-line numbers: the number of American cable operators who carry BBC America, subscribers who watch BBC America and in growing advertising revenues; and (2) in the satisfaction of the BBC America audience.

Research – background and planning

The BBC formally began its operations under terms set out in a Royal Charter granted in the 1920s. Several major philosophical tenets underlay this public broadcasting venture; one was how it was to support itself; Asa Briggs (1985) writing about the philosophy of the BBC commented, 'Making money was not to be the object of broadcasting . . . As we conceive it, our responsibility is to carry into the greatest possible number of homes everything that is best in every department of human knowledge, endeavour, or achievement.' Revenue would come from a household subscription fee which would be used to produce more programming; in 1999 more than 21 million British

households each paid £101 in subscription fees, which provided the BBC with more than £2 billion (3.5 billion US dollars).

Another major tenet was that because the government-owned broadcaster did not have to 'sell' anything to its viewers, it could plan, produce and distribute programming it considered important, rather than having to satisfy audiences or deal with pressure or concerns from sponsors or advertisers. Former BBC broadcaster Paul Norris (1999) said, 'The BBC was then very much a producer-driven organization – producers decided what programmes they wanted to make . . . There was little attempt to research the audience, and focus groups would have been unheard of, or if known about, rejected out-of-hand . . . Producers knew what was good for the audience.'

The BBC had a landmark year in 1987. Its major philosophical and cultural tenets were challenged with the naming of the BBC Deputy Director General John Birt to oversee the changes necessary to meet the globe's changing broadcast industry. Birt's approach was that the BBC needed to be run as a business, and part of that business was to use the BBC's excellent global reputation to establish a commercial arm that could generate revenue for the parent public corporation.

The 1990 Broadcasting Act in the UK also affected the BBC as it brought genuine economic competition into the British system of broadcasting – including provisions for the separate sale of advertising for different channels and the auction system of commercial franchises. Satellite television's launch in the UK in the late 1980s was another factor as it changed the UK from a net exporter of television programs to a new importer, a factor which contributed to the development of a two-way trading situation and more variety for British viewers.

British scholar Colin Sparks who studied the BBC's changes concluded in his study that 'the [UK] Government believes that the BBC's commercial initiative should aim increasingly at international markets' (Sparks, 1995). For the BBC the playing arena had changed – competition was now a serious consideration.

The BBC went to work on the international directive, and in 1994, BBC Worldwide was established. The underlying concept of Worldwide was that by separating the various BBC operations, the integrity and branding of the original BBC could be retained while new ventures could build upon the established BBC reputation and credibility as a launch point.

The first major business deal was a partnership with Flextech that involved the BBC's UK pay channels. The BBC ran programming, Flextech ran marketing and the business was operated as a joint venture. But it was the second partnership – the BBC's cooperation with Discovery Communications Inc in 1998 – that paved the way for the introduction of, and the resulting success of, BBC America as a US premium cable channel that would generate two types of revenue: cable fees and advertising dollars. With the business agreement in place, a carefully planned and executed public relations programme was implemented to introduce BBC America into US homes.

In addition to the changing political and governmental environment in the UK, one technological stumbling block was about to be removed. The introduction and promised roll-out of digital cable allowed the BBC to position BBC America as a premium cable channel to be purchased as well as delivered through the new technology. For cable operators digital technology allowed many more channels to be delivered using existing bandwidth, thereby maximizing their existing infrastructure.

Using its 15 years of US research and the BBC's long experience of selling its programmes to the American market, BBC America now conducted focus group research on the potential for American reception of BBC programming in four American markets: Tampa, Florida; Boston, Massachusetts; Chicago, Illinois; and Nashville, Tennessee. Two themes were evident from previous research: (1) Americans like British style, wit and flair; and (2) Americans welcome a real alternative to cookie-cutter television. The focus groups provided the following additional information:

- Americans see British programmes as a refreshing alternative to US TV.
- A significant number of viewers want to see something different.
- Americans tend to think all British programming is BBC-produced.
- Americans like British programming. Among titles previously sold to US channels, BBC comedies have rated high with men, and dramas have rated high with women. BBC titles, in fact, have consistently outperformed other shows on the networks that have bought them.
- The BBC has high brand recognition in the US (48 per cent).
- Americans who have been BBC viewers are passionate viewers.

Goals and objectives

BBC America was armed with the mission of delivering profits to BBC Worldwide and targeting the US cable market. Critically, unlike previous BBC commercial ventures, the channel would report editorially to the heart of the BBC public service television. This was to ensure a creative and quality threshold that would sustain the channel through its early growth. Under these operating parameters, BBC America established the following organizational goals:

- American research confirmed that US viewers associated 'quality' with the BBC name, but they also thought of it as somewhat 'stuffy'. BBC America was charged with updating that traditional image to something more modern, relevant and cutting-edge.
- To successfully introduce something totally 'un-American' into an American broadcasting and viewing system based on competition and market-driven factors.
- To become financially independent 'as a strong business'; the goal was to have 25 million American subscribers by 2004.

The key element in achieving these goals was to capitalize on the BBC's well-developed, respected brand of broadcasting. Terri Houtman (1998), Chrysler Corporation's manager of corporate image and brand, describes five rules for building brands through public relations that reflect BBC America's planning efforts:

- *Know what the product, and the campaign that surrounds it, stands for:* The BBC knows itself and is aware as well as very protective of the quality reputation it carries. American research confirmed that US viewers associated 'quality' with the BBC name, but they also thought of it as somewhat 'stuffy.' BBC America was charged with updating that traditional image to something more modern, relevant and cutting-edge.
- *Target those buyers who have a passion for your product:* The BBC sought out American viewers who had a passion for anything British. Christened 'Anglophiles', the BBC planned programming and schedules that would satisfy this passion.
- *Understand how the industry to which your product belongs has evolved:* The BBC understood its royal charter mission, but also was open and flexible enough to adapt to the new British and global broadcasting scene that developed in the 1990s.
- *Integrate the timeless qualities that have helped make the brand successful:* For the BBC this meant focusing on British programming and culture – no dilution, pure British. This is reflected in BBC America's first promotional slogan: 'Completely British. Completely Different'.
- *Reduce cross-considerations by targeting an exclusive market and audience:* The exclusive American market revealed itself in the four major market focus group studies that identified the lifestyles and interests that were the most important elements. The BBC applied its research, taking the identified Anglophiles and matching them to the subscription tiers in the American cable system.

Communication objectives

- to promote the channel through the trade press, supporting the affiliate sales drive for distribution and ad sales drive for advertisers;
- to promote the channel to consumers through newspapers, magazines, television and radio opportunities, creating grass-roots awareness and demand.

The communication objectives were based on a staple of American marketing push-pull strategy. The concept involves having the ultimate end-user of a product, in this case television subscribers, request or 'pull' the product through the channel by requesting it from their cable operator, while offering cable system distributors the opportunity to carry and promote or 'push' the channel through to subscribers.

Target audiences

Primary audiences

- *Members of the Television Critics Association*
These critics were identified as opinion leaders in new US television offerings. Twice a year, they view and evaluate all the coming season's new programming before any other outlets, so the publication of their comments and perceptions can make or break a new television entry.
- *Advertisers*
While BBC Worldwide had worked with advertising in other commercial ventures, this was the first time such advertising would be included in the American version of the BBC.
- *US cable operators and satellite providers*
This audience provided the actual physical distribution throughout the US. It was essential to convince these suppliers that BBC America was a good investment for their premium channel-purchasing patrons. The widespread availability of digital technology also afforded them the extra space to carry additional channels.
- *Anglophile television viewers*
Identifying these audience members and targeting them with BBC America information would lead them directly to contact their cable operators to request the new channel.

Secondary audience

Next to the trade entertainment press, the entertainment and business pages of the mainstream US newspapers also provided another avenue to showcase what BBC America had to offer, particularly in large urban markets where daily papers had entertainment sections with pages to fill.

One way to reach all these groups was by creating 'buzz' in the trade and consumer press. With only a minimal budget for marketing, gaining editorial space became a key priority.

Public relations/communication strategy and implementation

Strategic implementation focused on a well-developed timetable that carefully considered the target audiences and their role in becoming aware of the channel, forming attitudes about its programming and finding ways to incorporate it into the various cable system offerings.

Timetable

December 1997: BBC America made its first appearance at the Western Cable Show, one of the major annual trade events for US cable operators. The BBC

America pub, serving British food and beer, won the best booth award and created great interest on the show floor. At subsequent appearances at the Western Cable Show and National Cable Television Association trade shows, live entertainment was added to the pub making it a vibrant British experience for cable operators, show visitors and trade journalists.

19 March 1998: An international deal between the BBC and DCI, including the launch of BBC America, was announced in a satellite press conference between London and New York aimed at the international and national trade and consumer press. The press noticed; *Newsday* reported, ‘Not since the invention of Masterpiece Theatre in 1970 has there been anything as important to fans of quality television as the alliance between the BBC and the Discovery Channel . . . including the creation of the BBC’s own cable network in the United States.’ The *Chicago Tribune Daily* echoed these sentiments, ‘Anglophiles across America rejoiced – okay, applauded politely and nearly grinned at the news of “BBC America.”’

29 March 1998: BBC America went on air in 200,000 US homes receiving TCI’s (now AT&T) digital HITS package. ‘BBC America is a breath of fresh air on a dial filled with the kind of cookie-cutter television shows that Hollywood can’t seem to stop baking,’ the *San Francisco Examiner* wrote.

On the same day, the first BBC America website, bbcamerica.com, devoted to programme and schedule information, was launched. This was vital as the channel was too small for inclusion in standard listings guides.

To add a touch of ‘official’ endorsement, the British ambassador to the US hosted a BBC America launch party at his Washington residence.

July 1998: BBC America won a coveted slot to present its channel at the Television Critics Association (200 members) which meets every six months in Pasadena, California, to evaluate the coming season’s premiere programming. These critics were identified as opinion leaders as their comments and perceptions can make or break a new television channel. BBC America beat competition from more than a dozen other channels to present in a 30-minute ‘new network’ slot. BBC comic actor Nigel Hawthorne (*Yes, Minister*) and Paul Whitehouse (writer and star of *Brilliant!*) appeared in person with Chief Operating Officer Paul Lee to launch the channel to the critics. The launch included clips from key comedy and drama programmes, plus a full-colour press kit detailing forthcoming premiere programming.

August 1998: The consumer team continued to raise the channel’s profile, seeking the attention of key critics in the consumer press. David Bianculli of the *New York Daily News* was a known fan of BBC programmes and became a firm supporter of the channel, writing the first in a series of articles praising BBC America and urging New York cable companies to add it to their systems. ‘The best new cable channel in America isn’t available anywhere in

New York. But it's coming sooner or later, and from what I've seen of it, it can't be soon enough,' he wrote.

August was also notable as the month in which BBC America launched its first program-specific publicity campaign. This was to become a model for subsequent publicity initiatives. The drama *This Life* was carefully selected for the following reasons:

- It is a high quality, contemporary, edgy drama series which exemplifies the positioning of BBC America.
- It would present US critics, used to a diet of British costume dramas and traditional sitcoms on PBS, with an example of fresh, vibrant, realistic and unexpected British drama. BBC America wanted to surprise the critics.
- Its concentration on five young lawyers sharing a house in London would appeal to a young adult demographic.
- It was close enough to US shows such as *Friends* and *Melrose Place* to attract the US audience who could draw comparisons, yet maintain a voice that was uniquely its own.
- It was long enough (two seasons totalling thirty-two episodes) to be able to build programming stunts and prolong the press campaign through several phases. (Most British series are only six to twelve episodes long.)

This campaign was rewarded with unprecedented coverage for a small cable channel. Full page features in *The New York Times*, *The Los Angeles Times* and the *Orange County Register* plus widespread reviews in other newspapers put BBC America firmly on the US map.

October 1998: BBC America was added to Echostar's DISH Network, putting the channel in a total of 4.5 million US homes.

January 1999: The Television Critics Association invited BBC America back to its winter meeting to present its newest programming and website in a 15-minute slot. Once again, an enhanced media kit and a promotional tape were used, and British actress Diana Rigg appeared in person to promote BBC America's *Murder Most English* genre.

April 1999: The commercial BBC America website was launched with the intention of it becoming THE online destination for US Anglophiles. The site was designed as a portal to all things British, providing e-commerce as well as information about the channel and a sophisticated schedule database. Cross-promotion between the channel and website resulted in a steep increase in users. In addition, a new database attached to the website allowed the communications team to deal with e-mails from members of the public more efficiently. By January 2000, 1,500 e-mails per month were answered.

May 1999: BBC America is number one in *USA Today's* top ten highlights of

the 1998–1999 TV season. This article is among those used extensively in advertising and promotion.

July 1999: Instead of a third formal session at the Television Critics Association, BBC America took the unusual step of presenting a live evening performance by *The League of Gentlemen*, winners of the Golden Rose of Montreaux and one of the hottest comedy acts premiering on BBC America (see Figure 3.1). This novel approach proved memorable and attention-grabbing.

The summer schedule of premiere programming, positioned against reruns scheduled by other channels, won widespread coverage and allowed the channel to break into more major New York publications for the first time, including *The Wall Street Journal*, America's largest selling newspaper.

August 1999: BBC America launched its television advertising campaign in New York and Los Angeles featuring Mike Myers as Austin Powers singing 'The BBC Song'. The use of this extract from the first Austin Powers movie coincided with the release of *The Spy Who Shagged Me*.

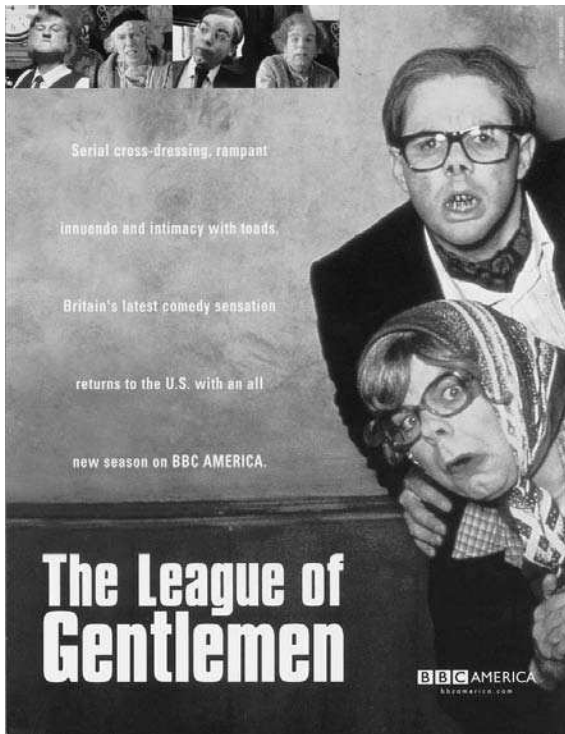


Figure 3.1 Advertisement for *The League of Gentlemen*.

September 1999: BBC America reached 10 million homes. The 10th million viewers, a family from Petaluma, California, were sent on a trip to London and featured in the UK press. A public relations manager was added to the communications team to boost the channel profile among opinion leaders, cable operators, potential advertisers and Anglophile groups.

January 2000: BBC America shows, including *The League of Gentlemen* and *This Life*, are named in several round-ups of the top television highlights of 1999.

BBC America also presented *Gormenghast* at the Television Critics Association. This four-part, fantasy epic drama was one of the most ambitious projects ever undertaken by the BBC. Christopher Lee, John Sessions and Jonathan Rhys Meyer were selected from a star-studded cast to appear on a panel facing television critics' questions. The presentation was accompanied by a six-minute clip-reel and lavish press kit. Critics were given the producer's book on the making of *Gormenghast* and a CD of the production's specially composed music to take with them.

At the same time, the first issue of a quarterly BBC America newsletter was released to Anglophile and ex-patriot groups throughout the US.

February 2000: BBC America launched a television advertising campaign in partnership with DirecTV. It featured a comedy claymation queen and the tagline 'One Wants One's BBC.'

April 2000: BBC America held its first premiere screenings in New York and Washington, DC.

May 2000: BBC America received unprecedented trade press coverage surrounding the National Cable Television Show in New Orleans. This coincided with successful and diverse consumer media campaigns for shows including *Gormenghast*, *Peacekeepers*, *Parkinson* and *Changing Rooms*, and UK coverage of BBC America's success in raising the profile of British comedy shows. Overall, in press terms, this was the channel's most successful month date, including two spots on the highly rated CBS network show *Entertainment Tonight*.

BBC America's US audience reached 12 million homes.

Evaluation

US subscribers

- 13 million projected by the Fourth Quarter of 2000, and 25 million by 2004.
- The channel is available in 33 of the top 35 DMAs (major markets).
- The channel is well placed on digital systems to roll out with the new technology.

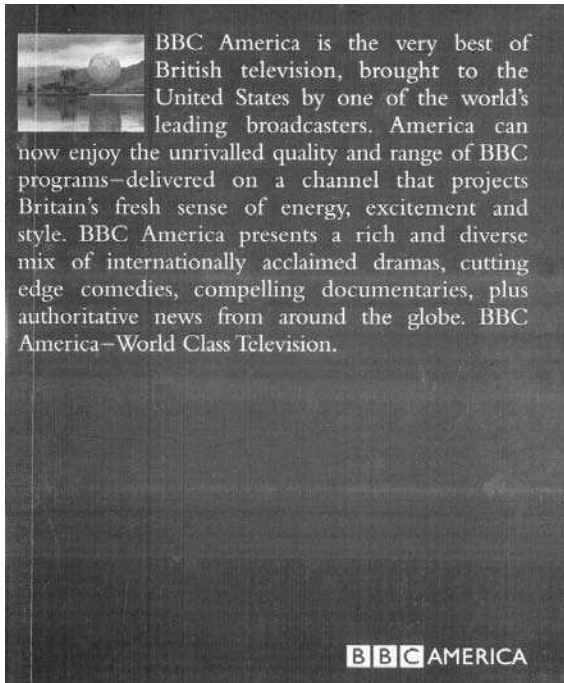


Figure 3.2 BBC America promotional material.

Advertising

- BBC America achieved 25 per cent in upfront advertising received in the first season (on target).
- There is a gradual shift from direct response ads to a combination of blue chip traditional ads (Charles Schwab, Ford, American Express, British Airways, Princess Cruises) and mainstream with younger target audiences (dot.coms).

BBCAmerica.com website

- 700,000 page impressions per month.
- 120,000 unique users per month.
- First e-commerce venture with Ukgoods.com is 400 per cent higher than industry standards.

The press

- 100 per cent positive since the launch.
- BBC America articles occupied \$2 million worth of space in trade and consumer publications in 1999.
- Key articles raising the profile of the channel have appeared in almost

every major newspaper and trade magazine including *USA Today*, the *New York Times*, the *Wall Street Journal*, *Chicago Tribune*, *Multichannel News*, *Broadcasting and Cable* and *Advertising Age*.

- Previews of BBC America programmes have been previewed on major network shows including *Entertainment Tonight* and *Dateline*.

Consumers

- Although not yet on ratings, the channel receives around 1,500 e-mails and phone calls per week from viewers or people who would like to get the channel. These are overwhelmingly positive (more than 90 per cent).

Lessons learned

- BBC's ability to balance re-inventing itself by capitalizing on its brand and reputation while staying true to its underlying philosophical principles demonstrates the flexibility organizations need to have not only to sustain their current positions, but create and/or capitalize on new opportunities available in a global society.
- Both quantitative and qualitative research was the key to discovering the Anglophile viewer who not only had the means to subscribe to a premium cable channel, but also recognized and valued the BBC as a brand.

Research was also the key to entering a well-established, somewhat blasé and difficult-to-impress American television market. The proliferation of channels and programming makes creating a presence among the clutter difficult. Rather than casting a wide net to all US television viewers, the BBC's investment in research uncovered the niche worth targeting.

- The BBC reputation and brand were strong enough to carry its own recognition and quality into an identified, targeted international market.
- A carefully tailored media mix that used opinion leaders in the target culture and country allowed BBC America to create and distribute materials that reflected the BBC quality while also satisfying the opinion leaders and viewers' expectations of what BBC America would and should be.

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Case 4 Perkins Foods

The place of public relations in the profile of a European food business

David Davies and Danny Moss

Introduction

This case examines the role which public relations has played in helping a growing European own-label food company, Perkins Foods, to strengthen its position in both the UK and European frozen and chilled foods markets. The case illustrates how a carefully crafted public relations strategy can help to build a strong corporate profile within key markets and within the City for a company that does not have the advantages of a prominent consumer brand image.

Background

Perkins Foods PLC is unusual among stock market listed food industry groups in the UK. In contrast with those companies that began as manufacturers or suppliers in a particular product sector, growing and diversifying by acquisition, Perkins was created in 1987 as a listed, customer-led, flexible and varied European convenience foods group.

On the face of it, that would seem to present a company with a clear identity profile – the starting point for a cohesive, consistent and effective strategy. However, the first five years or so of Perkins Foods' existence had somewhat different implications for its public relations function.

Perkins existed first of all, or at least immediately, as a City entity. Its profile as a group existed according to its share value and prospects – its attractiveness and performance for shareholders and potential shareholders. For some considerable time it did not have any widespread or consistent PR profile in its business sectors, which were the north European grocery retail, wholesale, food service and food manufacturing environments. The companies which had become members of the Perkins group continued to operate and trade in their own names, and in almost every case, with the same senior management. Perkins' companies were based in the UK, Holland, Luxembourg, Germany and France, manufacturing and/or selling frozen and chilled meat products, pizzas, pasta and other ready meals, potato specialities, seafoods, processed mushrooms and fresh fruit and vegetables. In each case,

Perkins' companies had established, but distinctive, reputations in their respective market sectors.

The frozen and chilled food market

The frozen and chilled food sector has been one of the fastest-growing sectors of the food market throughout Europe over the past thirty years. The growth of frozen food sales has been driven by a number of factors. First, changes in consumer lifestyles have seen an increased emphasis on convenience food purchases. Second, improvements in refrigeration and packaging technology have allowed huge improvements in storage times, and third, the growth of major supermarket chains across Europe has enabled consumers to have access to a vastly increased range of reasonably priced frozen foodstuffs. This desire for greater convenience and the ease of storage of foodstuffs on the part of consumers, together with the falling real costs of refrigeration equipment, have encouraged consumers to embrace the convenience food culture that has long been established in the USA.

Chilled foods emerged on the market during the 1980s, again targeted at the growing convenience sector of the food market, but with a higher quality imprimatur than frozen foods because of their 'fresher' less 'processed' appearance. Consumers have tended to perceive chilled foods as better quality than their frozen alternatives and hence have been prepared to pay a premium for them. Ironically, many consumers purchased chilled products and put them in the freezer, unaware that a frozen-at-source version would undoubtedly be of better quality than a slowly home-frozen one.

Frozen and chilled foods have become popular even in countries such as France where traditional cooking and preparation methods, using only fresh ingredients, have long been seen as a central part of the culture. However, consumption patterns for frozen and chilled foods do vary across Europe, with Denmark having the largest per capita consumption (41.4 kg) followed by the UK (38.5 kg) and Norway (32.9 kg), whereas in countries such as The Netherlands (19.8kg), Spain (20.6 kg) and Italy (10.1 kg) consumption of frozen foods, in particular is far lower.¹ To some degree, these variations in consumption patterns reflect the differing climates and agricultural traditions across Europe, but also reflect differing consumer attitudes and traditions with respect to food preparation and consumption.

Estimates of the size of the frozen and chilled food market in Europe vary considerably because of the diverse and fast-changing range of products within this sector and because of the different measurement methods that have been employed. One set of estimates of frozen food consumption within Europe suggest that total consumption reached around 8.8 billion metric tons in 1997 (excluding frozen poultry – 9.96 billion metric tons including poultry).² Here the UK had by far the largest consumption of frozen food with sales of over 2.6 million metric tons followed by Germany (2.1 million) and France (1.9 million). In contrast, frozen food consumption in Italy

amounted to only 596,000 metric tons and in Austria 184,000 metric tons. A recent *Key Notes* report suggests that frozen food sales in the UK will rise from £4 billion in 1994 to around £6 billion in 2003 (at retail values), a growth rate of 3–4 per cent per annum.³ However, within this overall figure, the *Key Notes* report suggests that more 'traditional' product sectors such as frozen vegetables, meat, poultry and fish have experienced more limited growth, with newer 'value-added' products such as ready-meals experiencing far faster growth in sales. Here, for example, frozen pizza sales have grown by 48 per cent in 1994–9 while frozen vegetarian foods have grown by 35 per cent over the same period.

Figures for the consumption of chilled foods are more difficult to estimate, and vary wildly depending on what products are included in the estimates. Some estimates include such products as yoghurts and cheeses and prepared salads. If estimates are confined only to chilled versions of established frozen convenience foods (chilled ready-meals, pizza and pasta, etc.), the figure for UK sales has been estimated to be currently in the region of £4 billion. However, despite the lack of accurate figures, there is little doubt that the chilled food sector has expanded remarkably both within the UK as well as within Europe in recent years.

Given the size and growth of the frozen and chilled food market in Europe, it is not hard to see why Perkins Foods have enjoyed considerable success in recent years. However, like all food sectors, the frozen and chilled foods market is an extremely competitive one, particularly for producers and suppliers. To be successful, firms need to ensure rigorous quality standards, constant product innovation as well as needing to build strong relationships with the major retailers who increasingly dominate the consumer market place.

Perkins' growth strategy

Many medium-sized and larger parent groups in the food industry have often acquired companies in order to obtain assets, facilities, brands and market positions, shaping or absorbing their acquisitions into their existing profile and culture. Perkins set itself up to be an acquirer not as an end in itself, but in order to construct a group to grow and compete with the most powerful in Europe. It set out to achieve this goal by identifying and acquiring companies providing it with:

- a variety of product sector coverage of interest to European multiple retailers;
- expertise in the production/sale of satisfying products across those sectors;
- sound respective market knowledge and management skills towards the profitable manufacture and sale of these products;
- high quality manufacturing and new product development (NPD) facilities with potential for expansion and positive return on investment.

Perkins who?

This initial strategy for the construction and success of the group had two very distinct consequences in public relations and marketing communications terms:

- 1 Perkins Foods PLC very quickly acquired a strong reputation in the City – as a skilled acquisitive group with lean and efficient management structure and good prospects for shareholders *but . . .* a low level physical presence coupled with acknowledged City skills did not give it a clear reputation as a *food business*.
- 2 Perkins Foods companies retained their existing identities as good companies in their respective product sectors, *but . . .* they were not clearly badged as Perkins Foods companies, and their positive reputations as food manufacturers and suppliers was not transferred to Perkins Foods PLC.

Perkins' determination to buy viable food businesses and to construct an expert, customer-led European food group, had enabled it to become a genuinely skilled food business. However, doing the right thing is often not enough. Being *seen* to be doing the right thing can be an essential management tool in maintaining corporate success. For this reason, public relations needed to be treated as far more than window dressing or 'spin'.

A few years into the so far short yet successful history of Perkins Foods, it was recognised that public relations had an important role to play.

Public relations strategy

Having recognised that Perkins Foods had not established a reputation as a 'hands-on' food business, the company recognised the need for a strategically orientated public relations campaign. In other words, Perkins consciously avoided the common mistake of pursuing the broad objective of 'raising awareness', despite the obvious conclusion that a straightforward *lack* of awareness in the wider trade environment presented a problem.

From the outset (in 1991) in considering a public relations strategy, it was accepted that all communications (public relations and marketing communications) should be carefully aligned with, and integral to, the company's corporate and commercial strategy. Having carefully constructed a group of trusted, expert food businesses in tune with European retail markets, it was recognised that any campaign to raise Perkins' profile should be based on the core values that comprised Perkins' identity.

Tactics: preaching to the converted

The initial public relations campaign for Perkins Foods PLC had a ready-made audience in the grocery and food trade press that serves its markets, and

in many cases they were aware of the existence, activities and reputation of Perkins' member companies. The task for PR was to place a Perkins 'branding' on this awareness – that a success for a Perkins company was a success for, and because of, Perkins Foods and the way it does business.

This media audience was also largely concentrated in the business-to-business sector. Perkins was and is primarily interested in the retail own-label sector, so there is little need to raise a public or consumer profile. Not only is there no 'profit' in this, with very few Perkins' branded products in the market place, but also most major multiple retail customers would prefer their suppliers to actively avoid a strong consumer profile. A retailer prefers its customers to perceive a product bearing its name to be 'all its own work', and to protect relationships with its suppliers with as much anonymity as possible.

As pointed out, Perkins Foods had built up a portfolio of companies across a wide range of product categories, chosen in simple terms because they did things the 'right way'. Creating a stronger corporate profile for the group as a whole meant promoting the activities of these companies as essentially 'The Perkins Way'. This created a symbiotic relationship demonstrated through trade media, in which good products, practices and service by Perkins' member companies showed Perkins Foods PLC to be a skilled and professional *food* business. At the same time, those individual companies could greatly enhance their existing reputations in the trade by being seen to have the *gravitas* of a progressive, growing and increasingly successful PLC behind them – with all the investment, development and positive collaborative potential implied therein.

In practical terms, the public relations campaign for Perkins Foods did not involve remarkable activities. It comprised: product launch press releases; personnel appointment press releases; factory, production line or QA facility investment stories; inclusion in trade press previews and reviews of major trade exhibitions; regular articles within trade press scheduled features on relevant product sectors, such as meat products, ready meals, pizza and pasta, and so on. These fairly traditional, trade PR mechanisms were used, however, to support corporate PR objectives, in terms of the consistent themes applied to them.

The coverage received by Perkins Foods has been quite varied in terms of its extent, subject matter and media involved, but all of the articles in the press were negotiated and written (some fully prepared for the publications, and some based on information supplied, by the publication), with the conscious objective of reflecting key strategic messages about Perkins Foods, i.e., the range of specialised convenience food manufacturers within the group; the emphasis on continuous development of customer-orientated quality frozen and chilled convenience foods; a clear strategic focus on the frozen and chilled convenience sectors; Perkins' understanding of, and concerted service provision to, multiple retail and food service customers.

Whatever their specific content, press materials would stress the concept of 'The Perkins Way', the principal elements of which comprised: technical and

product knowledge; investment in leading edge technology; cross-fertilisation of skills and ideas across the major European markets; understanding of retail customer (and consumer) needs; partnership working methods with customers. Here key personnel from both the parent group and member companies would be quoted at every opportunity, to apply a human face to these principles, and to demonstrate that the parent group and Perkins member companies thought and acted as one.

Another consequence of Perkins' low 'point of sale' presence has been very limited advertising activity. Some trade advertising appears in key trade directories and media, but chiefly as a public relations more than purely advertising mechanism – demonstrating support by an important player for its market place and media, more than seeking a commercial response.

Perkins' advertising, as well as exhibition presences and group and divisional brochure materials, have all been devised, written and produced to be consistent with the PR programme. In this sense, public relations took the lead in setting the tone and emphasis for other market-related communications activities. Examples include an A5 folder-and-insert format brochure launched at London's IFE exhibition, and a set of full colour brochure inserts included in a presentation leather Filofax offered to key buyers and City analysts to mark the millennium.

Evolution – focus on convenience

Perkins Foods is still a relatively young food group, but it has changed substantially over the past twelve years. Strategic change, most notably in terms of the disposal of some of its member companies and the acquisition of new ones, has taken place as the evolution of its original purpose and ethos – not as a reaction to error or as any kind of U-turn in its mission or philosophy.

Companies have been acquired regularly by Perkins over the last seven years, again on the original basis of strong existing people, products, facilities and practices. The pattern of acquisitions has not signalled any significant change of direction in the company's strategy. However, Perkins' more recent disposal of its fresh produce division and its move into markets apart from own-label retail products, most notably the food service sector in 1999, have raised some eyebrows in the retail and food industries and in the City.

In 1996 it was decided to dispose of the UK-based Speciality Seafoods business, and of two companies processing mushrooms in various packaged forms. This was not as a result of their performance; the seafood business in particular was extremely successful, and still is, in supplying exotic fish and seafoods for supermarket fresh fish counters. Neither was compatible with the dynamics of the increasingly successful convenience foods businesses. More than a dozen of these businesses, operating in five countries, were working well together, sharing expertise and market knowledge and even combining products to meet specific new opportunities. The seafood and mushroom businesses did not effectively fit into this pattern.

The evolution of Perkins Foods as a modern frozen and chilled convenience foods business by the end of 1997 suggested the logic of disposing of its Dutch-based interests in fresh produce (sold for £33.6 million to Greenery International). The Fresh Produce Division was a major importer and supplier of high quality fruit and vegetables to European supermarkets, but this is a very different business from convenience food manufacture and sales. Its disposal presented a sizeable PR challenge, as in the first half of 1998 it reduced the turnover of Perkins Foods PLC by almost 30 per cent, to £240.9 million. Thus, in handling the news of this disposal, great care had to be taken to communicate to the City that the move was entirely in line with the group's evolving business strategy.

This presented an excellent example of 'background' public relations effects in one area of media supporting the impressions created in another. Coverage in food, retail and grocery trade press explaining the disposal in terms of a strategic business focus on the thriving and rapidly increasing sectors of frozen and chilled foods were viewed in City circles as convincing evidence of clear business thinking on the part of the PLC. Analysts are perhaps more likely to take a cynical view of this focus being explained through direct briefings and coverage in the financial press (although this is also important) on a 'they would say that, wouldn't they' basis, than they are of positive coverage of this kind in core trade press. Analysts do follow the relevant trade press closely for corroborative evidence of a listed company's strategic thinking and actions, and this information route was covered by Perkins' City PR specialist, Square Mile Public Relations, quoting trade press coverage generated by trade PR consultant David Davies, in dealings with financial audiences.

Positively, the disposal of the fresh produce business enabled Perkins to post a £33.6 million pre-tax profit on the sale after writing off £46 million of goodwill, previously charged against its reserves. This windfall profit resulted in a trebling of Perkins' earnings per share (29.7p compared with 9.7p in 1997), although basic earnings per share, excluding the profits of the disposal, were slightly lower than the previous year. This was due mainly to currency movements and the effects of adverse weather and poor Christmas trading in the UK.

Following the sale of the fresh produce division, Perkins made a number of acquisitions to strengthen its core business including, among others, companies manufacturing international high quality ready meals and premium chilled sandwich fillings, pickles and relishes.

A feature of Perkins' growth strategy has been its move into new market sectors, in particular in the food service sector. Here Perkins has utilised the expertise, skills and products from within its remaining convenience food activities to form a UK-based specialist division serving major food service customers with products (uniquely with frozen *and* chilled products) from throughout the Perkins group. At the same time, a French-based initiative combining the products of four Perkins companies in three countries has launched a specialised service for the international in-flight catering sector.

These developments have been part of a carefully thought out evolutionary strategy, rather than simply opportunist tactics. Here public relations has played a vital role in communicating Perkins' strategy to these new markets and the established retail sector, where loyalty must be preserved. The key task for public relations activity has been to portray Perkins, accurately, as a major European, customer-led convenience foods group, and a recipe for continuing success.

The launch of Perkins Foodservice is a case in point. Having presented itself consistently as something of a specialist in the multiple retail sector, not least in own-label foods, this move could have been seen as a 'U-turn', or as evidence that perhaps modest success in the retail sector needed to be supplemented by a move into food service. The rationale, explained through trade publicity and complementary brochure work and trade advertising, was that the food service sector has evolved from a basic 'manufacturer-wholesaler-caterer' chain, to professional customer-oriented product and service provision. The major food service customers therefore serve their markets in a very similar way to the leading retailers, based on consistency, efficiency, quality and value, in turn relying upon sophisticated management control. Perkins' pedigree was in fact ideal to command the kind of expertise and knowledge necessary to meet the needs of these modern food service customers, indeed as the only truly integrated European group providing a vast range of (uniquely) frozen *and* chilled products all manufactured within a single group. This was the tone of the public relations activity launching Perkins Foodservice.

Perkins expertise and customer partnerships – 'Recipes for Success'

Retailer own-labels may have been born as cheaper alternatives to TV-advertised proprietary brands, but over the last ten years or so they have been developed more as brands in their own right – competing with the brands on quality, convenience, innovation and interest more than on price. The major multiples are now major spenders on TV advertising designed to promote their brand name, with separate, self-proclaiming economy alternatives established, such as Tesco's 'Value' and Kwik Save's 'No Frills' brands. Perkins has from the outset been unashamed about its role as an own-label manufacturer, and this has been central to its PR profile throughout the 1990s.

The challenges presented by the modern own-brand environment in terms of developing products that can compete with established brands for quality and value for money, as well as satisfying the rigorous demands of dominant multiple retailers, have been addressed by Perkins Foods by strengthening its product development teams and continuously introducing new ranges of convenience products. Here for example, Perkins has strengthened its teams of food technologists and chefs in the UK, Holland, Luxembourg, Germany and France. Indeed, the French team includes a Michelin Star Chef. Recent

own-label successes include the launch of a range of frozen English Fruit Crumbles into France and a variety of restaurant-quality chilled complete Meal Solutions, such as Beef Bourguignon and Chicken Chasseur, in UK supermarkets.

Another popular assumption about the own-label sector is that it conveniently avoids brand support costs, but Perkins argues that this enables investment to be channelled into the evolution of convenience food development and manufacturing. Perkins has continued to invest in manufacturing facilities and technologies, as well as supporting retail customers' promotional costs. Regular unannounced factory audits are an accepted part of the working life of the modern own-label manufacturer, and the highest possible standards have to be maintained at all times.

Nor is the own-label sector governed by a single set of considerations. Operating across a number of European markets, different consumer attitudes come into play. Product quality, convenience and innovation top consumer 'wish lists' in the UK and France, but in Germany, people still seek out own-label products with price primarily in mind. This is perpetuated and accentuated by the strength of the hard discounters in Germany.

The move from own-label towards own-brand has also brought the importance of packaging into focus. This was one area in which earlier 'cheaper alternative' own-label products could save on costs, but today the strength of design and quality of photography and materials used are as important in own-label as in proprietary brands. Focus group research is now as common in Perkins Foods' own-label product development, including packaging, as it is in branded products.

Discussions about new products are invariably two-way, with both parties drawing on a wealth of expertise in sourcing, technology, QA, logistics, marketing, merchandising and a vital understanding of consumer attitudes and trends.

The process described above, of own-label evolving into own retailer's brand, has provided Perkins Foods with tremendous business opportunities over more than a decade. Many food manufacturers claim to work 'in partnership' with their customers, but this is really the only way to succeed in the own-label environment of the late 1990s. For Perkins Foods, by the mid-1990s the single most important factor in its business strategy has been to apply the best possible technology and skills, via detailed understanding of customers and their markets, to partnership working methods alongside Europe's biggest retail and food service customers.

This emphasis in Perkins Foods' strategy is in effect its *Recipes for Success*, and it is clearly visible in every strand and element in the company's PR-dominated (marketing) communications strategy (see Figure 4.1). It is a strategy which has been of vital support to the commercial performance of Perkins Foods, and the continued success of its City profile. Moreover, it is a strategy which is continuously evolving in order to provide that support as the company approached its thirteenth year, and a new millennium.

As all of Perkins' communications activities have been formulated and executed, from a single cohesive 'brand essence' and positioning, a strapline has emerged to sum up Perkins' strengths within the convenience foods environment. This strapline is used consistently through all marketing communications materials and activities to sum what makes Perkins Foods 'tick'.

All Perkins products are now chef-developed and recipe-based convenience foods. Hence, recipes for success. The key elements characterising Perkins Foods' professional offer – expert personnel, the latest technology, NPD skills, quality assurance, customer and market understanding, integration across companies and countries – also represent a recipe for success. Finally, Perkins Foods' unrivalled commitment and ability to work in partnership with customers to develop and provide products their customers want to buy are its ultimate recipe for success.

Everything the company does, and everything it says through its public relations and marketing communications strategies, observes and communicates the ingredients which combine to make – *Perkins Foods – Recipes for Success*.

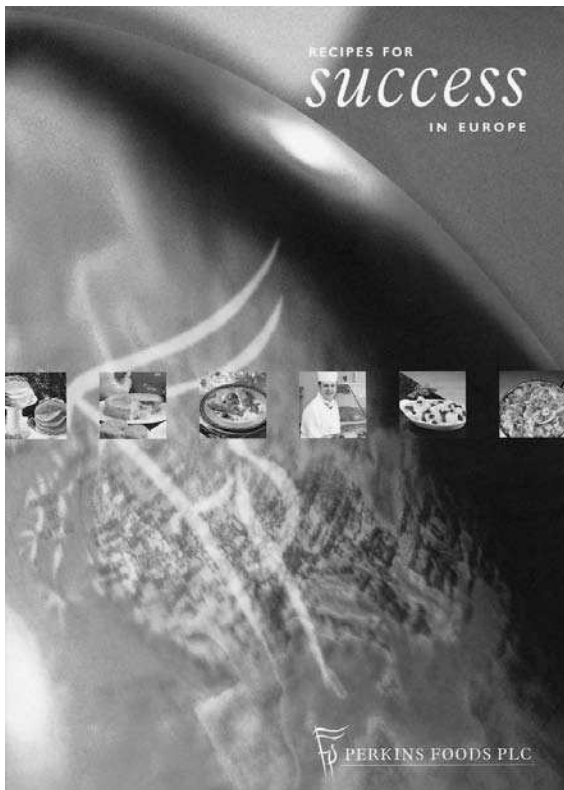


Figure 4.1 Perkins Foods Annual Report: *Recipes for Success*.

Lessons learned

This case highlights the fundamental principle that there is little point in attempting to portray a company in ways that do not reflect the reality of the business. Indeed, to attempt to do so could be counter-productive. If the desired profile for the business to be communicated does not reflect the reality of the business, then the reality must be changed. Public relations practice can never make any organisation effective in its field, but it can be a flexible and hard-working support to communicating its effectiveness, and by increasing receptiveness to that message, a positive aid to continuing success.

This case also illustrates the importance, particularly in today's highly competitive consumer markets, of effectively integrating all marketing and public relations activities so as to achieve a coherent and mutually supportive communications strategy that serves the commercial goals of the business. Here debates about the dividing line between public relations and marketing can be seen as a somewhat futile exercise, particularly when considering the roles that these two functions may play in the commercial market context.

This is not to say that marketing and public relations are the same function, nor should it be assumed that the two functions work in precisely the same way. Rather, the point here is that public relations can serve as a highly effective complement to more conventional marketing techniques, extending the reach of marketing, elaborating its message and preparing the ground for more overt marketing and sales activity by building the corporate profile and credibility of the organisation in question. Effective and realistic public relations activity can render a market place more readily receptive to a compatible and consistent marketing effort, and thereby improve the environment in which the company in question then sells its products.

Creatively, the case also highlights the importance of developing a powerful and consistent theme that can be carried through all communications activities. In this case, the concept of Perkins' 'Recipes for Success' summed up and captured the essential driving force behind the company's success formula.

A further key lesson that the case illustrates is that in a European or international context, public relations can prove an invaluable tool in promoting dialogue and greater understanding of a business within quite culturally different markets. In the case of Perkins Foods, which operates across five European countries, it is essential to ensure that there is a clear understanding of the core values that account for the corporate success of the business, while at the same time remaining sensitive to cultural differences in the way it promotes itself and its products. Here, identifying a strong and yet simple communications theme that can be applied readily across different countries and cultures is often the key to success.

Notes

- 1 Estimates taken from *European Frozen Food Economy 1997*, Quick Frozen Foods International.
- 2 Ibid.
- 3 *Key Notes* (1994), UK Frozen Food Market.

Case 5 **The journey to demutualization**

Clarica's internal communications challenge

Craig S. Fleisher and Paula Hendsbee



Figure 5.1 Clarica logo.

Introduction

This case describes the internal communication and change management challenges faced by Clarica Life Insurance Company, the first major Canadian mutual insurance company to convert from a mutual company to a publicly held company. While the change process is far from complete (Clarica was listed on the Toronto Stock Exchange on 21 July 1999), this case will outline the challenges of communicating with and engaging a large, dispersed internal audience during a complex, unprecedented wave of corporate change.

Although the demutualization process created a two-year communication challenge and, in fact, continues to present communication challenges and opportunities internally and externally even after implementation, this case will focus on the internal communication challenges (employees and agents) during the final six months of the process which occurred between January and June 1999.

Background

On 8 December 1997, Mutual Life of Canada¹ made history in the Canadian life insurance industry by announcing its intention to seek policyholder and regulatory approval to go public – known in the industry as the process of demutualization. The first large Canadian mutual insurer to chart this course,

Mutual (now Clarica Life Insurance Company) was also the first mutual life insurance company in Canada, commencing business in 1870, growing from a small provider of life insurance into one of Canada's major financial services companies. Today, one in ten Canadians is a Clarica customer. These customers are served by Clarica's sales force of 3,000 and staff of 4,000. Clarica also has a US operation.

Why demutualization?

Mutual companies are owned by their participating policyholders, not shareholders. Unlike shareholders, however, those policyholders cannot trade or exchange their ownership rights. Mutual companies can only raise capital through preferred shares, debt or by using internally generated funds. Demutualization presented a singular opportunity for Mutual to add muscle in the intensifying competition for customers. It was not an end but a means – a way to transform the company and take it into a higher league.

In Mutual Life's case, demutualization was a way to unlock the value in the company and clarify the ownership rights of the participating policyholders by giving them shares in the company, which they could hold or sell. The company's mission for 130 years was to maximize value for policyholders, who were also the owners. When demutualization was made possible through regulatory change, the company determined that changing its structure and distributing the accumulated value of the company to eligible policyholders was the best way to deliver on that mission.

The stock company structure would also afford the company greater flexibility in raising capital to increase its ability to participate in industry consolidation, invest in technology and research, and develop products to meet changing customer needs.

As for the demutualization process itself, the company had to develop a demutualization plan and have it approved by its board of directors and independent actuaries. It also had to receive approval from regulators as well as the Superintendent of Financial Institutions in the Canadian capital of Ottawa. Next, as part of a larger communication plan, the company had to send every policyholder a statement and prospectus outlining the process and the proposal. Policyholders then had an opportunity to vote on the plan and the company had to receive two-thirds majority of the votes cast. Finally, the Minister of Finance had to approve the plan and then the company could be listed on a stock exchange. This whole process took nearly two years to complete.

External implications of demutualization

The global trend towards demutualization created broad implications for Canada, the life insurance industry and the future financial services landscape. Canada experienced a tidal wave of share ownership during

1999–2000. In addition to Clarica, four other Canadian mutual companies announced their intentions to demutualize. In 1999 and 2000, Canada experienced a tidal wave of share ownership as a result of demutualization. In addition to Clarica, four other Canadian mutual companies demutualized. Estimates in 1999 suggested that demutualization would place some \$10 billion dollars into the hands of 2 million Canadian policyholders who would become shareholders. This would represent the largest distribution of wealth in Canadian history, with billions of dollars of share capital placed in the hands or the control of individuals who would wield considerable purchasing power and investment clout.

Projections showed that these demutualizations would add 0.3 per cent to the country's real economic growth, potentially generating 10,000 to 12,000 new jobs in the 18 months following demutualization. Tax revenue would increase by \$1 billion – good economic news for Canada.

Internal implications of demutualization

The conversion from a mutual company to a stock company and from Mutual Life to Clarica created an internal cultural shift with numerous internal implications. The seven organizational implications of demutualization shown below are considered to be the most important:

- 1 Change in structure.
- 2 New owners and stakeholders.
- 3 New name and brand.
- 4 Changing policies/practices.
- 5 Change in several major business processes.
- 6 Increased emphasis on business performance, financial performance and risk management.
- 7 Increased emphasis on employee ownership.

These seven shifts and their implications for internal communication are described more fully below.

Shift 1: Change in ownership structure

Critical implications for internal communication included the following. Although Mutual Life's market share was quite large (market share of premium income was at the time close to 16 per cent in individual life insurance and over 10 per cent in group insurance, earning the company second place in Canadian individual and group insurance combined), there was relatively little 'market presence'. In fact, research confirmed that the name 'Mutual' caused confusion in the marketplace, with both mutual fund providers and the scores of other companies with 'mutual' in their names. Research also confirmed that consumer awareness of both 'The Mutual Group' and 'Mutual Life' was relatively low.

Most of the company's presence was achieved through sales efforts as opposed to being accomplished through reputation, advertising and promotional efforts. Because it became public and opened itself up to the scrutiny of a whole wave of new stakeholders who had different interests from those who were only policyholders in the past, communication efforts went from being primarily internally to externally oriented. It also required the company and its communication effort to move from being reactive to proactive in terms of meeting evolving marketplace demands and trends.

As a public company, the Chief Executive Officer's (CEO) external presence needed to increase significantly. Since demutualization, the company now needs to balance his external and internal roles. The Chief Financial Officer (CFO) now plays a significant external role as opposed to the formal role that used to be primarily internal management of the company's finances. Clarica now also has a newly established role of Vice-President of Investor Relations, who works closely with Corporate Communications.

Shift 2: New owners and stakeholders

The newly public company needed to build a good relationship with investors and the investment community in ways that didn't exist before. This required the company to quickly come 'up to speed' with the communication needs and preferences of a stakeholder group that previously was not in the communication set.

Becoming a publicly traded company increased the need for business and financial literacy among employees. The company also needed to communicate initially and in an ongoing manner about new stock company policies such as insider trading and disclosure. People also had to be more aware of business performance. This is currently being facilitated through a business performance measurement initiative, which assesses financial and non-financial performance measures each quarter. The company's business plan and goals must also be crystal clear to people so they know how their actions and roles affect the company's performance.

The company also experienced an unprecedented increase in media attention. As a mutual company, employees had been mostly insulated from media attention. During demutualization, local media in the headquarters city of Waterloo, Ontario, in particular, was rather critical of some of the company's actions and even engaged in what some observers perceived to be critical attacks on the CEO. This change in company-media interaction meant that employees needed to become more 'media literate'. They had to understand the reasons why the company responded in the fashion they did or didn't, as the case might be. One change this created was the new need to share more media and external information with employees. One benefit of the increased media attention, which on a national basis was predominantly positive, was that it created many internal communication opportunities and helped build pride in the organization as an industry leader.

Shift 3: New name and brand

The company introduced a new name and brand at the same time as the conversion to a public company. This change made sense for several reasons:

- Government regulations suggested the company should consider changing its name when it demutualized, to ensure it was described accurately as a stock company.
- A new name would reflect the company's new reality.
- Research confirmed that 'Mutual' caused some confusion in the marketplace – with both mutual fund providers and the scores of other companies with 'mutual' in their names.
- Research indicated that consumer awareness of both 'The Mutual Group' and 'Mutual Life' was relatively low.
- A strong brand would help differentiate the company from its competitors and would support continued business growth.

The change of name and introduction of a corporate branding strategy created a huge communication challenge because it was extremely emotional for staff and agents and required substantial changes in attitude and behaviour. This included everything from how employees answered the phone to advertising and promoting the company in entirely new ways.

As part of its internal branding strategy, Clarica launched a 'plain language' initiative to ensure that communication supported Clarica's brand promise of 'clarity through dialogue'. The company also had to establish a new advertising presence. For many years, it had no national focus on advertising. This created the need for consistency, which meant that agents needed to change the process of how they advertised in their local communities.

Shift 4: Changing policies/practices

Because it had now become a publicly traded company, the company moved from the lower level of disclosure required in communicating with its policyholders to active and frequent disclosure regulations and requirements. Former policyholders now owned stock and would need to understand how their newly owned stock was performing.

In light of the shareholder disclosure policy, confidentiality was a new issue that employees had to wrestle with. For example, the company had to carefully consider the challenges associated with its sharing of business plans and other forms of critical information. This challenge became even trickier due to the decentralized nature of the company's communications systems and structure. The system made for easy information sharing but involved new risks, as internal information could easily become external just by a single keystroke if employees chose to forward electronic mail outside the company.

Shift 5: Changes in business processes

As may be gathered from the discussion to date, demutualization is a substantial change that affected the company in its entirety. It created the need for the company to participate in ongoing change management/change communication initiatives. Change has become the norm for employees and communication has become all the more important in helping employees understand the many implications of change.

The new emphasis on performance also created the need for much more rigour around communication. There were entirely new and different sets of stakeholders to consider and, as a public company, it became more critical than ever to ensure internal and external messages were both accurate and consistent.

Shift 6: Increased emphasis on business performance, financial performance and risk management

The communication team became involved in providing communication strategies and frameworks for several initiatives that emanated from demutualization. These roles and frameworks had not existed in the past and required the team to acquire new knowledge and understanding in order to make a substantive contribution.

The internal communication team also had a new role in providing communication counsel to business planning coordinators. This new role was mainly to ensure that the business plan was accessible and 'real' to employees.

Shift 7: Increased emphasis on employee ownership

The communications team needed to establish a stronger link and partnership with the change management/human resources management functions known in the company as the Strategic Capabilities unit. This new partnership was necessary because of the obvious similarity between the units' objectives. This collaboration streamlined and integrated work that otherwise would have been done independently.

The Corporate communications department was also required to support the launch of an assisted share purchase plan. This plan went beyond simple promotion of share ownership; it was, and continues to be, part of a larger effort to encourage shared ownership (literal and figurative) in the company's future.

Research

Little internal communication research existed prior to January 1999 as the Corporate Communications function had not included dedicated internal

communications resources due to significant downsizing and restructuring in 1995–96. In addition, the decentralized nature of communication in the organization meant that many related initiatives were separately managed and separately communicated.

Once an internal corporate communications function was established in early 1999, integration of strategic internal messages became the top priority.

Goals and objectives

Viewing the multiple change initiatives as an integrated whole, the major goals and objectives were to:

- create a consistent and integrated communication engine with key messages, a common theme, and a common look and feel in order to demonstrate integration and linkages of key activities and changes;
- define the accountabilities and capabilities required to support the transformation of Mutual to Clarica;
- ensure all members of the firm understand how they create shareholder value, deliver the brand and can participate to achieve the vision of Clarica.

Target audiences

The key internal audiences were identified as:

- 1 Canadian employees – Approximately 3,200 of Clarica’s 4,000 employees are based in Waterloo, Ontario, at the company’s corporate head office. The remaining 800 are based in Ottawa, Montreal, and in branch offices across Canada.
- 2 Canadian sales force – Clarica has one of the largest exclusive distribution channels in the Canadian insurance industry, with 3,000 career sales agents and managers. Unlike many insurance companies, this sales force sells only Clarica products. In addition, Clarica’s unique commission structure rewards agents for developing and maintaining long-term relationships with clients.
- 3 US employees – The company’s US operations (200 people in two main locations) did not adopt the Clarica name until December 1999; as a result, communication needs for this audience were very different. The US communications staff advised Corporate Communications on how to modify messages to ensure that the US staff felt included and customized many of the broad corporate messages themselves. US staff were, however, included in company celebrations, major announcements and CEO messages to ensure they felt included in the process.

Key messages

The following key messages directed and guided all communication activities in 1999:

- To know where you are going, you need to know where you've been.
- We know what we stand for, as defined by our values and our service history.
- We have provided investment and insurance solutions since 1870. We have a strong foundation.
- The changes proposed by demutualization will help us to provide greater value to our customers and owners.
- We know what is required of us, as defined through dialogue with our customers and owners.
- We're up to the challenge: we've done our homework, our research, and we have the resources in place to deliver on our promise.
- Our new name/company will deliver value to our customers (and thereby shareholders): there will be less confusion about who we are, what we offer, how we work, and where to go for clear solutions.
- As a stock company, we will have greater flexibility for growth (i.e., through access to capital).
- We will continue to change to respond to the changing environment and our customers'/owners' needs.
- In order to deliver on our brand promise to our customers and owners, we will focus on making sure that our processes and business decisions are driven by the needs of the customer and produce returns for the shareholder.

In addition to these key messages, specific messages were developed for each major corporate initiative to ensure message consistency and integration.

All activities were aimed at building awareness, understanding and commitment within the organization, based on the above key messages.

Main elements of the communications strategy including target media

Although the list of communication activities is far too long to detail here, among the most essential elements were the following.

Timely, accessible communication

- development of active intranet sites for the staff and sales force intranets;
- an Internet-based stock-market simulation, aimed at increasing stock-market awareness and creating a rallying point that led up to the policyholder vote on demutualization (Waterloo and Ottawa staff only);

- an electronic feedback box linked to CEO messages that allowed employees and agents to write back directly to the CEO – received hundreds of responses;
- development of a customized electronic newsletter for the sales force specifically for messages relating to demutualization, name and brand;
- development of a News Alert – an electronic news release sent to all staff and agents simultaneous to an external news release.

Brand and name communication

- a simultaneous, North America-wide official announcement of the intended name communicated to all staff, sales force and media;
- videos, print materials, information kits and face-to-face communication through Branch Champions in each area of the business.

Demutualization/initial public offering communication

- communication of all major demutualization milestones (see schedule below; steps 3–7; all staff and sales force) through electronic messaging, leveraging of external publicity and other creative means;
- a series of change communication publications (called ‘Focus On’) focusing on emerging business issues related to demutualization provided to the staff and sales force;
- two major employee rallies combining comedy, entertainment and education;
- face-to-face engagement sessions reaching more than 1,000 staff and hundreds of agents and branch managers, to allow for learning and dialogue about the changes facing the company

Schedule

All communication activities in 1999 were geared to Clarica’s initial public offering (IPO) date, the same date as the official name change. Due to government legislation issues, pending policyholder approval and market conditions, this date was not set until literally days before the event; however, communication planning was based on a tentative July 1999 target date along with several key milestones, positioned to audiences as the ‘Route to Demute’:

- 1 Develop the demutualization principles and obtain policyholder input (achieved in October 1998).
- 2 Finalize the plan and obtain Board approval (achieved in March 1999).
- 3 Obtain regulator approval to mail the Special Guide for policyholders (achieved on 12 April 1999).
- 4 Print and mail the Special Guide for policyholders (achieved on 26 April 1999).

- 5 Hold the Special Meeting for policyholders (achieved on 10 June 1999).
- 6 Obtain the approval of the Minister of Finance (achieved on 14 July 1999).
- 7 Conversion, distribution and listing of shares (achieved on 21 July 1999).

Steps 1 and 2 were already complete at the beginning of the phase of communication described in this case study.

Evaluation of results

In September 1999, Corporate Communications conducted an evaluation of the effectiveness of these initiatives to date through an employee survey. An agent survey was also put in progress (results pending).

The employee survey, conducted on a random selection basis with 10 per cent of staff, was designed to answer four key questions:

- 1 Do employees perceive that the CEO and management communicate critical business information to them on a regular basis?
- 2 Is leadership and manager communication working to the extent that employees understand key business concepts?
- 3 Do employees know how to apply that knowledge to do their job?
- 4 Do employees understand the company's vision and direction?

Because Corporate Communications mainly supports the communication needs of the CEO and leadership team, this survey focused predominantly on leadership communication. From the results, Corporate Communications made the following key observations:

- 97 per cent of staff surveyed believed that the CEO and his leadership team communicated relevant, important business information.
- 96 per cent of staff surveyed believed that the CEO and leadership team usually explained or provided context for the organization's direction and/or business decisions.
- 89 per cent of staff surveyed believed that the CEO and leadership team communicated a realistic picture of the company and/or industry.
- 94 per cent of staff surveyed indicated they felt comfortable raising issues and sharing business concerns with their supervisors.
- 87 per cent of staff surveyed were aware of channels for sharing their thoughts and concerns with management.
- 91 per cent of staff surveyed indicated they had a good understanding of Clarica's business goals and vision.
- 88 per cent of staff surveyed indicated they recognized ways in which they could personally contribute to the company's business goals and vision.

Additional evaluation has been ongoing in the form of assessing communication over the company's intranet, garnering feedback from the executive

management team, and conducting a self-evaluation of the initiatives against predetermined objectives.

Lessons learned

Based on this communication initiative, Clarica's Corporate Communications team learned several key lessons that can be applied by other organizations embarking on large change communication ventures:

- 1 When communicating major change, messages must be integrated and consistent. There is significant financial and reputation risk resulting from lack of internal and external message integration. This risk, and the challenge, are even greater for organizations with decentralized communication processes and structures.
- 2 The CEO and management team must speak with one voice from one message platform. This lesson is critical, as audiences rarely distinguish between the source and intended receivers of the message. In addition, to understand change, internal audiences must hear repeatedly the intent of the change and the expected outcome of the change.
- 3 The internal audience is a key stakeholder group and must be given equal, if not more, communication focus during major change. Although demutualization was predominantly an external change (affecting 1 million policyholders and thousands of new shareholders), it had significant consequences for employees and agents, who needed to serve as ambassadors for the change.

Summary

All long-standing companies eventually go through times of dramatic change. This case described the organizational communication context associated with converting from a mutual to a publicly held company. It provided an understanding of the range of communication and change management actions that the company underwent and identified how the employee communication context could be managed systematically. Clarica continues to evolve its management of internal communications as it grows comfortable with its role as a prominent publicly held Canadian company.

Note

- 1 One major change resulting from demutualization was the change of name from Mutual Life Insurance Company of Canada to Clarica Life Insurance Company. Although the company name did not change until after demutualization was complete (21 July 1999), we will refer to the company as Clarica for the purposes of this case study.

Case 6 Barloworld

Communicating strategic direction to increase shareholder value

Jon White

Introduction

The case of Barloworld (also referred to as Barlows), a company headquartered in South Africa but operating from its base there around the world and in a number of business areas, can be looked at in several ways. The case itself offers some useful insights into issues relating to both strategy development and the role and management of communication in the setting of strategic direction. Second, the case illustrates aspects of consultancy in corporate communication and organizational change. It also demonstrates a powerful technique used to help management decision-making groups clarify strategic directions.

As a management teaching case, the Barloworld case allows readers to put themselves in the position of the company management group, meeting to discuss the company's strategic options and direction.

The company had experienced worldwide change in its operating environment, as a result of international developments in Asia and Russia, among others. In South Africa, it is adapting to changes resulting from social, political and economic developments. Its performance on the world's stock markets has been disappointing in the past, and its component businesses have had mixed fortunes in recent years.

Key questions facing Barloworld

At the time the case was written (September 1998) the company was known as Barlows Ltd and there was a perception among the company's management group that the strengths of the company, as a multinational company with diverse interests, were not being recognized. This was due in part to the fact that the company had not built on its strengths: internally, by communicating them to its employees worldwide; and, externally, by communicating a clear sense of the company's nature and direction to important groups such as political decision-makers in South Africa, and the investment community in South Africa and elsewhere.

Examining the situation that Barloworld faced at the time led to a number

of important questions being identified, all having significant implications for the management of communication by the company:

- What was the company's strategic focus/intent? What would its brand stand for?
- What were its strategic options – divestment and concentration on strong businesses within the company's portfolio? Organic growth? Acquisition? Use of resources to build entirely new business interests?
- How could the management team organize and use company resources to plan for the future, and how could plans be made to work?
- What changes in management style and approaches might be necessary to lead the company into the future?
- Are there advantages to a South African approach to management of an international company?
- What steps can companies like Barloworld take to ensure that they have an adequate pool from which they can draw managers qualified for international management?
- Was the company's emphasis on globalization and the pursuit of business interests around the world realistic, and – if it was – how could the company continue this process (for example, by re-siting the company headquarters in another business centre, such as London)?
- Were further changes necessary in company structure and interests – for example, should the company's eight constituent businesses be rationalized into a smaller number of businesses? What might the arguments for and against rationalization be?

Further questions arose relating directly to the role of communication:

- What might the role of communication be in developing the company's assets of intellectual and emotional capital, with groups inside and outside the organization?
- Considering the role of communication, what might some of the key messages about the company be, and how could these be sustained in communication with employees and external groups, such as the investment community, customers, the media and the community?
- Would employees understand and support a new brand positioning and believe in their ability to deliver it?

The consultancy role

The case also illustrates the consultancy process at work. Here consultancy practice can be seen to involve a number of defined phases:

- Entry into the consultant–client relationship.
- A 'contract' phase, involving negotiation and agreement on work to be completed during the relationship. This is an important phase, which

allows for definition of problems to be explored, exploration of client commitment to work on solutions to problems identified, and agreement on the results to be achieved as a result of the consultants' work.

- A 'work' phase, during which the activities agreed upon in the second phase are carried out.
- An 'exit' phase, which allows for a natural break in the relationship between client and consultant, when the client's requirements have been met, and the client can look to the future without prolonging dependency on consultancy advice to deal with the problems around which the relationship began. This phase requires careful planning and management.

This case shows how consultants with The Marketing & Communication Agency Ltd (MCA) – a principal from the consultancy and an associate – worked with the management group of the company to help them to clarify the issues they faced, and to develop approaches to dealing with them. In terms of the consultancy process, the two MCA representatives moved on from entry into the client–consultancy relationship, to define a programme of work with the client that would form the basis for change in the client organization.

This approach contrasts with other approaches used in corporate communication consultancy practice, where the client defines the problems to be worked on, and invites consultancies to propose solutions to these problems, often 'pitching' their solutions to the client against solutions offered by competitor consultancies.

MCA has pioneered the use of a number of techniques in its practice. Here, as this case shows, the consultancy made use of the case-writing method, developed for management teaching at leading business schools, but turned by the consultancy into a technique for helping management identify and choose strategic options.

The first step in this approach involved writing up a case history and review of the company's situation based on:

- research within the company;
- company histories;
- interviews with the company's management group;
- outside commentary.

Here the aim was to tell the Barloworld story so that the management group could see, and reflect on, 'the story so far' and the possibilities it contained. In the consultancy's experience, this case-based approach has proved a powerful aid to management decision-making. The case was used at a management retreat as part of a two-day discussion to help set strategic direction for the company.

Facing an uncertain future

Organisations that will succeed in the new era now dawning in South Africa will be those that are driven by a vision of the future and which take steps to realign their operations to be appropriate in a global context.

(Introducing Barlows)

We have always had the ability to scan the globe for ideas and business systems and implement what works, irrespective of national roots. And we have learnt to manage diverse businesses in complex environments.

(Warren Clewlow, chairman and chief executive officer, Barlow Limited, global management conference, London, July 1997)

Hermansberg is a property owned by the South African multinational company Barloworld on the Drakensberg Escarpment in South Africa, a short flight by executive aircraft from Johannesburg, where the company has its corporate headquarters. The property, a working farm set in beautiful scenery, is an ideal location for management retreats, where the company's senior management group can take time out to discuss the management and future of the company, as well as to relax, fish, and have more informal conversations. Routinely, the management group, the company's chairman, senior officers and heads of the company's eight businesses use Hermansberg for these meetings.

Meetings at Hermansberg, such as a meeting held in August 1996, have in the past focused on corporate strategy, as a function of the performance prospects for the various business units. The meeting planned for the end of September 1998 took place as developments inside and outside the company had given added urgency to the need to examine the company's overall direction and the way it could be communicated to groups important to the company's future.

Earlier in September, the company had initiated a study of internal and external communication with the help of MCA who had been invited into the company because it had been recognised that the company was not getting its message across to external groups such as investors, or to its own employees.

At the end of the September meeting, the results of MCA's work were to be discussed, to assist in decision-making about directions for the company's future so that these, in turn, could be communicated to external and internal audiences as effectively as possible. Here discussion focused on such issues as:

- significant features in the situation facing the company at the time of the September 1998 management meeting;
- developments inside and outside the company;
- the reaction of managers within the company to the initial research of the communication consultants;

- the options that emerged from their research, which involved extended interviews with senior managers from the company's central office and component business units.

A key concern of the meeting was to address the question of the way forward and, in particular, the question: How could strategic direction set by the company's management group be clearly communicated to its employees around the world, and to groups outside the company crucial to the future success of the company? Success in this task, it was believed, could add to shareholder value and build shareholder and employee enthusiasm for the excitement and what company staff called the 'magic' of Barloworld.

The company and its recent history

At the time, the company's website described the company as:

a South-African based multinational industrial company, whose activities include the manufacture and distribution of cement, lime, paint, steel tube, building materials, speciality paper products and scientific equipment, as well as major dealerships in Caterpillar and Hyster products, and motor vehicle distribution. From its traditional base in southern Africa, its operations have grown around the world and can be found in North America, Europe, Australia and Asia.

This matter-of-fact description hid a company whose fortunes have been bound into South Africa's economic, political and social development. Its leaders have been larger-than-life characters that have left their mark on the country. Principal among these was C. S. 'Punch' Barlow (so-called because he had a sister called Judy), son of the founder of the company. He led the company through its growth years and his influence can still be seen in its culture today. He believed in teamwork and in the value of the people who make up the company. Once, when criticized for giving too much attention to staff welfare, he suggested that 'if the staff is happy, the shareholders will receive dividends they can be happy about' (*C. S. Barlow, 1905–1979*).

The company was founded in 1902, as a small trading company in Durban, but grew through acquisitions and organic expansion until the early 1990s, by which time it was a large conglomerate with interests in almost every part of the South African economy. It was, in the words of a book describing South Africa's best companies, 'one of the biggest, most horizontally diversified conglomerates in South Africa, and typified the unfocused South African group of the 1980s' (*The 49 Best Companies to Work for in South Africa*).

In 1993, the company's board decided to unbundle the company, then called Barlow Rand, and to dispose of non-core interests in companies such as CG Smith, Rand Mines, Reunert and RMP Properties. The purpose of unbundling was to sharpen the company's focus on its remaining activities.

The decision to unbundle was met with initial approval by investors in the company, and the investment community as a whole showed its approval by returning the share price to its pre-unbundling level within two years of the company's restructuring, despite the absence of 60 per cent of the assets that had been distributed in the unbundling (*The 49 Best Companies to Work for in South Africa*).

Business units making up the company were restructured, as was the operational management of the company, a process that took three years to 1997. The company described itself in its 1997 *Annual Report* as 'truly a South-African based multinational'. At this stage the company comprised eight global business units, focused on:

- capital equipment;
- cement and lime;
- materials handling;
- scientific and paper products;
- motor dealerships and leasing activities;
- paints and coatings;
- steel tube production;
- building materials.

The scientific and paper products and materials handling divisions were headquartered in the United Kingdom and United States, respectively.

In addition to these business divisions, the company also had a major shareholding – 17 per cent – in a South African-based information technology company, Perasetel Q Data Holdings Limited, which has been expanding rapidly, especially in Europe, according to the company's 1997 *Annual Report*.

The company supports its operating divisions through a number of central functions, including a treasury operation, and also has a worldwide risk management programme.

In all, at the time of writing, the company had around 30,000 employees around the world and its divisions operated according to their interests and the opportunities the company had exploited in a number of countries. The capital equipment division, for example, operated in southern Africa, Spain, Portugal, Bulgaria and now Siberia in Russia. Cement and lime are market leaders in South Africa and export to neighbouring countries. Materials handling operated in the southeastern United States and Europe, as well as much of southern Africa. Other divisions had interests in the United Kingdom, Australia and around the world, while the building materials and motor and leasing divisions concentrated their activities in South Africa. By 1997, the company's shares were listed on stock exchanges in Johannesburg, London, Paris, Brussels, Antwerp, Frankfurt, Zurich and Namibia.

By the first half of 1998, just over 50 per cent of earnings for the group were generated from outside South Africa – offshore sources – as compared with 34 per cent in the first half of 1997. Analysts' estimates were that 40 per

cent of these earnings came from continental Europe, 25 per cent from the United States, 10 per cent from Australia and 25 per cent from the United Kingdom.

Despite the success of unbundling, the company had been unable to find a satisfactory way of describing the new company, so as to be able to communicate a new vision of the company to employees and to important groups outside the company, such as the investment community. Most of the senior management group of the company rejected the widely held view that the new organization was still a conglomerate. For several years, company literature had described the restructured company's activities as 'closely linked to infrastructural development' (interview with Warren Clewlow, company chairman, *Introducing Barlows*), or 'focused principally on infrastructural development' (*Annual Report*, 1996).

By 1997, the limitations of this description had become apparent. The company's annual report for 1997 referred to the company's activities in more general terms, talking of its global strategic aims to deliver products to customers at world prices, to create interesting jobs for employees and produce sustainable quality returns to shareholders. Thus, one of the questions facing the management group gathering at the Hermansberg meeting was how to find a description of the company that could be used to communicate effectively with employees and groups outside the company.

Developments inside and outside the company

The September 1998 management meeting followed unfavourable international and national developments. The meeting was also the first opportunity for the management group, as a group, to reflect on changes in the company's management, announced at the end of the previous month.

Outside the company, the international developments which affected the company included:

- developments in East Asia, which had seen economic expansion in the region falter and go into reverse;
- an economic crisis in Russia, which had further affected investor confidence in the stability of world markets;
- investor nervousness about emerging markets, such as South Africa.

Commentators on the South African economy, such as Dr C. Stals, Governor of the South African Reserve Bank, pointed out that 'the South African economy, which is rapidly being integrated into the evolving interdependent worldwide system of markets could not escape the adverse effects of the developments in East Asia' (address to shareholders, 25 August 1998). The country, he said, must learn how to share in the benefits, which follow from involvement in the world economy, and how to cope with the periodic adversities of such involvement.

For South Africa in the middle of 1998, these issues included the withdrawal of investment in the country. A *New York Times* article published in early September suggested that South Africa's Achilles' heel was political instability, which prompts foreign capital to move in search of safer lodging places. The flight of capital had several consequences for Barlows, namely, depreciation of the national currency, the rand, against other major currencies; and reluctance on the part of investors to invest in the company, which was seen as operating primarily in an emerging market

In the year preceding the management meeting at Hermansberg, the company's senior managers had seen the value of its shares drop to one-half of the previous year's value (and their own stake in the company, held in options or shares, diminish accordingly).

Nationally, the company had to deal with the impact of government legislation relating to rights at work, and with the need to establish a reliable relationship with the national government, which would allow for the presentation, protection and promotion of the company's interests.

Inside the company, the chairman, Warren Clewlow, had announced on 31 August 1998, that from 1 October 1998, his other role as Chief Executive Officer, which he had held jointly with the chairmanship, would pass to Tony Phillips, who was at the time of the announcement the board director responsible for the organization's earthmoving equipment interests around the world. His explicit task, mentioned in the announcement, would be to lead the company into the next century. The Chairman's announcement was a confident one. Talking of the organization as a 'strong and vibrant company', he reminded his internal audience that the company was well positioned to ride out 'the current global storms'.

Another change announced at the same time was the retirement of Russell Chambers as Chief Operating Officer of the company. He was to retire from executive duties in mid-1999, but to continue on the board as non-executive director.

For some years, Warren Clewlow, as Chairman and Chief Executive Officer, Russell Chambers, as Chief Operating Officer, and Des Arnold, as Executive Director responsible for finance and administration, had formed the central decision-making group within the company. Of the three, Des Arnold would remain in his role for several years to come, but the 31 August announcement heralded changes within the decision-making group.

Management and change at Barloworld had depended on what Warren Clewlow had called in the past 'steady evolution'. This had been particularly evident during Mike Rosholt's chairmanship of Barlow Rand from 1979 to 1991. More recently, the company had had to learn to change more quickly. By 1997, the Chairman recognized, in the company's annual report, that the company's new approach to globalization demanded a more nimble approach.

One of the issues facing the management group gathered in Hermansberg, and Tony Phillips as the incoming Chief Executive, was how this nimbleness

of approach was to be incorporated into a company which, until then, had been recognized by outside observers as strong but 'fairly conservative' (*The 49 Best Companies to Work for in South Africa*).

Communication and preparation for decision-making: the results of the communication consultants' initial study

The Hermansberg meeting was to focus on the results of an initiative prompted by discussions within the senior management group of the company. This was to discuss information about the situation facing the company, and management opinions about directions for change that could be communicated effectively to internal and external audiences.

Two MCA consultants had been invited into the company, to consider ways in which the company could draw on and communicate its strengths – its 'magic' – to important groups. The purpose of improving communication in this way was to improve staff knowledge of the company and their commitment to it. The aim was also to strengthen the flow of accurate information to groups such as the investment community and the media in South Africa and elsewhere, so that a more accurate picture of the strengths of Barloworld as a company could be presented.

The two consultants visited the company's headquarters at Barlow Park in early September, to question the company's senior management group, and senior staff from the company's business units about the company's approach to communication. They later followed up the interviews at Barlow Park with a telephone interview with the company's Chief Executive Officer designate, Tony Phillips. In addition to their interviews with individual managers, they also discussed company issues with a group of 7 senior staff drawn from central office, the steel tube, paint and cement and lime divisions.

Questions to 22 senior managers, including the company's Chairman and Chief Executive Officer Warren Clewlow, Chief Operating Officer Russell Chambers, and Finance Director Des Arnold, concentrated on the company's strategic direction, the groups of people essential to the achievement of company objectives, and the key messages that could be developed concerning the company's objectives and activities.

The answers they heard spoke of a company with a strong culture and traditions, with values of integrity and concern for the people who make up the organization. At the most senior levels, they found a clear sense of direction, but at other levels of management there was a frustration that there seemed to be no vision guiding the company. Below a certain level of management, individuals identified more closely with their business units, rather than with the organization as a whole, and it was recognized that the company did very little to communicate with its staff around the world, for example, with staff in Spain and Portugal in their own language.

A number of themes emerged from this research:

- Internationalization should progress, and managers be provided with more opportunities to develop the skills needed to run international businesses.
- Among some senior managers, there was a belief that the company should rationalize further, reducing the number of business interests pursued by the company to a smaller number of interests in industries or business activities in which the company had acknowledged international strength. These business interests could then be pursued vigorously to develop a strong international position.
- Others believed that the company should be looking to develop new interests – businesses for the twenty-first century, to build and perhaps supersede interests now held in declining industries.
- The company had the resources to acquire new business interests, but did it have the entrepreneurial drive and innovative capacity to find these?
- The company's culture had obvious strengths, of integrity and in its treatment of people in the organization, but it was perceived to be paternalistic, controlling and risk-averse.
- Some managers felt that the company's culture and traditions might set it at odds with the surrounding national culture, that it might in some ways be out of touch with the new South Africa.

Managers judged that the company had not been effective in communication. The communication consultants asked the group to rate the company's internal and external communication on a 0 to 10-point scale, and found that the average rating for the group of managers was 3.9 for internal communication and 4.8 for external communication.

Internal communication had been limited to a few internal publications, but managers felt that the situation would get better as the attention of the Head of Corporate communications turned to further improvements in internal communication. External communication had been too cautious. In both internal and external communication, managers wanted to see significant improvements (in the order of 5 points on each scale).

Managers were asked for their opinions regarding some key messages that might be developed about the company that could be sustained by the company's record and practices. Of 18 managers expressing an opinion, 4 felt that it was still true that the company was a conglomerate, one was ambivalent about this description of the company, and 13 felt that it could not be described as a conglomerate.

The communicators also tested some statements about the business, asking managers to express their strength of agreement with a number of statements about the company as: (1) a manager of diversity; (2) as a company that sees things differently; and (3) as one that offers a great deal to its employees. Managers rated their agreement with these statements on a 0–10 point scale, and the average rating given against each of these statements was 6.3 (range 0–9), 6.4 (range 0–8) and 6.5 (range 4–9) respectively.

The most pressing challenges facing the company, according to the managers interviewed, included coping with national developments in South Africa, continuing the drive towards internationalization, and, above all, finding a clear vision for the future of the company. In this, it was believed that changes set in motion by the company's senior management would help to establish this vision.

Communicating corporate direction

The company's management group were presented with the findings of the communication consultants' work in the form of a case study describing the company and the situation it faced. Several elements were in place for immediate improvements to the company's communication with key internal and external audiences. Some of these could be implemented immediately, while others would take time, management commitment and investment of resources to realize.

The management had shown its willingness to initiate improvements by inviting the communication consultants into the company. Their questioning opened up discussion on necessary changes. However, the next steps depended on the managers at the Hermansberg meeting, guided by the communication consultants, on hand to facilitate the management group's discussion.

Postscript

In the two years following the management summit, the company made the management changes that had been outlined in the case and – as a result of decisions made at Hermansberg – set in motion internal changes to redefine and fit the company for competition on a world stage.

With the help of MCA, a comprehensive and worldwide study of employees was carried out to assess the extent to which employees of the company were involved in, and prepared to champion the company as it changed its approach to its business activities. The study involved a quantitative study of employees across all the company's businesses in June 1999 (using MCA's proprietary research tool – 'The Buy-in Benchmark') and qualitative research through a series of 'Solutions Groups' held in all businesses in August 1999. The findings from the research, that employees needed greater understanding of the company's future direction, and that management needed to win employee confidence in directions set, were acted upon in a thorough programme of organization development and value-based management that is continuing.

In the meantime, senior management now uses quite different language to describe the company and its business. The 1999 *Annual Report* points to the company's commitment to creating 'shareholder value by building powerful industrial brands and long-term relationships'.

The case study exercise also enabled the company to identify its unique strengths as an ability to manage diversity; a culture of seeing things

differently; and a willingness to accept business challenges that are difficult.

This culminated in September 2000 with the decision to request shareholder approval to change the company name, as well as every business unit name, to Barloworld. This has included the introduction of an integrated visual identity globally. According to Chief Executive Tony Phillips:

The Barlows strategy is to develop an integrated industrial brand management company and, through the introduction of value based management, enhance shareholder value.

As part of this strategy, MCA have reviewed the Barlows corporate identity. This review identified the fact that the 'Barlows' name was not unique internationally and a change of name was therefore considered appropriate to position the company for the future.

The company's challenges remain, but they are now being faced with a confidence that is based on open communication and shared understanding.

Lessons learned

This case suggests a number of valuable lessons for companies and management facing the challenge of responding to change and wishing to develop and drive forward strategic change:

- The first important step is to recognize and understand the forces driving change and to understand the company's current position and how it arrived at it.
- Change can only take place effectively if there is a consensus and commitment among management and this view of the future is communicated and understood by all employees.
- A useful way of exploring such issues can be through the use of the type of case study approach outlined in this case – here it may be necessary to bring in external facilitators to help focus management's attention on the key issues.
- Communication often holds the key to effective change management, particularly in terms of helping both internal and external stakeholders to understand the company's vision and in encouraging them to 'buy in' to this vision.

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Case 7 The PriceWaterhouseCoopers merger

Using internal research to
ensure a merger's success

Andrew Glew and Andrew Flint



Figure 7.1 PriceWaterhouseCoopers logo.

In a time of merger mania, a surprising 50–70 per cent fail to achieve the desired results. When Price Waterhouse and Coopers & Lybrand merged to form PriceWaterhouseCoopers, the world's largest professional services organisation, Price Waterhouse and MCA used effective internal research to help make the merger one of the successful exceptions.

Background

PriceWaterhouseCoopers is the largest professional services firm in the world, employing some 20,000 people in the UK alone. The organisation formed on 1 July 1998 as a result of the merger between Price Waterhouse and Coopers & Lybrand. Prior to the merger, the leaders in the accountancy and professional services sector were dubbed the 'Big Six', with Andersen, Ernst & Young and KPMG leading the pack followed by Coopers & Lybrand, Deloitte & Touche and Price Waterhouse.

For the last few years, all of the Big Six firms were rumoured to be talking to each other about possible mergers. In fact, KPMG and Ernst & Young unveiled their merger plans little more than a month after the Price Waterhouse and Coopers & Lybrand announcement. The KPMG and Ernst & Young merger subsequently was dropped.

This flurry of consolidation reflected the industry's desire for more rapid growth and the resources to launch new services more quickly. Ian Brindle, then UK senior partner of Price Waterhouse, said the firms needed additional resources because clients were becoming more demanding in what they required globally and the merger would enable the combined firm to do everything required to meet clients' growing needs.

Price Waterhouse and Coopers & Lybrand's leaders believed that in a rapidly changing business environment, their clients were being constantly challenged by powerful market forces and new global realities that demand a different kind of business advisor. The newly formed organisation set out to establish a unique brand and a new positioning as the breakaway firm – to be the leading global professional services organisation, solving complex multi-dimensional business problems, and the No. 1 provider of business solutions in every market in which PriceWaterhouseCoopers (PwC) chooses to compete.

PwC's leaders quickly recognised the importance of securing its people's understanding and commitment to the new brand in order to realise the benefits of a new organisation. Effective communication, informed and directed by research into staff awareness and attitudes, has proven to be a key tool for the firm in building this understanding and commitment.

Opening Pandora's box

Prior to the merger, Price Waterhouse asked the Marketing Communications Agency (MCA) to help develop an internal communication strategy and framework for the UK operation by identifying business and communication needs. During 1998, MCA was asked to develop a programme of research that would support the ongoing effectiveness of communication in the crucial period during and immediately after the merger. Our pre-merger work gave us a clear road map for the merger communication and enabled the PriceWaterhouseCoopers/MCA team to concentrate on a programme of research in the crucial period during and immediately after the merger.

There were two target audiences for this programme, both in the UK:

- partners, about 1,100 in total;¹
- staff, about 15,000 in total.

Early in its work, MCA used a series of one-to-one interviews and focus groups to understand the needs of the two key audiences and tailor the communication and future plans to meet and manage their expectations. From this, MCA learned that partners wanted communication to do the following:

- help maintain strong client relationships and seamless service over the period of the merger;
- reduce their use of anecdotal information about staff views in decision-making;
- facilitate changes in behaviours and attitudes among staff by assisting in the integration process.

Staff said their communication needs were:

- quality more than quantity of message;
- the details of the business case for a merger;
- a simple, factual and informative communication style rather than ‘propaganda’;
- spelling out the merger timetable, including key milestones and hurdles;
- insight into impact on both service lines as well as local and individual levels;
- more interactive exchange and face-to-face communication opportunities;
- ensuring *everyone* is informed.

To meet these needs and expectations MCA decided to make research a key part of developing and implementing a communication plan, and this approach made a significant contribution to the merger’s success. For example, many people in the UK agreed with a statement in the research that ‘My present prospects are good, but after the merger it’s difficult to see how they won’t be affected.’ Addressing this issue was vital to moving forward.

Setting business-driven objectives

After a series of discussions with the leadership in the UK, two broad goals for the overall communication strategy were identified:

- Helping partners and staff work towards shared goals. This meant working with the key merger taskforces and giving partners and managers the tools to communicate effectively within their teams. Any merger creates a degree of uncertainty. Our aim was to help partners and managers deliver consistent messages.
- Ensuring a smooth transition. Maintaining strong client relationships and seamless service during the period of the merger was vital. Good communication was therefore essential for staff to respond effectively to client queries or concerns.

To support these goals, the research programme that was conducted aimed to achieve the following objectives:

- identify communication needs to help PwC realise the merger’s benefits as soon as possible;
- address staff issues and concerns arising in the transition before they damaged staff motivation or retention – a crucial issue for a professional services firm that depends on its people to deliver its services to clients;
- create an open dialogue to track people’s views and build a shared sense of purpose.

Applying lessons from the pollsters

A research plan was developed that would provide the information needed to meet these objectives without overwhelming the merger team with too much data. The first phase of research consisted of interviews and focus groups. The findings enabled the best communication structures to assist the merger to be determined, which were later implemented. These communication structures were:

- a network of local communicators to facilitate merger messages;
- communication guides for line managers to help them communicate merger messages that required face-to-face communication, and also to help them judge when to communicate and via which medium;
- a Merger News Database that acted as a basic intranet site on merger information so people could be kept informed of merger developments.

For the second phase of research, an ongoing telephone survey panel was set up. Panel surveys are a common technique in political polling, especially in the run up to national elections, to track views and emerging issues. By applying this external methodology to internal research, it was possible to deepen the understanding of staff views more quickly than by traditional employee research methods.

Every time a focus group discussion was held, additional participants to join the continuously expanding telephone panel were recruited. This method of recruitment meant that all the participants were met at one time or another, which made it easy to call them up 'on spec' and get their views to events almost as they occurred.

As the merger negotiations progressed, MCA sought to align the research programme with that being used in Coopers & Lybrand. The regulatory process would not allow MCA to work directly with Coopers & Lybrand or to share detailed information. Instead, informal cooperation took place asking questions about similar topics and later, when allowed, the same questions were used. Since the merger, the PW and C&L research programmes have come together.

Building support and overcoming challenges

For the research programme to succeed, it needed the support of partners and staff. The initial research was used to find the 'hooks' for each group and develop an appropriate course of action. To meet partners' needs it was essential to show that the programme would do the following:

- Provide more reliable information for decision-making. Here the goal was to give partners current information about their people's issues through a combination of a research programme and feedback from a two-way communication structure.

- Help change behaviours and attitudes. Research enabled people's understanding of and commitment to the merger to be assessed and the communications could then be tailored accordingly.

Focus groups revealed what staff wanted from merger communications:

- Feedback and responsiveness. This meant more than just feeding back the results of focus groups. It meant a continuous process so the business could respond to people's needs.
- Two-way dialogue. A communication structure was set up to meet these needs, which comprised regional communicators, local coordinators and key people in the lines of service who were all responsible for delivering messages and facilitating feedback.
- A clear media strategy. There had been a tendency to adopt the scattergun theory of communication. Staff wanted better-targeted communication, which was also incorporated into the communication plans.

The communications programme

The research programme aimed to capture representative, reliable and actionable information that would enable the firm to manage its people effectively through the merger to ensure its success. Researchers confirmed that the findings were representative and reliable, and in order to measure the success in providing actionable information, evaluation focused on the decisions made that were based on the research.

Giving staff access to more authoritative sources of information

The initial research showed that 60 per cent of staff were receiving their information about the merger from the 'grapevine'. Although this figure is low in relation to other organisations that MCA had encountered, it was recognised that this reliance on the grapevine needed to be reduced to ensure people throughout the organisation received consistent and reliable merger messages. As a result of this research, a Merger News Database (MND) was launched, an electronic source for up-to-the-minute merger news and commentary.

The MND opened with a front page 'Stop Press' box with key headlines and PWC's response. It also contained:

- *'What the papers say'* with a weekly round-up of news in the national press.
- *'Latest News from the Centre'* with bulletins summarising key merger developments.
- *'Latest from Coopers & Lybrand'* including a who's who.
- *'We're listening to you'* with responses to internal merger queries and a round-up of key Q&As.
- *'Keeping close to our clients'* with quotes and comments from key clients about quality of service, project performance and new business wins.

- ‘*Competitor moves*’ with the latest news about the other Big Five, including focus on the proposed merger between KPMG and Ernst & Young.
- ‘*What’s happening in your area*’ featuring key developments within each Service Line/Territory/Region.

Crafting top-down messages in response to external developments

When KPMG and Ernst & Young announced their plans to merge, research showed that this development exacerbated staff concerns about regulatory approval for the Price Waterhouse/Coopers & Lybrand merger. These concerns were addressed through a feature-length interview with a Price Waterhouse management board member explaining the process and timetable.

When the KPMG/E&Y merger was later called off, one of the reasons cited was regulatory concerns. Some Price Waterhouse partners wanted to craft messages to reassure people, but before doing so, the research was checked first. Feedback showed staff felt cancellation of the rival merger would actually increase the chances of their merger being approved. The research helped avoid communicating an inappropriate message.

Changing the tactics in response to feedback

After the Merger News Database (MND) had been set up, a panel survey revealed that only 9 per cent were using it, and that nine out of ten staff were not receiving regular information about the merger at all. Focus groups revealed the reason: the MND was seen to be boring, out of date and hard to access.

Action was quickly taken to make it more user-friendly and relevant. These improvements were promoted internally via an internal postcard drop, posters in elevators, and the network of local communicators. A follow-up survey showed that 68 per cent were now using the MND at least once a week, and a further 23 per cent were using it daily.

Responding to people’s concerns

The research was used to address the staff’s ongoing concerns such as pay and benefits in the new organisation, the perception of two different cultures and co-location. Further research revealed that the proportion of those expecting to leave following the merger was below historic departure levels and 90 per cent felt positive about their career opportunities. In a professional services firm, where staff retention is an investment in intellectual capital, this is a critical measure and a vital contributor to the merger’s success.

Lessons learned

Much has changed in the professional services sector since the PwC merger took place. Last year, America’s main professional body for accountants

ordered the Big Five accountancy firms to introduce new measures to ensure their independence. In keeping with this, KPMG spun off its consulting arm early in 2000, and PwC is exploring similar options.

The research programme that was introduced to facilitate the merger will continue to be an invaluable asset as PwC embarks on whatever changes lie ahead. The experience gained from this programme provided MCA with useful lessons about overcoming common communication hurdles during a merger and ensuring a smooth transition for staff and clients. The lessons learned are:

- 1 *Make communication a priority from the start, and then take the long view:* PwC's top team recognised the vital importance of having their people on board, which was half the battle. The other half was focusing on life *after* the merger rather than thinking of it as crisis communication. The strategic communication programme took PwC through the transition period and put in place a communication infrastructure that would work once the merger was in place.
- 2 *Don't make assumptions . . . do the research, and then act on the findings:* In the heat of a merger, organisations often overlook internal research because of a perceived lack of time or a fear of opening Pandora's box. MCA/PwC saw research as a way to identify issues before they became problems, and a tool to assess where to place our communication efforts.
- 3 *Consistent messages from the top:* Another common challenge in a merger is that senior managers are engrossed in the merger details at a time when clear leadership and consistent messages are critical. Another advantage of the research programme is that it helped ensure that partners delivered targeted, relevant messages.
- 4 *Go for quality and for 'pull' instead of quantity and 'push':* Research showed that people wanted to know the details about the merger without being bombarded with information. As with many mergers, the regulatory process meant long periods with nothing to communicate. It's important to keep communicating in a time of uncertainty, but it's no good just pushing out information for the sake of it. The solution was to rely on a pull for information with the on-line Merger News Database, which allowed people to check for updates themselves. It also made information accessible to staff who often work off-site.
- 5 *Localise communication for greater relevance:* Like most high-concern messages, a merger creates a need for communication that addresses personal, localised issues as well as the big picture. MCA/PwC relied on a network of 'champions' including regional communicators, local coordinators and key people in the lines of service to give local relevance to messages.

Note

- 1 Like most professional service firms, PwC is a partnership owned by its members rather than by external shareholders.

Case 8 Tine Norwegian Dairies

Rebranding from the inside out

Peggy Simcic Brønn and Stein Drogseth



Figure 8.1 Tine logo.

Introduction

In 1994, Norway went to the polls a second time to vote on membership in the EU. By a slim majority of 51.5 per cent the country voted once again to stay outside of the European Union. In 1999, even though the country elected not to take part along with her Nordic sisters, Sweden, Denmark and Finland in the EU, it is still bound by the rules of the European Economic Area (EEA), in which the country has elected to participate. The rules of the EEA are very similar in some ways to EU regulations, particularly those governing the free movement of goods and services, human resources and financial resources. One effect of these rules has meant that to compete, some business sectors in the country must be deregulated.

Norwegian authorities started partial deregulation of certain business sectors such as public housing, banking and finance, and agriculture as early as 1982. In spite of these efforts, the Norwegian state still remains a large presence in many business sectors in the country. However, some sectors in Norway that had previously operated as total monopolies were finding their command of the market threatened by increasing competition. No longer were these monopolists certain of maintaining their position in the marketplace. They suddenly had to deal with a future that was much more uncertain. The question these companies faced was to what extent carrying over monopoly mentalities helped or hindered their ability to adapt to a more

market-oriented situation. Much of their success was dependent on helping their workforce adapt to a competitive environment. In this situation, communication becomes a powerful tool in ensuring that the company can attract the best candidates, that current employees stay motivated, and are increasingly innovative and feel secure in their jobs and with the company.

In 1995, the dairy industry became the last agricultural sector to be deregulated by the Norwegian authorities. This case discusses the challenges of Tine Norwegian Dairies' internal communications efforts in building a brand name and ensuring employee support for the changes the company had to make as it prepared to meet increasing competition.

The company

The Norwegian Dairies is a cooperative owned by ten cooperative dairy companies, which are in turned owned by approximately 25,000 Norwegian dairy farmers. Established in 1928 under the name Norske Meieriers Eksportslag, it has a long and tradition-rich history in Norway. Its products include milk, mostly sold to consumers by the litre, yogurt, a wide variety of cheeses, including the well-known 'brown cheese', a goat cheese favoured by Norwegians, and Jarlsberg, perhaps the company's most well-known international product, and butter (see Figure 8.2).

Tine's operations are divided into a number of areas. First is the administrative part of the company consisting of the head office, which houses the top management team and basic functions such as finance and accounting, logistics and organization, international department, research and development, and marketing. Here is carried out product development, product planning and marketing sales for the entire organization. Not located at



Figure 8.2 A sample of milk products with the new Tine logo. Prior to adding the logo, the cartons were merely labelled 'milk'.

headquarters are at least three R&D departments and the subsidiary companies, Norseland in the USA, Norske Meierier GmbH in Germany, and Fjordland in Oslo.

The dairy cooperatives produce about 200 different products at facilities spread over the entire length of Norway with raw material supplied by 26,400 local milk farmers. The ten dairy cooperatives are divided into five regions. The smallest of these is Vikedal Meieri on the southwest coast with fourteen employees and 30 million Norwegian crowns (NOK) in turnover, and the largest is Tine Mid Norway with 812 employees and NOK 2.4 billion in turnover. In total, the company employs more than 5,000 people and has a total yearly turnover of NOK 10.5 billion (*ca.* £800m.).

The dairy products market

Tine has until recently operated as a pure monopoly in the dairy sector in Norway, being the sole supplier of liquid milk (including goat milk) to the Norwegian market up until the late 1990s, and with limited competition from small cheese manufacturers such as Synnove Finden. Because of its monopolistic situation it was not even necessary to use the Tine name in marketing products.

For many years, the company sold its products under the name Norske Meierier together with the symbolic icon of a 'Tine'. A 'tine' is an old-fashioned Norwegian butter holder. However, with the increasing threat of competition and the upcoming EU referendum, the company realized it needed to build a strong brand name in the marketplace. Selling generic products by a dairy association would no longer be effective. In 1992, after much research, the name Tine, based on the icon of the butter holder, was introduced along with a campaign to create a visual identity to the new brand.

Within two months, TINE milk as a brand name had achieved a 76 per cent recognition level in the marketplace without any mass communication. This is an extraordinary achievement considering that previously neither the name Norske Meierier nor the 'tine' icon had achieved great recognition among consumers. In its annual ranking of the images of Norwegian companies, the marketing research company MMI regularly lists Tine in the top five most respected companies in the country. They were ranked number one as late as 1999, having been ranked number one for the previous two years. It is believed that part of the success of Tine's brand building was due to the fact that the 1994 Olympics was being promoted at the same time as the branding activities were going on, and both the Norwegian Olympic efforts and Tine were promoting the same values. Tine was able to incorporate its values of nature, purity, tradition, Norwegian good taste and quality in tandem with the same values being promoted as part of the Olympics.

The competition

In recent years Tine has experienced foreign competition from Arla, a Swedish dairy cooperative, and national competition from three minor 'private' Norwegian dairy companies. Both the Swedish company and the Norwegian companies have a difficult time in this market. International companies suffer most from Norway's high tariffs and taxes while national farmers find it difficult to obtain any economies of scale because of the small size of the market and the strong position of the Tine brand name.

In the late 1990s many of the organization's resources were concentrated on developing and marketing new products, particularly for young people and women. They have been successful with most of their new product launches, increasing their overall turnover, but the company has also experienced problems with a number of issues. Some of the issues have to do with unsuccessful product launches and poor marketing communication decisions. In the last two years, questions relating to the possible harmful effects of drinking milk later in life have also received more attention. Norway appears to have a higher than normal percentage of elderly with osteoporosis and the discussion is if milk actually harms or helps people in this situation. Part of the discussion also deals with the fat content of milk and its possible contribution to heart disease; in fact, skimmed milk is Tine's highest selling milk product.

Tine 2000

In 1996 Tine Norwegian Dairies began working on a document that would come to be known as Tine 2000. This document was to serve as the basis for mapping and developing a strategy for the organization's competitive advantage in the new millennium. Several challenges and possibilities were identified, among them: increased competition, changing consumer attitudes, strengthened power of supermarket chains, market changes that challenge profitability, uncertainty of access to raw materials, and more attention to the dairy cooperatives by politicians. Two additional challenges were competition for highly competent employees and changing demands on leadership and business.

The vision for Tine, as outlined in Tine 2000, is to create value in close cooperation with nature, agriculture and the market. Tine should produce good and healthy food from clean and natural raw materials that are preferred by consumers. It should also be the country's leading deliverer of nutritious food.

To realize this vision, the company developed several plans. Those dealing specifically with the human resources side include: strengthening and developing employee competencies, creating an attractive place to work for its employees, and ensuring that employees and their managers have a common understanding of the need for and importance of employees' contributions to market- and business-related initiatives.

A large part of the Tine 2000 strategy involved getting employees to buy into the plan and to get them involved in ensuring its success. A great deal of attention was given to communicating the plan to the employees; however, later research revealed that less than 50 per cent of the employees were aware of the plan. Furthermore, while 65 per cent of managers were aware of the plan, only 31 per cent of non-managers knew about it. This was a cause of great concern to the organization.

Communications research at Tine

The Norwegian School of Management and Tine entered an agreement in 1998 to analyse Tine's current communications vehicles or channels, the messages being sent by the organization and by whom, and managerial communications. In further conversation with the team put together to work on the project, it became clear that some of the above analysis had already been done by Tine, including the following:

- A needs survey in 1998 analysing employees' opinions on their working environment in relation to the organization's benefits and attitudes towards health, the internal working environment, security and company health services. This report was carried out internally under the supervision of the HMS Committee, a group appointed to deal with and make recommendations to management regarding how the company deals with issues of health, working environment and security. The report does not mention how many people participated in the survey and it appears that only employees at the headquarters office in Grønland took part.
- An 'Information Survey' conducted in 1997, which analysed Tine's internal communication that looked at routines, preferences, needs and attitudes towards internal information and communication within the organization. This study was done by an external consultant at the behest of Tine's Information Department and was a follow-up from a previous study done in 1995. The survey was carried out among different sections of Tine and delineated the number of participants both with and without managerial responsibility.
- An internal environmental survey done in 1996 covering the following:
 - information;
 - career possibilities;
 - educational possibilities;
 - willingness to relocate;
 - top management;
 - 'ties' to company (identification with company);
 - relationships with superiors;
 - quality;
 - conflicts;
 - work environment and psycho-social relationships.

It is not possible to tell from this study how many employees participated, their profile or who within the Tine system participated. The study is interesting and somewhat useful as it not only gave average results but also showed the 'spread' on a number of important issues and also gives extensive employee feedback in the form of comments.

Managerial communications

It became apparent that something was missing from the surveys and that was managerial communications, or, more specifically, an instrument that could measure managers' ability to communicate in a 'proper' and effective manner with employees. In addition, even though at least two of the above instruments asked questions regarding employees' attitude towards managerial communications, there were no specific questions addressing their attitudes towards their own leaders' communication competencies. Previous research uncovered the fact that employees wanted information first and foremost from their immediate superior, but they usually got it from several other sources first. This dissatisfaction with sources of information had increased in the two-year period between surveys mentioned above. This was particularly true for the type of information they were receiving. More employees than ever wanted information from their superiors on the company's future, such as information of a strategic nature. It appeared that many top managers were not very good at conveying this type of information to their employees. Either they were not aware of their desire for it, they just did not think about it, or they were not good communicators. Therefore the Norwegian School of Management researchers concentrated their efforts in this area.

A first step in carrying out the project was assembling a team within the company based on a model of integrated communications with cross-functional teams working to make sure the organization's communications were consistent. This team consisted of the head of personnel, the head of corporate communications, the marketing director, and a person from administration. The purpose of the team was to work with the researchers in identifying main concerns, to assist in interviews, to approve all plans, and to make recommendations to upper management. After preliminary meetings, the overall thrust of the project was approved and a presentation of the project was made to the regular Monday morning meeting of the top management team.

It was agreed that the researchers would develop and administer a survey to measure the 'gap' between the employees' perception of their managers' communication skills and the managers' perception of their own communication skills. The objective was to try to ascertain if there were issues regarding personal communication abilities that had not been uncovered in previous surveys but which might have an effect on the relatively unsatisfactory results of the previous surveys.

The target group for the research consisted of employees at Tine's headquarters in Oslo. Working with the team, the ten primary administrative

departments responsible for Tine's overall operations were selected to participate in the study. From this group, twenty-two managers were chosen as respondents for the study. This group included senior vice presidents as well as managers one level down from them. They were to evaluate their own personal communications competencies on the survey instrument.

Employees one level down from each of the managers were chosen as respondents in the employee group. Their task was to rate their immediate superior's communication competencies. Both groups were to rate the top management team's communication competencies. It was necessary to limit the number of employees due to the complications of defining the level of managerial roles. The task of identifying respondents proved to be quite complicated as respondents often fitted both the roles of employee and supervisor. Close cooperation with the head of human resources was key in successfully defining respondents for the study.

To assist in the development of the questionnaire, it was decided to hold a focus group with representatives on the same hierarchical level from the ten departments. Working closely with the head of human resources, ten people were chosen at random from each department to participate. The purpose of the focus group was to identify key areas that were important to employees regarding the type of communication skills they would like their superiors to have. A letter from the human resources director of Tine was sent to each focus group respondent outlining the purpose of the research and inviting him or her to participate in the focus group. A total of nine employees eventually participated in the focus group, which was scheduled for two hours in the morning followed by lunch.

During the focus group, important subjects to be covered in the questionnaire were identified and agreement was achieved on terminology and the employees' interpretation of that terminology. The results of the focus groups were combined with theory from a literature review of internal and managerial communications as the basis for creating two questionnaires; one designed to elicit employees' attitudes towards their direct superiors' communication competencies, and a second designed to elicit managers' attitudes regarding their own communication competencies. The main areas covered in the questionnaire were:

- communication with top management;
- communication in the work environment, including communication with employees (for managers) or managers (for employees);
- formal communication;
- informal communication;
- communication climate;
- feedback;
- communication between departments;
- total impression of communication from top management.

More than 100 questionnaires were prepared for employees and twenty-two for managers, with the wording changed to reflect whether or not the respondent was assessing their own or other's competencies. The questionnaire consisted of eight pages with fifty-seven questions designed to capture information in each of the above categories. All of the questionnaires were carefully coded to ensure that the correct individuals received the appropriate questionnaire. Each was placed in an envelope with a self-addressed and pre-stamped return envelope along with a specially prepared letter from Einar Enger, the administrative director of Tine, asking respondents for their cooperation in this important survey. It was agreed that the questionnaires were to be delivered to Tine on a specific date to be handed out to the employees.

The research team worked feverishly to prepare the questionnaires, have them copied, coded and put in envelopes to have them ready for the agreed delivery date. They were working right up to the deadline on the morning the questionnaires were to be delivered when they received a phone call from the communications director at Tine calling off the entire project.

The team at Tine working with the researchers presented the final questionnaires to the top management team with confidence in the project and the need for it. In fact, they had given the NSM researchers the 'green light' to go ahead based on their belief that the top management team would approve the questionnaire. It was a surprise to everyone when the upper management voted to put a stop to the project at its regular Monday morning meeting. The first reaction from the managers was that measuring their communication competencies was too personal. The second reaction was that communication competencies were not part of managers' performance review, nor were they a basis of evaluation for recruitment. That Tine should suddenly demand a certain level of competencies in this area without first informing them or making it part of an overall recruitment process was seen by the managers as precipitate. They felt that if the organization were to demand these types of competencies from their managers, Tine must first develop human resources policies on a strategic level. The new policies could then be incorporated into recruitment and evaluation practices.

The Tine team indicated that perhaps it was necessary to slow down and look at the work being done in conjunction with the project. In addition to the response of the managers it was also felt that the employees had been overloaded with questionnaires of a relatively similar nature and also that the researchers had somewhat veered away from the original intention of the project. Another very important concern raised in the course of the meetings was Tine's plans regarding use of the results of the various surveys. Work was thus stopped on the project and the researchers were asked to write a report that would analyse the process to date on the current project, compare it with results from previous surveys and make recommendations for follow-up by the company.

Analysis from previous studies

Analysis of the 1996 and 1998 research indicated that the Tine workforce had neither very strong positive nor very strong negative feelings regarding most aspects of the organization. In fact, employees at Tine seemed satisfied but they were in no way excited about working for Tine. In addition, the company, or at least those analysing the results of the surveys, seemed content with what can only be described as very average results.

Most of the studies used a Likert scale with ratings from 1 to 7, with 1 the worst case and 7 the best. When analysing research results, it is up to those analysing the results to decide acceptable levels. In the majority of the analyses of the Tine studies, 5 was rated as 'extremely good'. One might question whether it is acceptable to rationalize 5 as 'extremely good' when it is between 4, the average, and 7, the best. This leads to the next concern, which is that at no time did anyone from Tine ask the question: What kind of results do we want? On a scale from 1 to 7, is 5 satisfactory? Not asking this question means that Tine appeared to have no goals regarding the type of climate it wanted its employees to work in. By stating a goal, perhaps in conjunction with Tine 2000, such as 'We want our employees to rate us a 7 in all areas', the company could design efforts to achieve that 7. By merely taking polls and being satisfied with seemingly marginal/average results the company had accepted mediocrity.

There was also no attempt to do any kind of cluster analysis with the results of the surveys. For example, it would be very interesting and useful to know the characteristics of the groups who were very satisfied. Were they more highly educated? Were they older employees with longer length of service at the firm? Were younger employees more dissatisfied because they saw themselves working in a company unable to adapt to modern times? Or vice versa: were the long-term employees more dissatisfied because they saw the old way of doing things disappearing and they had a difficult time adapting? What were the turnover rates among different groups of employees? What changes had there been in productivity rates? Tine cannot hope to meet market challenges with a marginally satisfied workforce.

Another problem with the surveys was that they looked at issues surrounding employees and their relationship to the company in a piecemeal fashion. There was no integrated approach. Different departments overlapped work already done by other departments. Constantly bombarded with questionnaires of similar types and with seemingly no plans to implement the results, employees were quickly developing cynical attitudes towards those administering the surveys and towards the company as well for allowing such practices.

In analysing results from the previous surveys it became clear that employees' relationship to management was critical. In rating the importance of issues, this category received more 'high' ratings than any other. However, the conclusion of Tine was that the overall results of the surveys were, in general,

‘good’, but the conclusion of the NSM researchers was that the results were poor. This was based on the assumption that Tine, as an organization, would naturally want its employees to have a much higher opinion of top management and the organization, again in the 7 or best range.

Discussion

It is clear that a lot of time and effort had been invested by Tine in trying to gain a complete profile of its employees’ attitudes, communication needs, and so on. These efforts should be applauded, as recognizing employees as a critical and primary stakeholder group is a first step in working towards building a two-way and mutually beneficial relationship between the organization and its employees. However, it is also obvious that the number of surveys, the lack of follow-up from the surveys, the lack of interaction between departments carrying out the surveys, and the lack of goal-setting on the use of the surveys had led to many inefficiencies and not the least a growth in scepticism on the part of the employees regarding the motives of Tine. This in fact appeared to be the primary reasoning behind putting a hold on the NSM–Tine survey. Putting a hold on the survey, stepping back and reviewing past practices regarding these surveys was a reasonable decision.

A first step in any process is assessing the organization’s strategy, its mission and its goals. All plans must be anchored here. This begins the strategic process of developing plans on how to maintain a viable fit between the organization’s resources, its objectives, and the changing market opportunities through the use of communication. Communication objectives and strategies are normally the responsibility of the communication manager and are based on the corporate objectives and strategies. The communication manager then decides on the ‘mix’, i.e. various tools to use to obtain results.

For this procedure to function optimally there must be a system in place. There must be direct and open contact between the communication manager and upper management, and there must be clear goals and objectives. Goals and objectives are what drive the decision process. And this is seemingly missing from the Tine surveys. Additionally, by not defining goals and objectives, it is impossible to develop a plan to achieve those goals and objectives.

The interpretation of the surveys was left to Tine. It is a well-known phenomenon that when faced with bad news, people can find ways to turn it to their favour. It would not be unusual for those inside Tine analysing the survey results to interpret an average rating of slightly over average to be ‘very good’. Furthermore, by accepting the results of employee surveys without having a clear picture of a desirable situation, Tine had problems developing a plan to achieve the desired goal.

The first recommendation was that Tine should formalize the team working on the various surveys. This team should be entrusted with, and given authority to develop, a systematic way to deal with communication issues. Because of the make-up of the current team at Tine, this team could also

function as an Integrated Communications team. The team should also receive instruction on how to work in an integrated manner, including how to set common objectives, how to communicate within the team, how to ensure that they all have a common understanding of the organization's image, strategy and identity, and how to understand how each of their positions working together can better help the organization achieve its goals and objectives.

Epilogue

One of the most important results of the internal communication situation within Tine was management's realization of the need to develop a clear understanding of the company's image among its employees. Most of their image-building activities previously had been directed outside of the company. A document produced in 1997 outlines Tine's strategy for building brand awareness primarily with external audiences. The internal communication surveys, while full of problems, did have the effect of demonstrating that employees were not very satisfied with communications directed at them, they were not strongly enthusiastic about the organization, nor were they sufficiently aware of the Tine 2000 project, one of the company's most important strategic documents. Stopping the managerial communication survey actually provided the catalyst to help Tine understand the value of employee commitment.

Perhaps the most important outcome was that Tine management began to look more closely at the nature of its communications efforts. Today, employees are getting more information more often and of a more strategic nature, i.e. more is being done to make them feel as though they are, to some degree, participating in guiding the future of the company. The company have continued with their internal newsletters and magazines, as well as their developed Intranet page, Intern Nytt, but they are now considering mechanisms for ensuring that employees can provide feedback to management. For example, more employee meetings with top managers have been instigated with opportunities for dialogue with the administrative director and other top leaders.

The most important outcome, however, was that managerial functions other than corporate communications began to take the concept of integrated communications more seriously. It was obviously becoming critical that different functions needed to start working closer together on issues and communications. The original cross-functional team put together to oversee the NSM research was institutionalized and meets twice monthly. A top-level strategic communications team has also been put together with Tine managers from all over the country. One result of this is that the marketing function has placed more weight on internal marketing and information. At a previous meeting, the head of marketing remarked that she did not see why her department should consider employees in their communications planning. This attitude no longer prevails. Tine has also instructed its

advertising agency to work together with their public relations agency. It must be noted, however, that most of the work here is more product-related as opposed to concentrating on internal communications. Although as a result of this cooperation, the marketing department, for the first time, disseminated material on a newly launched advertising campaign to employees before the public launch.

Tine has reworked its Tine 2000 strategy and replaced it with Tine 2005 where employees are recognized as the primary stakeholder group. The most important part of the new plan is reputation/image building, and Tine hopes that by highlighting the need for top leaders to build better relationships between themselves and their employees they will improve the image of the Tine brand internally.

But Tine has still not specifically addressed the issues of managerial communication competencies or, even further, organizational characteristics that promote good communications. The focus remains on non-personal corporate communications such as company newsletters and magazines, Inter- and intranet, and so forth. No training has been provided for managers, nor have personnel policies or hiring strategies been changed to reflect that the ability to communicate effectively on a personal level is an important competency for being recruited to the Tine system.

Lessons learned

- Organizations and public relations scholars should remember that practitioners and educators can learn from one another. Public relations educators can contribute their expertise from the study of public relations as a discipline and practice while practitioners can contribute the real-life examples and scenarios that make learning beneficial for both in specific situations as well as a valuable contribution to the body of knowledge in the profession.
- The support of top management cannot be taken for granted. Such cooperation and support must be clearly understood before the project is undertaken. Best practice would indicate that top management should participate fully in developing the employee communication plan at all levels, including their own. As egos are involved, the need to fully understand all perceptions is crucial.
- Research must be carefully planned around solid aims and methodologies to ensure that information gathered is useful and credible. While no research study is perfect, specifying exactly what the study hopes to accomplish before it is conducted may prevent errors that invalidate information.
- Employees will tell employers and superiors valuable and truthful information if they feel they will not be penalized or compromised for providing that information. It is management's responsibility to create an environment where that information sharing can take place.

Case 9 Oklahoma City and Kerr-McGee

Managing internal communication during an external crisis

L. Dow Dozier

Introduction

One of the State of Oklahoma's oldest and largest oil companies, Kerr-McGee Corporation, has its worldwide headquarters in downtown Oklahoma City, Oklahoma, a small Midwestern city that became the focus of worldwide attention on Wednesday, 19 April 1995. That day, the Alfred P. Murrah Federal Building, located two city blocks from Kerr-McGee's headquarters, was bombed.

The company had extensive crisis communication plans for all its domestic and international facilities, primarily focused on disasters and events pertaining to the oil industry. Nothing like the bombing had ever been anticipated. Consequently, the crisis plans were virtually useless at 9:02 a.m. on that infamous day.

Less than two hours after the bombing, orders were given by local police and the US Federal Bureau of Investigation to immediately evacuate the Kerr-McGee complex. By then, it had been determined that the Murrah Building explosion was caused by a bomb, and it was thought that a second bomb was about to explode. The Kerr-McGee buildings, housing more than 900 employees, were designated as part of the 'crime scene'. The 29-story main building and two other nearby structures were soon cordoned off with the familiar yellow warning tape.

The crime scene designation caused several associated problems for employees, such as: Were any of our people hurt or killed? With the buildings evacuated, how can we know what's going on? When can we move our cars? How do we get home? When can we go back to work? How can we help? All of these questions were basically communication issues. After extensive trial-and-error and 'seat-of-the-pants' efforts, most of the questions were answered effectively, if not always as quickly as might be expected.

This case study examines the methods used by the management of Kerr-McGee to solve these critical communication problems. In an instant, profits and day-to-day operations were set aside. Employee communication became

the number one priority, not just for the professional communicators, but for the entire management team.

Research

Nothing of the magnitude of the Oklahoma City bombing had been anticipated by Kerr-McGee's management. Consequently, little or no research for this specific type of crisis had been done. The company was sailing in uncharted waters, and found that the crisis created a need for communication at its most basic and human levels.

As a major player in the oil industry, Kerr-McGee had industry-specific crisis plans in place, such as how to deal with off-shore oil fires and storms in the North Sea. One room in the Oklahoma City headquarters was designated as the 'Midlife Crisis Room', and contained the written and tested crisis plans for those scenarios. Part of the crisis training including having everyone in the company who might be involved in each scenario run through the crisis process for these specific incidents. What the company did not have was a general all-purpose crisis plan for this unexpected event. What company employees did have, however, was education and experience in dealing with the process of a crisis.

Goals and objectives

The fundamental short-term goal was to meet the needs of Kerr-McGee's downtown Oklahoma City employees during one of the most stressful periods in their entire lives. The long-term goal was to help employees and their families cope with the mental and physical anguish caused by the bombing.

In the short term the objectives were quite basic: determine and communicate:

- How many employees were killed or seriously injured? How about their families?
- How badly was the headquarters complex damaged?
- When will employees be expected to return to work?
- When can employees get their automobiles out of the company parking lots that had been closed because of the 'crime scene' designation?
- How can employees get their paychecks that were due in two days? This was a problem not only for Oklahoma City employees, but for those in all other locations as well. All payroll matters are handled out of the Oklahoma City office, and although many workers have their checks electronically transferred, a significant number still collect regular paper paychecks.
- What kind of atmosphere can employees expect when they come back to work?

The overall goal was to answer all of these questions so that once the personal concerns of the employees were addressed, the company could return to 'business as usual' as quickly and humanely as possible. Employees, customers, vendors and the financial community needed assurance that, despite the bombing, Kerr-McGee would survive.

Target audiences

The primary target was the Oklahoma City workforce of more than 900 people. Secondary targets were the more than 4,000 employees in other locations, customers, vendors, news media, government agencies, and a critical audience, the worldwide financial market.

Communication strategy

Within minutes after the bombing, Kerr-McGee's executive management group was transformed into a corporate communication team. The regular communication team consisted of five people, the Vice President of Corporate Communication and Investor Relations, the Director of Corporate Communication, the Coordinator of External Communication, the newsletter editor, and the associate newsletter editor. This team met once a week with company executives, creating a close working bond between the executives and the communication staff.

Kerr-McGee's Chairman and Chief Executive Officer, who had himself narrowly escaped serious injury in the bomb blast, quickly mobilized the company's officers and department heads. About a dozen of these top executives, including the company CEO, the Vice-chairman, the Head of Human Resources, the legal staff, and top operations people, including the Vice President of the chemical division and the Vice President of exploration and production, combined with three members of the corporate communication staff to work out and implement strategic plans for one basic goal: Let employees know what is going on. A fundamental logistical question for management was: with Kerr-McGee's headquarters and all of its communication systems unavailable, how can the company talk to its people? The executives and operations heads realized the importance of communication during this time because they had been trained in media relations, and in the hours and days following the blast relied on the communication staff for direction.

Needless to say, all work stopped at 9:02 a.m. that day. For the first few minutes after the blast, no one knew what had happened. There was speculation that there had been a huge natural gas explosion nearby. Others thought an airplane had crashed in the vicinity. Some people crawled under their desks, fearing another blast. Others just looked at their colleagues, wide-eyed, asking, 'What was it?' Many employees left the building and started looking around. Looking north they could see enormous clouds of black

smoke rising. Walking toward the smoke, many people saw only the south side of the Murrah Building, which did not appear to be seriously damaged, because the gaping hole in the Murrah Building was on the north side.

Kerr-McGee workers then started returning to their work location and were told as they re-entered the buildings to stay away from windows and broken glass. More than 100 large windows were shattered by the blast, mostly on the upper floors on the building's north and west sides.

Fortunately, there were no major injuries to Kerr-McGee employees, although ten people sought and received first-aid treatment for minor glass cuts in the on-site medical clinic. Later, information confirmed, however, that the 6½-month-old son of two Kerr-McGee employees, Kevin and Sheryl Gottshall, was killed in the Murrah Building's daycare center, another employee's 27-year-old daughter was killed and several other employees lost close relatives and friends.

First communication efforts

Those employees who had access to radio or television sets soon became aware of the enormity of the situation, and many of them started trying to call home to check in with their families. Telephone lines quickly became jammed, and it was virtually impossible to make a telephone call outside the building.

At 10:19 a.m., one hour and 17 minutes after the bomb exploded, Kerr-McGee management made its first formal effort to communicate with downtown headquarters employees. It was a brief employee bulletin distributed by e-mail and posted in various headquarters locations. The bulletin read:

To all employees: Some minor injuries were reported in McGee Tower by 9:30 this morning as a result of an explosion in or near the Federal Building in downtown Oklahoma City. The explosion caused window damage to the north side of McGee Tower as well as some office damage. Dr. Gibbs is standing by in the clinic on the 17th floor. Other employees are returning to their work stations.

It was almost at that same moment that an announcement was made that a second bomb had been found and that the area within a two-block radius of the Murrah Building would be evacuated. That area included the Kerr-McGee complex and employee parking spaces in and near the complex. Owners of the automobiles parked in those spaces were not allowed to move their automobiles for several days. It was later determined that there was no second bomb.

A public address system announcement was then made, asking all remaining employees to leave the building in an orderly manner and gather at the Myriad Convention Center, about three blocks to the south, so that further instructions could be given. That same message was given to employees who were just then returning to the building.

The majority of the company's employees had already scattered, so management's message to the 200 remaining employees who had walked to the Myriad was, in effect, 'Get home any way you can, and we'll try to contact you as soon as possible to let you know what is going on and when you can come back to work.' Now the task of communicating with employees began in earnest.

At the same time that employee communication was being planned, communication people reached out to the other critical audience, the financial community. Especially crucial to financial analysts in markets such as New York and Boston was the message that Kerr-McGee was not affected directly by the bombing. The immediate personal phone calls from Oklahoma City to those markets and analysts helped the company get back to normal when it re-opened the following Monday, when another round of personal calls was made to key financial markets and analysts.

Tactics

With the main headquarters building declared off limits, the command post would obviously have to be at some other location. A quick call to the Petroleum Club, located on the top two floors of a downtown bank building, revealed that a large room on the 35th floor could be made available to Kerr-McGee. Most of the company's top executives and corporate communication principals gathered in that room on Wednesday afternoon, the day of the bombing.

Management decided immediately to make no efforts to resume business activities until some normalcy returned to the area. The number one priority was to talk personally to as many employees as possible, answer their questions, and let them know what was expected of them.

Only two telephone lines were available in the temporary command post at the Petroleum Club. The decision was made to form a telephone calling tree, whereby top executives would contact the people who reported directly to them, and these people would then contact the people who reported directly to them, and on down the line until every possible employee was contacted. The early message was: 'We don't know when we can get back in the building, but we'll try to keep you posted.'

Because the local phone company's lines were jammed, and because the company had all of its people and facilities involved in bombing rescue efforts, the local toll-free 800-number service was not available. The thinking was that if a toll-free number could be established, Kerr-McGee employees could call in from time to time and receive a recorded, frequently updated message. Contact was then made with a company in Atlanta, Georgia, that had the capability of setting up remote service from its headquarters. While the idea was good, the execution proved problematic. The people in Atlanta did not seem to understand the seriousness of the situation, and employees who called the number received confusing and incomplete information. Another plan was needed.

Later that afternoon a communication team member remembered that Kerr-McGee had another facility that would be ideal for a command post. Known as the 'tech center', the company's research and development building in far northwest Oklahoma City about ten miles away proved to be the perfect location for a communication center. A large room was already equipped with tables, chairs and most importantly, 15 telephone lines. The executive communication team immediately began moving to the tech center where it was completely set up by Thursday afternoon, just one day after the bombing.

The early efforts of the telephone calling tree worked well to begin with, because most of the top executives had home telephone numbers for managers who reported directly to them. Problems arose when the team began trying to call the homes of non-supervisory or non-management people. Most of the team was amazed to find that the company's personnel records did not contain home telephone numbers! This meant that published telephone directories, which were almost a year old, had to be used to find home numbers, a time-consuming and sometimes futile effort.

Several of Kerr-McGee's key payroll people were able to enter the company's downtown headquarters and get the employee records to issue the paychecks and to access personnel records for phone numbers. Employees were paid for all of the work days, even though they were not at work during the four days following the bombing.

By rotating shifts of people, the executive communication team was able to man the phones around the clock from Thursday to Sunday. With the lack of success of the previous toll-free number in mind, the team devised a method whereby an internally recorded message was made available to employees seeking information. The toll-free number was posted to the regular company numbers so when employees called those numbers they were re-directed to the toll-free number. The lines were answered personally by company employees, so employees calling in heard a real voice, and the operators told callers that if all the lines were busy, the automated line with updated messages would answer their calls. The message was updated any time new information became available, sometimes three or four times an hour in the early days. Employees later praised these efforts and expressed appreciation for management's dedication to keeping everyone informed.

The main questions employees asked were: 'When can I get my car?' and 'When do we go back to work?' The answers were: 'You can get your cars Saturday' and 'We'll re-open for business Monday.'

So many volunteers showed up at the tech center it was difficult for some of them to find something meaningful to do. Someone had the idea of making memorial ribbons commemorating the bombing victims and their families. Volunteers not needed on the telephones put together enough of those ribbons so that each employee could receive one upon returning to work Monday morning. Within days of the bombing, hundreds of people in the State of Oklahoma were wearing the memorial ribbons on their lapels. The ribbons proved to be such a powerful symbol of the strength of the

Oklahoma people during this time that the US Post Office later commissioned a metal lapel pin version of the ribbon to be sold at post offices throughout the state. The ribbon was also memorialized as an option to add to resident's automobile license plates.

Meanwhile, back at the main downtown headquarters, Kerr-McGee's building services people were able to get into the building almost immediately and assess the damage. It was bad, but it could have been much worse. Damage was minimized by the fact that the Southwestern Bell building was almost directly between the Murrah Building and the Kerr-McGee complex. Foot-long, dagger-shaped shards of glass littered the desks of several top executives. It bordered on miraculous that there were no fatalities or serious injuries.

Another piece of good luck was that the building services people had the exact measurements of all of the 100 or so damaged windows. They were able to get all of the windows replaced with glass or plywood by Sunday, only four days after the explosion. A careful survey by outside engineers showed no structural damage to the tornado-proof main building. With a Herculean effort, the building was ready for occupancy on Monday morning.

In a genuine show of concern, Kerr-McGee's top executives stationed themselves at all entrances to the building on Monday morning. They handed out the memorial ribbons and gave every returning employee a sincere, sympathetic hug. Employees were surprised, but they were also very pleased and said so many times in succeeding months.

To some extent, all Kerr-McGee employees were affected by the bombing, not just those who had lost family members or friends. Knowing that many employees could be profoundly affected by the bombing and its aftermath, Kerr-McGee's management retained a well-known firm to help employees cope. The firm, Crisis Management, Inc. (CMI), is composed primarily of psychologists and psychiatrists who specialize in personal counseling following tragic events of all types.

CMI's first order of business was to have mass meetings with all employees in the company's auditorium. The employee workforce was then divided into groups of 20 for 'let's-talk-about-it' sessions with CMI counselors. All employees were urged to attend these sessions, even if they did not feel like it, and all but a very few complied.

The results were generally excellent, with Kerr-McGee employees being allowed to express their feelings without fear of criticism or recrimination. The CMI people were available after the initial sessions to talk to employees and their family members on a one-to-one basis for several weeks after the bombing. Many employees took advantage of CMI's services, all paid for by Kerr-McGee.

Evaluation

Getting back to normal took some time. The communication, the hugs, the ribbons and the expert counseling did not stop the pain. Kerr-McGee's

management knew that the healing process would take a long time – longer for some employees than others. Supervisors and managers did the best they could to return to the business of running the company, but it was done in a slow, sincere, humanitarian manner. ‘Productivity’ was hardly even mentioned for many months. Kerr-McGee also paid for all damages not covered by insurance to employees’ cars that resulted from the fallout from windows and other debris.

The traditional employee media of bulletin board notices, e-mail and employee publications were relied upon more than usual following the return to work after the bombing.

Although the bombing and its aftermath will forever be engraved on the minds of Kerr-McGee employees, the company’s management and communication team will always know they did their best to communicate with their employees under some of the worst circumstances possible. Members of management showed with their funds and, most importantly, their hearts, that they really do care about their employees.

Lessons learned

- Being prepared. The immediate reactions in any crisis tend to follow a pattern and the crisis operations plans in place and field-tested by Kerr-McGee employees demonstrated that the basic operating procedures and process during a crisis apply whatever the crisis.

Also important is the necessity of having a plan that is written out and familiar to all involved. In this case, the shock of the crisis may have impeded managers from thinking logically and coolly about options for getting in touch with their employees, such as the Tech Center phone lines. Having these options written down and thought through can avoid costly delays.

- The importance of management understanding and using the expertise of the trained communicators on staff. This resulted in the communication staff being allowed to communicate and take appropriate action with internal and external publics without fear of reprisal from other managers.
- The critical need to fully educate outside components that may be part of an organization’s crisis plan, such as the Atlanta telecommunication organization Kerr-McGee contracted with to provide emergency access for employees. Without having a real understanding of Kerr-McGee’s business and what had happened to its entire organization during the days immediately following the bombing, the agency provided poor service.
- Showing the human side of an organization – hugs, repair to cars, and available counseling demonstrated to Kerr-McGee employees that they were and are an important part of the organization. It also demonstrates that little things mean a great deal to employees, and the rewards in terms of employee loyalty far outweigh the monetary cost Kerr-McGee incurred.

Case 10 Does public relations make a difference?

A comparative analysis of two major Swedish crises

Larsåke Larsson and Stig A. Nohrstedt

Introduction

What makes a major accident or disaster develop into a social crisis? This, in a nutshell, is the question we address in this chapter, with particular emphasis on the public relations/information aspects of this dynamic. Our argument is related to, but not solely based on, two major disasters involving heavy losses of life during the last decade in Sweden. In 1994, the ferry *Estonia* sank in the Baltic Sea, with 859 passengers remaining on board. In the late autumn of 1998, a fire broke out at a discotheque in Gothenburg, where 63 young people perished and over 200 were injured.

Theoretical perspective

Our analysis stems from the view that public relations activities are important factors in explaining why a major accident does or does not escalate into a social crisis. Public relations are critically important in disaster and emergency situations. In such moments, the authorities or organisations responsible experience whether or not their communication policies and operations are both effective and relevant to the needs of the situation at hand. Both our own research and that of others clearly show that the status of PR increases in a crisis, that the PR/information function becomes part of the leading managerial function, if this was not already the case before the crisis. Furthermore, in a crisis, PR officers face a broader responsibility than in normal circumstances – they are engaged in crisis management.

In some ways, however, disaster situations also turn accepted PR models on their heads. In such situations, communication tends to be more asymmetrical than what is normal for the organisation, both internally and externally. Even if the organisation aspires to maintain more ideal communication relationships such as symmetrical (e.g. Grunig, 1992; Spicer, 1997) or even dialogical communication patterns (Banks, 1995; Deetz, 1998), in a crisis such communication is often set aside. There is often no time for symmetry or dialogue in a disaster situation. On the other hand, there is rarely a greater need for open and symmetrical communications than in these cases. This

paradox may provide the theoretical underpinnings as to why disasters evolve into crises in some instances and not in others.

The fact that the PR function is often a part of managerial work as a whole also implies that research on disasters must adopt a broader organisational view and not focus exclusively on aspects of communication. In other words, we believe that PR factors alone do not provide a sufficient explanation for crisis tendencies in different major accident situations.

From disasters to high politics

International crisis research has identified a number of indicators for a society's handling of accidents and disasters. These include the tendency to centralise crisis work, the tendency for bureaucratic rivalry, difficulties in adapting responses to the situation and a strong reliance on experts. Within the realm of communications, important indicators include high levels of media pressure along with a highly rapid but also highly uneven flow of information.

As Dutch researchers Paul 't Hart and Uriel Rosenthal (1996) argue, crisis research has tended to adopt an organisational/administrative leadership perspective in which the primary focus is the effect of planning and decisions. This 'containment tradition' is aimed at outlining how public authorities and private companies deal with different types of disasters. It stems from the perspective that such occurrences disrupt the social system and that the measures adopted in a crisis situation should result in a return to normalcy. They propose a more critical and political perspective in which disasters and accidents are defined as 'moments of high politics' and 'periods of breakdown of familiar symbolic frameworks'. These events, they argue, should be viewed as part of an ongoing process in which 'different crises may be the outcome of different critical paths'. This new perspective thus requires a new conceptual framework which implies that crises:

- are perpetual phenomena resulting from changes in the environment which actors must be aware of;
- contain multiple levels of conflict that occur from an intra-individual to a societal level;
- are an affective category with collective stress, insecurity and vulnerability as a result;
- play a delegitimation role in a process of legitimisation–delegitimation–relegitimation (before–during–after the crisis);
- provide opportunities for mass mobilisation and institutional self-dramatisation ('t Hart and Rosenthal, 1996: 12ff).

The political dimension is often likely to be the most important component in the context of a disaster or accident. Rosenthal cautions about viewing disasters only as temporary interruptions in the system, arguing that it is important to place much greater emphasis on the political and social factors

which, so to speak, lay the groundwork for the reaction to the occurrence (Rosenthal, 1998; see also Bovens and 't Hart, 1998).

Based on the observations of these researchers as well as our own studies of major societal disruptions and disasters, we believe that such situations result in 'high politics' precisely because they constitute a potential crisis. There is a risk that the developments following the event will lead to a situation in which basic values, one's faith in society's capacity to protect citizens and one's faith in the existing system of power and responsibility will be called into question. On the other hand, these situations also provide an opportunity for skilful political leaders to display their leadership and drive. Such initiatives can be decisive in terms of whether disturbances and disasters develop into crises or not.

Central components of this 'high politics' are the handling of public relations and the satisfaction of the need for information (Nohrstedt, 1991). While the responses of political leaders to such situations can be decisive in determining their own political fates, we argue that high politics pertains to more than the success or failure of individual political figures. It also encompasses deeper underlying social relations, where fears of societal developments and fears of new and complex threats to one's existence are included as important aspects of what has been referred to as 'national society' (Beck, 1986; see also Dahlgren and Höijer, 1995). Seen in this way, a disaster or crisis becomes a decisive moment in the historical processes surrounding the construction or re-construction of society. Similar to 't Hart and Rosenthal, we argue that it is not always appropriate to view a return to a prior 'normalcy' as the most desirable outcome. Philosophically speaking this is not possible, and in any case it would seem both more interesting and more important to consider instead the implications of these events for future social relations.

The handling or mishandling of public relations cannot, as mentioned earlier, provide the entire explanation as to why certain disasters develop into social crises. However, the following analysis will attempt to illustrate that this does constitute an important part of the explanation for the different outcomes of the two Swedish disasters examined here. The two aspects of public relations management by government authorities *vis-à-vis* the media and other organisations which we will concentrate on here are:

- 1 flexibility and the capacity to mobilise resources, primarily in terms of contacts with the media and various stakeholders (e.g. relatives), and;
- 2 the continuity and consequence of information in satisfying both public and stakeholder demand.

With these analytical dimensions as our point of departure, we hope in the concluding section to contribute, on the one hand, to an explanation why there was a social crisis in one case but not in the other, as well as to the theoretical development surrounding the role of public relations in the

emergence and management of social crises more generally. Hopefully, this analysis will also be able to contribute to our understanding of organisational learning within government authorities and other organisations responsible for handling catastrophes and social disturbances, including rescue services, the police, environmental and health care bodies, etc. Thus, an important part of our analysis is to examine the capacity for organisational learning in connection with this type of occurrence.

Organisational learning

Within organisational research, the concept of *organisational learning* has long held a strong position, while in the more applied organisational literature, the term *learning organisation* is generally used. In short, the concept refers to an organisation's ability or capacity to discover and correct errors and insufficiencies, with an emphasis on learning as a continuous, ongoing process. Among the factors associated with this process are the involvement of employees, a high degree of responsibility and initiative taking and a leadership that stimulates these behaviours.

Knowledge in this field is based on the research of Chris Argyris and his colleague Donald Schön. They distinguish between two now well-known types of learning: 'single-loop-' and 'double-loop-learning' (Argyris and Schön, 1978; Argyris, 1999). Single-loop-learning occurs 'whenever an error is detected and corrected without questioning or altering the underlying values of the system' (Argyris, 1999: 68). This is routine and repetitive change where the norms remain the same. Double-loop-learning occurs when the governing variables are changed. This often applies to complex problems, whose solution is necessary for the long-term survival of the organisation.

But Argyris and Schön do not limit themselves to the first two types of learning. They add a third form: 'deutero-learning' – in which people learn how to learn, when learning itself becomes a part of the organisational culture.

In some of their writings, however, these scholars are quite pessimistic about the learning capacity of organisations, meaning that it is more normal to try to hinder advanced learning. People tend to follow a 'theory-in-use' approach, where they pursue their own goals and seek unilateral control. Deficiencies that tend not to be corrected are those that threaten 'theory-in-use' and prevailing values and which, if corrected, would reveal either that one had concealed mistakes or that one did not have the capacity to correct them. Such deficiencies are disguised by defensive routines, often carried out with great skill. Corrected deficiencies are only those which are highly visible, which do not constitute a threat to affected actors, or which constitute a threat that is nonetheless outweighed by the threat of concealment or neglect. Another instance of correction exists, namely, when an organisation is confronted by a major failure or crisis situation (Argyris, 1999).

In the more applied organisational management literature, organisational

learning tends to be treated very broadly. The fundamental advice is to analyse and change the organisational culture, to encourage the individual to handle him/herself on his/her own, to view mistakes as important learning experiences, to reward risk-taking, to encourage ideas and create security for 'thinking activity' (see, for example, Kline and Saunders, 1993). French crisis researcher Patrick Lagadec (1993) argues that above all, organisational learning implies the creation of new views about openness, ethical behaviour and better 'citizenship' in order for the organisation to be granted high credibility and legitimacy in disaster and crisis situations. Also relevant here is the importance of inter-organisational transparency regarding crisis management plans and exercises, as well as the creation of informal networks and 'cross-fertilisation' between different organisations. Looking at internal measures, Lagadec notes the importance of executive involvement, not only in terms of decision-making but also regarding practical participation in exercises. Other important factors include more broadly delegated responsibility, less centralised steering of information and the instilling of a stronger crisis and security awareness among the workforce.

The insights that have been obtained from this research can be applied to studies of organisations in both the public and private sector. The following sections will present the results of two studies in which we have paid attention to the public relations responses of government authorities in connection with large-scale disasters – the sinking of the *Estonia* ferry and the discotheque fire in Gothenburg.

The sinking of the *Estonia* ferry

The sinking of the *Estonia* ferry on 28 September 1994 in the Baltic Sea is the largest disaster to have affected Sweden in modern times. A total of 859 people lost their lives in the wreckage – 501 of them were Swedish.

The *Estonia* is calculated to have gone under just after midnight, at 12:48 a.m. Swedish time. At 1:31 a.m., the first news flash appeared on the wire service 'TT'. At 2:00 a.m., the first radio report went out over Swedish radio. The next news report contained approximate information of the scale of the accident.

During the initial operational rescue phases, the primary arenas of involvement were of course the maritime rescue teams at sea as well as the hospitals in the Stockholm area, which received a large number of rescued and injured persons. However, the consequences of the accident affected large parts of the country, since passengers came from different towns throughout Sweden and therefore left behind friends and relatives. A number of towns were hit very hard – one in particular lost a noticeable percentage of its population. In effect, everyone in this town was a relative or acquaintance of someone who had been lost, and the accident created not only human and social problems, but also problems for different local authorities.

Our analysis will focus on two issues associated with the authorities'

handling of the crisis, namely contact/communication with bereaved groups and the mass media, on the one hand, and the salvage of both the wreckage and the bodies of the victims, on the other. Together, these issues provide a fairly comprehensive picture of the public relations difficulties confronted by the relevant authorities.

Contact and communication responses

National level

The Swedish government quickly established information channels with the media and other affected governments. At the same time, however, a great deal of pressure was being exerted from relatives for information about the accident. The responsible authority, the Transport Ministry, was unprepared for this assault and ended up answering the latter's phone calls in an *ad hoc* fashion. In addition to this, many people had trouble locating the proper authorities.

When the list of victims was confirmed, there was a need on the part of the nation's leadership to establish direct communication with the relatives. Instead, however, relatives were referred to the media as a means of spreading information, and they initially encountered substantial problems establishing direct contact.

As is usually the case in Sweden when interests are to be articulated, some of the bereaved groups soon organised themselves. While this may have been helpful to the authorities in the sense that they would now have a more centralised or organised negotiation or dialogue counterpart, this also created problems because several of the bereaved groups held contradictory interests. Some of the contacts that were arranged – in the form of meetings at the central and local level – were conducted under strained and sometimes chaotic circumstances, all of which received extensive media coverage.

Regional and local level

The Swedish rescue organisation – SOS Alarm, with a station in every region/county – did not receive its first alarm until about six hours after the accident. However, this was not an official or authoritative alarm network, but that of security firms and scattered individuals. Stockholm's SOS station, which already knew about the accident at 2:00 a.m., did not alert the rest of the country immediately, which was a mistake.

During the night of the accident, none of the three county administrations studied here had activated their crisis management systems, which include, among other things, coordination of local rescue services and fire stations. None of the county councils opened information or disaster relief centres, as is stipulated in their emergency plans. However, certain contacts were made in a few places, including contacts with municipal actors.

By contrast, the health care system appears to have responded professionally both at the county and local levels. The larger hospitals organised crisis and information services relatively quickly. The district police in the three regions examined received word about the accident between 2–4 hours after it occurred, through radio news or through relatives and friends. Those on duty during the night did not take any specific measures themselves, but waited for the arrival of their superiors the following morning. Even if the superiors were aware of the accident during the night, they did not, with few exceptions, take any action. They concluded that a direct crisis situation did not exist in the county itself and, therefore, no preparational measures were necessary. The fastest alarm and information channel appears to have been the dissemination of news through the broadcast media.

The local police took little action during the night. There was no preparation to handle events such as the *Estonia* shipwreck, either organisationally or culturally. Several of the police officers interviewed for this study said that they found themselves quite lost in this situation, since there was no physical accident site in the county and since the situation did not require a traditional police response. Instead, they were expected to move into a crisis mode of operation, comprising several units (social services, health care and churches, etc.). Furthermore, for several days the police were operating in a turbulent information environment in which they were not receiving sufficient information about victims from central sources. At the same time, however, the demand for this information was enormous. There was a long period of confusion surrounding the identity of who had been on board the ferry in the first place, who had drowned and who had been saved.

Crisis reception centres were set up in the individual municipalities in the morning. *Ad hoc* crisis management groups were also established throughout the period. Even if formal crisis management plans were not activated, such plans nonetheless served as the basis of the *ad hoc* activities. The communication between the parties involved was characterised by temporary solutions. Certain authorities had severe difficulty in responding effectively to the enormous volume of telephone enquiries.

Even at the county and local levels, loved ones had difficulty contacting the appropriate authorities, i.e. those that could deal with the consequences of the accident. With the exception of the police, loved ones had the most contact with regional radio stations. Apparently these ‘non-official’ institutions, such as radio stations, were perceived as a natural point of contact by many.

Once initiated, the municipal crisis management system functioned well, despite certain instances of *ad hoc* organisation. The operation received much praise in our interviews. Individual government and organisational personnel made great contributions, and inter-organisational cooperation appears to have functioned relatively friction-free despite the intersection of a number of different organisational cultures, for example, social services, psychology teams, the church, the police, local associations and voluntary organisations.

Some of the crisis groups had to confront a particular problem from media

coverage. The problems were particularly pronounced in a town that attracted a massive media presence including international TV companies. Understandably, the crisis management plan of this fairly small town did not include measures for dealing with a large media presence at the same time as dealing with affected and grieving relatives. Furthermore, the personnel involved were unaccustomed to this type of contact.

The salvage issue

At the time of the *Estonia* sinking, a shift in government was taking place in Sweden. The outgoing conservative government was being succeeded by a social democratic regime. Contacts between the incoming and outgoing Prime Ministers appear to have functioned extremely well as far as the *Estonia* disaster is concerned. They spoke with the same voice in the initial phase, promising that the ferry would be salvaged in order to retrieve the bodies for burial.

For the incoming government, the issue became increasingly more difficult to handle, not least because it affected three different countries – Sweden, Estonia and Finland. The vessel was registered in Estonia and it sank in Finnish waters. For reasons that cannot be specifically ascertained, the Swedish government altered its position on the salvage issue, claiming that the sea was a worthy burial site and that the wreckage should be covered with concrete to protect it from trespassing and plundering. This view was vehemently opposed by some of the bereaved. They protested against the government breaking its promise and wanted to retrieve the bodies for final identification so that they would not have to live with the uncertainty of what had happened to the victims.

In addition to this, a Royal Commission set up to study the cause of the shipwreck dragged on and remains essentially unresolved to this day. A judicial process is being prepared to settle the matter of responsibility between the shipping company, the maritime authorities and the shipyard that carried out renovation work on the *Estonia* a few years prior to the accident.

These circumstances fostered an emotional debate about the misleading nature of the information reported in the media. Representatives of the bereaved accused the government and relevant authorities of not listening to their demands and hiding facts about the shipwreck. Among the groups of bereaved, however, different views about the salvage issue emerged, rendering contact even more difficult. At the national level, a lack of preparedness for dealing with the wishes of the bereaved for contact and advice made relations worse, and this created the impression in the media that the authorities were behaving in an arrogant fashion and that they were avoiding the demands of the bereaved. Frequent articles about dissatisfied and disappointed loved ones reinforced this image, and due to the extent of the disaster and the media coverage surrounding it, this meant in effect that the entire Swedish population was engaged in the fate of the victims and the feelings of the survivors.

In sum, considerable public relations problems arose in connection with the *Estonia* shipwreck, the most important of which were difficulties associated with warning regional and local authorities, quickly conveying information to loved ones, organising ongoing contacts with the bereaved and handling the salvage issue.

Media coverage

The mass media naturally displayed a great interest in and devoted considerable coverage to the shipwreck. During the subsequent three weeks, the four national papers wrote nearly 1,000 articles – frequently entire pages – about the accident, and the three main television channels broadcast a total of 9 hours of news stories. Not surprisingly, the focus of coverage during the first few days was the accident itself. Later, however, the focus shifted to the victims and the handling of the bereaved, particularly in local newspapers, as well as safety and technical issues in the national media. One of the ethical issues raised was whether the passenger list should be publicised. Here, certain media chose to publish the list while others did not. Research on media coverage of the disaster has so far only studied the first three weeks after the accident. During that period, the coverage contained relatively little critical monitoring (Hedman, 1996). But later there is a much more critical coverage due to the adverse relations between the authorities and the relatives.

The Gothenburg fire

Warning systems and mobilisation issues, as well as the handling of contacts with relatives, were also decisive factors in the case of the Gothenburg fire. In terms of the continuity and consequence of information, the main issue creating problems for the responsible authorities was the cause of the fire.

In Gothenburg, a uniform crisis management plan has been in effect for several years. It applies to all county and municipal authorities – the fire department, the police, health care, the office of City Hall and city section administrative authorities (also, where necessary, the military). In the event of a crisis, a joint leadership group is mobilised in special locations in the central fire station, together with an information staff consisting of the information managers of the various authorities.

Communication responses

Just before midnight on the night before All Hallows Eve 1998 (29 October 11:42 p.m.), a fire burst out in a meeting place belonging to the Macedonian association in Gothenburg. A party was taking place with nearly 400 young people crowded into the facility. Most of the partygoers came from families with foreign origins – a total of 19 nationalities. The venue, which had permission for a far lower occupant capacity, quickly burst into flames. An

intensive rescue operation was initiated, though it was delayed a few minutes by the problem of localising the fire at the time of the alarm – the first signal was sent via cell phone from the disc jockey inside the venue and was quite diffuse. Some 63 young people died in the fire and 213 were injured (Larsson and Nohrstedt, 2000).

The local media were quickly on the scene, recording rescue work, young people jumping out of windows, those who had just died, and traumatic scenes of relatives arriving at the scene and discovering their children dead. Several television media interviewed rescued youths who criticised the police and fire department for preventing them from returning to the site to try to help friends still inside – implying that in doing so the rescue personnel caused unnecessary deaths.

Just over an hour after the fire alarm (1:00 a.m.), all of the members of the crisis leadership group, including the chairman of the city council and the city's general manager, were on the scene and shoulder-to-shoulder with the leadership of the rescue team. The organisation operated smoothly – the system had been tested in recent years, particularly by a large tram accident and a difficult snowstorm. The police, the fire brigade and hospitals also had valuable experience from a fire on board the Norwegian ferry *Scandinavian Star* in 1990 just off the Swedish west coast which claimed 160 lives. What was needed in the current case, however, was the summoning of social as well as technical competence. Getting information to the media was one of three priority measures (apart from debriefing returning fire and ambulance personnel and organising sufficient operational resources to control the fire). A press centre was set up. The general extent of the damage and the number of dead and injured were already known at this time.

In addition, the crisis team quickly decided to mobilise the crisis reception centres in the parts of the city designated by the crisis plan to receive and support loved ones. Approximately 30 centres were established.

At the main hospital, major problems arose as scores of relatives descended to find out whether their young people were alive or dead and to locate the injured. Largely as a result of the wide use of cell phones, they had arrived at the same time as the injured, which was of course a problem in itself. There were also a number of generally curious people contributing to the crowd at the hospital – altogether between 4,000–5,000 persons are estimated to have been in the hospital area during the night. The situation was particularly chaotic at the morgue, where the identification of bodies took place. Certain coordination problems between health care and the police arose, as the police found themselves having to identify the deceased not according to their standard procedures, but in large numbers and in the presence of loved ones.

PR personnel played leading roles in crisis management activities, both in many of the city reception centres and at the hospitals. At the main hospital, the Vice-Information Manager was one of the three people who led the entire organisational effort. A particular problem that occurred here was that the

regular 'psychosocial unit' could not handle the situation and had to be quickly replaced.

The first press conference was held at 2:30 a.m. in one of the hospitals where many of the injured had been taken. By this time, the national radio and one of the national television stations (TV4) had broadcast the news, and the large local morning paper had stopped its presses. Even the BBC sent out a story. At 3:30 a.m., the first press conference was held in the press centre, where all official information continued to be brought together. At the press conference, the fire commander on duty stated that the fire 'could have been caused by arson'. Press conferences were held about every other hour during the night and into the morning.

At 2 a.m. the alarm went out on the national level. The Prime Minister and the Defence Minister (who is also responsible for civil defence) were woken and met in the morning before taking a plane to Gothenburg. During the day they visited the site of the fire as well as a local church that had become a gathering place. They also participated in one of the press conferences and in a memorial service in the cathedral in the evening. There was tumult in the local church not only because of the throngs of people storming in but also because the media wedged itself between the Prime Minister and the grieving people he was trying to address.

The next morning, a number of television crews arrived from various European countries. At the press conference held at noon, 120–130 journalists from 50 or so media were present. A large staff of interpreters was needed for the foreign journalists. Press meetings, between journalists and officials functioned very well – with summary reports, question periods and interviews – despite the large influx.

The joint leadership team and the information staff worked from Friday night to Sunday evening. From Monday onward, responsibility was transferred to the respective authorities. On Monday, memorial services were held in schools. This seemed to be a helpful step towards psychological healing. In addition, a special information team toured the schools, where firemen and police talked about the fire and what had been done. During the next week, the victims were buried, and particularly in the case of the Muslim funerals, there was a great deal of mass media coverage. The crisis reception centres in the various parts of the city were maintained for about ten days, at first for 24 hours a day.

Police investigation work continued for one and a half years. The investigators became more and more convinced that the fire was started intentionally, especially after comprehensive technical testing using small-scale models of the venue. In New Year 1999, four boys with foreign backgrounds suspected of starting the fire to seek revenge for being denied entrance to the party were charged with arson (Larsson and Nohrstedt, 2000).

Media coverage

A Royal Commission under the leadership of Professor Kent Asp (SOU 1999, no. 68) studied media coverage of the fire. The study concluded that the media performed well throughout the period: 'The commission's general conclusion is that the mass media provided the public with nuanced and informative coverage in light of the circumstances' (ibid: 12). The study stated, for example, that it was reasonable to pay attention to the ethnic angle, i.e. the fact that most victims and the bereaved had immigrant backgrounds. Criticism of the rescue efforts received fairly wide coverage in the broadcast media and in the evening (tabloid) papers the first day after the fire, but in general this was not sweeping. On the other hand, the police received overwhelmingly negative criticism for their input, even if the spokesperson for the police corps was given the opportunity to address this criticism. The Commission report refuted the claim that the immigrant-targeted media presented a more critical picture of rescue efforts than the Swedish language media.

The speculation during the first days that the fire was caused by arson was reported in both the Swedish and foreign media. However, the study stated that this was not an explanation that journalists themselves constructed, but rather one that had first been formulated by the rescue leader's statement that the cause 'could have been arson'. In the media, responsibility for the disaster tended to be placed on those who arranged the party or on racist/Nazi groups. According to the Commission's study, however, the media coverage rarely pointed out the latter as being responsible (SOU, 1999: 68, 63).

Interviews with journalists and editors showed that they consciously adopted a cautious approach in reporting whether the fire might have been caused by arson. The editorial chief of the leading local paper in Gothenburg, for example, said that they were swamped by phone calls from foreign colleagues, all of whom assumed that the deed was motivated by racism. Personally, he explained, he chose to 'weigh every word on a golden scale' and not convey unconfirmed rumours about the causes of the fire. He also tried to avoid over-use of the term 'immigrant' in order to make sure that certain readers wouldn't get the impression that the paper favoured 'Gothenburgers and Swedes'. At the same time, several journalists said that they received many positive reactions from immigrants who, amidst all the confusion, felt that the coverage was good because it was the first time they felt they were treated as part of Swedish society (Englund, 2000).

This picture of the media coverage is supported by two other studies, one based on interviews with young people from the same schools and social circles as the victims (Olausson, 2000), and the other based on surveys of, among other things, immigrants' faith in various societal institutions (Wadbring and Weibull, 2000). The first study shows that young people have an overwhelmingly positive view of the fact that the media devoted so much attention to the grief of friends and relatives. Similarly, the confidence study

revealed improved perceptions of the daily press among immigrants in the western region after the fire.

The confidence study also suggested ways in which trust in the responsible authorities was affected by the fire. Immigrants in the region judged politicians both at the national and local levels more positively after the fire than before. This upswing can be explained by the relatively rapid reaction to the fire by the national and municipal political leaders, as well as by their participation in managing the crisis and grief counselling. The visit of cabinet officials to Gothenburg received tremendous coverage in the media, and the same applies to the involvement of local politicians and authorities.

Comparative analysis

In analysing crisis situations, the research frequently points to deficiencies in internal and external contacts and communications among relevant authorities or organisations. 'Research studies have consistently documented serious organisational problems in mobilisation of relevant resources, in intra- and inter-organisational communication and co-ordination.' Another common observation is that the authorities' handling of external contacts have often exacerbated the problems that arose for affected groups in connection with a serious accident (Quarantelli, 1989).

The question, then, is whether this pattern is repeated in the two accidents studied here. Did the public relations behaviour of the responsible bodies contribute to the development of a crisis? The answer, it would seem quite clearly, is that while this appears to be the case in the *Estonia* ferry disaster, the Gothenburg fire provides an example in which the authorities' public relations behaviour helped to reverse crisis tendencies.

Examining the public relations activities of these two cases in greater detail, it can be stated that the *Estonia* ferry disaster differs from the Gothenburg fire according to the two factors we have concentrated on in this comparison: flexibility and mobilisation of resources; and the continuity and consequences of information.

Flexibility and mobilisation of resources

While the responsible authorities and even the affected shipping company in the *Estonia* case had difficulty grasping the extent of the disaster and the need for informational inputs, the local authorities in Gothenburg displayed both considerable speed and flexibility in adjusting to the demands of the situation. A contributing factor in this regard is of course the fact that the *Estonia* case necessitated information initiatives at the national level as well as mobilising authorities at the regional and local levels. This of course is more complicated than reaching out to different parts of a city in a municipal administration. In the case of the fire, however, the national level response is also striking in that the national government quickly perceived the importance

of clearly signalling their participation and engagement. The visit of the Prime Minister the following day was an important symbolic manifestation of the nation's feelings for the suffering caused by the accident. Local authorities in Gothenburg were also more aware of the need for information and were better prepared to handle the situation than appears to have been the case in the *Estonia* accident. The town quickly established crisis reception centres to handle the contact and information needs of affected groups. Cooperation between the various immigrant associations contributed much to this effort as well. In the *Estonia* case, there was a long period in which there was no comparable representative for the bereaved, nor was there a functioning organisation to facilitate contacts with them. This contributed to the media image of the authorities – particularly those at the central level – as merely trying to shield themselves from the consequences of the disaster.

The continuity and consequences of information

One of the greatest public relations problems associated with the *Estonia* disaster was the lack of continuity regarding the decision to salvage the wreckage. The shipwreck occurred at the time of a governmental shift, and both the outgoing and incoming Prime Ministers immediately declared that the wreckage and the bodies would be salvaged. This statement, which received a great deal of coverage in the media, later came to be reversed, and today the ship lies at the bottom of the Baltic Sea. In the intervening years, the media has repeatedly given considerable voice to the demands of bereaved groups to recover the bodies for land burial and to salvage the ferry in order to obtain a definite answer about the cause of the accident, etc. Media reporting has also focused largely on dissatisfaction with the government's handling of the situation, not only in terms of the salvage issue but also in terms of the seeming disinterest of the authorities in listening to the views of the bereaved. It also took a long time before forms of contact with bereaved groups were organised and transferred from the government chancellery to a central authority within the civil defence administration.

Although the response to crisis was far more effective in the case of the Gothenburg fire, information about the fire did not satisfy the needs of the public and the bereaved. The fact that the cause of the fire could not be determined for more than a year certainly made things more difficult. The first response from the authorities came from the rescue leader, who said that the pattern of spread of the fire suggested that it was arson. Later communication from officials said that the cause was not determined. For a long period, the media was filled with information about a variety of possible causes. This period of uncertainty about the cause of the fire contributed both to lasting psychological burdens for the bereaved and to speculation and the spread of rumours. At the same time, spokespersons for the police and the courts emphasised that everything possible was being done to identify the cause of the fire and to bring the perpetrators to justice. Just as important

was the fact that the authorities, together with religious and immigrant associations, quickly responded with crisis reception centres that later carried out long-term activity to assist affected persons. At the same time, public attention was focused on the efforts of societal institutions to support the most directly affected, and even if this did not directly reduce their suffering, grief and worry, it nonetheless effectively dispelled the notion that the responsible authorities did not take the problem seriously.

Conclusion

Weighing the experiences of these two Swedish disasters, it would appear that an important partial explanation as to why the Gothenburg fire did not develop into a social crisis – relative to the *Estonia* ferry disaster – was the greater degree to which the public relations activity was handled professionally (in accordance with Grunig's (1992) 'excellence' principles), i.e. a more open, receptive and proactive engagement. Most importantly, the authorities in Gothenburg avoided the fatal mistake of appearing arrogant and insensitive to the needs of the bereaved. Particularly interesting is the fact that the responsible authorities in the case of the fire seem to have been more aware of and prepared for handling a conflict and crisis dynamic in a multicultural society. Due in part to the statements made by the rescue leadership that the fire could have been caused by arson, and further coupled with the subsequent suspicion that it could have been a racist attack, the threatening image of potential ethnic instability appeared quite realistic. Here it is possible that the speculation and rumours generated a more powerful and apparently empathetic engagement on the part of the authorities than would have otherwise been the case. Given these conditions, this can be seen as a rational and reasonable response aimed at preventing the escalation of the accident into a social crisis.

To what extent can the more professional behaviour exhibited in the case of the Gothenburg fire be explained by learning from earlier disasters such as the *Estonia*? It is of course impossible, if not somewhat meaningless, to isolate learning effects from a single case. On the other hand, it does seem reasonably clear that the more serious accidents and disasters that have occurred over the past 20 years have resulted in an increased knowledge and awareness of the need to develop competence in different areas of crisis management, including the handling of public relations. A number of studies, both academic and official, have addressed the issue of communication problems. The interest in crisis management literature and professional training appears to have increased rapidly both in Sweden and internationally. There is reason to believe that these trends have contributed to better-planned and more successful responses on the part of the responsible authorities. This, in turn, helps explain why there may have been a greater capacity for crisis management in connection with the discotheque fire than was the case at the time of the *Estonia* ferry disaster four years earlier.

In our view, the comparison of the *Estonia* disaster and the Gothenburg

fire illustrates that the responsible authorities have not only drawn lessons from prior experiences in a way that has resulted from more competent public relations in association with larger accidents, they have also increased their capacity to learn. Today there is a greater effort to develop competence in the area of disaster and crisis management than there was five or six years ago. This is a significant conclusion that underlies the importance of judging the handling of larger accidents and social disruptions not according to the degree or speed of a return to 'normalcy', but rather according to how these experiences are harnessed into the development of competence and learning.

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Case 11 Lobbying for survival

The UK BSE crisis and the role of the Meat and Livestock Commission in lifting the EC beef export ban

Phil Harris and Paul Baines

Introduction: Bovine Spongiform Encephalopathy (BSE)

This case examines the still ongoing crisis which has hit the British beef industry as a result of the discovery of BSE in cattle during the 1980s. The case examines how the farming industry and the British government have sought to address the problem and have attempted to restore confidence in the safety of British beef both in the UK and overseas markets.

BSE was first reported as being found in a UK beef herd in April 1985 in Ashford, Kent (Ford, 1996) and scientifically confirmed in September 1986. Its origins are uncertain, but it has been strongly argued by such experts as John Bourne, Institute for Animal Health (Bourne, 1996), that it developed as a result of the use of meat-and-bone meal (especially sheep scrapie-infected carcasses and offal) being used as a protein supplement in animal feed in the early 1980s. In response to the confirmed outbreak, a ban on the feeding of ruminant protein to ruminants was introduced in the UK in mid-1988 when cases of BSE had risen to 200 a month. In late 1989, a total ban on using specified bovine offal in human food was introduced. Irrespective of this action, BSE cases continued to increase, peaking in 1992 at 3,000 cases a month, the equivalent on an annual basis to one in 300 of all UK cattle becoming infected (Cocks and Bentley, 1996).

The level of reported infections and the growing instances of BSE cases after the feed ban date triggered more numerous inspections and tighter measures such as offal staining to reduce instances of contamination in slaughterhouses. The government continued to deny any human health risk, and the European Union (EU) continued to allow the export of young UK bred cattle. But in March 1996 (with new cases being reported at around 1,000 a month) the potential link between BSE and Creutzfeldt-Jakob Disease (CJD), the human equivalent of BSE, was officially announced, and a worldwide export ban on British beef followed. The impact of this decision was immediate and devastated the UK beef export trade. The scale of the business and the increasing importance of the EU as the prime market prior

Table 11.1 UK beef exports (tonnes) for 1990 and 1995

<i>Destination</i>	<i>1990</i>	<i>1995</i>
France	67,000	80,000
Italy	4,000	42,000
Netherlands	9,000	17,000
Spain	1,000	7,000
South Africa	3,000	27,000
Other EU countries	16,000	45,000
Other non-EU countries	14,000	28,000
Total	114,000	246,000

Source: Meat and Livestock Commission.

to the height of the BSE crisis can be seen in Table 11.1 which outlines the volume of exports of UK beef for 1990 and 1995, while Table 11.2 shows the chronology of the UK BSE crisis.

The British beef export industry's sales value plummeted overnight from approximately £520 million (recorded sales in 1995) to £0 (see Table 11.3 for more details). John Major's Conservative government appealed and referred the ban to the European Court of Justice on the grounds that it was introduced on political rather than health grounds. This appeal was subsequently unsuccessful. After initiating a number of financial aid schemes, principally to rescue stricken farmers and imposing a number of restrictions on the production and distribution of British beef, the worldwide ban was eventually lifted more than three years later in August 1999. The total cost of the government's aid packages in support of the beef industry during the period was estimated to have cost the UK taxpayer between £3–£3.5 billion, with losses to UK exporters of between £1–£2 billion (Baines and Harris, 2000).

The consumer role of the Ministry of Agriculture, Food and Fisheries (MAFF)

Many commentators have argued consistently during the past ten years that, in this government area of policy-making, there needed to be a department that represents more effectively the consumer – not just on customer rights in retailing, but championing standards in food production, processing, packaging and protecting the natural environment from over-exploitation (McCormick, 1991). Some signs of consumer interest groups exerting pressure on the quality and standard of food have been seen in additive campaigns (Grant, 1995), anti-genetically modified (GM) foods, and increasingly, through the power of retail food supermarket chains exerting marketing pressure on producers via buying preferences.

Table 11.2 Chronology of the UK BSE crisis

<i>Date</i>	<i>Events</i>
1985	Clinical signs of bovine spongiform encephalopathy (BSE) are found in UK cattle.
June 1986	UK government scientists agree first official diagnosis of BSE.
August 1988	The government orders the slaughtering of BSE-infected cattle and compensates farmers.
November 1989	Specified bovine offal (material most likely to contain BSE-infected tissue) from cattle more than six months of age banned for human consumption.
April 1990	British Government chief veterinary officer criticises Russian ban on British beef.
March 1993	First known human death from CJD: Creutzfeldt-Jakob Disease.
March 1996	UK Health Secretary admits possible link between BSE-infected cattle and CJD.
March 1996	EU imposes worldwide ban on British beef.
April 1996	EU Agriculture Minister Franz Fischler and EC President Jacques Santer both state that they would personally eat British beef. British Prime Minister refers the ban to the European Court of Justice insisting that the ban is based on political rather than public health grounds.
May 1996	UK government initiates its Over Thirty Months Scheme (OTMS) where cattle above the set age (those most likely to have contracted BSE) are destroyed.
August 1999	Worldwide ban on British beef lifted.
October 1999	France continues to operate ban on British beef despite EC ruling provoking UK consumer boycott of French products, led by leading UK supermarket groups including Budgens; this, in turn, stimulates port protests by French farmers. EC scientific committee considers new French evidence, ruling that removal of the trade ban on British Beef is still justified, paving the way for the re-establishment of its export markets.

MAFF policy-making has come under growing influence and scrutiny from pressure groups as concern for animal welfare has increased dramatically in society (an area of activity where Britain still leads the world). This trend can be seen in the vigorous protest movement against live animal shipment with picketing seen at such places as Brightlingsea, Coventry and Shoreham in 1995 and 1996. Interestingly, the campaigners represented all political persuasions, not least of all country and suburban-based Conservative government supporters. There are a growing number of animal rights pressure groups and special interests which have continued to attempt to influence policy-making; however, until relatively recently, most of their views were largely ignored by MAFF. Key among the animal rights and

Table 11.3 Revenue lost from UK beef exports by country

<i>Importer</i>	<i>1995 value (£m)</i>	<i>1999 value (£m)</i>
France	179.0	0
Italy	126.0	0
Ireland	52.0	0
Netherlands	49.4	0
South Africa	23.8	0
Spain	17.4	0
Denmark	12.0	0
Belgium	10.0	0
Portugal	7.0	0
Mauritius	4.0	0
Sweden	3.0	0
Ghana	2.5	0
Malta	2.2	0
Hungary	1.8	0
Hong Kong	1.8	0
Saudi Arabia	1.7	0
Gabon	1.7	0
Angola	1.5	0
Philippines	1.5	0
Greece	0.6	0
Germany	0.6	0
Other non-EU	20.5	0
Total	520.0	0

Source: Meat and Livestock Commission.

welfare lobbies have been the twelve major pressure groups listed below, which range from established, more conservative bodies, to more radical scientific specialist groups:

Royal Society for the Prevention of Cruelty to Animals (RSPCA)

The largest animal welfare organisation in Europe has a measured approach of looking after all animal welfare interests. This has resulted in recent developments like a highly targeted and effective lobbying campaign of government on the movement of live animals, dangerous dogs, etc.

Compassion In World Farming (CIWF)

Instrumental in having veal crates, sow tethering and narrow stall systems banned. Developing offices and organisations in Eire and France to foster a more consistent European approach on issues.

Animal Aid

Advocates an end to livestock farming altogether.

Advocates for Animals

Active in campaigning against the movement of live animals to the Continent.

The Political Animal Lobby (PAL)

Wants sentient animals to be under another category of the EU Treaty other than the one that lumps animals in with any items of trade. This would lead automatically to better conditions and standards for animals.

Farm Animal Welfare Council (FAWC)

A government advisory body, its members are appointed by the Minister of Agriculture.

Farm Animal Welfare Network (FAWN)

Concerned primarily with chicken and poultry animal welfare. Recently began campaigning on game fare standards.

Farm Animal Care Trust (FACT)

Pioneering trust to campaign for good standards of farm welfare.

The World Society for the Protection of Animals (WSPA)

Organisation works behind the scenes worldwide to improve standards in transport, slaughter and markets. Opposes indoor intensive production systems.

The Universities Federation of Animal Welfare (UFAW)

Federation of concerned academics, experts and others who produce technical reports and bulletins on the core issues and best practice in animal welfare.

The Humane Slaughter Association (HSA)

Started by two women in 1911 who wanted to see the captive bolt pistol replace the earlier poleaxe method of stunning animals.

Interestingly, most of the leading edge pressure group bodies in this area have maintained a low profile in the media on the BSE issue; it can be argued that they felt that the issues were already well established in the public domain and had raised issues which underpinned their own specialist agendas.

However, they have certainly played a vocal part in raising animal welfare issues, which have become an integral part of modern consumer preferences.

The role of the Meat and Livestock Commission

The Meat and Livestock Commission (MLC) was used in these difficult circumstances to provide help and leadership for a beleaguered industry. Established under the 1967 Agriculture Act, the MLC's original aim had been to promote increased efficiency in the livestock and associated product industries of Great Britain. The MLC is currently funded through a statutory levy placed on animals slaughtered in the UK or exported, although the MLC increasingly raises commercial income from within the livestock industry. A major focus for the MLC has been to restore consumer confidence in beef products within the UK and other EU countries after the BSE crisis. Thus, the MLC has effectively acted as a champion for the UK beef industry, researching consumer attitudes and coordinating industry-wide initiatives. One of the key performance indicators used by the MLC has been the adoption of its 'blueprint techniques' for production and distribution by the beef industry to ensure high quality meat produce.

The introduction of a quality 'kite mark' for minced beef produced using MLC blueprint techniques and a 'traceability scheme' detailing the stages of the supply chain through which the product has passed, in addition to heavy advertising support – both on television and through magazines and newspapers communicating the quality of traditional British cuts of steak – had ensured a strong domestic recovery in consumer confidence by the time of the lifting of the worldwide ban in August 1999. Total Great Britain household beef consumption for the 4-week period ending 31 July 1999 was only 6 per cent down on the same period in 1998 and 2 per cent down on the same period in 1995 (MAFF, 1999).

The British beef export market

The export market for British beef inside and outside Europe rests on cooperation, collaboration and competition between member organisations of the supply chain within the domestic market, and the development of relationships with organisations within the EU beef supply chain. In addition, besides the producers and distributors within the domestic industry, the export market for British beef is also influenced by organisations within the political sector. Non-governmental organisations (NGOs), for example, the Meat Hygiene Service, the Meat and Livestock Commission and politicians associated with the competitiveness of what is a key British industry such as the Secretary of State for the Ministry of Agriculture, Fisheries and Food, and the President of the Board of Trade, have all had an impact upon the export process. Figure 11.1 illustrates those stakeholders within the domestic market that have a bearing on the export of British beef. An attempt is made to demonstrate which organisa-

High	Power	Low	
	<p>KEY PLAYERS</p> <p>UK Prime Minister EU President Secretary of State for Ministry of Agriculture, Fisheries and Food MLC EU beef producers Multiple retailers UK and EU</p>		High
			Interest
	<p>KEEP SATISFIED</p> <p>UK Meat and Hygiene Service The EU Commission EU Domestic Governments German Länder (state) governments</p>	<p>MINIMAL EFFORT REQUIRED</p> <p>Cattle auctioneers (UK) Abattoirs (non-EU approved)</p>	Low

Figure 11.1 Stakeholder mapping of key players involved in UK beef exports.

tions have the greatest influence upon the export process by dividing the various organisations and politicians into those that are:

- key stakeholders;
- stakeholders that need to be kept satisfied;
- stakeholders that need to be informed;
- stakeholders that have little influence and, therefore, should receive only minimal effort in terms of lobbying and communication activity.

The different organisations within the supply chain that contribute to export processes include beef processors who prepare packaged products for export, multiple retail grocers who supply European subsidiaries with pre-packaged beef products, selected farmers who raise and develop herds (e.g. Aberdeen Angus), the MLC which exists to raise British export revenues (in addition to its domestic targets), and EU-approved abattoirs that prepare beef carcasses for export.

The political nature of the European beef industry was highlighted by the following statement made in the House of Commons in December 1997 by

the Secretary of State for the Ministry of Agriculture, Food and Fisheries, Dr Jack Cunningham, who took over the agriculture portfolio after the election of the Labour government in the 1997 British General Election:

there is an over-supply of beef throughout Europe, and a long-term decline in beef consumption . . . the [UK] government's aim for agricultural policy is to change fundamentally the narrow producer focus of the present common agricultural policy, to decouple support from production, to work for sustainable farming and to give customers, taxpayers and the environment greater priority.

The BSE crisis ensured that British beef exports effectively became a global trade issue. Japan ceased importation of British beef for pet food production, supplementing its ban on imports of UK beef for human consumption (a ban that has operated since 1951 out of fear of foot-and-mouth disease although it excludes selected cuts of Aberdeen Angus for Sushi preparation). Taiwan also announced a ban on canned beef, sausage and ham, supplementing its original ban placed on British and Irish beef in 1990 (USMEF, 1999). The United States banned British beef in 1991 as a reaction to BSE and in retaliation for the European ban on American meat treated with hormones.

The EU-imposed worldwide ban on British beef and the erosion of consumer confidence in its safety ensured a heavy fall in export sales. Table 11.3 demonstrates the relative loss of income from a variety of EU and non-EU countries. Potentially significant non-EU markets include South Africa, Australia, the United States and Japan, while France, Italy, Ireland and the Netherlands represent the most significant EU export markets for the British beef product.

MLC public relations and public affairs campaign

To re-establish British beef export markets and remove existing and, arguably unlawful, domestic bans still operating in some EU countries (e.g. some regional state governments in Germany and the national government in France), the MLC has aimed to influence opinion formers through the use of public affairs and marketing staff at its European offices in Brussels and Paris, and through its agents operating in EU countries.

Because of the complexity of the BSE issue and the psychological and political issues associated with the beef market, a focused public affairs campaign had to be mounted. This included the following elements: an issues management analysis, a focused, scientific information campaign and a high quality standards-led export drive.

Issues management analysis

The development of an issues management approach to assess over time the prime impediments to the easing of the ban on the export of UK beef by the European Commission was adopted. This was carried out by MLC in conjunction with specialist advisors on EC agricultural policy and MAFF. The EC Directorate General Six (DG6) has prime responsibility for agriculture within the EU and was the key target for focused lobbying activity that was built around providing quality information flow and scientific research to support a review of existing policy.

Focused scientific information campaign

The campaign of lobbying, media, political and press activity was focused on achieving a sequential lifting of the ban on beef exports and associated legislation. This element of the campaign included a press campaign both within Brussels and member states emphasising the remedial steps that had been taken in the UK beef industry, such as tracing the beef herd from birth to end product, introduction of animal passports, rigorous scrutiny of slaughterhouse and meat processing standards, and the large-scale destruction of suspect or infected herds. This included presenting evidence of the gradual elimination of the disease and the high quality standards now prevalent in the meat and associated processing industries. Press activity was initially particularly focused on scientific and trade journals and specialist media. As the campaign developed, so activity was increased in EU member states, such as France and Germany, where there was a reluctance to accept the lifting of the ban. Media activity and lobbying were then focused around the following core events:

- March 1996. The EC bans the import of British beef.
- June 1996. The EC meeting in Florence agrees on a framework for the gradual removal of the export ban. Further Commission and Council Decisions have since amended the ban, notably Decisions 98/256 and 98/692.
- June 1996. The ban on export of bovine semen from the UK is lifted by the EU.
- September 1998. The lifting of the ban on commercial exports of beef cattle from Northern Ireland.
- July 1999. The Commission set 1 August 1999 as the date from which UK beef exports could start under the Date-based Export Scheme (DBES). By the end of December there were two plants – St Merryn Meats at Probus, near Truro, and Scotbeef at Strathaven in Lanarkshire – approved to export beef under the DBES. St Merryn commenced slaughtering cattle for export on 2 August, its first export taking place on 24 August. Since then regular consignments have been sent to several

European countries. Throughout this period a full media campaign was mounted to support the relaunch of British beef and the high quality now obtainable. A number of politicians from agricultural constituencies and opposition parties supported the initiative by hosting beef eating events in Brussels and London to laud the quality of British beef. On the more popular front, leading UK and continental chefs did a series of promotions on the high quality of British beef for selected media.

- By the end of August 1999, 12 of the 14 other EU member states had confirmed that they had no barriers in place to prevent the import of UK DBES beef, France and Germany had kept their import bans in place contrary to EU law. France provided evidence in support of its ban which was considered by the European Commission's Scientific Steering Committee (SSC). The SSC agreed unanimously on 29 October that: 'There are currently no grounds for revising the overall conclusions of the SSC Opinions directly related to the rationale of the DBES and the measures taken by the UK make any risk to human health from the UK DBES at least comparable to that in other European Member States.'
- On 16 November 1999, the Commission launched legal proceedings against France for failure to lift the ban while parallel discussions took place between the UK, France and the Commission with the aim of securing the lifting of the French import ban. On 23 November the European Commission produced a document summarising the outcome of these discussions. However, following consultation with the French Food Standards Agency, on 9 December, the French government announced that it would be maintaining its ban. On 14 December the European Commission issued a Reasoned Opinion on France's failure to lift its import ban. The French government responded to the Reasoned Opinion on 30 December maintaining its refusal to lift the ban following which the Commission will be pursuing the case through the European Court of Justice during the course of 2000. The German Federal Government said it would take the necessary legal steps to lift its ban, but because of the constitutional position in Germany, it would take some time. As a result the German *Bundesrat* were not able to vote on the legislation to lift the import ban during the course of 1999 and the ban would stay in place until a vote is taken during 2000.
- August 2000. The Commission recommends the adoption of full traceability scheme modelled on the UK system for general adoption on all meat products sold throughout the EU.

Only a sensitive, long-term and scientifically based public affairs campaign using an issues management approach to target media and politicians has been able to achieve this 'about turn'.

High quality standards-led export drive

In the past, MLC has sought to influence non-EU overseas export sales by taking part in overseas trade missions in South Africa, China, the Philippines and Japan. The British Prime Minister and the Secretary of State for the Ministry of Agriculture, Fisheries and Food have both also been active in trying to ensure that the ban on British beef still operating in some German states and in France is lifted as soon as possible (in line with the EC Directive released in August 1999). British politicians have also been actively seeking the removal of trade bans operating in non-EU countries. All this activity has been supported by regular EU and UK press briefings on the scale of measures taken by UK government and beef producers to ensure meat from Britain is of the highest standards.

The beef export scheme for the UK (excluding Northern Ireland which has a computer tracking system and has been able to demonstrate that its herd has been BSE-free for more than a year) imposes restrictions on the preparation of the meat. The meat has to be de-boned (effective from the 1 August 1996 when the meat and bone meal feed restrictions that were argued to be the source of the infected meat came into place) and aged from 6 to 30 months. UK politicians have argued that, as a result of these safeguards and restrictions, British beef is the safest in the world.

Postscript

As the European Commission exists to implement laws and regulations made by a combination of the European Parliament and Council, it was essential that the early thrust of the campaign was aimed at these two bodies to lift the beef ban. To achieve this, lobbying and briefing activity was directed towards EC officials and national government politicians and staff to gain support and overturn the ban. Once this was agreed, the Directorate Générale (EC government department) for agriculture implemented the policy. This resulted in a gradual acceptance in the German market with some regional variations in the speed of lifting the ban and a continuing ban in France, which is being challenged in the ECJ by the Commission. To repeal the ban has taken time, planning and the consistent non-belligerent approach adopted by the UK government, MLC and farming interests to overturn the EU ban.

The BSE crisis in the British beef industry has been a major factor in leading to the deepest slump in UK agriculture for more than 70 years. The steady public affairs and scientific work by government, its agencies and the farming industry is only now beginning to restore confidence. Consumer confidence in the UK has taken considerable time to restore; it will take longer for the same to be achieved in the EU and worldwide.

Evaluation

It is very difficult to evaluate the success of the MLC campaign to regain lost markets in the EU for British beef. In the UK, consumption of British-produced beef has returned to levels just below pre-BSE crisis levels. Product is being differentiated and increasingly labelled as from Northern Ireland, Wales, Scotland, particular English regions, organic farms or quality breeds and herds. However, only in 2000 were there signs that some traditional EU markets were beginning to take quality British beef again, most notably the Benelux countries in small amounts, particularly of Aberdeen Angus, while other markets have turned to local producers for native products, for instance, South Africa, and are unlikely to return to British beef. However, the fact that the EU ban has been lifted means that the objectives of the campaign in the short term have been achieved. It is too early to evaluate the long-term success of the campaign.

Lessons learned

This case illustrates a number of important lessons both about the power of public opinion, particularly on matters concerning public health, and equally about the difficult process of exerting influence within the political arena. Key lessons include:

- Handling any crisis in public confidence requires swift and decisive action to be taken. Rhetoric alone will not work and only effective action to address the source of concern will have a chance of turning public opinion around.
- The key to any effective lobbying campaign is to marshal the appropriate evidence and present it in ways that can be easily understood by the public and politicians alike.
- In handling such a sensitive and complex issue as BSE, it is essential to have the support of all interested parties and to ensure that a concerted and consistent message is being communicated.
- When dealing with lobbying on an EU-wide basis, it is necessary to take account of the differing vested interests that will inevitably colour the reaction of individual governments. This requires a detailed understanding of the working of the EU political scene and knowledge of the various agendas that will affect the response of member governments and their advisors.

Appendix: the working of the EU political system

The European beef market

The World Trade Organisation, EU and domestic competition policy largely regulate European beef production. Fluctuating exchange rates have a considerable impact upon the nature of sales and when the pound is strong, UK beef exports become expensive to European partners, making domestic supply more profitable. The EU provides support to the beef industry through import levies, import quotas and export refunds on products traded outside the EU to ensure that European beef production stays at prices above world market prices. The Common Agricultural Policy effectively governs this support regime and was designed to protect the EU farming sector from external competition. The Common Agricultural Policy has been criticised in Britain because of its apparent bias towards the French and German farming industries (Harris and McDonald, 1994).

Perceived discrepancies in competitive advantage arising for different EU member states as a result of the application of rules and regulations flowing from the Common Agricultural Policy ensure that lobbying activity remains an important consideration for member state governments and their associated firms. Increasingly, public affairs activity is seen to be effective in bringing about positive changes in the regulatory environment for the firms involved in the public affairs activity.

The EU government structure

The EU is based on a series of treaties, which determine the agreed objectives of the member states. It also has institutions that have powers to make and enforce EU laws and policies.

There are five institutions, specified in the treaties, which are involved in the task of governing the activities of the EU:

1 **European Parliament (EP).**

The EP is the only directly elected institution within the EU, with representatives from all the states. It holds the EC to account and has powers of co-decision with Council. It is an increasingly important body within which to mobilise opinion to amend or change policy.

2 **Council.**

The Council is composed of the national government ministers responsible for the area which the Council is discussing. It is a body within which to build-up coalitions of support to amend or bring forward legislation.

3 **Commission.**

The Commission is composed of a number of commissioners: two from each of the larger states and one from each of the smaller ones. It

proposes new laws, based on articles in the treaties or on instructions from the Council and EP.

- 4 Court of Justice (ECJ).
The ECJ is the final court of appeal for all matters relating to EU law and the interpretation of the treaties.
- 5 Court of Auditors.
This audits the accounts of the EU to ensure that funds have been properly and lawfully used.

In addition, the Council and the Commission are assisted by an Economic and Social Committee (ESC) and by a Committee of the Regions. A bank, the European Investment Bank (EIB), exists to fund development projects.

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Case 12 **Creating from crisis**

Building the Oklahoma City National Memorial

*Barbara DeSanto, R. John
DeSanto and R. Brooks Garner*

Introduction

Unlike much of the world, terrorist attacks have been rare in the United States. That changed in 1993 when foreign individuals ignited a car bomb at the World Trade Center in New York City. Oklahoma, situated in the heartland of America where one-half of the state's three million people live in rural areas and small towns, was one of the last places in the country people expected a terrorist bombing. Yet two years after the World Trade Center incident, a bomb hidden in a truck destroyed the Alfred P. Murrah Federal Building in Oklahoma City. This event at 9:02 a.m. on April 19, 1995, was the most deadly terrorist attack in US history killing 168 people, including 19 small children, injuring more than 600 people, and destroying or damaging more than 300 buildings. This case examines how Oklahomans moved from the horrors of the bombing to create an internationally recognized memorial with the mission of educating people worldwide about the senselessness of terrorism.

The blast heard around the world

The nine-story federal building contained nearly 500 people the morning of April 19, 1995. At 9:02 a.m. 168 people were killed in and around the building, while more than 800 survived. Thirty children became orphans, while another 219 children lost at least one parent. Some 462 people were left homeless, and 7,000 people in the area were left without a workplace. An estimated 387,000 Oklahoma City residents knew someone killed or injured in the bombing, about one-third of the city's population. In the days and weeks following the bombing, more than 12,380 volunteers and rescue workers participated in the rescue operations. Estimates on rescue and recovery operations, funerals, medical expenses, counseling, trials and rebuilding put the costs around \$1 billion.

Oklahoma federal, state and local officials, especially firefighters, police and medical personnel, are well trained in emergency procedures, in great part due to Oklahoma's physical location which is often the victim of violent

weather, in what is known as ‘Tornado Alley’. For example, as part of their regular on-going emergency training, Oklahoma City Police Department members had just attended a Federal Emergency Management Association (FEMA) national seminar at its Washington, DC, headquarters. As a result of this training, the various different emergency and official government entities were ready to work together; what one volunteer described as ‘The key is flexibility, and to include all agencies. One key concept was “we,” not “I” anymore. You don’t want to have antagonism between groups.’

Another key was to designate a lead agency to secure credible, verified information and then communicate that information to families and victims as well as the media, which mushroomed from the three local television stations, a dozen local radio stations, the Oklahoma City and Tulsa daily newspapers and a variety of community papers into an international media camp with nearly 600 on-the-scene reporters in a day. Within 20 minutes of the bomb blast, the worldwide press was calling and 15 people in the Governor’s Office were answering media calls. A little more than an hour later, the Oklahoma Governor’s Office had more than 200 requests for interviews with the governor.

The City of Oklahoma City and the Oklahoma City Chamber of Commerce coordinated the media efforts in the immediate aftermath of the April 19 bombing. The media were credentialed through the Oklahoma City Police Department, while the Chamber of Commerce helped with the massive number of stories national and international media covered while they were in Oklahoma City. The media was briefed daily by the Oklahoma City Police Department, the Oklahoma City Fire Department and the Federal Bureau of Investigation (FBI).

The media policy established that information would be verified and released in a timely manner, with 24-hour availability as long as necessary. Because all the agencies involved were prepared for a variety of disaster situations, a plan was swiftly agreed upon and implemented with no problems. The head of the rescue and research operations for the Oklahoma City Fire Department, who spent 16 days on site searching for bodies, Chief Jon Hansen, said, ‘The local media was the priority – they got the information first. They’ll be there when the others leave. Other media observed the Oklahoma media’s professionalism and followed their lead, not the case in many other disasters.’ As part of his rescue operations, one of the first things Hansen did was set up a media command post in a parking lot several blocks away. A pool system was also used to bring a limited number of reporters to the site, with pool reporters sharing their stories and footage with other news outlets.

International media began to arrive on the scene within hours of the explosion. They often turned to the local media for assistance in seeking sources, including two German writers from *Stern Magazine* who asked for assistance in finding the mother of a dead child whose picture was in a photo in *USA Today*. A reporter from ECO International News, serving a Spanish-

speaking audience of 300 million, jumped on the first flight to Oklahoma City to get first-hand reports. Media members from Australia, Sweden, Denmark, Japan and dozens of other nations soon followed. The story became an extended story as the search for survivors captured the attention of the world. However, this would not be a major media story with a short time frame. The efforts to rescue people and recover bodies would last until May 23. In addition, the legal trials of the two Americans ultimately convicted of the bombing, Timothy McVeigh and Terry Nichols, extended through several years.¹ And, on April 19, 2000, major international media attention was again focused on Oklahoma City as a memorial honoring its victims was dedicated.

The Memorial – five years from idea to reality

In July 1995, three months after the bombing, Oklahoma City mayor Ron Norick formed the Oklahoma City Memorial Task Force. Robert M. Johnson, a local Oklahoma City attorney and community volunteer, and a Board of Directors consisting of family members of those killed in the bombing, bombing survivors, rescue workers and community volunteers, quickly formed 13 separate committees to look at everything from communications to developing a mission statement for the Memorial project to getting the families and survivors to meet together for the first time. This system allowed all interested parties to be a part of planning the Memorial, and became the basis of the communication structure used during the next five years in developing the Memorial.

The Board recognized early on that communications and public relations were the key to its success. In November 1995, it hired its first employee, Kari Watkins, as its communication director, with the mission of coordinating the efforts to build and manage a memorial to the disaster and its victims. Among Watkins' major tasks were: to keep the media as involved in telling the story of building the memorial as they were in telling the story of the bombing; working on generating the funds to build the \$29 million memorial; and coordinating the work of the 13 committees. In September 1996 the task force became the Oklahoma City National Memorial Foundation, a private, non-profit entity dedicated to fulfilling the mission of building a Memorial, and in 1999 Watkins became the executive director.

Target audiences

The Memorial process was challenging because of the wide range of audiences the project has to reach. Primary audiences included:

- Families, survivors and rescue workers. These were people who had direct, emotional ties to the Murrah Building site; the objective here was to always inform and/or consult with these people on plans and events

before any media or other outside entity was considered. This has been observed from the first days after the bombing through the dedication of the symbolic part of the Memorial.

- The Board of Directors. Many of these, 25 out of 45 directors, were directly involved in the bombing and were also responsible for the creation of the Memorial.
- The public, especially Oklahoma residents. This also included people who were touched by the tragedy and would eventually visit the site.
- The media, with special 'first rights' for the Oklahoma media. These were journalists who were involved moments after the bombing happened and would function as opinion leaders in garnering support for the Memorial project.

Secondary audiences were identified as the Oklahoma City City Council, the Oklahoma legislature and the United States Congress. All of these groups had an interest because of the attack on the US government and because they would become funding partners in helping to build the Memorial.

Planning for a memorial

The Memorial design competition

This was a consensus-building, community-based project that began with an international competition to develop the design for the construction of the Memorial. A significant factor in opening the design competition worldwide was because of the international impact of the bombing, particularly in the initial accusations that international terrorists might be responsible. Designers from all 50 US states and 23 countries submitted 624 designs; an American husband and wife team living in Germany and operating as Butzer Design Partnership was selected as the Memorial designers. The Butzers now live in Oklahoma City where Hans teaches architecture and Torrey is close to her birthplace of Nowata, Oklahoma.

In October 1998, construction on the first phase of the Memorial began, with then Vice President Al Gore and Attorney General Janet Reno in attendance. In addition to the design selected, elements of the design came from four different countries, including bronze for the Gates of Time from Japan, the black granite of the reflecting pool from Canada, the stone from Arkansas and other US states, and the reinforced turf from London.

The Memorial design is a simple design of a black granite reflecting pool between two tall bronze gates inscribed with 9:01 a.m. on the east gate and 9:03 a.m. on the west gate, signifying the 9:02 time of the blast. One hundred and sixty-eight chairs face the reflecting pool, each chair etched with the name of a victim. At night the glass chair bases are illuminated. Pieces of granite from the Murrah Building were salvaged and used to construct the walkway around the pool (see Figure 12.1).



Figure 12.1 The Oklahoma City National Memorial. Photo by John R. Catsis.

The fence

The day after the Memorial public ground-breaking ceremony, family members, survivors and rescue workers came together to move large sections of the chain-link fence that was erected around the bomb site after the building was imploded. The fence had become a living tribute to the victims and their families as visitors from around the world left mementos from baby toys to T-shirts and prayer cards tucked into the fence. The fence had become so much a part of the tragedy that many members of the Board of Directors asked that it become a more identifiable part of the permanent Memorial. Although only family members, survivors and rescue workers actually moved the fence, the event was carried live on network news and was featured in newspapers around the world. The fence-moving ceremony closed with a candlelight vigil as participants stood on the now-open Murrah site. The fence is a featured part of the Memorial Center Museum located next to the Memorial outdoor site, allowing visitors to leave tributes to the victims. All mementos are archived, with plans for many of them to be included in the museum and others saved for research.

Paying for a memorial

The \$29.1 million needed to pay for the Memorial came from a variety of sources, and ranged from donations of \$1 million to \$10, including \$5 million from the US government, \$7.3 million from Oklahoma sources, \$1 million from Kerr-McGee and other private donations from corporations, foundations and individuals. Several special campaigns, however, raised money in ways that especially highlight the memories and emotions of the disaster:

- **The 168 Pennies Campaign:** The 19 children killed in the bombing brought an outpouring of sympathy from school children around the nation. Elementary school principal Nancy Krodell from Putnam City, a suburb of Oklahoma City, asked each of her students to contribute 19 pennies to the Memorial – one for each child who died in the bombing. This single effort raised more than \$50,000. The penny collection idea was then developed by the Memorial committee, with former Miss America Shawntel Smith, an Oklahoman, as the national spokesperson.

Contributions from children will be used to support areas of the Memorial designed for children and learning, including an outdoor Children's Area and an interactive learning area in the Center where children can learn about the bombing, the consequences of violence, and non-violent methods of conflict resolution.

A 168 Pennies Honor Roll was created to list all US schools that donated 168 pennies to the Memorial effort for the 168 victims; the names are also listed in a place of honor in the Memorial Learning Center.

- Sales of a print of the Fence by Oklahoma City-based artist Greg Burns was raised more than \$50,000 for the Memorial thus far.

Communication

- *Under Construction Newsletter:* Memorial construction project director Harley Watkins came up with the idea of keeping people up-to-date on the Memorial's construction progress. More than 1,500 individuals, including family, survivors, rescue workers, community volunteers, media and government officials receive the monthly publication.
- *The Progress Reports:* These annual reports were also directed to those directly involved in the Memorial, with special attention given to donors who could see where their money was going.
- *The Anniversary Celebrations:* Every year on April 19 a private ceremony marking the occasion is planned for the family, survivors, and rescue workers. The central feature of the ceremony is reading the 168 victims' names and allowing the families and loved ones of each victim to pay tribute at the site in private with flowers and other remembrances. A public ceremony that involves the media is also conducted on each anniversary.
- *The Trials:* At the same time the Memorial was being planned and constructed, the very high-profile trials of Timothy McVeigh and Terry Nichols were being carried out in Denver, Colorado. The trials had been moved from Oklahoma to Colorado to ensure fairness and an impartial jury. The trial coverage offered the Memorial communication staff opportunities to promote sidebar stories about the Memorial plans and progress without getting into the trial proceedings or legalities of the cases.

Media relations

Throughout all these projects, Memorial officials believed it was important to make all media, from local to international, feel a part of the process, especially so that the media could educate the public about the three components of the Memorial. Throughout the five years of planning and construction, 20 to 30 media requests from around the world came in each week.

Courting and taking care of the media ranged from everyday requests for feature stories about the Memorial construction to special coverage during the trials of McVeigh and Nichols. Media coverage included:

- The nationally broadcast morning show, *The Today Show*, which did a documentary on the Memorial construction, making one trip a month to report the progress.
- Requests from national magazines, such as *People* magazine, who came into town for a one-day feature and then disappeared until the next special occasion.
- International media who were very intrigued by the bombing and reporting on the new phenomenon for Americans – terrorism on their own soil versus international terrorism. Language barriers had to be overcome;

especially important was making sure that reporters understood the US process of doing things and the project details.

In 1995 the local media set the precedent as to how the national and international media would tell the Oklahoma City story. The world watched as the ‘Oklahoma Standard’ was displayed on the front pages of every major newspaper, heard on the airwaves and broadcast across television with graphic, heart-wrenching images. The Oklahoma Standard became a worldwide theme that exemplified the image of people helping their neighbors. The term was coined by the media as they reported not only on the horrors of the blast, but how Oklahomans responded to each other – donating great amounts of clothing, food, money, and time. This was such a phenomenon because of Oklahoma’s history; it did not become a US state until 1907 and is generally considered to be one of the nation’s poorer and less progressive states. The news stories about Oklahomans sharing whatever they had painted a new picture of the state’s residents.

April 19, 2000 – the Memorial dedication

The Memorial staff knew that the world’s attention would be focused on Oklahoma City where the Memorial stood ready to be publicly dedicated on the fifth anniversary of the bombing. But before the world could enter, the families, survivors and rescue workers continued the tradition of a private anniversary with an 8:30 a.m. ceremony that included the traditional 168 minutes of silence and an opportunity for victims’ families to leave mementos on each of their loved ones’ Memorial chairs.

In January 2000, Executive Director Kari Watkins assembled a 100-person task force that began daily work on planning for the Memorial’s dedication on the fifth anniversary of the bombing, April 19, 2000. The task force included members of the local Public Relations Society of America (PRSA) chapter, the Women in Communication (WIC) chapter, and other public relations practitioners; seven sub-groups were each assigned specific duties, including:

- Issuing 5,000 invitations to the dedication, including inserts, return postcards and envelopes to all donors, anyone who had volunteered, family members, survivors and rescue workers.
- Creating and printing 5,000 programs – each program was 30 pages long and includes all events and the dedication activities.
- Developing press materials, including press packets with programs, news releases of the day’s events, explanations of the symbolic elements, available photos list, fundraising update and Memorial Center news releases.
- Developing the tri-fold, four-color dedication brochure explaining the meaning of the sections of the Memorial. This brochure is now available to visitors to the Memorial to guide them through the story.

- Developing an initial news release about the dedication ceremonies which was made public in February 2000, and subsequent releases on a regular schedule.
- Hosting daily news conferences during Dedication Week. More than 20 to 30 media outlets daily attended these conferences, with more than 1,200 media credentials issued for the dedication ceremonies. Media from around the world covered the dedication, including German and Japanese television, BBC, and American media outlets *USA Today*, CNN and the three major television networks, ABC, CBS and NBC.

The public dedication ceremony, scheduled for 5 p.m., included a number of local state and national speakers with the keynote address by President Bill Clinton. More than 10,000 stories were written and broadcast around the world April 19, 2000.

Evaluation

Executive Director Kari Watkins reported that the members of the media were very complimentary about the Memorial, especially the accessibility for media to cover the event, the credentialing process, and the availability of materials for publication.

Lessons learned

According to Watkins, planning is the key. Understanding the needs and wants of the primary and secondary audiences and keeping that information up-to-date allows efficient and relevant plans to be made and carried out.

In this Oklahoma Memorial case, Watkins highlighted the importance of the media as a force in getting the Memorial funded, constructed and dedicated. She stressed giving the media every bit of information possible so the reporting is as accurate and timely as possible. Also, structuring the information into talking points so media get the main points and report what the organization thinks is important and spending time with reporters to make sure they have all the facts correct is essential to telling the story and achieving the organization's objectives. Watkins also said organizations must make comments and provide media outlets with stories – failure to do this will result in media finding some sort of story of their own.

Watkins also reported that conducting a successful public relations campaign includes being proud of the work. In this case, the organization used the emotion and horror of the bomb blast from 9:02 a.m., April 19, 1995, to create a worldwide tribute to what is good in people around the globe.

Acknowledgements

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Note

- 1 Timothy McVeigh, who was convicted of planting the bomb which devastated the Alfred P. Murrah Federal Building in Oklahoma City, killing 168 people on April 19, 1995, was finally executed at the Penitentiary in Terre Haute, Indiana, on June 12, 2001.

Case 13 Paradise lost and restored

Florida and the tourist murders

Donn Tilson and Don W. Stacks

Background

A community's reputation, like that of any institution, is a consequence of public perceptions based upon a synergy of communication images, events and corporate performance. Communities that seek to establish and maintain a favorable reputation with key publics must do so proactively in a comprehensive strategic manner. In times of crisis, the community often finds itself both reacting to the immediate events while beginning to think long-term proactively to the ongoing consequences – all with the goal of restoring a positive reputation.

Florida and the Greater Miami and the Beaches area – often referred to as South Florida – are a good case in point. Florida officially calls itself 'The Sunshine State', and wintertime television weathercasts regularly confirm a green southern US oasis in a sea of ice and snow. Florida's state parks, beaches and wildlife, in fact, are promoted as tourist attractions in state brochures touting the 'Real Florida'. Miami's Convention and Visitor Bureau (C&VB), similarly, markets the area as the 'world's favorite playground' offering 'the vanguard of pop culture, global commerce, fashion and entertainment . . . with the beauty and splendor of a tropical paradise'.

Tourism generates 20 percent of the state's sales income tax, \$37 billion in sales, and accounts for more than 781,000 jobs statewide. The *Miami Herald* newspaper and the Miami Convention Bureau reported that in 1998, 9.7 million people visited Greater Miami and the Beaches, spent \$12 billion, generated 35 percent of the area's state sales tax, and supported nearly 317,000 jobs in Miami-Dade County.

In contrast to this positive image, throughout its history, Florida and especially Miami also have been in the 'vanguard' of a colorful parade of flim-flam artists, bootleggers and drug dealers – an outlaw image that the community has at once chaffed at and embraced. From the land booms of the 1920s to the modern-day *Miami Vice* television images and real-life criminals ranging from drug dealers to illegal aliens, Miami was an area of contrasts. A 1987 Behavioral Science Research Survey conducted research in six American tourism markets whose respondents noted Miami's appeal included its

weather, nightlife, cleanliness and exciting location, but also noted its negative characteristics including drugs, expenses, shabby and run-down places, too many foreigners and old people, and general danger.

In addition, since 1979 Miami had the highest crime rate in the USA, and Florida specifically, the top crime rate nationally, with an 82 percent increase in violent crime statewide from 1982 to 1990, an average of more than 10 percent a year. Social unrest in 1989 and 1990 continued to put Miami into national and international headlines, including accounts of racial disturbances and the refusal of city leaders to officially greet Nelson Mandela because he thanked Fidel Castro for his support of the African National Congress. That refusal manifested itself through a Miami boycott of African-American community leaders who organized a boycott against the area's convention business, with an impact of \$28 million in cancelled bookings.

In response to these and other incidents, the Greater Miami Chamber of Commerce organized an image committee to restore the city's reputation. Chamber President Sherrill Hudson noted, 'Perceptions become reality. It's a fact of life.' African-American community leaders cautioned, however, that Miami's image could not be repaired by addressing the city's massive sociological and economic problems.

Such problems, however, were only a prologue to the nightmarish events that rocked Miami and the rest of Florida in 1992 and 1993. On August 24, 1992, Hurricane Andrew devastated South Florida, leaving 15 dead and more than \$20 billion in damages – the worst natural disaster in US history. Then, less than two months later, British tourist Keith Thompson was murdered in Orlando during a robbery – the first of 9 international tourists to be murdered statewide (5 in Miami alone) in an 11-month period from October 1992 to September 1993, including two Canadians, one Venezuelan, two British and three German visitors.

The murders put both the City of Miami and the State of Florida's resolve and public relations skills supremely to the test. At that time, 13 percent of visitors statewide and 61 percent of Miami visitors were international tourists; German tourism in Miami alone represented \$750 million in business.

All of the murders prompted police investigations and were reported by the local media, but the last three murders, given the brutal nature of the crimes and the cumulative effect of the tourist attacks upon public opinion and media coverage, 'unleashed a fury of media attention, public protest and governmental-law enforcement-business/tourism industry response,' reported the *Miami Herald*. Just three days after the murder of German visitor Barbara Jensen, the national morning talk shows – *CBS this Morning*, ABC's *Good Morning America*, and the NBC *Today Show* dedicated extensive air-time to the crisis.

Other coverage included former *Miami Herald* crime reporter Edna Buchanan characterizing Miami as a very dangerous, Third-World type city; the Italian newspaper *L'Espresso* warning its readers 'Visit Miami and Die';

graffiti artists adding 'and die' to a 'Visit Florida' billboard near London's Gatwick airport; and the German Foreign Ministry threatening to warn its citizens against visiting South Florida. The result was by October 1993 South Florida tour operators, hotels, airlines and rental car agencies were reporting decreased advanced bookings by as much as 50 percent, particularly from Europe.

Immediate reaction

The Greater Miami C&VB, Miami's mayor, the Dade County manager, Florida's governor and police met to plan a coordinated response to prevent further attacks. A task force of local, state and federal law enforcement agents began patrolling tourist 'hot spots' in Miami even as a 20-member Miami-Dade Tourist Police Brigade guarded rental car companies and hotels adjacent to Miami international airport. Other measures included:

- setting up a special police radio frequency linked directly to hotels;
- establishing tourist information booths with visitor and safety information stationed near the airport;
- positing new road signs to direct tourists to popular destinations;
- having Metro-Dade police dispatchers give callers directions in English and Spanish, while AT&T translators provided help in German and other languages;
- increasing security along interstate highways and Florida's turnpike; including armed guards sent by then-Governor Lawton Chiles to highway rest areas;
- requiring rental car agencies to quit issuing rental car stickers and license tags with tell-tale 'Y' and 'Z' letters customarily used to designate rental cars;
- having the US Attorney's Office begin discussions to enact tougher sentences for carjackings and repeat felonies.

Target audiences

As law enforcement addressed the immediate security problems, South Florida and state government and tourism industry officials approached the crisis with a strategic communication plan that was a mix of public relations, marketing and advertising tactics that targeted the following primary groups of people:

- international travelers;
- domestic and international travel industry personnel, including travel agents, tour operators and travel writers;
- domestic and international government officials, from city and county officials to leaders of other countries;

- state tourism workers;
- residents of the Miami-area as well as all state residents.

Goals and objectives

- Reassure European travel leaders and travelers that Florida was taking swift and aggressive action to protect visitors.
- Educate and re-emphasize the importance of the industry to Miami-area and state residents.
- Gain more positive media coverage using travel writers.
- Train travel agents and tour operators to anticipate and allay customer fears.

Communication strategies and tactics

The Florida Department of Tourism began by launching a \$6.5 million European print advertising campaign. The campaign, featuring a collage of smiling Floridians, including Mickey Mouse, E.T. and a dolphin, had been put on hold following the most recent European murder. The Department also requested \$2 million from state rental car taxes to finance the television commercials. The tourism industry pledged \$3 million more. Meanwhile, Miami hotel owners, Greater Miami C&VB representatives and other local tourism leaders traveled to Europe to brief the European media on area plans to increase tourist safety and to sell Miami as a vacation spot. In October the Miami Convention Bureau unveiled an advertising campaign addressing tourist safety, and the Greater Fort Lauderdale Convention and Visitors Bureau launched advertisements showing the city as a safe place.

To further bolster its efforts, the Greater Miami C&VB hired the New York public relations firm of Howard J. Rubenstein and Associates. The agency's strategy and tactics included holding a tourism summit on Miami Beach for international media, tour operators and local officials; training local travel agents and tour operators to deal with customer fears; opening sales offices in Europe and South America staffed with public relations personnel to sell Miami to international media and tourism representatives; and setting up a crisis team of government officials and community leaders to respond to media coverage.

The tourism summit was held in January 1994 to discuss the future of tourism; it was followed in May by Pow Wow, an annual international conference of tour operators and travel agents who book 90 percent of the international visitors to the US city. Private interests spent \$2.2 million to host the event, which attracted 5,000 delegates and 300 members of the consumer and travel-trade press.

The Bureau also hired a consultant to inspect and issue report cards on hotel quality and cleanliness; this revealed an issue even larger than the murdered tourist incidents – tourism experts noted that impoliteness, poor service

and questionable quality were the biggest problems facing South Florida tourism. Follow-up research showed that when these problems were addressed, most domestic and international tourism leaders ‘agreed [it] marked the beginning of a road to recovery for South Florida’s battered image,’ according to an academic research study conducted by Professor Don Stacks of the University of Miami.

On the domestic front, a number of new security and customer service measures were introduced, including:

- doubling the number of tourist information booths;
- having airline flights feature on-board broadcasts of a Metro-Dade Police videotape on safety tips on major domestic and international flights into Miami;
- the launch of a visitor information radio station, WAEM-FM, operated by the Greater Miami C&VB, broadcasting pre-recorded spots in English, Spanish, German and French.

In October Barry University’s ‘Miami Nice’ program and the Greater Miami C&VB teamed up to focus on calming tourists’ nerves and improve service by educating one of the tourists’ first contacts – cab drivers. This included:

- Arming cab drivers with a ‘safe tips’ brochure for passengers and a prompt card with frequently asked questions such as ‘Is this city safe?’ and answers in English, Spanish, German and French. Passengers could call a special telephone number to recommend courteous drivers for a \$50 award given by American Express.
- Cabbies applying for licenses were required to attend ‘Miami Nice’ customer-service classes at Barry University. By November, the program had reduced complaints about taxi drivers by 80 percent.

Travel writers were another important target public. Other Dade County tourism monies went into direct advertising campaigns in Britain, Germany, Canada and Argentina to fly international travel writers to Miami and reprint 3.5 million copies of a special advertising section to use as promotional material.

The Greater Fort Lauderdale C&VB targeted advertising and public relations materials to the Latin American and Bahamian markets in October with television commercials that featured local residents touting the city’s new beach, attractions and shopping, all conveying ‘an image of safety’. The Fort Lauderdale-Hollywood International Airport, meanwhile, previewed a series of promotional videos on the facility to German tour operators visiting the area on the first of many familiarization tours organized by the Visitors Bureau. Narrated in German, the video suggested German tourists use Fort Lauderdale as the gateway to South Florida and inferred that they avoid Miami.

In late November the Florida Commerce Department's new \$4.2 million tourism campaign debuted on network talk shows, cable programs and in print in Northeast, Midwestern and Canadian markets. To promote the state to travel agents and tour operators, a delegation of 60 Florida tourist associations, attractions and government agencies attended the annual 'Florida Beach Bash' convention in Toronto and Montreal in early December, further emphasizing the safety message.

At the same time that the tourism officials were working to rebuild tourism numbers, government and law enforcement officials were getting tough on crime. In April 1993 the Florida Senate formed the Committee on Tourist-Related Crime which found through testimony that crime was deterring new businesses from coming to Miami, and 20 percent of present companies were considering moving out of Miami. The Council's recommendation was that the state build more prison spaces to keep criminals in jail. During the 1993 legislative session, lawmakers voted just that – 6,951 more prison beds were funded. During the 1994 legislative session laws were changed to send convicts to prison at a younger age, end automatic sentence reduction, which involved releasing criminals before they had served their assigned sentences, and increase the goal of time served to 75 percent of sentences. Funding was also provided to build boot camps for young offenders and for a 5-year prison building program to add almost 27,000 new beds at a cost of \$543 million. Such efforts helped lower the crime rate in South Florida and statewide in 1993 and 1994 even though crime elsewhere generally remained high.

Since early 1996 state and South Florida tourism officials have built upon the area's restored image with battle-tested tactics and innovative, new approaches. For example, promotional campaigns have used new methods to reach key publics. In the 1995–96 winter season the Greater Miami C&VB ran its first-ever commercials on cable television in Chicago and Atlanta. The Greater Fort Lauderdale C&VB sent a representative to London for the first time in January 1996 and added a Latin American sales director. The Bureau also opened an office in Chicago in November 1997 to attract business associations and corporations, and expanded advertising to cable television and broad national appeal magazines.

Niche tourism markets were also targeted. The Greater Miami C&VB launched an African-American/Caribbean guide and a multicultural tourism guide in October 1997. Similarly, Florida published its new vacation guide in German, Portuguese and Spanish in January 1998 while the Greater Fort Lauderdale C&VB began offering a tourism planner in five languages in 1999. Both Miami and Fort Lauderdale bureaus have websites, as does the state.

The Greater Miami C&VB partnered with American Airlines in July 1996 to co-host 8 television and 7 print journalists from Latin America to see Miami's Centennial celebrations and also cover the Olympic soccer elimination matches at the Orange Bowl.

In August 1998 the Greater Miami C&VB and United Airlines ran a cooperative television commercial campaign in Brazil and 5 other Latin

American countries during a popular television variety show that broadcast for one week on location in Miami. The 30-second commercials encouraged tourists to visit Miami during the Fall shoulder-season and promoted the airline. United Airlines, which was trying to garner a larger share of the Latin American market, contributed \$10,000 to the \$420,000 campaign, distributed tourist brochures to Latin sales offices and flew the television crew at no charge to Miami.

One month later the Greater Miami C&VB unveiled a new 'Shop Miami' brochure in English, Spanish and Portuguese at a Latin American travel and trade show in Orlando; the brochure was developed in cooperation with American Express and local retailers. About 32 percent of Miami's tourists, which is 60 percent of the area's international visitors, come from Latin America. Surveys reported in the *Miami Herald* indicated that about 73 percent of Latin American's rank shopping as their number one activity in Miami.

Florida area tourism bureaus have also partnered with one another in co-promoting their areas. In April 1996 the Great Miami C&VB and Orlando's C&VB shared marketing costs by organizing a first-ever joint trade mission to travel agents and tour operators in Brazil. In 1997 the Greater Miami C&VB and the Greater Fort Lauderdale C&VB hired a cultural tourism director to promote tourism through cultural attractions and special events.

Evaluation

To everyone's relief, crime against tourists in Miami in 1993 dropped 53 percent from April to October. That trend continued through 1994 as tourist crime fell 70 percent compared to 1993.

Tourism, however, also fell during the 1993-94 Florida winter season in a delayed reaction. While the number of Florida tourists had risen for 7 consecutive months since the fall of 1992 (the beginning of the tourist murders), 4.2 percent fewer visitors came to the Sunshine State from January to April 1994 compared with 1993; auto travel, in particular, declined 12.5 percent, or about 1 million visitors. As feared, the number of German tourists fell 36.6 percent. A February survey of international tourists and tour operators by the Orlando/Orlando County Convention and Visitors Bureau predicted the decline, with many Germans (35 percent), Canadians (41 percent) and domestic travelers (26 percent) saying Florida was 'unsafe,' and 89 percent of British citizens and 93 percent of German citizens planning to avoid the state in 1994. In Miami alone, German and British tourism fell 20.6 percent and 23.5 percent respectively since the September 1993 murders.

By the end of 1994, Florida tourism had dropped 2.8 percent; the number of international visitors fell 2 percent, and domestic tourism 12 percent compared to 1993. Miami reported a 1.1 drop percent in tourism compared to 1993 despite an 8 percent increase in domestic tourism and a 4.5 percent increase in Latin American tourism. More importantly, however, Miami's

number of Canadian and European tourists remained down – Canadian, 32 percent; British, 23.1 percent; and German, 57.3 percent.

But things in both the fight against crime and the move to restore tourism were improving. The targeted, tough measures against crime, together with community support and continued economic growth, began to help reduce crime statewide as well as in South Florida. In 1995 Florida, which had the highest crime rate in the USA the previous year, reported the largest statewide decrease in violent and property crime in 13 years. In 1998 total crime in Florida hit a 20-year low as the state recorded a 9.2 percent annual drop in violent crime and the fewest homicides since 1979. By mid-1999, crime statewide fell an additional 8 percent.

In Miami, from 1995 to 1996, the number of tourist robberies fell 33 percent, and by the end of 1997, the total number of felonies had dropped 18 percent since 1994. Miami, which had the highest crime rate in the USA in 1994, fell to sixth. Countywide, the number of violent crimes in 1998 was the lowest since 1990, with total crime falling for the fifth consecutive year to its lowest point in 8 years. More dramatically, tourist robberies had decreased by 92.5 percent since 1992.

South Florida tourism officials continued their efforts during 1995 to reverse the downward trend in tourism as the Greater Miami C&VB feted a dozen British and Scottish journalists on a 5-day tour of the area in March, while the Miami-Dade Office of Film, Television and Print hosted the filming of a 70-minute, prime-time television special by ZDF, one of Germany's two major networks. The program, shot on Key Biscayne, South Beach, downtown Miami and Key West, featured German band leader James Last and aired throughout Europe in June.

Dade County tourism leaders also began reaching out to new audiences both locally and externally after unveiling a new Visitor Industry Plan in March, a 10-year program calling for increased promotion and tourism education for the community. Before every film the Cobb chain of theatres began running a 30-second public service announcement about the importance of tourism countywide even as Miami began a countywide multilingual tourism hospitality training program for hotel service employees in May. That September Miami launched its first-ever television advertising campaign in the New York market while Broward did the same in Canada in December.

As actual changes were made on the social, political and economic fronts, the image of South Florida as a vacation mecca were also improving. According to the Tilson and Stacks report:

Miami rose from number 80 to 67 in *Money* magazine's list of the best 100 places to live in the US, and Michelin announced that it would issue its first-ever Michelin Tourist Guide to Florida in English, French and Spanish in August 1996, in recognition of the state's growing popularity with Europeans and Latin Americans; Florida would be only the fourth area outside of Europe to have a 'green guide'.

As crime continued to decrease, tourism began to flourish. From 1994 to 1998 the number of visitors to Miami-Dade increased by more than 11 percent (8.76 to 9.74 million visitors), and to Broward County by 23 percent (5.2 to 6.4 million visitors). More important, the number of international tourists to Miami-Dade has grown from its low of 5.02 million in 1994 to 5.2 million in 1998, or about 54 percent of all visitors. Moreover, the share of European tourists in Miami-Dade has rebounded from 10.7 percent of all visitors in 1994 to almost 14 percent in 1998. Through the first quarter of 1999, Miami-Dade registered a slight increase (0.3 percent) in visitors while Broward tourism grew 9.3 percent during the same period in 1998.

Statewide, Florida tourism has recovered from a low of 3.9 million in 1994 to 48.7 million visitors in 1998, a 22 percent increase; each year since 1994 the number of tourists coming to the state has grown.

As tourism rebounded, crime continued to drop. Statewide the crime rate dropped in 1995 in every category; the decline was the largest in Florida in 13 years. Crime also dropped in Miami by more than 9 percent and by 11 percent in Broward County. Law enforcement officials credited several crime fighting measures – the reintroduction of chain gangs in state prisons, mandatory prison terms on criminals convicted of a fourth offense, more prison beds doubling the average time served to 60 percent of the original sentence, and a new state law raising time served to 85 percent, and more Dade County judges and prosecutors to handle cases.

Things had improved so much that the state reduced patrols at highway rest stops in July 1995 from a 24-hour to a dusk-to-dawn surveillance, and the City of Miami closed its tourist information booths. The downward trend in felonies continued in Miami through 1996 as violent crime fell an additional 12 percent. Stacks and Tilson noted: 'Of more symbolic importance for Florida, however, were the convictions in 1995 of those charged with the 1993 murders in Miami of German tourists Barbara Jensen and of Uwe-Wilhelm Rakebrand and of British tourist Gary College in North Florida.' Long prison terms for some and life sentences for others seemed to finally close the chapter on foreign tourist crime in Florida.

In 1996 surveys showed that 41.9 percent of visitors to Miami-Dade were concerned about safety and crime; such concerns dropped to 27.8 percent in 1997 and to 14.2 percent in 1998. Conversely, in the first quarter of 1997, 95 percent of visitors said they were 'extremely' or 'very' satisfied with their stay – the highest rating since 1989 – a level that further increased to 98 percent in 1999; moreover, 88 percent said they are likely to visit again.

Other polls show improved public perceptions for Florida. A December 1996 AAA/Travel Industry Association of America nationwide survey ranked Florida as the preferred choice (47 percent) worldwide for a winter vacation (up from 40 percent in 1995). A May 1997 AAA poll rated Florida as the top spot, 34 percent, for a summer vacation. In a Harris poll the following month, respondents nationwide said they would prefer to live in Florida than anywhere else in the USA.

In 1998 the Miami C&VB responded to more than 8,000 websites inquiries, while visitors and travel agents began booking discount vacation packages through Fort Lauderdale's website in October 1999.

The expanded promotional efforts have been made possible by larger budgets and cooperative ventures with government and corporate partners. For example, from 1996 to 1998, the Greater Miami C&VB reported that its advertising budget more than doubled from \$1.5 to \$3.8 million and attracted an additional \$3 million in cooperative advertising and promotion from airlines, car rental and credit card companies and other industry affiliates. The *Miami Herald* reported that 'Fort Lauderdale's bureau estimates that state and business joint advertising programs will double the impact of the bureau's \$2.5 million advertising budget.'

According to the Miami bureau figures, its media relations program in fiscal year 1997–98 'brought in 17 media tours, which included more than 120 travel trade and consumer media', and also 'included 13 special media projects, such as radio and television promotions and nearly 135 journalists visiting . . . for research'.

Perhaps the greatest step forward for the tourism industry statewide has been the creation of 'Visit Florida, Inc.', a joint public–private group that replaced the Department of Commerce and Division of Tourism, abolished in July 1996 by the state legislature and the governor. Initially named the Florida Tourism Industry Marketing Corporation, the partnership of tourism attractions and industry-related businesses took control of marketing the state. The industry was asked to contribute one-half of the organization's operating expenses with the state matching that from car rental surcharges. By 1998 the group had raised \$12 million in direct and cooperative advertising among its membership, which had tripled to more than 1,260 partners. That year Visit Florida added sales representatives in Dallas and Montreal and a public relations representative in Latin America. The organisation also premiered a new state tourism logo and contracted vendors to sell an array of tourist souvenirs sporting the logo at airports and retail outlets statewide – a toll-free tourist information number and a first-ever-in-state advertising campaign.

In the final analysis, the public relations campaign in Florida following the 1992–93 tourist murders was effective in countering negative perceptions of key national and international publics and restoring tourism largely because tourism, government and law enforcement officials:

- worked collectively and forthrightly to resolve the immediate crisis both communicatively and operationally;
- engaged primary publics, particularly intervening publics, in dialogue to identify perceptions and attitudes, fact-find on issues, communicate interpersonally Florida's response to the crisis; and involve a broad community constituency in participatory, decision-making;
- formulated mid-range and long-term solutions that addressed fundamental industry and community social needs.

Lessons learned

- A comprehensive communication strategy integrating public relations, advertising and marketing on equal terms in a dynamic mix that alternately relied on one particular component or a combination of three disciplines can effectively use the strengths of each of the three disciplines.
- All communication does not have to be two-way in nature – which model to use may depend on the situation. Engaging one-way models were used when ‘propagandistic’ approaches seemed most appropriate to disseminate and reinforce certain messages. Then strategy shifted to two-way models when information gathering and relationship-building were of paramount importance. And, in some cases, more than one-communication model was simultaneously used.
- Ultimately, communication must serve to manage conflict and improve understanding with strategic publics as public relations scholars James Grunig and Todd Hunt write, if credibility – and in this case – tourism are to be restored. Florida officials quickly realized it was not enough simply to defend Miami in the press; strategic interpersonal efforts were essential to restore relationships strained by the crisis. Given that personal contact is often overlooked, but very effective, as a public relations channel, initiatives to meet face-to-face with travel agents, tour operators, foreign government officials, citizens and other key publics for the purpose of dialogue and consensus building on corrective actions were perhaps the campaign’s saving grace. To the degree that such key publics felt confident their concerns were being seriously considered and addressed in a decisive manner, their trust and support were regained.
- While communication alone cannot change all of society’s problems; in this case, with public relations professionals leading the way in many respects, industry and government officials have begun to tackle the various social, political and economic problems that have prompted community crises over the years, particularly in South Florida. Improving the quality of life for those who live in the community ultimately will serve the best interests of residents and tourists alike. A community cannot be a safe or attractive tourist destination if it is not a healthy or safe ‘home’ for its citizens. Indeed, good public relations must begin at home.
- Hiring an outside agency can provide much needed assistance in both external and internal relations during a crisis period, from research to evaluation. The ability of an outside agency to view the problems and challenges from an impartial perspective, along with the increased resources the agency can bring, helps the local public relations practitioners concentrate on their important objectives without spreading themselves too thinly trying to work with all important publics, in this case, publics around the globe.

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Case 14 Raising environmental awareness in Slovenia

A public communication campaign

Dejan Vercic and Darinka Pek-Drapal

Introduction

Air pollution caused by the use of dirty fossil fuels (coal, wood, heavy oil) for power generation and heating is one of the biggest environmental problems in countries in transition. In Slovenia, a newly independent country in Central Europe with a population of 2 million living on 20.296 km², the heating of buildings, flats and individual houses uses about one-third of the total energy consumption and is therefore responsible for the same amount of air pollution as sulphur dioxide and smoke. Although efforts have been made in Slovenia to reduce air pollution from burning dirty fuels, the problem still persists. Previous efforts have been directed primarily at reducing air emissions from big power stations because of their concentrations of air emissions on one site.

Despite the introduction of a scheme to provide low-interest loan finance to encourage households to convert to more environmentally friendly heating systems, up to 1996 only limited progress had been made.

This case study describes how Pristop Communications was responsible for the design and implementation of a public communication campaign which succeeded in increasing the take up of these loans by individual households more than tenfold. The public communication campaign started in May 1996 and by its end, 1,896 Slovenian households had converted from dirty fossil fuel heating systems to more environmentally friendly heating systems.

Aim of the case study

The aim of this case study is to show how good use of research and straightforward execution can be effective even within externally imposed time and financial constraints and in economically difficult times – in this instance for the intended loan provisions. Time and financial constraints are common in public communication campaigns particularly if providers of communication services are selected through a public tender which usually pre-defines what has to be done, in what time and with what resources.

The economic environment also plays an important role in the execution of

any public communication campaign. The usual goals of public communication campaigns are to achieve improvements in public well-being (education, health, etc.) and, in this case, cleaner air. Although, in general, most people will agree that improvement in the public's well-being is beneficial, the question of who should pay for such improvements is often contentious.

In the case of environmental issues, the principle of the 'polluter pays' is generally accepted, but the situation can be complicated if the polluter comes from a financially weak strata of society. In this case, the major group of loan takers have been retirees, who are financially a very vulnerable group in post-socialist countries. However, through research it was found that some (grown-up) children in Slovenia are prepared to pay for more convenient and efficient heating systems for their elderly parents. The campaign theme was thus broadened from environmental to financial questions and the greater convenience of newer heating systems.

Background

In an attempt to tackle the problem of air pollution, in Spring 1995 the Government of Slovenia established the Environmental Development Fund (Eco-Fund) within the Ministry of Environment and Physical Planning to provide attractive low-interest loans to households to convert their dirty heating systems to more environmentally friendly systems. The Eco-Fund served as the overall loan managing institution, while the administration of the loan scheme was conducted by a group of banks, led by Nova Kreditna Banka Maribor. However, from June 1995 to May 1996, only 117 loans were taken by individual households.

In 1996, the European Commission, through its Phare programme, issued a public tender for the 'Pilot Testing Phase of the World Bank Air Pollution Abatement Programme'. The intention of this programme was to evaluate and improve the Eco-Fund project management capabilities, to design and launch an extensive public communication campaign, and to design and provide computer courses for the Eco-Fund staff including purchase of computer and communication hardware and software. A Slovenian consortium of four consultancies (ITEO, Pristop Communications, Sistemi Shift, and E-Net) won the tender.

The consortium collaborated through a Steering Committee that held 13 meetings and the project assurance team that held 32 meetings during the life of the project. The whole contract value of the project was ECU 400,000, of which ECU 154,800 were designated for the public communication campaign. The campaign started in May 1996. One month was designated as an inception phase, 11 months as the implementation phase, and 1 month for the finalisation and evaluation phase.

The public communication campaign

Formative research

The initial formative research to assist the design of the public communication campaign was prepared and executed in May and June 1996. It consisted of both quantitative and qualitative research. The latter consisted of in-depth interviews with the management and staff of Eco-Fund and interviews with some of their target audiences. The quantitative phase of the research consisted of a poll of a representative, quota sample of 1,163 households drawn from the population of 645,000 households in Slovenia. Face-to-face interviewing was carried out between 20 and 28 June 1996. Analysis of publics, which was used to discover the willingness of the population to enter into a dialogue on the key topics, showed that half of the population could be viewed as a potential target.

From the poll it was concluded that the model target audience had the following characteristics:

- is older;
- lives in an urban environment;
- is employed by the state/a public company;
- lives in a family with one provider;
- the family has middle or lower income;
- the possibility (willingness) for communication activity grows with target's education.

From in-depth interviews it was found that one important group that was interested in the conversion of their heating systems were retirees. It was found that children were prepared to help their elderly parents financially to afford the cost of conversion to more convenient gas heating systems.

Goals

Following the research, five broad goals were identified:

- 1 to train and increase the communicative capability of the Eco-Fund management and staff and to establish Eco-Fund as a credible institution that funds environmental projects through favourable loans;
- 2 to increase awareness about the loan programme in the target population;
- 3 to change attitudes and behaviours so as to establish a consciousness that it is necessary to convert to environmentally friendly systems for heating;
- 4 to establish a mutual understanding and strategic partnership between Eco-Fund and those target groups that actively participate in the programme for the conversion of heating systems (banks, Energy Advisory Offices, etc.);

- 5 to influence the target population and other enabling groups to do the necessary preparatory work, apply for loans, take the loans and convert the heating systems.

Planning and implementation

Five major groups were identified for the public communication programme:

- 1 those within the general population most likely to benefit from the heating conversion loans (those with old and environmentally unfriendly heating systems needing conversion);
- 2 enabling publics (those institutions directly involved in the loan programme that have an influence on the success of the programme – banks, labour contractors, natural gas and district heating distributors);
- 3 media (journalists and editors of both press and electronic media on local and national level);
- 4 energy consultants and professional associations (professional energy associations, municipal energy consultants);
- 5 political publics (Parliament, government, Ministry of Environment and Physical Planning, environmental pressure groups).

The key messages were formulated according to the specific needs of each of the publics. These can be summarised as falling into the following categories:

- financial arguments – those promoting the availability of favourable loans for the modification of environmentally harmful heating systems;
- environmental arguments – those encouraging the need to change the system of heating to one which is environmentally friendly;
- convenience arguments – those promoting new energy supplies (natural gas) as reliable, cost efficient and comfortable;
- enabling arguments – those promoting the need for a partnership and joint action among all institutions/organisations that are directly or indirectly incorporated into the Eco-Fund loan programme.

Tactical plan

The tactical plan consisted of the following key elements:

- a launch ‘open day’;
- training and seminars for Eco-Fund management and staff;
- advertising;
- live radio talk-shows;
- media relations;
- a brochure;

- a toll-free telephone line;
- a national round table on air pollution abatement.

Before its completion, the project was re-evaluated with a programme poll. Feedback of results and further recommendations were provided to the management and staff of the Eco-Fund.

Launch: 'Open Day'

The public communication campaign was launched with an 'open day' reception at the premises of the Eco-Fund on May 1996. Representatives of local communities, managers of leading energy supply companies, bank executives and journalists met with the management of the Eco-Fund and their staff. To ensure the presence of all key representatives at the 'open day' the invitation included the basic description of the communication campaign project. The strategic role of each group invited to the 'open day' was pointed out, explaining that only with their active participation would the objectives of the campaign be attainable.

Training and seminars

After completing the initial research, the initial planning phase of the communication campaign started with briefing of the Eco-Fund management and its staff to prepare them to play the role of communicators for the loan programme. This consisted of training to enable them to deliver statements to the media and also included television training to help them to prepare for participation on a TV round table (September 1996). A 'Question and Answer' manual on relevant topics was prepared for those personnel likely to be involved in dealing with the media. Seminars were organised to help improve the management's basic understanding of communication management, public relations and public affairs (October 1996). A series of supplementary briefing documents were also prepared for internal use covering topics as:

- a definition of the communication problems in the Air Pollution Abatement Programme;
- situational analysis of the Eco-Fund's publics;
- a definition of communication goals.

These briefing documents also outlined the main components of the public relations plans and activities.

Advertising

An advertising account team (comprising the campaign art director, copy writer, designer, TV spot director and media planning expert) prepared a

comprehensive plan for the media campaign. The creative work was finished in July 1996 and the materials were presented to Eco-Fund executives for their approval. The proposal included suggestions for the main slogan, copy text, layout of print advertisement, scenario for TV spot and radio advertisement. The creative work was approved by the Eco-Fund management. A 16-second TV advertisement was run on both major national TV stations, a public (TV Slovenija) and a private station (POP TV) in September 1996 (the first wave) and in March 1997 (second wave). Its first peak (September 1996) reached 70 per cent of the whole Slovenian population (achieving 443 GRP – gross rating points, and 6+ OTS – opportunity to see). Its text was short and simple. After naming the sponsor of the advertisement (The Environmental Development Fund of the Republic of Slovenia) it started in black and white, showing a young girl running towards a rocking-chair. As the background steadily changed to ‘green’, the following message appeared: *Don't you think that you spend too much money polluting the environment?!*

SE VAM NE ZDI, DA POTROSITE PREVEČ DENARJA ZA ONESNAŽEVANJE OKOLJA?

Črna, ki nas obdaja, je vsak dan večja. Tudi zato, ker številna slovenska gospodinjstva še vedno ogrevajo svoja stanovanja z okolju škodljivimi trdnimi gorivi. Toda peč na premog ali drva lahko kmalu postane vaša črna preteklost. Izkoristite ugodne kredite za okolju prijazno in udobno ogrevanje!

Ekološko razvojni sklad Republike Slovenije ponuja ugodne kredite vsem, ki živite v območjih z bolj onesnaženim zrakom in bi radi prešli na uporabo čistejših goriv. Da bi omejili onesnaževanje okolja in si hkrati zagotovili udobno ogrevanje, vam predlagamo uvedbo ogrevalnega sistema na daljinsko ogrevanje, plin, kurilno olje, toplotno črpaliko ali solarno energijo. Za namestitev naštetih vrst ogrevanja so vam na voljo ugodni krediti.

Krediti za okolju prijazno ogrevanje so na voljo v naslednjih bankah:

- Nova kreditna banka Maribor,
- LB Domžale,
- Dolenjska banka, Banka Celje,
- LB Zasavje,
- LB Koroška banka,
- Gorenjska banka.

Informacije: Ekološko razvojni sklad RS, telefon: (061) 176 33 44

zamenjajte vir energije!

51. 37. - 12. september 1996

Figure 14.1 Eco-Fund print advertisement (see page 178 for English translation).

Change your source of Energy!! Take advantage of favourable loans for cheap and environmentally friendly heating.

Radio spots were placed on nine national and regional radio stations in March 1997: Radio Brezice, Radio Celje, Radio Dur, Radio Glas Ljubljane, Radio Maribor MM1, Radio Ognjisce, Radio Trbovlje, Radio Triglav, and Val 202.

Full-page advertisements ran in ten national, regional and local dailies, weeklies and bi-weeklies: *Delo*, *Dnevnik*, *Dolenjski list*, *Gorenjski glas*, *Ljubljana*, *Novi tednik*, *Ptujski tednik*, *Slovenske novice*, *Vecer*, *Zasave* in September 1996 and March 1997. The advertisements included details on the sponsoring organisation – the Eco-Fund and banks that were facilitating the loan (see Figure 14.1).

Live radio talk-shows

Twenty-one live radio discussions were organised from September 1996 to June 1997 to help spread more information about the loan scheme and to get the target audience to join discussions on the loan programme and on ‘environmental issues’. These radio programmes took place on the following national and regional radio stations (in the order they were broadcast): Radio Studio D, Radio Triglav, Radio Ptuj, Radio Brezice, Radio Trbovlje, TV Impulz, Radio Kranj, Radio Glas Ljubljane, Radio Celje, Radio Dur, Koroski radio, Radio Maxi, Radio Sora, Radio Univox, Radio Trbovlje, Radio Cerkno, Koroski radio, Notranski radio, Radio Morje, Radio Koper, Radio Izola.

Media relations

The consultancy produced special background materials, progress reports, press releases, fact-sheets, and feature stories for the media. The intensive media relations campaign resulted in the publication of 27 articles on the subject in the national and 35 in the regional press. A total of 660 minutes of time were aired on broadcast media.

Brochure

An easy to understand booklet entitled *Loans for environmentally friendly heating systems* was prepared, printed and disseminated through the offices of the banks which provided Eco-Fund’s loans, community environmental offices and through the existing energy advisory offices on the regional and local level. Here the aim was to provide the target audiences with useful information in a friendly ‘take-home’ form, available in appropriate locations. The booklet contained information about how to apply for loans together with the necessary application forms and a list of useful addresses of Energy Advisory Offices and banks. Approximately 14,000 copies of the booklet were distributed.

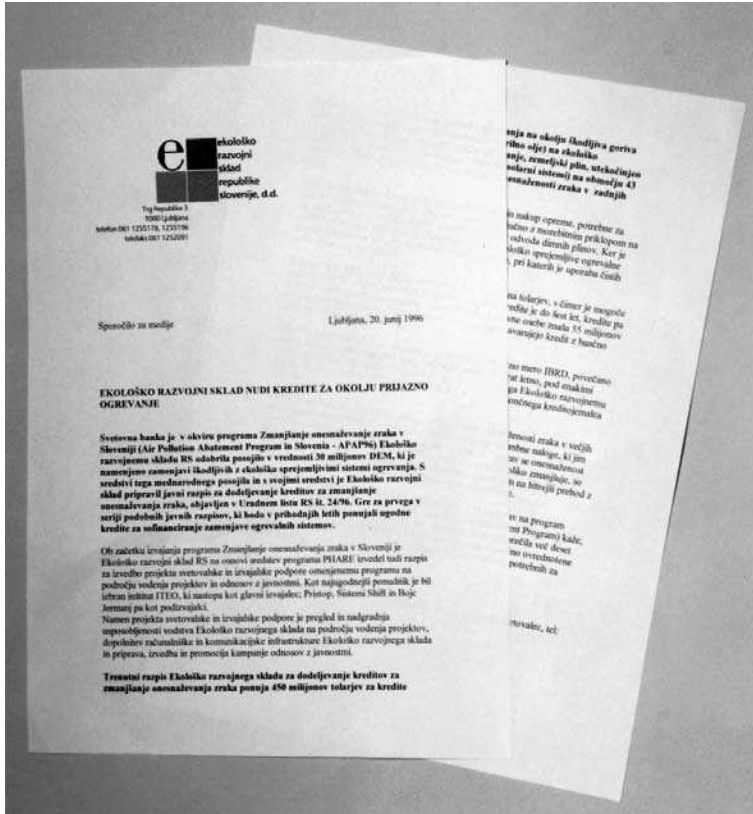


Figure 14.2 Eco-Fund press release.

Toll-free telephone line

A toll-free telephone enquiry line was set up and there were some 975 phone calls to the line from October 1996 to May 1997 as well as numerous calls to other Eco-Fund phone numbers (telephone calls received through the live radio talk-shows are not included).

National round table

A national round table was organised on the priorities and the necessary measures to encourage air pollution abatement activities in Slovenia after the formal conclusion of the communication campaign. More than two months' preparations for the national round table included the following: a list of all organisations that should take an active role in the air pollution abatement programme; preparing a scenario for the round table with



Figure 14.3 The Eco-Fund brochure (see pages 178–9 for content of the brochure).

concrete action plans which should be accepted as a result of the round table; a series of meetings with organisational representatives and coordination among them; rewriting papers with the aim of preparing a common national round table document. Supporting publicity and media relations were carried out before and during the round table. The national round table was held on 22 April 1997, coinciding with International Earth Day. It was addressed by the Minister of Environment and Physical Planning, Dr Pavle Gantar. As a consequence, a coordinating body was established with representatives of the Ministry of Environment and Physical Planning, the Ministry for Economic Affairs, the Environmental Development Fund, the Agency of the Republic of Slovenia for Efficient Energy Use, the Chamber of Commerce, and representatives of energy distributors. The coordinating body was responsible for suggesting, adjusting and supervising the loan programme.

Outcomes and feedback

The implementation of the public communication campaign started in May 1996. During the 10 months of the campaign, the number of loans increased dramatically from the earlier low take-up level of only 117 to 1,896 and an equal number of household converted to environmentally friendly heating systems.

The Environmental Development Fund (Eco-Fund) had published its first public tender for favourable loans intended for conversion to environmentally friendly heating systems in June 1995. In December 1996, Pristop Communications conducted evaluative research to review the progress of the communication campaign and to discover any major problems and obstacles that borrowers had been faced with in the process of the application for loans. Six in-depth interviews, two focus groups and a telephone poll of 140 loan recipients were conducted.

Research results confirmed prior assumptions about the feasibility of the loan programme:

- the population of those taking up loans was older than the general population of Slovenia, with retired people forming 40 per cent of borrowers;
- the availability of financial resources in the form of an Eco-loan was named as a reason to take the loan in only 15 cases;
- the major reasons cited for applying for the loan and the conversion of the heating system were identified by the respondents as: easier use of the new systems (57 per cent), environmental reasons (55 per cent), and age of the previous system (30 per cent) (multiple answers were possible);
- 56 per cent of respondents identified print advertisements as the primary source of information on the loans, 25 per cent cited friends and relatives, and 16 per cent television advertisements;
- the brochure was identified as an important source of information about the loans by 40 per cent of respondents – however, only two of them identified it as the primary source of the news on the loan.

A third of interviewees indicated that it took more than a month to complete all the required technical and financial documentation involved in applying for a loan and indicated that the complicated procedure in completing the application provided a major obstacle that needed addressing in the future. These findings were presented to the management and staff of the Environmental Development Fund (socio-economic and other useful data could not be obtained directly from loan applications due to legislation protecting personal information that is provided to an institution for a limited purpose – in this case, banks). Further insights were gained not only into the effectiveness of the communication campaign, but also about household decision-making on the questions of the conversion of heating systems, work of enabling institutions, etc. Another workshop was organised with the participation of researchers

from Pristop Communications, the staff of the Eco-Fund and the management of the loan programme at the Nova Kreditna banka Maribor, the main bank that was coordinating the work of all other banks involved. At the end of the project written recommendations for further work relating to the overall project – including public communication – were provided to the management and staff of the Eco-Fund.

Although the project that is the focus of this case study was successfully completed in July 1997, the Eco-Fund has continued its communication activities using its own resources. Also due to the successful outcome of the project, the European Commission issued a new tender through its Phare programme to support the activities of Eco-Fund in 1998 (for information on research for this case study and on more materials, see Appendix 3).

Key lessons for the development of public communication campaigns and the role of public relations

This case study demonstrates a number of key lessons for the development of public communication campaigns and the role of public relations:

- *The interests of campaign sponsors and targets need not be identical, but they need to be congruent:* As the research demonstrated, more people took loans and converted their heating systems because the newer heating systems are easier to handle than for ‘environmental’ reasons, which were guiding the sponsor to provide loans. But although the interests that guided the behaviour of sponsors and targets were not identical, they were congruent enough to produce the desired effects and satisfy both sides.
- *Only research can tell you with whom to communicate:* Every communication campaign needs to start with good research which is the only means to find with whom you can communicate. Since every communication campaign faces constraints (time, money, personnel, etc.), it is extremely important to concentrate resources at hand in the most productive direction – to people who are interested in what you have to say. The indiscriminate distribution of messages is both highly inefficient and a waste of money and other resources.
- *Your target audiences are those with whom you can communicate:* There are many ways in which you can define your target audiences, but in a communication campaign you have to concentrate on those you can reach with your communication means and messages. A communication campaign can succeed only if you can find *partners* for the dialogue for your sponsor.
- *Messages need to be simple, but broad enough to integrate the interests of both sponsors and targets:* Any public communication needs, by definition, to be simple. But since the interests of the sponsors and the targets are rarely (if ever) the same, you must create such messages that, while remaining simple, still embrace the interests of both sponsors and targets.

- *For the media selection, narrowcasting (targeting) is more important than broadcasting:* The success of this campaign was dependent on the behaviour of 1,000 people out of two million. In a public communication campaign, you use mass media, but you are using them to narrowcast (target) – it is more important who you reach than how many.
- *Success of public campaigns depends not only on sponsors and targets; 'others' involved may hold the leverage:* For a target to behave in the desired way – to convert their heating system – many people and institutions needed to do their jobs, the Eco-Fund, banks, Environment Advisory Offices, etc. As the summative research at the end of the project showed, the concerted action of all these enables involved was still a problem. The cooperation of all these parties was good enough during the project to achieve the given target, but further success of the programme was critically dependent on further improvements in their work.

Appendices

Appendix 1: Translation of the text from the advertisement in Figure 14.1

DON'T YOU THINK YOU'RE SPENDING TOO MUCH MONEY ON POLLUTING THE ENVIRONMENT?! The blackness surrounding us is becoming greater each day. Also because many Slovene home-owners are still heating their dwellings with environmentally hazardous solid fuels. But coal- or wood-fired furnaces can soon become your black past. Use favourable loans for environmentally friendly and comfortable heating! The Environmental Development Fund of the Republic of Slovenia offers favourable loans to everyone living in areas with more polluted air and who would like to change to using cleaner fuels. In order to limit environmental pollution and at the same time provide comfortable heating, we recommend the introduction of a heating system for remote heating, gas, heating oil, heat pump or solar energy. Favourable loans are available for installing the aforementioned types of heating systems. Choose pure comfort. Loans for environmentally friendly heating are available from the following banks: Nova kreditna banka Maribor; LB Domzale, Dolenjska banka, Celjska banka, LB Zasavje, LB Koroska banka and Gorenjska banka. Information may be obtained from: The Environmental Fund of the Republic of Slovenia Telephone: (061) 176 33 44/MOTTO: Change the source of energy! LOGO: Environmental Development Fund of the Republic of Slovenia d.d.

Appendix 2: Description of the contents of the brochure presented in Figure 14.3

Basic information concerning loans for environmentally friendly heating, Technical data on environmentally friendly heating systems, Remote heating,

Natural gas, Liquefied petroleum gas, Light heating oil, Heat pumps, Solar-powered heating systems, Choose pure comfort, What can the loans be used for?, Who is eligible for the loans?, Applying for a loan, The procedure for obtaining a loan, Obtaining advice on energy consumption, Energy consulting service, Information and application documentation.

Appendix 3: Research for this case study and further materials

This case study is based on two 4-page case summaries that were prepared by Darinka Pek Drapal – the project director of the campaign at Pristop Communication Group. One was awarded the United Nations Award, given out by the International Public Relations Association (IPRA) in cooperation with the UN for a single project in a year that best meets the working guidelines of the United Nations in the domain of environmental concern. The other one received the Award of Excellence from the International Association of Business Communicators (IABC) – Europe. The original research, interim and final reports of the project were reviewed, as well as other project documentation that is archived at Pristop Communications.

After receiving the UN award, Pristop Communications prepared a video case study of the communication campaign. The (VHS) video tape with the case study is available from Pristop Communications, Selanova 20, PO Box 3249, 1001 Ljubljana, Slovenia.

Case 15 FASE – fundraising in Spain

Generating sponsors for AIDS awareness

Danièle A. Letoré

Introduction

The not-for-profit sector in Europe, known as the Third Sector or as Non-Governmental Organisations (NGOs) has experienced market growth in recent decades. However, while more and more associations and foundations are being created to respond to specific social needs, the money available for support has not grown at the same rate. Not-for-profit organisations, therefore, have to be creative and seek long-term partnerships that will guarantee income to plan programmes over several years and ensure the continuity of the organisation.

Partnerships can involve two or more parties, with the NGO or not-for-profit agency generally furnishing the knowledge about and needs of its cause, and the corporate sponsor providing the funding and often its special industry and business connections and influence. These partnerships offer an alternative to the traditional forms of thinking where money was considered the key element to any successful NGO activity. Today, cash donations to NGOs in Spain account for only 50 per cent of corporate or business funding in the Third Sector. The other 50 per cent is generated from a wide range of different activities. Planning activities in the long term requires the NGO to have a clear mission and vision, strong objectives, good planning, and the resources to implement each level of activity as well as carefully matched for-profit partners. This case study of FASE – Fundación Anti-Sida España, a Madrid-based HIV/AIDS charity, demonstrates that despite the lack of a long-standing tradition in philanthropy and social action in Spain, creative partnerships can be developed which provide both the donor and the organisation with advantages as well as preserving and enhancing each party's independent objectives and activities.

Research

When the HIV/AIDS virus reached Spain in the early 1980s, neither the government, the private or public sectors or the Third Sector realised its epidemic proportions. As elsewhere in Europe, it was first considered a rare disease and

then as a condition that affected only specific populations. Spanish society was slow to react. By the early 1990s Spain had the highest incidence of HIV/AIDS infection in Europe, an estimated 125,000 to 250,000 people, with about 7,000 new cases detected each year. AIDS has become a more significant cause of death than car accidents among adult men.

Although several local organisations and a national government plan for AIDS education had been launched, the national plan could not be imposed at the regional level because of community autonomy restrictions. These restrictions placed even more emphasis on the need for not-for-profit or Third Sector organisations to lead the way and meet the critical social needs of special groups.

Goals and objectives

Within this context, a small group of businessmen and journalists decided to set up an organisation to combat the biological and social ignorance about the virus, from the spread of HIV to the stigma of AIDS, and the resulting exclusion of and discrimination against HIV positive people.

The founder and president of FASE, a chemist by training, developed a quality control method to test the safety of condoms. This method was patented and the income from the royalties was used with one objective: the promotion and creation, through direct or concerted efforts, activities and programmes to win the fight against AIDS.

Unlike many of the 150 not-for-profit organisations that mushroomed in the HIV/AIDS sector, FASE chose to tread the path of pluralism and neutrality, catering to all the HIV-infected population, with no political commitment other than to fight AIDS. FASE maintains a slim organisational structure with a governing board and honorary patrons that have links to all sectors of the Spanish economy and society.

FASE is organised into six areas with specific missions:

- 1 management that develops and implements yearly planning of events as well as conducting the day-to-day administration of all activities;
- 2 a toll-free telephone information line that provides counselling, advice and information on HIV, AIDS, treatments and services throughout the country;
- 3 communications, media and special actions specialists who coordinate media relations and plan and implement special events;
- 4 training programme personnel who conducted HIV/AIDS educational sessions throughout Spain for youth, counsellors, medical and paramedical staff, and HIV positive persons and families;
- 5 counselling and personal support staff available to help solve personal HIV/AIDS-related problems;
- 6 a legal advisory staff with a network of lawyers who can either offer counsel or suggest or take appropriate action.

In addition, FASE has a reservoir of more than 400 regular volunteers who collaborate on different programmes that FASE organises.

It became clear that there was a need to broach the lack of knowledge, support and treatment for HIV positive persons. Prevention and awareness campaigns aimed at the general population, media campaigns and government mobilisation were urgently needed:

- to prevent the uncontrolled spread of the virus;
- to provide medical and social support of those already infected;
- to remove the social stigma attached to HIV/AIDS;
- to achieve an understanding that human rights were being violated on a daily basis.

Another goal was to become a nationally recognised, sanctioned NGO, which required that the not-for-profit organisation acquire substantial funding or corporate in-kind support. It is through meaningful partnerships that FASE was able to become a nationally recognised NGO. This case study illustrates five specific partnerships that FASE established, each for a specifically targeted objective.

Partnership 1 Telefonica and FASE's toll-free telephone line 900 111 000

Telefonica is the largest private telecommunications company in Spain with an annual income of more than 2 billion pesetas. As a service provider in the telecommunications industry, Telefonica targets all its marketing actions and communications activities towards the whole population in Spain. With 65,000 employees, Telefonica sought to institutionalise its corporate citizenship programmes by creating, in 1997, a department devoted exclusively to sponsorship and philanthropy. The annual budget for the first year of this department was 750 million pesetas.

The partnership

Recognising the necessity for corporate citizenship in a country with no such tradition, Telefonica selected a number of NGOs working in the five areas the company elected to support. As awareness of HIV/AIDS grew, with the realisation that anyone and everyone could become infected, Telefonica chose an institution that was publicly recognised and that had nationwide impact working through a means that fitted its own marketing objectives and expertise: the telephone, including telephone support services, remote telecommunications services for handicapped persons and senior citizens, education and culture related to telecommunications, cooperation and development work in Third World countries, and sports.

While historically Telefonica had supported FASE's toll-free HIV/AIDS

information line since its initiation in 1992, when Telefonica's Sponsorship and Philanthropy Department was created in 1997, the relationship with FASE was formalised within established criteria that the company had laid down for its programmes. Telefonica determined five main sectors for support of not-for-profit organisations having as its objectives:

- to improve education;
- to develop communication;
- to ameliorate quality of life.

In 1998, under its new guidelines Telefonica agreed to cover 70 per cent of the expenses related to the toll-free line. However, the NGO had to pay the bills, manage the line, and ensure transparency of accounting so that Telefonica could reimburse the monetary value of 70 per cent of costs at the end of the year. In 1998, Telefonica actually covered up to 35 per cent of the toll-free line costs. The reduced contribution was due to the increasing amount of other sponsorships to which Telefonica has committed.

Success factors and problems from FASE's point of view

Success factors

- FASE is a high-visibility organisation working in a field with patrons consisting of top personalities from all sectors of the Spanish society.
- FASE is a credible organisation.
- FASE operates nationwide.
- FASE has contacts in some of the Latin American markets where Telefonica is present.
- FASE gains the support of one of the most important corporations in Spain; other companies will not hesitate to support the cause, thus reducing dependence on each sponsor.

Problems

- One problem is that the terms of the agreement stipulate tight control of expenditures; should FASE not manage to control the management of its expenses, the contract might not be renewed.
- Another consideration is today there are many more NGOs applying for funding than there used to be and budgets are shrinking, so FASE is facing increased competition for a finite amount of money.

Success factors from Telefonica's point of view

- Systematic mention of Telefonica as a sponsor in all publications and public speeches by FASE.

- Goodwill generated within the employee base of the Telefonica through its internal publications.
- All donations are tax-deductible.

Results to date

The collaboration between FASE and Telefonica has lasted five years to date. The toll-free line receives more than 35,000 calls a year. Telefonica has had many media mentions thanks to the honouring of the contract by both sides.

Partnership 2 Casa DÈcor – reaching out to all levels of society

Casa DÈcor is a small private company that originated in Argentina and began its activities in Spain in the early 1990s, using run-down, empty town-houses refurbished by top designers and exhibited to the public for one month. In Spain, Casa DÈcor has run ten such exhibitions to date, with ever-growing success in Madrid and Barcelona. It is the most important decoration exhibition in Spain. In Latin America, Casa DÈcor has refurbished houses in Argentina, Brazil, Uruguay, Peru and Colombia, and intends to extend activities throughout Latin America. Some three million people have visited Casa DÈcor projects worldwide.

Casa DÈcor houses became a showcase for the most up-to-date interior design because of the diversity of decoration proposals and interior design innovation. Each designer is free to choose whichever style, decoration, fabrics, furniture and accessories he or she wishes. The designer also selects which companies will work for his or her design and determines his or her budget. The entire supply chain of the decoration industry is involved in this project. The whole project must be completed in one month.

The resulting work of interior design is then put on show to the public for one month. In addition, a small conference room is installed for the duration of the exhibition, in which conferences on all aspects of design are held. A catalogue is developed so that suppliers can be contacted by visitors. A restaurant, cafeteria, store and free-of-charge nursery are also at the disposal of visitors. The media is invited to the opening and television frequently broadcasts programmes directly from Casa DÈcor.

The partnership

In 1992, Casa DÈcor in Madrid decided that some of the profit generated by Casa DÈcor should be donated to FASE. Casa DÈcor is a unique platform for any NGO to reach sections of society. The decision to espouse the cause of HIV/AIDS prevention was based on the recognition that messages could be delivered to a wide segment of the population who under normal circumstances might not consider AIDS-related issues and the dimension of the

epidemic. There was a need in Spain to make the population realise what HIV/AIDS means in terms of healthcare provision, human rights and social issues.

The agreement was that FASE would receive 10 to 20 per cent of all income generated by entrance fees and sales of the catalogue. In addition, the inaugural gala cocktail party is put entirely at the disposal of FASE and all income generated from the event is donated to FASE.

At the entrance of Casa DÈcor, there is a stand with volunteers from FASE. As people enter, they receive the catalogue and also a red ribbon. This allows the curious to ask questions and the volunteers to talk about AIDS prevention and information. Within the exhibition area, there are discreet reminders that the cause being supported is HIV/AIDS – here a hat covered in condoms or there a bag with a clasp in the form of a red ribbon, emblematic of the fight against HIV/AIDS is displayed.

Casa DÈcor also provides an excellent setting for media interviews where journalists and actors like to be interviewed. In 1998, several talk shows were filmed at Casa DÈcor, ensuring wide media coverage of both the exhibition and of HIV/AIDS prevention.

Success factors and problems from FASE's point of view

Success factors

- Exposure of the HIV/AIDS issue to all the supply chain involved in building and interior design.
- Exposure to circles of Spanish society which are otherwise unreachable in a neutral environment.
- Financial access to people with money.
- The patronage of the Infanta Elena and her visit to Casa DÈcor ensured maximum media coverage nationwide.

Problems

- One problem is the need to adapt language, style and dress to an environment to which some NGOs are unfamiliar.
- Another problem is the lack of commitment to ensure a full-time presence of several volunteers to promote discussion.

Success factors and problems from Casa DÈcor's point of view

Success factors

- Espousal of a cause that affects all levels of society where there is little history of philanthropy.
- Exposure through media and social circles.

- Goodwill generated.
- Appeal to increasingly wider audiences.
- The cost is tax deductible.

Problems

- Use of different language and dress codes.
- Lack of innovation on the part of the NGO to fully use the exhibition for creative prevention and fundraising campaigns.

Results to date

When Casa DÈcor began its activities five years ago in Spain, a small number of people visited the exhibition. In 1998 more than 30,000 visitors attended the exhibition within one month. There has been extensive media coverage nationwide. Tens of thousands of red ribbons have been distributed; five years ago people did not want to wear them, today nobody rejects the red ribbon. Casa DÈcor has thus served as a very effective social barometer to gauge knowledge and acceptance levels.

Five years ago when Casa DÈcor began to collaborate with FASE, HIV/AIDS was a taboo subject within certain social circles. A very important result of the Casa DÈcor/FASE partnership has been to introduce the subject of HIV/AIDS information and prevention into all levels of society.

Finally, FASE has benefited from direct and indirect contacts with different decision-makers in Madrid and Barcelona. In addition, Casa DÈcor has assured an annual income that can be used for FASE's different activities throughout the year.

Partnership 3 Denci – the art of social marketing in a sceptical market

With one of the highest unemployment rates in Europe, at some 21 per cent of the population, Spain did not traditionally have a mobile temporary employment market. Until 1994 there was no law governing the sector, and until 1997 there was no particular consensus on wages or on the obligations of different agencies and employers. It was a free market but it was not well respected by employers or by trade unions, on the basis that:

- wages were different from company to company;
- temporary work is not a guarantee of labour security;
- agencies were perceived not to supply qualified staff;
- no one agency can supply all the temporary staff required.

Today the temporary employment market in Spain is regulated and becoming ever more competitive, with the larger multinational companies gaining the

highest turnover. At the time of writing, the market was valued at 190 million pesetas; by the year 2000 this will have increased by 150 per cent.

Among the 427 agencies specialising in providing temporary employees, Denci is the thirteenth largest. Privately owned, Denci has twenty offices throughout Spain and opened offices in Portugal in 1998. With a small communications budget and a strong belief that temporary work can be the solution for many people, both unemployed and in transition, Denci has chosen to carry out a form of social marketing that enhances its corporate image, serves a social function and allows other companies to add to the support that Denci is giving FASE.

In a highly dense and competitive market, it is important to differentiate one company from another. Denci thus began to search for alternative means to market its services, especially seeking a cause that affects everyone and was represented by an NGO that had nationwide presence.

In Spain, corporate social marketing is in a development phase but represents a fertile ground for companies to position their products. According to a leading business magazine, 90 per cent of Spaniards would rather buy goods or services that contribute to a social cause than one that does not. According to a survey carried out by the Fundación Empresa y Sociedad, the favourite category to support in terms of social action is employment, with AIDS coming lowest on the list. It was therefore a challenge, a risk and an advantage for Denci to blend both current concerns, especially as AIDS comes at the bottom of the list of current concerns.

The partnership

Through the public relations agency that Denci uses, the suggestion was made to support FASE for the World AIDS Day in 1997. A mailing was sent out to 5,000 of Denci's existing clients and potential clients stating that 0.7 per cent of all income Denci received during the month of December following World AIDS Day would be donated to FASE. The success of the operation, which brought in 1 million pesetas, was extended to the whole of 1998: Denci donated 0.7 per cent of all the yearly income from companies using Denci's services through FASE's public relations.

Success factors from FASE's point of view

- The name of FASE was exposed to some 5,000 companies as well as to all the employees of Denci.
- Direct income was generated from the action.
- Both employment and HIV/AIDS are social causes that need to be kept in the public eye.

Success factors and problems from Denci's point of view

Success factors

- Association of the company with a social cause positions the company as a caring company and thus enhances the company image.
- Positions Denci as a forward-thinking, innovative company.
- Strongly differentiates Denci from its competitors.
- Recognition of Denci in all of FASE's newsletters.
- Through FASE's other partnerships Denci also reached new audiences.
- Income is tax deductible.

Problems

Problems may include: that AIDS is not necessarily well considered by all potential employers.

Results to date

Denci has recruited more companies into its client base as a direct result of the mailing stating that the company was supporting FASE. The company and FASE have both benefited from the public relations campaign that generated good media coverage for both entities. Denci has thus used its communications budget in a cost-effective manner, maximising on every communications opportunity. Both organisations have thus had better exposure in the media and valuable corporate positioning.

Partnership 4 Bristol-Myers Squibb – absorbing costs

The Spanish subsidiary of Bristol-Myers Squibb is one of the many subsidiary companies of the US-based pharmaceutical group. With annual sales of more than 30,000 million pesetas and a high investment in research and development, the Spanish company has a large pharmaceutical division specialising in the areas of oncology, cardiovascular disease, antivirals, antibiotics and the central nervous system. Through this division, specifically through the antivirals area, Bristol-Myers Squibb has been actively involved in the fight against AIDS. The company markets two active ingredients used to treat HIV: DDI (didanosine in chewable and soluble tablets) and D4T (stavudine in capsules and oral solution), as well as an active ingredient indicated for the treatment of AIDS-related cachexia and anorexia, megestrol acetate (tablets and oral suspension). In addition to its pharmaceutical division, the company also has a nutrition division and, parenteral nutrition programmes for patients suffering from cachexia (excessive loss of lean body mass).

Since the first cases of HIV/AIDS were declared in Spain at the beginning

of the 1980s, Bristol-Myers Squibb has consistently sought out and collaborated with the not-for-profit organisations working in the field of HIV/AIDS. NGOs, public institutions and patient self-help groups have been offered help and collaboration by Bristol-Myers Squibb, whose people involved with HIV/AIDS have mobilised attention and energy and encouraged the provision of comprehensive and transparent information, which is not the case in other healthcare fields.

Bristol-Myers Squibb has a direct business interest in the field of HIV/AIDS as it markets treatments for the virus as well as nutritional products for AIDS-related cachexia. However, the main reason for such activity is to enhance its corporate image and prove its commitment to the field of HIV/AIDS treatment.

The partnership

People infected with HIV are frequently as well, if not better, informed than their physicians are about their condition. Those who are newly diagnosed tend to seek out a maximum amount of information about what treatment options exist and how to choose which one is most suited to their particular case. Bristol-Myers Squibb, therefore, became interested in FASE as a national NGO with a toll-free line, extensive contacts throughout Spain in clinics and hospitals, and training courses. The original proposal was to develop jointly an information brochure providing facts about HIV – infection, treatment, prevention and counselling. Co-scripted by FASE, the company and two other NGOs (FIT and Movimiento Ciudadano Anti-Sida), 40,000 copies of the brochure were printed. FASE and Bristol-Myers Squibb distributed it to hospitals, clinics, ambulatory healthcare practices, pharmacies, drug rehabilitation centres, universities, regional administrations and public libraries.

The success of this particular venture has led the company to expand its support to financing training programmes that FASE organises, with the objective of ‘training the trainers’. In addition, the company has organised lectures on different themes around the country and supported the presence of FASE staff at relevant international conferences.

Success factors and problems from FASE’s point of view

Success factors

- Editorial input in the brochure.
- Control of the content of material distributed under the aegis of the Foundation.
- Financial means to print a brochure that will last and is attractive.
- Access to quality designers and printers.
- Entry point into the company to develop further programmes together.
- Good network of contacts throughout the country.

Problems

- The need to maintain interests of patients and so to present neutral information.
- Some reticence about the motives of a pharmaceutical company.

Success factors and problems from Bristol-Myers Squibb's point of view

Success factors

- The experience of NGO in responding to enquiries.
- Established, effective distribution and communications networks.
- Recognition in all of FASE's newsletters.

Problem

- A potential problem is the lack of understanding of the NGO's position and policies as a social service agency which must remain neutral in its dealings

Results to date

The brochure has been distributed nationwide. FASE gets weekly requests for more brochures from all over the country. The brochure is referred to over the toll-free line and is available from FASE's offices. The success of the brochure is such that the two organisations will develop a second brochure devoted to treatments, nutrition, counselling and human rights.

For the company the results do not translate into direct sales, but the brochure has signalled to the market that the company is a serious partner and will be in the market for many years to come with both existing products and those in the pipeline.

Partnership 5 BDF Nivea SA (Harmony) – raising awareness together

BDF Nivea SA is one of the Spanish subsidiaries of the German group Beiersdorf. In Spain, the activities are divided into two main groups – pharmaceutical products and cosmetics. Within the pharmaceutical division, various products are sold among which are condoms marketed under the Harmony brand name. Condoms represent less than 2 per cent of the total product portfolio of BDF Nivea sold in Spain.

The condom market in Spain is supplied through two main channels: through pharmacies and through supermarkets. While 90 per cent of competing brands are sold through the former channel, Harmony is one of the

few brands of condoms to be sold in Spain through supermarkets. BDF Nivea does not do any advertising for Harmony; the brand has 25 per cent of the mass market share.

Given that condoms have a recognised use in the prevention of transmission of HIV/AIDS, it was logical for BDF Nivea to seek partnership with an NGO working within the HIV/AIDS sector. Not only was FASE well known at national level, but FASE's founder had developed a quality control test for condoms. From the company's point of view, distributing free condoms through FASE could easily provide the sampling that Nivea was seeking while fulfilling an essential role in the coordination of prevention campaigns. Both organisations thus achieved their own objectives. Condoms and training are an integral part of prevention of the spread of HIV/AIDS.

The partnership

A five-year agreement was drawn up with FASE, whereby the foundation received \$33,000 per year in exchange for the endorsement of the condoms that BDF Nivea markets. The toll-free telephone information number and FASE's logo is printed on every packet of Harmony distributed in the mass market. In addition, 100,000 condoms are donated to FASE each year for distribution to FASE's members, at training courses, at events, to the media, at universities and wherever else appropriate.

As part of the partnership, BDF Nivea also covers the printing costs of different publications that FASE develops, including training manuals for courses and the foundation's newsletter, which appears six times yearly. FASE retains editorial control.

Success factors and problems from FASE's point of view

Success factors

- Free sampling of condoms for all events.
- A direct link to the work that FASE is doing.
- Decreases in direct expenses.
- The number of the toll-free line is distributed nationwide without cost to FASE.

Problem

- A potential problem is that this partnership might exclude support from other condom manufacturers.

Success factors and problems from BDF Nivea SA's point of view

Success factors

- Endorsement by a well-recognised NGO.
- Wide-scale distribution throughout the country to target audiences.
- Good sampling opportunity.
- Identification with a social cause.

Problem

- A potential problem might be difficulty in relating the direct impact of activities to sales.

Results to date

While it is difficult to make a direct relation between the company's action with FASE and the impact on sales, Harmony sales are increasing 10 per cent each year. This is probably due to ever-increasing awareness of the necessity to protect oneself during sexual intercourse.

The distribution of Harmony condoms has been made throughout Spain to the widest possible audiences. In 1997 a distribution campaign was launched outside the Prado museum in the summer months, targeting tourists and Madrid citizens alike. The telephone toll-free line also revealed that some people call FASE because they have seen the number on the condom packet.

The company has managed to differentiate itself from the competition by obtaining endorsement from FASE. The success of this venture has led the company to carry out similar programmes with other NGOs, notably with Abrazo in Portugal.

Lessons learned

It can be suggested that successful partnerships between any NGO and partners can be measured by the income generated for the NGO; by the length of time that the company donates income/goods; by the yearly renewal of the partnership contract over a minimum of three years; by the target audiences that have been reached; and by the satisfaction level of both partners.

In general terms, and extrapolating from these partnership scenarios, successful partnership would appear to depend on a number of different factors from each partner's point of view. From the NGO's point of view:

- the clarity of objectives and programmes within the NGO;
- the cohesion of NGO staff and volunteers;
- successful image-building in the marketplace;
- the NGO's openness to original projects;
- commitment to creative and non-sectarian thinking;

- the search for and creation of a ‘win-win’ situation for both partners;
- a willingness to adapt ideas to the relevant audiences;
- adaptation of ideas from other places to the specific marketplace;
- the NGO’s retention of independence of decision and action;
- good social networking skills by all NGO personnel.

From the private sector’s point of view:

- the NGO’s clearly defined expected outcomes;
- a relevant, mutually beneficial business, image or philanthropic interest;
- a potential return on investment, such as an improved corporate image, increased sales, and access to potential contacts;
- clear definition of roles and responsibilities between NGO and private sector.

FASE has been singularly successful in eliciting partnerships from the private sector due to a careful selection of its patrons and governing board, through media campaigns, carefully planned programmes and excellent networking. The Foundation’s policies of addressing the widest possible audience, maintaining a wide and up-to-date donor base, keeping its independence and seeking innovative partnerships will ensure its continuing success. The factors that contributed to FASE’s success in building mutually beneficial alliances with private sector companies may provide useful lessons for other charities and NGOs working in either the HIV/AIDS field or other fields.

Case 16 The North West Towns' Consortium

Public relations and the marketing of 'place'

Gary Warnaby and Dominic Medway

Introduction

Since the 1970s the geography of British retailing has been characterised by increasing decentralisation from traditional urban centres to edge-of-town and out-of-town sites. Schiller¹ has used the metaphor of three waves to describe this decentralising process: the first wave comprised the development of food superstores; the second involved non-food specialist stores selling do-it-yourself goods, carpets, garden products etc.; and the third was characterised by the more integrated retail provision of regional shopping centres. The success of this third wave of decentralisation, which created more direct competition to the town/city centre retail offering, has, among other things, raised a number of significant implications for the role of traditional urban centres as shopping destinations.

A number of what have been described as 'push' and 'pull' factors have combined to discourage consumer patronage of town and city centres,² and these are summarised in Tables 16.1 and 16.2.

While urban centres perform a variety of functions (e.g. commercial, residential and social/cultural), retailing has been regarded as underpinning the vitality and viability of most town centres, yet it is the urban function most at risk. Recent surveys of town centre visitors³ have identified a perceived deterioration of town centres in terms of their cleanliness, the quality of their non-food shops, and their safety and attractiveness. Moreover, competition for the best sites within town centres by the leading multiple retailers has led to a compaction of the core shopping area and the contraction of the 'effective action space' where most money is spent.⁴ The negative consequences of this process of town centre concentration for the secondary and tertiary shopping areas of town centres have been significant. The problems of the traditional 'High Street' can be summarised as shown in Table 16.3.

In response to this concern regarding the vitality and viability of town and city centres, action has taken place at a number of levels. At the national level, government response has been manifested by various initiatives relating to central guidance of local planning policy in favour of town centres. Two

Table 16.1 Push factors in customer patronage

<i>Factor</i>	<i>Implications</i>
Decline in the urban economy	Out-migration, reduction in the spending power of urban catchment population and consequent fall in the customer base and sales of town-centre retail outlets
Dispersal of population and jobs	Growing demand for off-centre retail facilities on the urban periphery and in smaller towns in semi-rural areas
Environmental problems in town centres	Quality of town-centre retail environment undermined by perceptions of crime, anti-social behaviour, and eyesores such as litter, graffiti etc.
Transport problems	Issues such as under-investment in public transport, poor car parking facilities, traffic congestion, and uninviting access points to make town centres less attractive to shoppers
Increasingly mobile urban population	Ability to access a wider variety of regional facilities and attractions, reducing the pull of town centres
Failure to move with the times	Standards of customer provision in town centres have failed to meet modern expectations. Facilities such as toilets and rest areas, which are increasingly in demand, are often found neglected or vandalised.

Source: Adapted from Evans (1997).

such recent initiatives (Planning Policy Guidance Notes 6 and 13) relate to retail development and transport infrastructure respectively, and favour retail development in town centres. Revisions to the first of these guidance notes in June 1996 were even more overt in their preference for the town centre, primarily through the introduction of a sequential approach to selecting sites for new retail development. This gives first preference to town centre sites (where suitable sites are available), followed by edge-of-centre sites, and only then to out-of-centre sites in locations that are (or can be made) accessible by a choice of means of public transport.

In addition, representatives of central government have been vocal in their support of a range of local-level initiatives to protect the vitality and viability of town centres. Perhaps the most important of these has been the development of the concept of town centre management (TCM) and the subsequent proliferation of town centre management schemes across the UK.⁵ The first scheme was initiated in 1987 and there are now around 300 across the UK.⁶ The late 1980s saw steady growth in the numbers of TCM schemes, but the most rapid growth came in the early 1990s, catalysed by the

Table 16.2 Pull factors in customer patronage

<i>Factor</i>	<i>Implications</i>
Attractiveness of out-of-town centres	Increasingly wide range of food and durable goods sold off-centre, through physical expansion in the number of shops and tendency to diversify product ranges.
Shopping centre design	Reproduction of positive aspects of town centres without the environmental drawbacks provides a cleaner, safer, more accessible and more convenient shopping environment.
Exploitation of tourism and leisure by providing on-site retailing at tourist attractions or developing 'leisure retailing' attractions	Promotes retail dispersal as most tourism venues are located outside traditional retail centres.
Growth in home-based as opposed to social or community-based leisure pursuits	More time is spent in the home and less in community pursuits. The perception of society as increasingly dangerous has reinforced the inclination to remain at home or use neighbouring facilities rather than avoid journeying into town centres, especially at night.
Shifting customer values	Shopping has become a more individualistic experience and less of a social or community activity. This has weakened the traditional appeal of town centre markets and personal service, while value for money, speed of service, ease of access and convenience, which are particular strengths of out-of-town retailing, are seen as increasingly important.

Source: Adapted from Evans (1997).

establishment of the Association of Town Centre Management (ATCM) in 1991, the objectives of which were:

- to encourage cooperation among those with a common vision for their town centre;
- to act as a national forum for the identification and exchange of best practice;
- to consider national and local government practice and seek priority for the funding of town centres;
- to liaise with other relevant organisations having similar aims.⁷

Table 16.3 Problems of the traditional high street

<i>Problem</i>	<i>Manifestation</i>
Deficiencies in physical environment	<ul style="list-style-type: none"> • Barren, concrete multi-storey car parks • Decaying upper storeys of many buildings • Stark, windswept precincts and open malls • Congested pavements and roads (including access roads) • Pedestrianisation schemes which lack aesthetic appeal • Poor service facilities for delivery vehicles
Social problems	<ul style="list-style-type: none"> • Litter, graffiti and casual vandalism • Nuisance of teenage gangs and vagrants • Lack of amenity areas • Some enclosed malls are claustrophobic • Crowd congestion in some confined streets and malls
Economic problems	<ul style="list-style-type: none"> • Limited amount of car parking close to the core shopping area typified by poor quality and high charges • High rents and rates imposed on the better shopping streets which inhibit small independent business development and lead to 'sameness' in the character and functional structure of the principal shopping streets

Source: Adapted from Davies (1987).

Retailing in North West England

The retail geography of the north west of England is focused around the Greater Manchester conurbation, which comprises ten local government jurisdictional areas including the City of Manchester, whose retail provision has recently been ranked third in the UK.⁸ Based on a classification of the attractiveness of towns as shopping destinations (assessed on the basis of the presence of major stores in each town), the major towns in the North West are summarised in Table 16.4.⁹

The concept of town centre management has developed rapidly in the North West in recent years with a proliferation of schemes. The Association of Town Centre Management is organised on a regional structure and the northern region was formed in 1994 with around nine members. By the time the northern region was split into separate North West and North East regions, there were around 35 member schemes.

The northern region of the ATCM has been very active. While it began very much as an experience sharing exercise, meeting once a quarter, it was the building of the new Trafford Centre shopping complex north of Manchester that galvanised it into action.

Table 16.4 Major towns in the North West

<i>Shopping destination classification</i>	<i>Indicative North West towns and cities</i>
Major city	Manchester
Major regional	Liverpool Chester
Regional	Preston Bolton Stockport Blackpool Birkenhead Huddersfield Warrington
Sub-regional	St Helens Altrincham Wigan Blackburn Oldham Rochdale Bury Lancaster Crewe Burnley
Major district	Kendal Accrington Ashton-under-Lyne Buxton Salford Widnes

Source: Adapted from Management Horizons Europe (1998).

The Trafford Centre

The Trafford Centre is a purpose-built regional shopping centre located on Manchester's orbital motorway. It comprises over 1 million square feet of retail space on two levels. The centre has approximately 250 outlets and has a number major stores as key attractions, including Selfridges, Debenhams, BHS and Boots.

The Trafford Centre is both a retail and a leisure development, with 280,000 square feet provided for catering and leisure facilities including a multiplex cinema and a wide variety of themed restaurants, fast food outlets and cafés.

The history of the development of the Trafford Centre is a controversial one. The original planning application for the Centre was made in 1986 at

the height of a retail 'boom' in the UK. The application was the subject of a public inquiry during 1987–88 when the development was opposed by a consortium of eight of the ten local authorities within the Greater Manchester conurbation. The public inquiry resulted in the then Secretary of State for the Environment, Chris Patten, accepting the development in principle, subject to the Department of Transport's satisfaction with measures to ameliorate the impact of the centre on the motorway network around Manchester.

The subject of the implications of the Centre on the transport infrastructure led to a second inquiry in July 1992. Here, the consortium of Greater Manchester towns opposing the development sought permission to widen the inquiry to reconsider the question of whether the development was needed in principle, particularly in the light of changed economic forecasts and government policies (to protect the vitality and viability of town centres). This permission was refused. The inquiry resulted in the Trafford Centre being given full planning permission in March 1993.

In the summer of 1993 this decision was challenged in the High Court by the local authorities' consortium. When this challenge was dismissed the consortium took the case to the Court of Appeal, which upheld the appeal in July 1993, thereby quashing the planning permission given previously. This decision was challenged by the then Secretary of State for the Environment, John Gummer, in the House of Lords, which overturned the appeal in February 1995 and finally granted full planning permission. Construction of the Trafford Centre began in spring 1996 and the Centre was opened in September 1998.

Project Sunrise

The decision to finally approve the development of the Trafford Centre was the catalyst for a concerted campaign of action by members of the North West region of the ATCM. It encouraged TCMs to put aside their preoccupation with issues such as competition from each other and competition from the edge of their own towns in order to focus on the new threat posed to all by the Trafford Centre.

A decision was taken to set up a small working group to consider what could be done on a regional basis to counter the effects of the Trafford Centre. This group commissioned a report to evaluate the impact of the Trafford Centre on the retail activities of those town centres within the North West ATCM region and identify strategies to enable these centres to respond effectively to the Trafford Centre. This initiative became known as 'Project Sunrise' and its aims can be summarised as follows:

- to establish the percentage deflection of retail trade and the total loss of retail revenue to the Trafford Centre from each of the town centres in the North West region;

- to develop a checklist of initiatives for revitalising town centres in general;
- to consider in more detail how three of the towns in the North West could respond to the threat of the Trafford Centre;
- to identify sources of funding for revitalising town centres.

The consultants who produced the report developed an 'impact model' to estimate the amount of retail expenditure that would be deflected from each of the town centres in the North West region of the ATCM. The suggested initial deflection figures (if the town centres did nothing to respond to the threat posed by the Trafford Centre) were as follows:

Over 20 per cent	for Altrincham, Stockport, Warrington and Wigan;
10 to 19 per cent	for Ashton-under-Lyne, Oldham, Rochdale, Macclesfield, Blackburn, Bolton, Salford, Eccles, Leigh and Chester;
Under 10 per cent	for Blackpool, Birkenhead, Preston, Lancaster, Liverpool, Crewe, Manchester and Southport.

The ability of individual towns to respond effectively to the threat posed by the Trafford Centre was identified as being a function of four factors:

- the size of the town itself;
- its proximity to the Trafford Centre;
- its strength and vitality;
- the presence of intervening towns of a similar size and retail mix.

However, rather than addressing how individual towns should respond to the Trafford Centre, the Project Sunrise report identified a range of strategies and projects that could be implemented in different types of town or collectively at a regional level.

The results of the impact model study undertaken as part of the Project Sunrise initiative gained a significant amount of media coverage. This coverage focused, somewhat sensationally, on the headline deflection rates (and particularly on those centres which were estimated to be in danger of losing over a fifth to one-quarter of their retail trade if they did nothing to counter the threat of the Trafford Centre), with little recognition of the basis upon which these deflection forecasts were made. However, the publication of the Project Sunrise report certainly raised awareness of the issues and showed that the regional media were interested in, and would respond to, what representatives of town centres had to say on the issue. Thus, a momentum was created that the working group did not wish to lose.

A public relations-led awareness campaign

At this point, the working group of the North West region of the ATCM were very much at a crossroads, and major decisions as to how the initiative was to be carried forward had to be made. One of the consultant's recommendations in the Project Sunrise report was for the development of a collaborative and cooperative approach between all the towns in the region, particularly in terms of marketing/public relations activity. Thus, the decision was made to develop a PR-led awareness campaign to maintain the momentum created by the publication of the Project Sunrise report.

However, major decisions needed to be made regarding the message and tone of the campaign. Paul Rice, one of the members of the working group, argued against running a negative campaign directed against the Trafford Centre and attempting to persuade people not to shop there; rather, he argued strongly for a positive campaign extolling the virtues of the North West towns' facilities.

The actual implementation of any resulting campaign also had to be considered. Here, it was recognised that with a budget of only £15,000–£20,000, the campaign could not hope to compete with the advertising spend of key stores such as Selfridges, let alone the resources which the owners of the Trafford Centre, Peel Holdings, were going to spend to promote their new development. This view was reiterated by Mark Perry from Meredith Thomas, the public relations consultancy retained by the working group to develop the initiative further, who argued that it was pointless embarking on a campaign attacking Trafford Centre head-on. Rather, he suggested that the ATCM should recognise that many people would be likely to visit the Trafford Centre, at least once or twice a year, but the aim should be to persuade shoppers to make town centres their regular shopping destination throughout the year and thus minimise the loss of trade to the Trafford Centre.

Thus, the opening of the Trafford Centre became the focus for the campaign because it was something that could unify the town centres and highlight the problems that they had. However, the broad thrust of the campaign was to raise awareness of the issues faced by town centres generally, and in the process, to make sure that town centres in the North West had a collective voice on the issue. Thus, by early 1998, six months before the opening of the Trafford Centre, the tone and approach of the campaign were set. The overall mission of the campaign articulated by Meredith Thomas was: *To help raise the profile of the towns of North West England to renew shopping loyalty in competition with out-of-town centres such as the Trafford Centre.*

Town centres: the real shopping experience

One of the first actions of the campaign was the establishment of the 'North West Towns' Consortium'. Up to now the initiative had been developed by a small working group of the Association of Town Centre Management in the

North West, and 28 towns in the region had contributed to the initiative thus far. However, according to the public relations consultancy, 'calling them the Association of Town Centre Management in the North West was a bit of a mouthful, so we termed them the North West Towns' Consortium, which was the umbrella under which we went out'.

The North West Towns' Consortium was formally launched in Manchester at an event during May 1998. This involved a press conference at which the 27 town centre managers were present, each wearing a T-shirt displaying their own town's name. This provided a great photo opportunity which was exploited by moving the T-shirt-clad town centre managers around so that each individual town centre manager appeared in the front of the group of 27, thus generating a series of targeted photos which would be disseminated to localised media in each town centre. As Mark Perry stated, 'by bringing all those people together on one day . . . what we effectively did was get 27 different possible news stories'. Press releases were tailored to each of the member towns of the Consortium, and these emphasised that each town was part of a greater force across the North West.

In July the campaign itself was officially launched under the banner of 'Town Centres – The Real Shopping Experience' at Manchester Town Hall, with presentations by Paul Rice (the former Warrington town centre manager who had just taken up the position of Town Centre Development Manager for ADSHEL, and who remained a Director of the National Association of Town Centre Management), Alan Tallentire (Chairman of the Association of Town Centre Management), Maria Appleton (then the town centre manager of Bolton and Chair of the North West region of the ATCM), and Helen Thomas (Managing Director of Meredith Thomas). This launch generated a lot of media coverage including slots on Granada TV News and GMR (Greater Manchester Radio), and copy in a wide range of regional and local newspapers. Press releases were tailored to exploit the specific local media interest around the region.

Between the July launch and the next natural key peak of the campaign, the opening of the Trafford Centre in September 1998, the public relations consultants Meredith Thomas acted as a central point through which newsworthy items from the individual town centre managers were developed and disseminated. This policy proved to be effective in maintaining the momentum of the campaign over the summer of 1998, not only in the local and regional media, but also in trade papers such as *Estates Gazette*, *Urban Environment Today*, *Shopping Centre* magazine and *Retail Week*. As Paul Rice commented: 'All of a sudden our friend up the road [the Trafford Centre] was seeing these . . . and very quickly he began to flap, much, I have to say, to our surprise.'

On Saturday, 5 September, five days before the opening of the Trafford Centre, many of the partner towns in the consortium had a 'Shop Local' day. Publicity was generated in individual town centres through the use of balloon releases, T-shirts, etc. Eccles also had a 'Family Fun' day in the town centre,

as did the towns of Blackburn, Burnley and Bolton. As well as creating many photo opportunities, these activities helped create a buzz about town centres the weekend before the Trafford Centre opened.

The obvious peak of the campaign was the opening of the Trafford Centre itself, which inevitably generated much media coverage. For three evenings up to the opening, the Granada regional news programme did special reports from town centres under the theme 'Shopping Centred', in which members of the consortium were featured. Indeed on the opening day itself, BBC regional news programmes were broadcast from the Trafford Centre. A frenetic day in terms of media relations activity ensued, involving:

- *North West Tonight* (BBC regional news programme);
- *BBC Breakfast News*;
- the *Five Live Breakfast Show*;
- interviews on BBC 24;
- a lunchtime interview with Granada TV News in Liverpool;
- an interview on the BBC's *Working Lunch*;
- interviews with the *Financial Times*, *The Economist* and the *Investors Chronicle*.

Liaison was also maintained with most of the regional press including the *Manchester Evening News* and other local papers around the region, whose awareness of the Trafford Centre had been raised by the campaign during the preceding months.

An indication of the news agenda of some of the media, which ran counter to the aims of the campaign, was given by Mark Perry. He suggested that some elements of the media almost wanted people waving placards as it made good TV. In his opinion, their attitude was: 'You're out there and you're going to be devastated by the shopping centre and we want you to show some commitment . . . are you going to get anyone out there with placards?' Here Mark argued that his typical reply to this was: 'No, because that's not what we are about . . . We're running an awareness building campaign.' The aim had been to build a professional campaign to give credence to town centres, to show that town centre management had a role to play, and that town centre managers and town centres were serious places. In short, waving placards would not help to achieve this.

Given the amount of media activity undertaken by various individuals involved in the campaign, the importance of having a coherent message which was consistent with the aims of the campaign was vital. Here the role of Paul Rice, who did many of the TV and radio interviews, was crucial. As already noted, Paul was, until earlier that year, the town centre manager of Warrington and had long played a significant role in the ATCM on both a regional and national basis. However, by September 1998 he was working for a private sector company ADSHEL, while still retaining involvement in the ATCM at a national level as a member of the Board of Directors. Paul's

situation worked to the advantage of the campaign as he was no longer involved in the operational side of town centre management *per se*, hence, he could become the voice of the Association of Town Centre Management, under which lay the umbrella organisation of the North West Towns' Consortium. As a result, he could be appear to be independent of the day-to-day affairs of local town centres.

Paul Rice's role differed from that of the individual town centre managers in that rather than pushing the case for individual towns, he was able to represent the ATCM's view and, by virtue of his position, to put the campaign in its wider national and policy context. Throughout the interviews he gave, Paul Rice maintained a consistent line and emphasised that the issues confronting North West towns were also of relevance to the rest of the UK.

Results

While not a measure of the true *impact* of the campaign, the potential value of the media coverage generated was calculated to have been worth almost £693,000 in terms of advertising equivalent value. This overall figure breaks down as follows: print media, £71,000; radio coverage, £53,000; and TV coverage around the opening of the Trafford Centre, £569,000. When the media coverage of the establishment of the consortium and the official launch of the campaign is added, the total media coverage achieved was calculated to be worth in the region of £850,000. Clearly, while such figures may appear impressive on the surface, the true measure of the campaign's effectiveness needs to be judged in terms of its impact on shopping flows at the various towns within the region. Here, anecdotal evidence suggests that the projected trade deflections which were forecast in the original 'Project Sunrise' report have not materialised. Of course, these deflection figures were based on the premise that the towns concerned would not respond to the threat posed by the Trafford Centre. This was certainly not the case. As 'The Real Shopping Experience' campaign has demonstrated, the North West Towns' Consortium has been very proactive in its attempts to raise the profile of the region's town centres, thereby countering the threat from the Trafford Centre.

In the aftermath of the opening of the Trafford Centre, interest in the campaign inevitably dipped. However, the Christmas trading season provided another peak for the campaign in that it generated a natural focus for media coverage on the impact of the Trafford Centre on retail activity within the region's towns. Granada TV regional news approached Mark Perry with a view to putting forward the Consortium's perspective for an item focusing on one of the towns affected by the Trafford Centre. BBC North West also broadcast a *Close-Up North* programme featuring a live debate on town centre issues in the region just before the Christmas of 1998. In addition, Meredith Thomas continued to put out news stories for individual town centres throughout the autumn and winter of 1998. These enabled individual

town centre managers to develop their own profiles and the profiles of their schemes in their localised media.

A changing focus

Throughout 1998 the campaign was focused on the retail activity of town centres within the region. This was perhaps inevitable given the opening of the Trafford Centre and the impetus it provided in terms of galvanising the members of the North West region of the ATCM into activity. The campaign had been aimed at four audiences: (1) shoppers and consumers; (2) local opinion formers (to get them on board in terms of supporting their local town centres); (3) investors, pension funds and property agents; and (4) retail and leisure operators and the local business community. However, the relative importance of these target audiences within the campaign strategy has changed as the campaign has progressed. As Mark Perry stated:

I think if you look at what we did [in 1998] it was very much aimed at the front-end consumer market. In terms of the coverage that we got it achieved its aim, and worked as part of the whole marketing concept in terms of what town centres are doing – sort of stemming the flow to the Trafford Centre . . . This year has taken a slightly differently tack, we wanted very much to aim at the investor in town centres, the business end of the market. And we have gone out and done a campaign this year that has been aimed very much at the property industry, the influencers.

On 25 June 1999, a seminar was held specifically for the business market, institutions and pension funds, i.e. organisations which invested in town centres. This seminar was chaired by Graham Brady (MP for Altrincham and Sale West who is active in parliamentary committees on town centre issues), and included influential speakers on a wide range of urban issues. This seminar attracted an audience representing a complete cross-section of retail leisure and residential developers, opinion formers from around the region, institutions and property agents, all there in one room listening to the subject of building a competitive location – town centres.

There were also positive spin-offs from the seminar for the member towns of the Consortium. The towns were able to put up exhibition material displaying the attractions of their respective localities for the investors and developers. This offered an opportunity for face-to-face meetings between town centre managers and potential investors in their town centres. As Mark Perry stated:

It gave them [developers and investors] an opportunity to talk to town centre managers, and out of that I know that some residential developers have seen town centre managers of various towns that were supporting the event that they wouldn't necessarily have gone to in the first place.

For the member towns, the value of this event was that it gave the opportunity to talk directly to property agents and investors; institutions who would not necessarily regard such towns as potential venues for investment. Meredith Thomas and the North West Towns' Consortium have continued to develop positive news items about towns in the region. The campaign is therefore on going. A recent milestone was in September 1999. This period marked the anniversary of the Trafford Centre's opening, and consequently there was renewed media interest in its impact on towns in the North West.

The theme of the on-going campaign in 2000 is 'Building on Success' with two complementary strands. The first of these is to maintain the momentum in relation to the property/investor market in order to facilitate development opportunities in the region's town centres. However, it was felt that the recent success of the campaign in helping to encourage development and regeneration in town centres should be communicated to a wider public in order to maintain the profiles of the individual town centres within their localities, and also regionally. This 'populist' approach represents the second strand and in many ways can be regarded as something of a return to the original aims of the campaign.

Lessons learned

This case study raises a number of interesting issues and key learning points. These can be broadly categorised as being related to: first, the operation and mechanics of the public relations campaign itself; and second, the role of public relations in forwarding the wider debate regarding the role of town centres in the North West.

In terms of the planning and implementation of the campaign, decisions made at an early stage set its tone and, arguably, assured its success. Primary among these was the choice of a positive rather than a negative campaign tone, in which the strengths of the retail offers within town centres in the North West were emphasised, rather than a negative message telling people not to shop at the Trafford Centre. This tone was emphasised throughout the campaign by representatives of the North West Towns' Consortium in their dealings with local and national media, demonstrating the importance of a consistent approach in public relations activities.

The communication of the campaign's message was facilitated by the effectiveness of representatives of the Consortium in dealing with the media. In particular, the case emphasises the crucial role of key individuals, such as Paul Rice, who acted as a credible and effective spokesperson for the campaign and consequently was more likely to be perceived as an 'honest broker' by the target audiences.

This campaign, like most, has witnessed natural peaks and troughs. The high point was the opening of the Trafford Centre in September 1998, with subsequent smaller peaks in Christmas 1998 and on the first anniversary of the Trafford Centre's opening. The intervening troughs were counteracted

through a constant 'drip feed' of news items from members of the Consortium via the public relations agency to their localised media. This illustrates the value of developing a campaign through a 'grass-roots up' approach, capitalising on the local and regional media rather than targeting the more competitive national media scene. This approach enabled the momentum of the campaign to be maintained, while at the same time allowing national media opportunities to be exploited where appropriate.

Over time, the focus of the campaign has developed to incorporate what might be regarded as a more strategic dimension. The narrow focus on retailing in town centres which characterised the early stages was perhaps inevitable. However, after the opening of the Trafford Centre, the scope of the campaign was broadened to perhaps better reflect some of the initial intentions of the members of the Consortium by the inclusion of some discussion of town centre issues aimed at a broader range of audiences, including: property agents; pension funds and other investors in town centres; retail and leisure operators; and the business communities of town centres.

It could be said that the campaign has acted as a catalyst for the development of town centre management in the North West. Many town centre management schemes now take a much more overtly strategic orientation (characterised, for example, by an increased emphasis on marketing and promotion), as opposed to the previous focus on what have been termed 'janitorial' issues (relating to the maintenance of the fabric of the town centre environment). The campaign has also served to raise the profiles of individual town centre managers, further developing articulate spokespeople to defend the interests of town centres in the future. Town centre managers in the North West have also been given a collective voice and an opportunity to engage in debates regarding wider policies and issues relating to town centres.

The case further illustrates the potentially powerful role that a well-orchestrated public relations campaign can play in helping to mobilise the collective efforts of what might otherwise have been relatively weak and ineffective individual town responses to the threat posed by the development of the Trafford Centre.

The case also shows that public relations is not simply a tool for use by businesses seeking to promote their products or services or build their corporate profiles, but can play a valuable role in supporting the achievement of the goals of public sector bodies campaigning on a variety of issues.

Notes

- 1 R. Schiller (1986) 'Retail decentralisation: the coming of the third wave', *The Planner* July: 13–15.
- 2 R. Evans (1997) *Regenerating Town Centres*. Manchester: Manchester University Press.
- 3 Association of Town Centre Management (1994) *The Effectiveness of Town Centre Management: Research Study*. London: Association of Town Centre Management.

- 4 R. Davies (1987) *Help for the High Street: Some New Approaches to Revitalisation*. Cheshunt: Tesco plc.
- 5 Town centre management has been defined as 'the search for competitive advantage through the maintenance and/or strategic development of both public and private areas and interest within town centres, initiated and undertaken by stakeholders drawn from a combination of the public, private and voluntary sectors.' G. Warnaby, A. Alexander and D. Medway (1998) 'Town centre management in the UK: a review, synthesis and research agenda'. *International Review of Retail, Distribution and Consumer Research* 8(1): 15–31.
- 6 Association of Town Centre Management (1999) *Directory of Managed Towns*. London: Association of Town Centre Management.
- 7 Association of Town Centre Management (no date) *An Introduction to Town Centre Management*. London: Association of Town Centre Management.
- 8 Management Horizons Europe (1998) *UK Shopping Index 1998–1999*. London: Management Horizons Europe.
- 9 Management Horizons Europe (1998) *UK Shopping Index: Classification of Shopping Destinations*. London: Management Horizons Europe.

Case 17 W. Moorcroft plc

The strategic role of marketing communications and public relations within an SME¹

Ruth Ashford and Neil Towers

Introduction

The much-publicised on-going debate among academics concerning the role and relationship between marketing and public relations is replicated within many organisations. However, many companies are moving towards a greater integration between the two functions and this is even more apparent in SMEs (small and medium enterprises), where the ‘marketing’ function is often very constrained due to the small budgets and resources available.

From a marketing perspective, there is a sound argument which holds that the traditional ‘marketing communications’ elements such as advertising, sales promotion, personal selling, sponsorship and publicity need to be fully integrated to ensure the adoption of a synergistic communications strategy. Especially within SMEs, the pressure on marketing budgets has seen firms embracing sound ‘relationship marketing’ concepts more, to build customer loyalty and retention. Here, many organisations have turned to the use of public relations techniques to help build these relationships and to support below-the-line activities such as direct marketing.

The basis of relationship marketing and the reliance on public relations in certain industries is appropriate as an essential part of their business strategy. The development of long-term, interactive relationships with customers and other stakeholders such as special interest groups has been widely accepted as crucial to business success. The concept of building and maintaining two-way communications for any organisation is paramount if relationship marketing is to succeed, and this will be considered within this case.

This case concentrates on an established pottery company, W. Moorcroft plc, which is classed as an SME, albeit now a large one, located within the UK. To provide the context for this case it may be useful to consider the key issues of concern to business and management within the small to medium enterprise sector as a whole. Generally, SMEs are characterised by a different set of attributes compared to their larger corporate entities. Usually, because of their smaller size, SMEs do not have access to the same array of management resources and skills that are inherent in the larger organisation. This can

lead to a lack of knowledge and understanding of the demands required of them within the marketplace. Although usually noted for their creativity, innovative ability and selling skills, SMEs often have an inability to convert that expertise into a competitive advantage for the enterprise. This can be particularly relevant in reconciling the perceived longer-term partnership needs of customers with the myopic short-term view and business world inexperience that is usually prevalent in an SME. However, as this case will demonstrate, W. Moorcroft plc has managed to overcome such problems.

W. Moorcroft plc is an internationally renowned art pottery organisation, located in Burslem, Stoke on Trent, UK, which produces hand-crafted individual pieces of art. In 1986, the organisation was suffering serious financial difficulties and faced possible closure. However, in stark contrast to the rest of the ceramics sector, W. Moorcroft plc has managed to overcome its earlier financial problems and has increased its order book considerably and expanded its operation to meet customer demand resulting in the building of two new factories and creating 220 new jobs in recent years.

This case will examine how W. Moorcroft has combined public relations and marketing activities to help the company achieve success in what is a very competitive and cyclical market. It will investigate how the company built and maintained key relationships with the fickle and notoriously difficult collector market as its main customer base, as well as with the media, influencers such as the main international auction houses, employees and suppliers.

Background

History

William Moorcroft designed the first pieces of Moorcroft Art Pottery in 1897 at the age of 24 in Burslem, Stoke-on-Trent, which was and still is the centre for pottery in the UK. The hand-crafted nature of the art pottery process, known as 'tubelining', requires fine design work and considerable skill. Such was the quality of the company's products, that it had won Gold Awards at international exhibitions in 1904, 1910 and 1925. In 1928 Queen Mary appointed W. Moorcroft Ltd Potters to HM the Queen, which was, of course, a very prestigious accolade. The company has continued to win awards for the quality of its products, culminating in 1996 with Moorcroft winning the Gold Award for Excellence at the International Light Show. Indeed, Moorcroft's art pottery from the 1890s through to today's designs can be found in museums throughout the world including the Victoria and Albert Museum in London.

Issues, need and opportunity

By 1986, however, the Moorcroft organisation was facing dire financial and commercial problems that resulted in major reductions of staff numbers and

products (many of which were severely out of date). Indeed, there had not been any product development, in terms of new designs, during the previous ten years (only 18 new designs had been developed in the previous 47 years).

The issues facing the organisation were generally related to a range of key management and economic concerns:

- no new product development for many years;
- a lack of understanding of the market needs and trends;
- declining sales due to a lack of consumer and trade interest in the lines produced;
- declining enthusiasm for the Moorcroft name within the collector market;
- management reliance on the Moorcroft reputation in existing markets rather than proactive development of new markets;
- a range of poor working practices and poor pay for the much reduced workforce;
- skill slippage due to enforced redundancies;
- the loss of one of their oldest and best key trade accounts – Liberty of London.

Clearly, many of the problems facing the company were due to poor management, which had resulted in the company becoming complacent, and consequently its business had stagnated. The once highly acclaimed and sought after Moorcroft brand had lost its cache and became almost forgotten by the market.

The communications issues were simpler to understand:

- New collectors did not enthusiastically embrace the perception of the Moorcroft corporate brand. Indeed, it was seen as a very tired and old brand.
- The trade was not interested in the brand as consumers had been lost and therefore, they were no longer interested in stocking the products.
- The key skilled staff were demoralised and there was a danger of losing an extraordinarily important workforce.

New management intervention

In September 1986, only 24 hours before the Moorcroft company was about to be wound up, John Moorcroft contacted an old friend, Hugh Edwards, in a final bid to save the business. Edwards, a well-known commercial lawyer in the City of London and lifelong Moorcroft collector, was appointed as the new Chairman. He saw an opportunity to rejuvenate the brand. Along with further new directors, Richard Dennis and his wife Sally, a designer, Edwards and his wife Maureen mounted a last-minute rescue for the company, and developed a five-year plan for the company's revival.

A new corporate mission was evolved which aimed:

- to revive the quality and unique brand name;
- to bring in new products and designs;
- to attract and re-attract skilled personnel;
- most importantly, to use the design skills of Sally Dennis.

As an important first step the company undertook market research with its collector market and sales staff in the trade. This identified the need for investment in the re-establishment of the brand and innovative designs in decoration, along with a new management structure in order to revive the business.

Goals and objectives

A corporate business plan was devised to maximise what was left of the international reputation of Moorcroft and secure growth for the enterprise by the creating and marketing of new designs. The corporate objectives were:

- to re-establish sales to the levels achieved in the heydays of the company (1926) with an aim to achieve a minimum of £1 million sales per year in the short-term (sales were only at £242,000 in 1986);
- to ensure sales growth year on year ultimately to reach the long-term goal of £8 million turnover from Moorcroft pottery;
- to build the product base to minimise risk for fluctuation in demand and taste.

To realise these ambitious goals, the company recognised the need to develop a more effective marketing strategy. Here the key marketing objectives were:

- to redevelop the UK domestic market;
- to develop more demand in international markets such as Australia, Japan, the USA and Canada;
- to regain the historic Liberty of London account, as this was seen as a key goal for maximum prestige and distribution;
- to consider the expansion of the product line – to acquire or build new products which would enhance the current designs and appeal to new target audiences.

To achieve the marketing objectives and ultimately the corporate objectives, the new management recognised the need to (re)position the corporate brand. This was recognised as a key task for the public relations function and led to the development of the following public relations or communications objectives.

Customer objectives

- to focus the perception of the brand on the uniqueness of quality craftsmanship and innovative new young designs;

- to reposition the brand to appeal to the core customer base of collectors who were more broadly segmented by age and disposable income (especially towards the younger market);
- to raise awareness and build new brands which would complement the product portfolio (i.e. enamels);
- to develop interest in a range of sub-brands by a secondary emphasis on the 'Moorcroft Design Studio'. This involved the development of a Studio of Designers, where the designers' names and design names would become sub-brands under the Moorcroft corporate brand.

Media objectives

- to ensure maximum coverage for Moorcroft in local, national and international press, radio and television;
- to ensure that the Moorcroft name became synonymous with unique quality and new highly developed designs;
- to ensure that the new brands acquired (such as Enamels from Kingsley Enamels) were seen to be part of the Moorcroft corporate brand.

Other stakeholder objectives

- to attract new world-class design talent for the manufacturing process;
- to support Christie's of South Kensington, London (international auction house) in the promotion of Moorcroft art pottery sales.

Target audiences

The new management team realised that understanding the attitudes, beliefs, values and perceptions of the target consumer audiences was of paramount importance if any public relations and communications strategy was to be successful. Therefore, it was crucial that the organisation was able to develop a clear understanding of its differing customer needs and segment the market accordingly. Here Moorcroft identified the following target audiences: customers, employees and the media.

Customer base

It was important to ensure that both the trade and end customer were included within the planned campaigns. In marketing terms this involved what is known as 'push and pull' based communications strategy. The 'push strategy' to the trade aimed to push the product down through the trade channels towards the end customer, whereas the 'pull strategy' sought to target the consumer market directly and build demand from the retailer or, in this case, directly from the company.

The key trade targets were:

- major trade buyers and decision makers, such as major department stores – e.g. Liberty of London and the John Lewis Partnership;
- international distributorships in locations such as Japan, the USA, Australia, New Zealand and Canada.

Customer target audiences included:

- Moorcroft Collectors segmented by age and disposable income;
- Moorcroft Collectors segmented by country;
- general pottery collectors;
- antique pottery collectors;
- customers looking for giftware or special occasion purchases.

Employees

One of the key issues which Moorcroft faced was the fact that its employees were even more important than the product. It was the skills and creativity of the team which enabled a piece of pottery to be transformed into a unique object of desire. Because of Moorcroft's financial difficulties which had resulted in many redundancies and layoffs, it was very important to build back the trust and confidence of the employees. They needed to feel valued and important parts of the whole Moorcroft brand. Indeed, positive word-of-mouth recommendations from the employees at open days and factory visits was seen to be a crucial communication's objective – from all levels of employees, even the catering staff.

The media

To reach the targets effectively and reposition the brand, especially within the UK, it was seen as essential to generate media awareness and coverage for Moorcroft. The long-term repositioning campaign included the following media targets, which were considered to be the key media for reaching the target consumer groups:

- international press, such as the *Financial Times*;
- the British national press, including the *Guardian*, *Independent Business*, *Daily Telegraph*, *Daily Mail*, especially business and features editors;
- the regional dailies/evening papers such as *Manchester Evening News*, and the *Sentinel*;
- local paid for and free press.

Whilst recognising the limitations of achieving extensive television coverage, the campaign nevertheless sought to target regional television news programmes (particularly on the Moorcroft name) such as Granada and

Central, as well as national television news, including the BBC and Channel 4, where major and unusual story items are reported.

Targets also included national talk-based radio stations (e.g. Radio 4 and Radio 2) as well as regional local radio and commercial radio stations (such as Signal Radio, BBC Radio Stoke).

Corporate strategy

Moorcroft's new chairman and directors devised a quite radical corporate plan in an effort to achieve the objectives set. There was a major drive to develop new designs in the traditional Moorcroft lines. This meant that the skills of new designers needed to be captured and developed. This started with the search and recruitment of Rachel Bishop, a recent ceramics graduate who had attracted the attention of domestic and international customers, because of her innovative and stimulating designs. This led to the establishment of the Moorcroft Design Studio which was formed in 1997, comprising no less than ten designers with Bishop as their head. This new design team has produced more than 131 dynamic and successful new designs since the studio was conceived. The development of new product lines was an essential feature of the strategy to build a solid product portfolio base; this resulted in the successful launch of Moorcroft table-lamps, limited editions and special editions of art pottery.

The company also expanded its product base by acquiring Okra Glass Studios Limited in 1997 and Kingsley Enamels Ltd in 1998, which allowed a new range of enamelled products to be launched. Also in 1997, the Cobridge Stoneware range was developed and launched at the British Museum. This product range was made from stoneware which has been decorated in a totally unique way, using the Moorcroft designers to build ranges of new stoneware lines.

The product range

The implementation of the business plan ensured that there was now a full range of hand-crafted products available: Moorcroft pottery giftware and table lamps, Moorcroft enamels (decorated enamel boxes or other shaped items), Cobridge Stoneware (decorated stoneware) and Okra art glass. Attention to detail and ultimate quality is paramount, as each piece is hand-turned and decorated using a mixture of traditional and technologically advanced methods. A range of limited and numbered editions is processed as well as the standard lines. Design is of paramount importance and therefore the company uses its new, young and very talented designers well by producing new ranges on a regular basis. The prices per piece range from considerably more than £2,000 to £25, with many pieces within the £200–£400 range. Each piece of pottery is still turned on the lathe and after turning, the backstamps 'Moorcroft' and 'Made in England' are impressed into the clay

together with symbols, which denotes the year of manufacture and decorator. These markings provide an almost unique opportunity for the collector market to enable people to collect a particular decorator's and designer's work, and which adds to the uniqueness of each piece.

The public relations and marketing communications strategy

Moorcroft took the step of appointing a London-based PR agency – Hobsbawn, Macaulay Communications Ltd, to help to address its image problem in 1992. This move signalled a recognition that the company needed to shift its focus from that of relying purely on marketing or sales and resulted in integrating public relations into a campaign which sought to build on the synergy with existing marketing communications.

PR, marketing programme for the international and domestic collector audience

The management realised that a sound understanding of the target customer was imperative, and it used its sales staff's understanding of the core customer in an informal way to research the market. It was identified that the collector target audience was renowned for demonstrating a high level of involvement when purchasing collectable items. Hence, it was important that customers' perceptions were fully understood as collectors initially needed to be attracted by the product, but also to perceive a sense of value (whether in terms of potential financial investment) or an opportunity of owning a potential piece of history or social comment. The public relations programme/strategy was designed to take account of the customer's need to feel ownership of a unique piece of art, which could be perceived as a part of an 'exclusive collection'.

Here the strategy was to develop and maintain a dynamic collectors club. However, as many of Moorcroft's competitors (such as Wedgwood) had also used this strategy, it was important to use public relations activities to the full to ensure a differentiated approach.

The key benefits and messages communicated to the Collectors Club members were:

- to build perceptions that the members are 'special' and valued collectors;
- to develop the perceptions of members accessing 'inside information' before the rest of the collector market;
- that as customers, members would be receiving 'added value' by being given special opportunities to buy limited additions and discontinued lines – which are the lines which are most likely to become the most sought after in the future antique market;
- to create a perception of 'celebrity' status for the Moorcroft designers to build credibility for their designs.

It was recognised very early in the club's history that advertising would not be effective for this fickle market. Collectors did not want to feel that they were being the target of a 'marketing campaign', but that they were special and a part of the Moorcroft business, supporting the brand and the company by investing in Moorcroft products. The key elements of the programme are detailed below:

Collectors Club newsletter

The production of a Collectors Club newsletter, which is sent out to members three times per year, has been a key element in the public relations-led strategy. The newsletter written and edited by the public relations team contains high quality photographs and features covering such issues as: collectors' views; launches of new designs; forthcoming Moorcroft events; art commentary; The William Moorcroft Story (which is an ongoing serialisation of the life and times of the founder's family); editorial about the designers and workforce; international news and auction reports from the major auction houses throughout the world. These newsletters serve to build the reputation of the brand and provide the collector with an inside view of the business on a regular basis. Obviously, there is some emphasis on the forthcoming products but these are written as editorial features rather than adopting a marketing stance. This, therefore, raises the awareness of the launch of new products and serves to stimulate the desire to own a particular piece.

Events management

Stimulating the level of interest in the brand is fuelled by the continuous planning of special events which are designed to build a level of excitement and interest for the collector. A series of special 'Collectors' events, which are attended by key Moorcroft personnel and members of the Design Studio, have been organised at Moorcroft factories. One of these events is the Open Weekend in May or June each year at the factory, which boasts limited availability, and invitation is strictly exclusive to Collectors Club members. At this weekend, there are lectures by guest speakers, an actual live auction of rare and unusual pieces of Moorcroft pottery, and, of course, the opportunity to see behind-the-scenes at the factory. At these events, a unique vase is usually commissioned which can be purchased for that event only, making the product truly limited.

During 1999 the following events were staged:

- First view of the Moorcroft Enamels new designs via a pre-launch party at the House of Lords, with VIPs Lord Clarke CBE, KGB, deputising for Baroness Goudie of Roundwood, David Batty of Sotheby's auction house and Paul Atterbury, ceramics experts often seen on the BBC programme, *The Antiques Roadshow*.

- Launch of Moorcroft Enamels in Liberty of London in May 1999. (Much was played on the fact that the very late ‘marriage’ of the 102-year-old Moorcroft and the 95-year-old Kingsley Enamels was rather unique for today’s society and thus gained more media coverage).
- A Moorcroft Open Weekend with VIPs such as Henry Sandon, antique ceramics expert; Kathy Niblett – City Museum and Art Gallery; Stoke-on-Trent experts and Moorcroft Design Studio celebrities such as Rachel Bishop.
- The sponsorship of the New Statesman Eve of the Labour Party Conference, which resulted in an exhibition display at the conference with the British Council and listings in the conference issue of the *New Statesman* for the ‘Britishness’ week.
- Exhibition of current Moorcroft pottery at Christie’s Auction House in London was held prior to the last Moorcroft pottery sale in October 1999. The exhibition was held during the viewing days before the auction, where all current designs were exhibited and a demonstration of the production techniques was also included.
- The centenary celebration 1897–1997 was also a major event in the public relations scheduled in 1997 and was used to promote the core message of quality and longevity.

Developing the concept of factory tours and shop atmosphere

Moorcroft has capitalised on the Stoke-on-Trent Council tourism campaign, and joined in with its competitors in the concept of the ‘Heritage Trail’ for pottery factories. This has meant that substantial, themed signage has been erected throughout the town of Stoke-on-Trent, raising awareness about the factory tours and shop facilities.

A historical Moorcroft museum was built alongside the factory shop, where visitors can view a range of the original pottery designs and access historical commentary, again offering a uniqueness to the visiting experience.

Factory tours are made available for members, free of charge, and operate at the Burslem factories on Mondays, Wednesdays, Thursdays and Fridays. During these tours, members are able to walk through the factory museum to view some of the finest Moorcroft products from the beginning of manufacture. Also, there is the all important ‘seconds’ factory shop where products with slight imperfections can be purchased at a slightly reduced price. Within the factory shops there is occasionally (usually on a Saturday), a live demonstration by a tubeliner (part of the process) and a decorator or painter, who are both trained to talk to the customers.

There is also the opportunity to buy both an exclusive piece of Moorcroft pottery and Moorcroft enamel designed each year especially for members of the Moorcroft Collectors’ Club. This once again confirms the message of uniqueness and building the concept of having a special relationship between the customer and the organisation.

Catalogues and point of sale promotional material

The newly updated glossy Moorcroft Pottery and Moorcroft Enamels promotional catalogues detailing new limited editions and discontinued designs are sent to the collectors as well as retailers on a regular basis. These are designed to be classically simple in landscape (each 'theme' in A5 size), conveying the traditions and quality of the business and illustrating the full range of items, with key information about the designers and information required by the disconcerting, serious collector.

A number of recently published specialist books have been written in the field, which has also helped to raise awareness and the repositioning of the brand. Ceramics expert Paul Atterbury's published work entitled *A Guide to Moorcroft Pottery 1897–1993* and a videotape on the subject, coupled with Fraser Street's very popular book *The Phoenix Years*, have been instrumental in providing credible commentary on the Moorcroft brand. Indeed, the merchandising within the factory shop and trade has used these works to support point of sale material, which has proved very successful by adding to the concept of the importance of each piece of art pottery.

Moorcroft website – www.moorcroft.com

A website was created to cater for the domestic collector and, more importantly, also for the international market. The site was devised by expert designers and this is evident in its appearance and structure. It section-alises the areas which would be of interest to most collectors, including: Collectors' Club; Design Studio; Giftware; Table Lamps; Limited Editions; Special Editions; Moorcroft marks; How to find us and References. The site serves to endorse the communications messages as the only official Moorcroft site.

The membership campaign has been designed to capitalise on the attitudes and beliefs of the collector, in that its most important aim is to build a strong and loyal long-standing and mutually beneficial relationship. The word-of-mouth gained from such a campaign via the club members is also very much part of the networking approach to communications.

The trade public relations programme

The trade programme has mainly been confined to the sales force, where the Sales Director has been instrumental in communicating directly with key trade accounts. Moorcroft has tended to concentrate on the end consumer using traditional 'pull' communications techniques, and as this has been so successful there is less emphasis on the trade communications. However, key trade buyers and dealers are invited to the Moorcroft factories and are given an exclusive experience and retail training about Moorcroft's work.

Moorcroft has recently participated in DTI (Department of Trade and Industry) supported trade fairs in Tokyo and New York. It is acknowledged by the management that more work needs to be undertaken in this area if Moorcroft are to develop its international markets.

The internal employees PR programme

The corporate plan acknowledged that new blood had to be brought into the company to build and develop new products. To ensure that the best designers were attracted to the company, a strong relationship has been forged with the key UK universities awarding ceramics degrees. This has been undertaken by the management regularly contacting and building a personal relationship with academics (Course Leaders) from universities who offer ceramic/design degrees and higher programmes. Indeed, this is a two-way relationship, where Moorcroft offers practitioner advice in relation to the content of courses to the academics and university graduates are considered for potential recruitment. This has proved fruitful as academic staff regularly contact Moorcroft's management team directly when a new talent is 'discovered'.

There is a flat organisational structure within the company, which has helped to build the message to the workforce that each individual is valued. Internally, the staff are all now benefiting from excellent working conditions, good pay and a top-of-the-market pension scheme. This care for the workforce has been extended to an employee profit-sharing scheme, which has enabled the workforce to feel truly valued as an integral part of the organisation. Indeed, employees as shareholders at all levels has almost been achieved.

Although there is no formal internal public relations programme, the management has used subtle techniques to reinforce the value of the talents of all employees and acknowledge the esteem in which they are held at all levels, including the shop-floor operatives. Staff members are asked to be present at the 'Open Weekends' and in the factory shop, where they are encouraged to talk to the customers honestly about the brand and their part in the creation of the product.

One of the key methods used to communicate that the company values its workforce is to include feature articles on individual members of the Design Studio and other staff (such as decorators) in the Club Newsletter. This technique serves, once again, to build an internal atmosphere of trust and feeling of value within the workforce while also allowing collectors to feel that they 'know' the artists.

The media relations programme

The relationship with the public relations agency, Hobsbawm Macaulay Communications Ltd, has proven to be very rewarding for W. Moorcroft

Plc. The London-based agency already had many links with editors, journalists and newscasters in the consumer media. However, it was determined to build further relationships for the Moorcroft account. As part of the media programme, the agency hold regular distinguished 'Moorcroft Lunches' with media guests, which have always had an impressive attendance at these events, including, for example, the features editors from the *Daily Mail*, *You Magazine*, the *Express*, *Sunday Business*, The Victoria and Albert Museum, the British Council and the Crafts Council to name but a few. As a direct result of contacts made at these luncheons, Moorcroft are launching its Millennium ranges across all four companies from the internationally renowned Victoria and Albert Museum in London and are suppliers to the British Council for gifts for embassies world-wide. These events have proven to be very successful and have served to build further contacts and editorial coverage for Moorcroft. The results are highlighted in the next section.

Results and evaluation

Financial success

The Moorcroft public relations programme has been stunningly successful. This is substantiated by the achievement of the corporate financial objectives by increasing turnover from £242,000 in 1986 to £6 million in 1998. The sustained success of this long-term campaign resulted in Hugh Edwards being awarded the prestigious title 'Business Man of the Year 1998' awarded by the regional *Sentinel* newspaper. The company also won the runner-up position for Business Innovation at the same awards ceremony. This once again generated valuable publicity and coverage for the company.

Media coverage

The communications success has served to achieve the financial results previously detailed. An assessment of the media coverage achieved by the public relations consultancy during 1999 revealed that more than twenty-seven editorial pieces have been achieved, ranging from features in glossy-style magazines to the *Financial Times*. A Channel 4 documentary series based on the Moorcroft organisation has been broadcast and this was subsequently repeated.

International catalogue exposure

Such is the enthusiasm for the collection of Moorcroft pieces now that Christie's International auction house holds one specialist Moorcroft pottery sale per year at the South Kensington, London, sale house. For each auction, in excess of 4,000 auction catalogues are sold and distributed throughout the world (see Figure 17.1). There are also three other separate ceramics sales

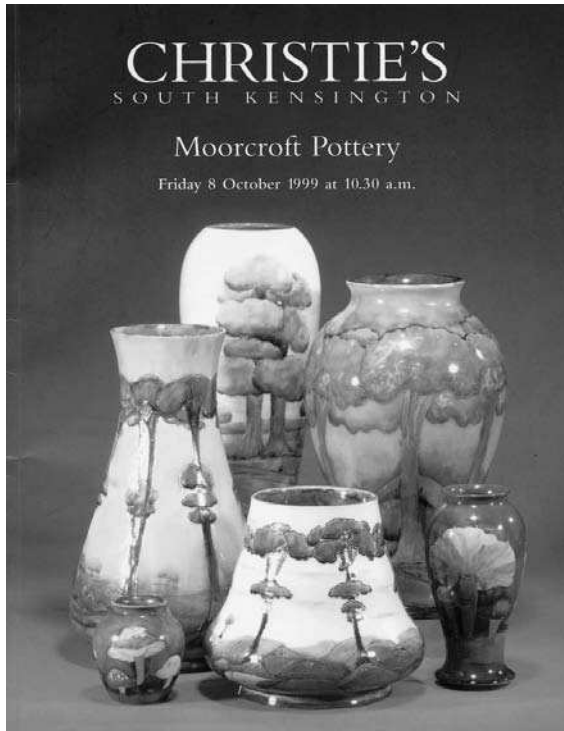


Figure 17.1 Christie's Moorcroft catalogue.

held by Christie's in London, which also often feature Moorcroft pieces. The October 1999 sale featured 557 lots of Moorcroft pieces. Many pieces at the sale were from recent Moorcroft collections of the same year, with a high number of these recent pieces realising higher prices at auction than the retail price, thus serving to illustrate the enhanced value of the brand in this market.

The British Council has recently contacted the company with a view to considering the Moorcroft designs to be included on the official gifts list for international and official designates. This is once again a great honour and would also serve to reinforce the brand values and afford good international coverage for the products.

Customers Collectors' Club

The Moorcroft Collectors' Club was founded in 1987 and now has more than 15,000 fee-paying members. Although there is usually an annual 20 per cent turnover in club members, this is more than compensated by an increase

of 30 per cent new members per year. The company is currently researching the reasons for this level of turnover so that methods to stem the outflow of members can be planned.

Although formal market research is not undertaken within the Collectors' Club membership, the company does seek informal feedback at events and through the sales team. It is clear that the sustained campaign to reposition the brand and build positive perceptions has been very effective, with the market now being very enthusiastic about the new designs and clamouring to find out more information on the next era products.

The concept of the Design Studio and the sub-branding of this have also been effective, with many collectors and dealers eager to gain more information which simultaneously increases the sales of new designers products.

Trade success

Moorcroft was able to regain the Liberty account which has been a major success, further illustrating the rebirth of the brand. Moorcroft Enamels is about to start an export drive in the USA where there has been a more than keen interest in the brand.

Lessons learned

This case study demonstrates the important role which public relations can play in complementing a company's marketing communications strategy and thereby contributing to the achievement of business objectives. Although art pottery is a specialist market, this case has highlighted many of the generic business and marketing problems which SMEs often face in today's climate. It also demonstrates that understanding stakeholders' perceptions is crucial in determining the objectives and building the long-term relationships using subsequent strategy and tactics.

The synergy and dynamism derived from the integration between public relations and marketing activities are quite apparent from this case. However, this case illustrates an organisation who did not initially recognise the valuable role which public relations can play, especially within a consumer market. Prior to the appointment of the new Chairman in 1986, there seemed to be a clear misunderstanding about the market place. Indeed, there seemed to be some complacency in relation to the marketing communications and public relations activities until 1992, when the public relations agency was appointed to address the developing image problem which plagued Moorcroft. This is not untypical within SMEs, where the business functions can become confused and there are certain skills which are not fully understood within the organisation.

By considering the customers' needs more specifically, Moorcroft adapted the traditional marketing activities in relation to the product portfolio and offered more products which the market place required. The traditional

distribution via the trade was developed further towards an increase in the direct trade, with the public relations campaign developing the concept of the Collectors' Club which stimulated the demand for new products to be purchased directly by consumers. The trade audience was serviced by the Sales Director as part of the traditional marketing communications function; however, the conventional use of advertising was not continued but instead, stakeholder relationships were cultivated with the special events (for the media, trade and customers) and newsletters which were ingeniously devised. The drive for creativity and understanding the needs of the stakeholders is of paramount importance and this has been understood clearly by this organisation. Indeed, W. Moorcroft plc have seen clear benefits of integrating its marketing and public relations activities, where the organisation has moved towards a stronger customer orientation. It has focused upon their promotional activities and has brought together their communications to provide a consistent and harmonised message in relation to the reputation and perceptions of the Moorcroft brand for all internal and external stakeholder groups.

Although the success of this programme is clearly evident in many ways, the management at Moorcroft realises that it cannot afford to become complacent. Classically, managers understand that there are other issues which need to be considered if they are to keep ahead of the market and not fall back into the position which they faced in the mid-1980s.

Because of the resource constraints that often exist within the SME sector, it is important to ensure that the potential synergies that can result from effective cooperation between marketing and public relations functions are fully exploited. In the case of Moorcroft, such synergies have clearly been well exploited and have resulted in a dramatic turnaround of the organisation.

Within SMEs the international aspect is often beyond their reach and all too often public relations activities are haphazard. The role of public relations is not considered as strategic and the targeting of international markets is left to agents in specific countries, where control of communications becomes difficult to manage. Indeed, many small to medium enterprises make the mistake of 'tinkering' with advertising and concentrate more on sales issues rather than considering the whole strategic communications planning process.

This case also illustrates that within traditional SMEs where in-house public relations expertise may not be available, an external agency can play an essential and valued role in the determining and execution of the communications plan. An agency can provide a valuable fresh perspective on the business together with the necessary creative skills and knowledge to capitalise on the business's inherent strengths.

This case also indicates the fact that integrated communications in relation to marketing and public relations activities are more likely to be effective and therefore to occur when organisations attempt to enter into a coordinated

dialogue with their various internal and external audiences. As with the Moorcroft case, the communication activities used in dialogue and the messages conveyed should be internally consistent with the organisation's objectives and strategies. This will result in the target audiences receiving communications and associated activities which are coordinated, consistent and effective at building the desired perception about the organisation and/or its brand.

Note

- 1 This case has been written in conjunction with Hugh Edwards, Chairman of Moorcroft plc.

Case 18 **The Tourer Marketing Bureau**

Supporting touring caravan sales through public relations

Anne Gregory

Background

Touring caravans, that is mobile homes that can be towed using a family car, are the butt of many a joke in the UK. Caravan owners are perceived as being 'worthy', but dull 'types' and caravans themselves are seen in a negative light; causing traffic hold-ups, being old-fashioned in design and representing an outmoded holiday experience which was left behind in the 1960s and 1970s.

The perception of campers and touring caravans in other part of the world is quite different. There they are seen to reflect an energetic and largely young life-style. Campers piled high with wind-surfing gear and bicycles are a common sight in places as far apart as the USA and Australia. This case looks at a public relations-led marketing campaign which took place between 1996 and 2000 and sought to address the dramatic fall in caravan sales in the UK.

Introduction

Caravan production in the UK is undertaken by a small number of domestic manufacturers; competition from importers is minimal. In 1996, there were just nine manufacturers who accounted for all UK production. All of them sell through a network of dealers who also provide warranty and an after-sales service.

In May 1996, all the manufacturers joined together to form a company called Tourer Promotional Association (TPA) Limited, which had the sole aim of promoting the touring caravan to the widest possible audience. The Board of the Company consisted of representatives of the manufacturers and it was funded by members contributing £25 for every caravan manufactured, plus an allocation of unspent funds from the National Caravan Council (NCC). This gave the TPA an annual promotional fund of some £500,000.

The TPA was set up as a direct response to a dramatic decline in sales for

new touring caravans. In 1989, sales had stood at 36,500, but by 1996 sales had dropped to 20,400. Alarming, the twelve months period April 1995 to March 1996 saw a massive 17 per cent fall in sales.

No simple reason could be identified to account for this marked decrease in sales, but a number of factors were thought to have contributed to the dramatic decline in sales: the economic recession of the 1990s, the growth in the popularity of other types of holidays and the poor image of the touring caravan experience.

To help them in their efforts to reverse the decline in sales, the TPA appointed a public relations consultancy – BRAHM Public Relations. The brief given to BRAHM was:

- to promote caravanning to caravanners and convince the core audience to review their purchase;
- to identify and target potential new customers.

Research

The TPA were also able to supply BRAHM with vital background research on caravanning. This research, based on information provided by the National Caravan Council (a body made up of caravan manufacturers, dealers and associated bodies which reports to government on the state of the caravan industry), established that negative perceptions tended to be highly visible, while positive realities tended to be invisible.

Negative perceptions included:

- the idea of being stuck behind a slow-moving caravan;
- over-crowded urban sites;
- countryside spoilt by caravans;
- caravans seem to be cramped boxes with no comfort;
- there was a fear of the unknown, especially of towing and what to do at a caravan site.

Positive perceptions included:

- big advances in design and comfort including grills, hobs, refrigerators, flushing toilets, fitted hot showers and air-conditioning;
- ease of towing;
- improvements in sites;
- freedom to take holidays when and where the owner pleases.

The TPA had also undertaken a comprehensive strategic analysis, including a detailed SWOT analysis looking at looking at *Strengths* and *Weakness* from a customer perspective and *Opportunities* and *Threats* from a manufacturer's point of view, see Table 18.1.

Table 18.1 SWOT analysis for caravans

<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
Freedom, mobility, choice, independence	Expensive	Allow image to catch up with reality	Entry of competitor manufacturers
Home from home	Large to store, keep and maintain	Can pursue hobbies, golf, walking, bird watching easily at low cost	Low cost and greater choice of holidays
Lifestyle choice	Security/theft vandalism concerns	Advantageous demographically (increase in 2 to 8 year olds)	Better marketing of uk holidays (short breaks, farmhouse holidays, etc.)
Can take pets	Image of caravanning	Repositioned as touring 'not caravanning'	Effect on environment
Suitable for children (can take toys, bikes, etc.)	Difficult to try easily/poor hire facilities	Good value for money	Under-capacity on sites at peak periods
Fresh air, outdoors, healthy	Environmental concerns	Resurgence in family values	Lack of finance options
Caravanners trustworthy and social	Difficult to buy	Helping dealers more	Competition from other large purchases, e.g. conservatories
Safe for children, traditional family values reinforced	British weather/poor sites	More practical information and advice giving	Difficulty in identifying new customers
Educational and fun	Lack of variety in design/colour		
Caravans used in 'sexy' sports; motor racing, athletics	Harder to get to europe and more expensive		

BRAHM also undertook its own research which included analysis of socio-economic and demographic factors which influence leisure activities. The consultancy examined potential correlations between, for example, house prices and employment and caravan sales. They found no positive links, but did establish that the decline in sales was worse than these indicators. Existing caravanners were not repurchasing and new customers were not materialising.

BRAHM also held three sets of focus group discussions, with existing caravanners, those with anti-caravan attitudes and those who were neutral. They found out that existing caravanners were typically 45 to 64 years old, came from social categories B, C1 and C2 (largely middle-class professionals or skilled working class) and were empty nesters or had older children. Some 63 per cent were in full-time employment with 21 per cent retired. These customers were very loyal, enjoyed the freedom to get away on their own terms; eat when and what they wanted, were reassured by knowing what the standard of accommodation was, had a good network of sites, clubs and friends built up over many years and enjoyed the flexibility that caravanning offered. They sold their caravans when they themselves became less able to manoeuvre the equipment on site.

The anti-caravanners expressed all the negative images and preconceptions that the TPA had identified. They viewed caravanning as old-fashioned and a thing of the past. They believed there was a stigma attached to caravanning and that caravanners were slightly eccentric. Many had had a negative experience when young – being cramped together in a poorly equipped box with no running water, chemical toilets, few luxuries, on a poor crowded site; all compounded by bad weather.

The neutrals tended to have had no experience of caravanning, or to have been to a European destination in a fixed caravan such as on a Eurocamp site. They were surprised by the quality of the interior fittings and open to the idea of caravan purchase. For young couples with children it was seen to be an ideal solution.

BRAHM had initially thought there may be a progression from camping to caravanning, but found there to be no overlap. Camping was seen to represent individuality, flexibility, being beholden to no-one. It gave a sense of adventure and belonging to the wild without any stigma. An element in the lack of cross-over (apart from the negatives examples above) was that caravanning can be more expensive: the cost of the caravan, depreciation, parking, maintenance, site charges, etc. To get value, use has to be very regular, in fact to become a part of the owner's lifestyle.

The consultancy also undertook random telephone research of 420 people who were selling a caravan; 100 of them (21 per cent) were not replacing for a variety of reasons: financial pressure, limited use or not enough time, family changes or too old (65+).

To complete the picture BRAHM attended caravanning shows, visited and spoke to dealerships and spoke to other interested parties such as the Caravan Club, Camping and Caravanning Clubs and the trade media.

In summary the conclusions drawn from the research were:

- there was a definite perception issue: caravanning was seen to be for slightly eccentric older people from a previous age;
- existing caravanners were loyal;
- the promotional effort should be targeted at potential customers rather than existing customers: essential if the market was not to die out;
- the new markets were among younger age groups and any campaign should have a leisure and lifestyle focus;
- the most attractive proposition put to non-owners was that ‘freedom’ was an important feature of a good holiday.

Goals and objectives

There were two distinct, but linked, objectives for the campaign:

- 1 to attack the negative perceptions of caravans and caravanning;
- 2 to generate sales leads for the dealerships.

These objectives allied closely to the organisational objectives of the TPA, to arrest and reverse the decline in sales of caravans because this threatened the viability of the manufacturers.

Target audiences

The primary target audience for the campaign was potential customers. This audience fell into distinct categories:

- older, empty nesters or those with older children;
- young families (thirty-something);
- those of all ages with outdoor leisure interests, (e.g. water-sports, enthusiasts, walkers, birdwatchers, country sports, etc.).

The first category were the traditional buyers of caravans who needed re-introducing to a familiar, but updated concept. The second category were targeted in the expectation of communicating that caravanning is a safe, cheaper, more flexible option for the average family.

The third category would be those who were especially receptive to the ‘freedom’ message. Their preferred leisure and lifestyle pursuits meant that they needed to have accessible, flexible accommodation that would provide all the convenience of home (ability to eat, sleep when you want, hot showers, good storage) at the point where the chosen activity is to take place.

The second primary audience were the dealerships. They needed to take ownership of the campaign because they would be the point of personal contact for potential customers, and needed to be able to capitalise on the

opportunities presented in order for themselves and the manufacturers to benefit from the promotional campaign.

A major secondary audience was the media:

- the regional press;
- outdoor leisure/lifestyle publications;
- women and consumer magazines;
- radio and TV.

The campaign was heavily weighted towards using the media as a channel to contact potential customers. The media were also an audience in their own right in that key journalists were regarded as important opinion formers and influencers critical to tackling some of the image problems associated with caravans and caravanners.

The final secondary audience were other industrial bodies such as:

- the Caravan Club;
- the Camping and Caravanning Club;
- the English Tourist Board.

Their cooperation was seen as vital in spreading a positive message about caravanning and members of the various caravan clubs were a point of information for potential customers, journalists and dealers.

Communication strategy

BRAHM wanted to create a communication platform that would underpin and create coherence for the whole programme. That platform was encapsulated in the core message: *'Enjoy the Freedom'*. The notion of 'freedom' to go when and where the caravan owner wanted had tested very well in the original research with focus groups. It also meant freedom to take children, friends, pets and all the accessories that make a good break such as bicycles, water sports equipment, skiing gear, without the space limitations of a car or public transport. 'Enjoy' signified not only the pleasure of getting away, but the luxury of the experience with a well-equipped home-away-from-home featuring all the modern conveniences of a well-equipped apartment.

'Enjoy the freedom' also allowed BRAHM to concentrate on the benefits of caravanning, rather than the utility and functionality of caravans (a focus of many of the dealers). It would enable them to attack the image problem by appealing to modern as well as traditional values and allow them to broaden out the audience base for the campaign.

Given the type of purchase and costs involved, the strategy was not intended to sell directly to the public, but to generate traffic which would be directed to the dealers. It was the dealers' job to sell an appropriate caravan

to the customer. Interestingly, research had also shown that it was women who were the influencers behind the decision to buy (hence the choice of media), but it was men who made the purchase. Therefore the dealers were keen to satisfy the requirements of both women and men in the sales transaction and that needed to be done face-to-face with the products available for inspection and trial.

Campaign

The campaign which it had been agreed would require a combination of marketing communications and public relations techniques ran over a period of five years starting from 1996. The main elements of the campaign were:

- introducing a new corporate identity;
- media relations;
- dealer support;
- exhibitions;
- project work.

New corporate identity

The first recommendation that BRAHM made was that the TPA should re-brand itself as the Tourer Marketing Bureau and introduce a new corporate identity. The Tourer Promotional Association had one element in the name that was valuable and that was Tourer. Research used showed that the word 'caravan' immediately conjured up the negative images explained earlier. 'Tourer' fits very well with the 'Enjoy the Freedom' core message and has the correct associations of flexibility, movement and accessibility. The words 'Promotional Association' had notions of hard-sell, and cartels and datedness attached to them. 'Marketing Bureau' was seen to be more modern and had links to other helping organisations such as Tourist Information Bureau and Citizens Advice Bureau.

BRAHM believed it would be more acceptable to consumers and the press and would give the organisations a fresh start. A new visual identity was designed to go with the name and featured a modern representation of a Tourer on the move. Manufacturers were also encouraged to use the branding on their delivery vehicles.

The new identity was introduced as part of the launch of the whole project. A press pack was mailed to all consumer trade and travel journalists (300 in total) in which the new initiative was explained under the new branding. Responses to the pack helped BRAHM gauge the level of interest in the project (which was high) and confirmed that the prejudices identified through the research were indeed firmly in place.



Figure 18.1 Tourer Marketing Bureau logo.

Advertorial support

A key part of the campaign was the placement of advertorials (paid-for double-page advertising spreads that look like features). Advertorials are not regarded by readers as blatant advertising since they take on the tone and look of a feature. The idea is that they have the 'feel' of an independent editorial and sometimes are mistaken for that. Usually, they are clearly labelled 'advertising feature' or something similar so that readers are not misled. They can be regarded as being half-way between an editorial feature and an advert.

The advertorial campaign was initiated and run by the public relations consultancy BRAHM recognised that they faced a difficult task in getting their key message over in a controlled way to a largely cynical or at best agnostic consumer press. Buying space meant they could ensure that the delivery of the desired message, in words and pictures, could be guaranteed.

Starting in February 1997, a series of full-colour double-page spreads appeared in consumer, rural interest and outdoor leisure magazines, each one specifically tailored to the audience of the publication. Thus, for *Gallop Magazine*, the focus was on the benefits of having a touring caravan so that the principal outdoor event venues can be visited throughout the summer. For *BBC Wildlife* magazine, the theme was touring Scotland looking for nature flora and fauna.

None of the advertorials featured external photographs of a tourer; all had internal shots emphasising comfort and high quality, modern facilities. Each advertorial contained a coupon response and a free-phone telephone number (also promoted in all the media activity). The coupon encouraged people to request a free 20-page TMB brochure 'Enjoy the Freedom'. The coupon also asked respondents if they owned a touring caravan. The brochure covered everything a potential purchaser would want to know about owning a tourer. A dealer list, based on the respondent's geographic location was also included.

The returned coupon formed the basis for constructing a customer data base. The full list of respondents was passed on to manufacturers who were able to mail both owners and non-owners with appropriate information and work with dealers in converting the response to a sale.

Year on year, an advertorial response analysis undertaken at the end of the previous year informed decisions on where to place advertorials in subsequent years. In 1999 the advertorial campaign was notably successful when it involved an advertorial feature with a free competition entry, where competition entrants could win a Range Rover Freelander. To encourage footfall to dealers entries had to be stamped by a dealer prior to entry.

In 2000, despite the success of the advertorial campaign especially in 1999 with the competition link, response tracking showed that double-page advertorials were beginning to be less effective (response degradation). The consultancy experimented with some small adverts, but discovered they were not attracting the response required. Further research showed that tourers need a story to explain them to encourage a response. As the project drew to a close in August 2000 the consultancy were using single-page or part-page advertorials to arrest the degradation trend. This proved successful.

Media relations

BRAHM established a press office within the consultancy under the Tourer Marketing Bureau (TMB) banner. Its role was to generate as much positive media coverage as possible conveying the 'Enjoy the Freedom' message and the luxurious interiors of modern touring caravans. It was also to use the media to challenge negative consumer perceptions and respond to negative media coverage.

Feature articles

To complement the advertorial campaign, feature articles were written for placement in the regional press, outdoor leisure/lifestyle publications and women's magazines highlighting the benefits of ownership. To identify opportunities for suitable features, BRAHM used the 'advanced feature listings' for the national and regional press. They also targeted regional press with a high circulation and 'sold in' the stories to them. These features often piggybacked seasonal or news items, for example, when there were delays in airport travel in the summer of 1999, the freedom of the tourer owner to chose whatever destination they wanted was emphasised. During February 2000, a feature was placed on the benefits of using a caravan for skiing holidays, emphasising the benefits of: flexibility to visit several resorts, no queues for food, good accommodation, hot showers and at reasonable costs. The features had a lifestyle and destination-led bias, emphasising the 'go where you want to' message.

This tactic proved successful with regional press contacting the TMB for stories in advance of being approached. An additional benefit was that BRAHM were able to build up a database of freelance journalists interested in their material. Freelancers are notoriously difficult to track because they work independently, but once contact is established, they are a very useful

group to work with since they have material accepted in a variety of publications.

News releases

The consultancy produced selective news releases to the target media on a range of subjects, from research findings to exhibition media briefings, market commentaries and advertorial competition winners.

Syndicated radio tapes

A series of radio tapes for regional radio was produced. These featured a variety of topics including an interview with the Chairman of the TMB on 'Caravanning in the 90s' and a 'Freedom to Roam' piece which captured the thoughts of two journalists on a touring journey from Land's End to John O'Groats (at the extremes of Great Britain) packaged as a topical news piece.

Celebrity bird-watcher Bill Oddy (a well known comedian in the UK) also featured, promoting the synergy between outdoor activities and touring. The tapes were commissioned by BRAHM who made editorial decisions on the content. Appropriate radio journalists were contracted to professionally 'voice' the pieces. BRAHM used a specialist media distribution agency to edit, market and distribute the tapes.

Media facility visits

A vital element of the media programme was to ensure that key journalists were able to sample the experience of a touring break. Over the course of the campaign, media facility visits were undertaken. Journalists who took part were not touring caravan specialists and included journalists from publications such as the *Observer*, BBC Radio 4, *Holiday and Leisure World*, and the regional press. BRAHM project managed the press facility visits which included:

- selecting high calibre touring sites in the UK and overseas which matched the journalists' interests and had relevance to their publication;
- liaising with Tourism Boards to provide touring itineraries and maps;
- obtaining the use of cars, with towbars fitted, from the press fleets of Volvo, Mitsubishi and Jeep;
- organising the storage, maintenance and valeting of a three-model tourer press fleet;
- furnishing the tourer;
- arranging towing training for journalists;
- arranging transport of tourer to site;
- collating comprehensive press packs;
- briefing journalists on setting up and using a touring caravan.

For every facility visit, each journalist's party was welcomed by a member of the TMB press office, given a full briefing on the objectives of the campaign, shown how to use the caravan, introduced to site personnel and provided with full information of activities in the region.

Take-up of the offered facility visits was good, with positive feature articles and broadcasts. National Radio 5 Live broadcast a three-hour show from a tourer based on a site in Leek in Derbyshire as part of the summer schedule Breakfast Programme. A series of caravanning pieces were broadcast throughout the mornings, interspersing Radio 5 Live news and sports items.

Dealer support

Training initiative

During their initial research, BRAHM discovered that dealers had a very varied approach to customers. Some were proactive and professional, others were less so. BRAHM believed this to be a possible inhibitor to sales and given that their brief was to generate footfall to dealers, they felt the sales opportunity must be capitalised on. They commissioned a Mystery Shopper research programme at 50 (23 per cent) of the dealers to discover what the customer experience was like. The researchers found that on the whole it was not as an enticing experience as it should be. Unlike car show rooms where there are attractive indoor and outdoor displays that are well lit and customer friendly, caravan dealerships were less sophisticated and the selling techniques were rather dated, although the dealers themselves were friendly and enthusiastic. Customers were left to browse without any proactivity on the salesperson's behalf. Sales staff focused on product features rather than selling the benefits of the touring caravan experience to the individual with their particular set of requirements. As a result, an article on how to handle new customers and enhance customer service was written for the dealer newsletter and the issue of selling was raised with the Board of TMB.

The Mystery Shopper research provided the basis for a successful application for a Government Department of Trade and Industry funded training award of approximately £100,000 to the Caravan Industrial Training Organisation (CITO). The resulting profit-line training programme to improve dealer training was aimed at supporting a British-based industry in order to resist market invasion by overseas manufacturers. In total, 94 people went through the training programme. The training led to improved salesroom layout, more imaginative financing deals for purchasers and an improvement in the selling techniques of the dealers.

Footfall generation

The purpose of the whole campaign was to increase consumer footfall (or traffic) at the dealerships. In this, it was successful (see 'Evaluation' below). As

the programme rolled out the media campaign was linked into dealers' own advertising activity. Feature packages were designed for local and regional press and dealers were able to support them with their own advertising. They could then track traffic generation through their own coupon responses and through the TMB at BRAHM who informed them of freephone enquiries and additional generated contacts. To support their own traffic generation initiatives, dealers were also able to purchase the 'Enjoy the Freedom' brochure from the TMB at cost price.

Newsletter

The consultancy researched, designed, wrote and produced a *TMB News Update*, a quarterly newsletter aimed at the dealerships. *News Update* kept dealers informed of campaign activities and progress as well as inviting comments and suggestions to the TMB from dealers themselves. The publication was also used as a media communications tool.

Exhibition support

The press

The TMB undertook a series of press events at the four major UK caravanning shows. The target media were travel and motoring correspondents from the regional media, Guild of Caravan and travel writers, national TV, radio and press travel and motoring correspondents along with important freelance journalists. Press activity included computer-based presentations, media packs with photographs, and the 'Enjoy the Freedom' brochure and press interviews.

Consumers

Consumers who visited the TMB stand at these shows were presented with a specially adapted exhibition caravan whose side had been cut away to demonstrate the quality of the interior (see Figure 18.3). Many were surprised at the luxury of the modern tourer. Staff on the stand collected names and addresses to add to the customer database. In the later years of the campaign BRAHM worked with exhibition organisers on pre-event promotion, competitions, ticket deals and access to the attendee database. The cut-away caravan was also made available to dealers for their own promotional activities.

Dealers and suppliers

Presentations and literature were also given to the dealers and suppliers who attended the exhibition in an attempt to communicate the TMB message and to enlist their support for the campaign.



Figure 18.3 Cut-away caravan. © BRAHM Public Relations.

Following success at the specialist caravanning exhibitions, the formula was repeated at major non-specialist exhibitions such as the Motor Show, the Ideal Homes Exhibition and rural county shows. This was to contact potential customers who would not have attended caravanning events.

Project work

During the course of the campaign, there were three major projects that provided major public relations opportunities, the first two adding a major boost to the media programme.

The Tourer 2000 Millennium Survey

This research project began in 1997 shortly after the General Election. The research fell into three phases. Phase One involved extensive research examining the current and future market forces influencing the Touring Caravan experience. These included environmental and road traffic issues; social, family and population trends; leisure, travel and accommodation preferences; political influences and technological influences.

Phase Two, called Millennium Day, was an event held on 19 September which was a day of exploration and provided a platform for discussion of the issues raised in Phase One. The Day was chaired by Martin Sandbach, Head of Research at the English Tourist Board and involved caravan industry bodies, travel and camping clubs, the media, a design company and

representatives from the dealer and supplier networks. A range of topics was covered including marketing promotions, product and service strategies, distribution, sales, after-sales and communication issues.

Phase Three was a series of consumer focus group sessions held in October and November in which existing and potential customers were asked to evaluate and comment on all the issues raised in Phase One and Two and to recommend the best options for success.

Three clear conclusions came out of the survey:

- the British touring caravan industry had not radically changed for years;
- the freedom and flexibility offered by touring caravans are attractive to the fast-developing leisure market;
- to grasp the opportunities, the industry needed to create new public relations and marketing, product development and customer service strategies.

In summary, to survive and prosper, younger people, new to the market, needed to be attracted to buying tourers and design was the key to bringing them in.

The survey results were used to inform the campaign at several levels. The freedom and flexibility elements were exemplified in the 'Enjoy the Freedom' campaign theme. The public relations programme and the direction it took were guided by the leisure and lifestyle conclusions and aimed to attract active, younger people to the market. Dealer training helped to introduce new customer service insights and the product development aspects were covered in the *Tourer for the Millennium* project (see below).

Tourer for the Millennium

One of the issues arising from the Millennium Survey was the design of caravans. Although interior design had been massively improved, and was the source of pleasant surprise by some potential users, BRAHM felt that there was room for improvement. Having talked to boat manufacturers and other designers, they recommended a *Tourer for the Millennium* design project. During the Academic Year 1997–98, students from the industrial design course at the University of Northumbria were invited to enter a competition to design a 'concept' caravan which would embrace the use of contemporary materials and state of the art design. The resultant designs were shown at the London Earls Court Show at the end of 1998 and provided further media opportunities.

The research from the Millennium Survey indicated that it was the external appearance of tourers that was off-putting to many potential buyers, especially those in the younger age groups. The consultancy recommended that radical redesign of the shape and exterior be undertaken and provided preliminary suggestions. These recommendations are yet to be acted on, but

there are clear indications that more attractive exteriors in, for example, the USA, Canada and Australasia could contribute to sales success.

Breakout Magazine

The TMB launched a new magazine called *Breakout*, which was designed to attract a new and younger audience to touring caravans. Produced with *Practical Caravan*, it focused on the freedom of touring caravanning and linked it to outdoor sports.

The magazine was mailed to 2 million households nationwide using a combination of lifestyle profiling with postcode classification. In follow-up telephone calls with 1,000 targeted houses, 582 recalled receiving the magazine and 0.36 per cent claimed they had visited a dealer in response.

Opportunistic activities

Advertising

BRAHM also took opportunities to get across the 'Enjoy the Freedom' message where possible. For example, when the *Hull Daily Mail* made a highly critical report of hotel conditions in some Spanish resorts, BRAHM placed an advert in the same paper just days later headed 'Instead of a holiday from Hell, have one hell of a holiday', which trumpeted the benefits and risk-free nature of holidays in a tourer.

Challenging negative coverage

The TMB press office challenged journalists and publications who made critical attacks on caravans. Having made the challenge, journalists were then offered information and potential content for stories that they may want to write in the future. This tactic proved particularly successful with local radio, who began to request a TMB presence, especially on phone-in-programmes.

Website

In the spring of 2000 BRAHM introduced the TMB website offering information on dealer locations, sites, news and links to dealers. The idea was to bring the 'Enjoy the Freedom' brochure to life, give the TMB a presence on the web and to provide another information service for enquirers.

Educational links

GCSE.com runs a website called GCSE Answers, one of the most academically respected and popular educational websites in the UK. It forms part of the Department for Education's National Grid for learning.

In May 2000 the company requested and was given permission to use the 'Discovering the Dordogne' advertorial (see Figure 18.2), which featured touring in the Dordogne, as part of a section on media and non-literary texts, a component of the GCSE English paper. The advertorial was identified as being a good example of use of messages and imagery in a commercial context.

Budget

The cost of the programme averaged at about £500,000 per annum. Resources were allocated as shown in Table 18.2.

Table 18.2 Budget allocation figures for the campaign

<i>Resource</i>	<i>%</i>
Advertorials	50
Response pack	2
Media facility visits	4
Exhibitions	12
Research	4
Special projects (e.g. Tourer for the Millennium)	4
Dealer relations	2
Fee and operational costs	22

Evaluation of results

The campaign was subject to formal annual review and evaluation each year.

Media campaign

The combined media relations and advertorial campaign reached an annual average readership of about 146 million each year, calculated by circulation of publications multiplied by number of inserts. Consumer research undertaken with respondents demonstrated that 35 per cent had visited a dealership as a result, thereby fulfilling a campaign objective – to generate sales leads for dealers.

Some of the broadcast media coverage was worth special note. BBC TV North's Industrial Correspondent went on a facility visit which produced coverage on regional and national TV and radio and won the Caravan Club's Award for Best Broadcast.

Carlton TV's national cookery programme *Chef on a Shoestring* featured a caravanning family being provided with a meal for four on a budget of £10 by celebrity chef Brian Turner. The programme highlighted the modern cooking facilities found in today's tourers.

Facility visits also generated significant coverage with an average of 12 features and articles produced per year with a total readership of almost 20

million. Journalists, especially the non-specialists, were universally positive in their reports on their experience recommending it to their readers. Hence the opportunity of changing the views of key opinion formers from negative to positive was achieved.

Response pack

In total, 30,000 responses were recorded for 1997 to 1999 and copies of the 'Enjoy the Freedom,' response pack were distributed to those requesting them via the coupon return. Research among recipient audiences (press, potential customers, dealers) was positive both about the content and the insight it gave into modern touring; and on the quality of the pack itself. Potential customers reported it had been the most influential information in prompting them to visit dealers. A significant element of the response pattern was that from a position where 49 per cent of enquirers were from non-owners in 1997, in 1999 this had gone up to 81 per cent, demonstrating that the campaign was successful in attracting this new market.

Dealer support

The DTI training scheme was in many ways a 'result' of the Mystery Shopper research and won the £100,000 grant application described earlier. The training itself made the selling process more effective with dealers reporting an increase in the conversion rate of customers visiting their dealership. Dealers became enthusiastic advocates of the TMB campaign and actively lobbied for an opportunity to participate in the promotional programme, taking out advertising support for the editorial input for the Bureau.

Exhibition support

The exhibition work included names and addresses being added to the customer database, all of whom were followed up by the manufacturers and dealers. Furthermore, research demonstrated that potential customers who visited the shows and exhibition left with quite a different perception of modern touring. Thus, both objectives, attitudinal change and sales lead, were met through the exhibition programme.

Projects

The three major special projects were aimed at informing marketing decision, changing potential customer opinion, and generating leads. The Tourer 2000 Millennium Survey ensured the promotional campaign remained on track, involved key opinion formers to enlist their continued interest in the project and provided material for the media campaign.

The Tourer for the Millennium project again emphasised the quality of the

interiors of tourers and provided opportunities for manufacturers to take on new design materials and production methods. It also provided a ready media platform.

Breakout Magazine increased traffic to dealers significantly. If the results of the telephone survey were replicated across the total circulation of 2 million, 6,800 people would have visited dealerships as a result of receiving *Breakout*. Remaining copies of the magazine were distributed to dealers to use as point of sales material.

However, the most significant result was the overall impact of the campaign. From an industry low point of 20,400 sales in 1996, there was a 12 per cent increase by the end of 1997 with a total of 22,500 tourers sold, with industry spokespeople claiming that the industry had turned the corner. By the end of the campaign in 2000, sales projections were well in excess of 30,000, with some manufacturers reporting sales increases of up to 40 per cent – a remarkable turn round.

Furthermore, Tony Hartley, Chair of the TMB and Managing Director of the largest manufacturer, reported a new ‘feel good factor’ in the industry. That was as a result of staff involved seeing the positive coverage, a perceptible change in attitude from consumers and increased interest from people new to touring altogether. This, combined with a better trained, successful dealership network, had turned an industry in spiralling decline to one with renewed confidence, increasing sales and a better reputation. The public relations-led promotional campaign had met the objectives set in every dimension.

Lessons learned

This case provides some useful insights into how a well-thought-out and strategically managed public relations campaign can be used to help address and turn around entrenched consumer attitudes and negative perceptions about products such as caravans. However, as the case shows, changing well-established consumer attitudes requires a sustained campaign over time which, by inference, requires a longer-term commitment of resources on the part of client organisations.

The case illustrates how public relations can work alongside marketing programmes, complementing them and, in some cases, achieving results that might not be possible using mainstream marketing techniques alone.

The case also shows that for public relations to deliver effective business solutions, it is often necessary for practitioners to extend the scope of their work beyond what might be seen by many as the traditional domain of public relations. As this case illustrates, the work undertaken by consultants to TMB embraced elements of advertising, design, consumer research, and even sales training advice. In effect, their role was essentially that of ‘business consultant’ to the TMB.

Thus, this case suggests that in the modern, increasingly complex world of

business, public relations consultants may need to adopt a ‘total solutions approach’ to handling client problems rather than confining themselves to providing solutions comprising only activities from the traditional public relations domain. Here, for example, public relations practitioners might need to draw upon a range of complementary fields such as marketing, design, human resource management, and the broad field of management practice in order to offer a comprehensive solution to client problems.

Case 19 Worldcom Public Relations Group

Global access, local focus

Brian Cummings and Barbara DeSanto



Figure 19.1 Worldcom logo.

Introduction

Worldcom's roots go back to 1954 in Canada with the creation of the Inside Canada Public Relations Group (ICPRG) when public relations firms in Montreal, Toronto and Vancouver linked up to serve local and national clients. In 1960 the International Public Relations Group of Companies (IPRGOC) was formed primarily to provide Japanese companies with public relations services globally. The new organization's structure was roughly based on the Canadian model and encompassed independent public relations firms from around the world including the entire ICPRG Group now expanded to seven cities.

In the late 1980s, the Americas Group of IPRGOC was seeking significant changes in how the organization was managed. They were unhappy with the fact that majority ownership rested with one Japanese firm which exerted a veto power over any group initiative that was not Japan-centric.

Concurrently, the public relations industry was growing as corporate America, gripped in a wave of downsizing in an effort to fight its way back to

profitability, was outsourcing services like public relations. This growth in what was essentially a cottage industry, coupled with the industry's superior profitability *vis-à-vis* advertising, made public relations firms attractive acquisition candidates.

One of the companies on the prowl for acquisitions at that time was Shandwick International. Shandwick, which was founded in London in 1974 by Peter Gummer, became listed on the London Stock Exchange in 1985 and, using its high-performing stock as currency, began expanding worldwide, mostly by acquiring other geographically dispersed public relations firms.

Early in 1988, when Shandwick acquired the Japanese firm at the centre of the dispute within the IPRGOC network, the concerns of the IPRGOC members, particularly the American members, intensified. IPRGOC members feared that with Shandwick now controlling the network, business would be referred to Shandwick-owned agencies rather than IPRGOC members. In several cities, IPRGOC members competed with Shandwick-owned agencies.

At a meeting of IPRGOC 1988, Peter Gummer attempted to allay the fears, but was unsuccessful, and a group of members decided to leave IPRGOC and form a new organization. A few months later, at the offices of Padilla Spear Beardsley in Minneapolis, Minnesota, the Worldcom Group was formed.

Key players in the formation of the original Group included:

- John Adams, John Adams & Associates (Washington);
- Eric Cunningham, OEB International (Toronto);
- Michel Dumas, BDDS (Montreal);
- Andy Edson and John Beardsley of Padilla Spear Beardsley (New York and Minneapolis);
- Joe Epley, Epley Associates (Charlotte);
- John Francis, FWJ Communications (Calgary);
- Peter Morrissey, Clarke & Company (Boston);
- Jay Rockey, The Rockey Company (Seattle);
- Jim Strenski, Public Communications Inc. (Tampa);
- Davis Young, Liggett Stashower (Cleveland);
- Roger Haywood, Kestrel (London);
- Borge Mannov, Mannov Consults (Copenhagen).

Each of these agencies were leaders in their respective markets and ranged in size from \$1 million to \$5 million in fee income and employed from 10 to 50 employees. They were all keenly aware of the importance of an international network and how necessary it was to enable them to compete against the multinational agencies.

Worldcom is unique because members refer to themselves, and treat each other, as 'partners'. While not a true 'partnership' in the legal sense, the spirit of Worldcom rests in the close personal and working relationships among partner firms. In Worldcom all partners are equals at the table regardless of the location, billings, size and types of clients a partner firm may have. While

partner firms may share the same country, and sometimes the same city and marketplace, they do not compete against each other. The main competition is seen as the large international public relations consultancy groups in the world such as Burson Marsteller, Hill & Knowlton, Shandwick, Edelman, or Fleishman Hillard.

Despite strong competition from these international consultancy groups, Worldcom has grown steadily to become the third largest public relations organization in the world with more than 90 firms generating some \$160 (US) million in billings from more than 100 offices.

Worldcom's structure

Through this network of offices, Worldcom partners provide their local clients with global public relations services. Thus, for example, if a client needs help in launching a product in New York or wants to stage a news conference in Tokyo, or needs market intelligence in Australia, a suitable proven Worldcom partner can be identified.

Worldcom's world is divided into three regions:

- The Americas;
- Asia/Pacific;
- Europe/Middle East/Africa.

The Americas Region includes Canada, the United States, Latin America and the Caribbean. The Asia/Pacific Region includes the entire region. The Europe/Middle East/Africa Region covers all of Europe including the NIS (New Independent States) and the Middle East. Africa, with one partner in South Africa, is a region in development. Each region is governed by its own Board of Directors elected by partners in each respective region.

Overseeing the entire organization is a Group Board of Directors elected by all partners. The chair of each Regional Board has a seat on the Group Board to ensure all parts of the globe are reflected in the make-up of the Group Board. Day-to-day operations of Worldcom are managed by a Chief Operating Officer whose job is to staff critical functions and coordinate partner activities.

What Worldcom is not

While Worldcom is many things, there are some things Worldcom is not. Worldcom is not simply a 'network' conveniently assembled to meet short-term goals or respond to regional client opportunities. Rather, it is a strong partnership-based organization dedicated to the long-term delivery of personalized global public relations services. Moreover, it is not a monolith where one corporate headquarters makes all the decisions. It is a mosaic of resourceful, locally owned firms making decisions that meet the best needs of its clients in the global marketplace.

In terms of its operatives, it is not owned and operated by corporate executives who are posted on a rotational basis. Partner firms are operated by local owners and executives with a long-term commitment to and intimate knowledge of their marketplace and with a track record of performance that in many cases spans several decades.

Worldcom is also not an organization that prices its services based on the profit requirements of corporate headquarters. Rather, pricing is established by the dynamics of the local marketplace where partners practice. As a consequence, each partner's revenue depends upon the partner office's location and marketplace. More often, Worldcom serves as a powerful marketing tool enabling partners to offer clients public relations services anywhere in the world.

Making the network concept work

Turning the idea of a network into reality was simple and complex – simple in concept, but somewhat complex in execution. Each of the founding partners had seen first hand the value of belonging to a worldwide network. Each had been asked by clients to provide on-the-ground assistance in remote markets. And each had called on other network members for advice and guidance in areas where their own agencies were weak.

The value of forming a network was never in question. What shape the network should take was a more complex decision. Based on the experiences with IPRGOC, it was decided that each member agency would have one vote, regardless of size, so that no one agency could dominate. Each agency would also pay the same dues, again, to reinforce the egalitarian nature of the group.

The Group would be organized into geographic regions with each region having its own board, dues and budgets to reinforce the local aspect of this global network. The Group would hold an annual meeting in the Spring with each region taking turns hosting the event, with regional meetings being held in the Fall. Partner attendance would be required at one meeting annually, however, attendance at both the annual meeting and the partner's regional meeting would be strongly encouraged.

It was decided that the organization would be structured as a profit-making corporation to help keep its focus on making money for the members. It was agreed that the common language for Worldcom business would be English, and partner firms would need to have at least two staff members who could communicate fluently in English.

In retrospect, more research should have been done on organizational alternatives. Being registered as a corporation in the United States inhibits the group's effort to build up a cash reserve since any money left at the end of the year is subject to taxation. Thus the goal each year is to spend all of the fee income in the year it is received. Additionally, more effort could have been focused on organizing for the handling of day-to-day administrative and financial affairs. The Group's growth and internal management efficiency during the early years were hampered by the lack of a central, paid staff.

Initially, the Worldcom secretary/treasurer Andy Edson of Padilla Spear Beardsley's New York office handled all of the group's administrative affairs at minimal cost to the Group. Although this arrangement sufficed for the early days, as the Group expanded, it became evident that the complexity of administering a worldwide group required more extensive administrative support.

Ultimately, as part of the strategic planning process, the position of Chief Operating Officer (COO) was created and made a contracted position rather than a paid staff position. This action streamlined the organization's administrative effort and helped focus its marketing efforts. Since the COO's duty is to attend all regional meetings, the COO serves as a valuable link between all of the regions, cross-pollinating good ideas and serving as an early warning system for problems.

Goals and objectives

Worldcom's goals and objectives, enshrined in the Group's by-laws, were defined as:

- operating a worldwide network with geographic regional subgroups of independently owned public relations firms working cooperatively in support of each other's activities, and enabling firms to better serve their clients on a global basis;
- promoting the value of a network of affiliated public relations firms to clients and potential clients;
- making available on an hourly basis, without a minimum, professional staff and expertise to serve each other's clients, at prevailing hourly rates for individuals involved;
- promoting the interchange of business among member firms;
- promoting cooperation and sharing of knowledge among its members.

The goals were developed by the founding members of Worldcom and were based on their experience with the IPRGOC. If Worldcom was to survive, it needed to be a collegial group, organized geographically and focused on helping each other win and service client business.

Expanding Worldcom's capabilities

To service clients on a global basis, the initial priority was to identify and recruit small to medium-sized public relations companies in markets where Worldcom was not represented. The founding partners knew it would be necessary to quickly deliver on the promise of worldwide client support, so recruiting of new partners became the paramount goal. The expansion was remarkably swift. By the end of 1988, membership had grown to about 37 partners. Five years later, in 1993, there were nearly 70 partners.

By 2000, Worldcom had 104 partner firms working out of more than 121

offices in 38 countries on six continents, and employing more than 1,500 employees. Consolidated net fee income for 1999 was nearly \$170 million.

However, the Group was not so successful in reaching other key audiences – potential clients and the public relations industry as a whole. Although there were some attempts at raising the organization's visibility and credibility among those audiences, little progress was made until the Group developed and began executing a strategic plan in 1995.

Worldcom's strategy

In 1994, Eric Cunningham, then the worldwide chairman, convened a planning meeting in New York City of the three regional chairs and the chairs of the Group's marketing and recruitment committees. That meeting galvanized the Group to begin the development of a strategic plan, and the following year, under the leadership of newly elected chair Michel Dumas, a strategic planning process was set in motion.

Jim Strenski of Public Communications Inc. in Tampa, Florida, took on the job of chairing the Strategic Planning Committee to develop and execute the plan. At the 1996 Annual General Meeting in Northern Ireland, the partners accepted a plan embracing the vision that by the year 2000, the Worldcom Group would be:

- recognized as a pre-eminent global communications resource;
- providing partners and the clients they serve with information and problem-solving expertise;
- using informed local insights and implementation skills of the highest quality and ethical standards.

To realize this vision, Strenski and his committee divided the tasks into six overarching goals:

- 1 Structure and Finance: to develop a support structure sufficient to serve the group into the twenty-first century.
- 2 Recruitment: to recruit and maintain professionally competent partners with adequate resources to serve broad client needs.
- 3 Protection: to develop respect and protection for Worldcom and its partners.
- 4 Quality and Performance: to establish a methodology for quality membership performance that is uniform, timely and professional.
- 5 Resources: to develop resources and systems which give partners timely access to critical information, analysis of that information and strategic counsel.
- 6 Business Development: to provide a framework for securing clients worldwide.

Moreover, as a subset to the Business Development goal, the document laid out a multi-year marketing plan with several key objectives:

- to establish and maintain a three-tier structure that integrates marketing activities at global, regional and local levels;
- to establish Worldcom as a pre-eminent global communications resource (Vision 2000);
- to develop, maintain and administer an inventory of basic marketing tools and materials;
- to provide marketing support to practice groups.

Over the next four years, as the strategic planning process unfolded, the Group began making progress in achieving its visions.

The Worldcom name was officially changed to the Worldcom Public Relations Group Inc. to better reflect what the organization did and to provide some differentiation from a US-based, international telecommunications company with the same name. New logos were developed and made available to each region, and partners were encouraged to use the mark in local signage and on business cards and stationery.

A new corporate brochure was developed in an effort spearheaded by the European Region and adopted by the Group and the Americas Region. The eight-page color brochure contained a pocket on the inside back cover so that each partner could customize it.

Circuit, the Worldcom monthly newsletter, was converted to an e-mail format for ease of distribution. A Worldcom Internet site was developed and publicized to increase the Group's visibility in the industry. The site was designed to be searchable by partner, expertise and geography. Links to partners' pages were included. Later, an Intranet was added for the posting of case studies, presentations, by-laws and other documents for Worldcom partners.

Practice Groups were organized focused on technology, consumer products, crisis, environmental communications and Latin American affairs. The Technology Group developed a brochure and a separate website and levied a tariff on members to support its own marketing efforts.

The 'World Young Business Achiever Programme', an international awards programme recognizing entrepreneurs, was formally adopted on a trial basis as a Worldcom brand-building effort. The competition, which was developed by Worldcom partner Robin Dunseath, had operated independently of Worldcom, albeit with the participation of many European and Asia-Pacific Region partners (see Figure 19.2).

Each region moved marketing to the top of its agenda and appointed a marketing committee to ensure that the particular marketing needs of each region were being met. In the European Region, where joint presentations to serve clients across national boundaries are common, the group developed common business cards, stationery and presentation templates that could be used by partners when pursuing business under the Worldcom banner.

In the Americas Region, a detailed public relations and advertising plan was undertaken using tactics that included interviews with region and Group officers, joint research efforts undertaken by the partners, and releases on new members. Additionally, the region began to sponsor social events at major industry events such as the meeting of the Public Relations Society of America (PRSA) Counselors Academy and awards such as CIPRA awards from *Inside PR Magazine*.

In the Asia-Pacific Region where distances between partners are daunting, regional partners began the development of a region-specific brochure that could be used by each member to tell the Worldcom story.

Greater emphasis was placed on the requirement that partners attend the regional and group meetings held each year. Not only is attendance at least at one meeting per year a requirement of the Group's by-laws, it is vital to the overall health of the organization. Without the face-to-face interaction, the trust and confidence necessary for the interchange of business cannot occur. Several partners were expelled for non-attendance and new partners recruited in their place.

Quality standards were written into the Group's by-laws and, at the 2000 Annual General Meeting, the partners agreed to pilot a certification process that would ultimately lead to each partner meeting quality and management standards that would provide credibility for the claim of worldwide excellence. The recruitment process was also formalized during this period with prospective partners screened more thoroughly and carefully than ever before.

Partnerships: from idea to practice

A number of partnership ventures illustrate how the agencies have paired together and what the partners learned from each other.

Growth Plus – Europe's 500

Partners involved: Wisse Kommunikatie, The Netherlands; Kestral Worldcom UK, United Kingdom; International News Service, Sweden; Sanchis & Asociados, SA, Spain; Agentur für Kommunikation, Germany; Worldcom Europe Brussels, Belgium; CBO Srl, Italy; Kendo, France; Institut für Kommunikationen, Austria.

Campaign overview: the partners ran national press events in each of their countries in support of an annual publication of the fastest growing entrepreneurs called 'Europe's 500'. The campaign generated maximum press and media attention on the job-creating qualities of entrepreneurship and positioned Growth Plus as the leading trade association representative organization in Europe. The campaign was run in each of the partners' respective countries, through successful national, regional, local, and professional/trade media.



World Young Business Achiever

To Worldcom Partners

I am delighted that the World Young Business Achiever Final is [text cut] this year. I am sure this will be a magnificent final not only be [text cut] this year but also being hosted in such superb surroundings.

Our finalists are:-

Argentina Trini Vergana

In less than four years has created and consolidated a new [text cut] specialising in producing Gift Books.

China Luo Zhaoming

Mr Luo Zhaoming is an entrepreneur his main business is real estate development. With special interest in developing Zhongguancun, the Chinese Silicon Valley.

England Ajit Patel

Mr Patel is Chairman and Chief Executive of Goldshield Group. Ajit co-founded Goldshield in 1989 and oversaw its flotation on the London Stock Exchange.

Finland Vesa Keskinen

Vesa has developed Finland's biggest village shop. However, it is more like a shopping mall and is now a tourist attraction.

Germany Andre Floeter

Dr Floeter along with Dr Peter Gluche founded their company GFD in March 1999. The company specialises in making diamond products using new technologies. The first products developed were diamond scalpels for eye and neurosurgery.

Hong Kong Thomas Cheung

Founder and Executive Director of Innomed Group Limited. The Innomed Group specialises in the formation, development and financing of early stage biotechnology and biomedical companies in Hong Kong and Asia.

India Manoj Tirodkar

Founder and CEO of Global Enterprise. Global is among the top twenty companies in India with E-commerce playing a large part by providing amongst others an Internet Payment Gateway, which permits corporates, banks and consumers to trade safely over the Internet.

Mexico Ignacio Vizcaino

Director General and founder member of Businessware International. He is author of the administrative software Crescendo which is used not only within Mexico but within several other Latin American countries.

Netherlands Geesje Duursma-Dijkstra

Geesje is CEO for De Pleats, a restaurant and conference centre in Burguum, Netherlands and ECN, a catering company. De Pleats also has a unique outdoor theatre, which can host a variety of events over the summer months including Shakespeare and Folk events.

Ireland Pat Doyle

Pat Doyle founded Glass and Cladding Technology Limited in 1996 along with Mark Caffrey and Noel Cunningham. The company designs, manufactures and installs the glass and aluminium façades to large commercial developments such as office blocks and shopping centres.

Philippines Alistair Israel

Alistair Israel is the President of WS Fiesta Online Corp. and Co-creator of Yehey! – which is the premier Philippine search engine. Yehey! is a search engine which focuses on the Philippines and Filipinos worldwide. WS Fiesta Online also operates an online advertising network.

South Africa Sandile Zungu

Sandile is Executive Deputy Chairman of SARHWU Investment Holdings Limited which is a trade union investment company.

New Zealand Oscar Nathan

Chief executive of Tourism Rotorua, an organisation which promotes Rotorua as a tourist destination.

Poland Andrzej Grzegorzewski

Andrzej is director of the Kolastyna Laboratory, their business is production and development of cosmetics and skin care products.

Scotland Michelle Mone

Founder of MJM International, which developed and produced the revolutionary Ultimo Bra.

I would please ask everyone to make our finalists most welcome and when you meet a finalist I would be indeed grateful if you could spend a moment or two to take the time to have a chat with them.

As this is my first year as Chief Executive, a role I only assumed responsibility for at the end of January, I wish to thank all the Worldcom partners and friends for all their help and support in assisting with the preparation of the Final.

It is always difficult to single out one or two people as I have been Assessor for World Young Business Achiever since its inception and therefore know most of the Worldcom partners. However, I would like to thank Brian Cummings, current President, Roger Haywood, President, Kestrel Worldcom UK and Chairman, Public Relations Standard Council. Robin Dunseath, Founder, Daisy Guthin, Gary Bitner, Cynthia Connolly and a special mention to the excellent team too numerous to mention who have assisted World Young Business Achiever since its formation without whom we would not be here today.

I look forward to meeting you all personally and conclude by thanking you all most sincerely for all your help and assistance.

Kind regards

Yours sincerely,

J B Hunter
Chief Executive

12 April 2000

Figure 19.2 World Young Business Achiever Final brochure.

Lessons learned

- Strategically tailored and positioned messages for each country generate greater interest from each country's press. Practitioners must speak the language and culture of each individual country.
- Joint projects involving several partners require extra time for coordination. Different cultures operate on different social, cultural and physical time clocks – getting a great number of people together takes time.
- One key interface between partners and client during the planning stages to advise on strategy and positioning smooths the process of

cooperation. One partner had to take the lead with the client and then communicate and coordinate the strategy with the other partners.

Station 12, KPN the Netherlands

Partners involved: Kestral Worldcom UK, United Kingdom; Cummings McGlone & Associates, United States; Binn & Co., Public Relations, Ltd, United Kingdom; John Adams Associates, District of Columbia; Bliss Gouverneur & Associates, New York; Gillian Gamsey International, South Africa; The Phillips Group, Australia.

Campaign overview: Station 12's parent company, KPN, merged Station 12 with the satellite communications division of Telstra, the Australian telecom company. The project was to create a new global market identity for the merged company, which was now the world leader in satellite communications. The objectives included building media recognition in key markets in Europe, Africa, Australia and the US, achieving strong positive media coverage; generating new business enquiries, and building company credibility in highly competitive markets.

Lessons learned

- Partners must work to an agreed-upon strategy that all partners can support.
- Each partner must trust all other partners as market experts in their own domains and follow their advice.
- All partners must agree to use copy generated by all partners and then adapt it to local needs.
- The lead partner must act as an advisory coordinator rather than an authoritarian bottleneck.

Trans World Airlines (TWA)

Partners involved: The Standing Partnership, United States; and Bitner. com, United States.

Campaign overview: TWA had recently expanded its Puerto Rican service routes to strengthen its presence in the Caribbean. The two partners collaborated to produce the initial new service announcement, translate all documents, and conduct a successful media relations campaign.

Lesson learned

The ability to communicate in Spanish to the local media through news releases, press conferences and interviews was vital to the success of the campaign.

Eastman Kodak Company Document Imaging Division

Partners involved: Buck & Pulleyn, United States; Kestrel Worldcom UK, United Kingdom; HBI Helga Bailey GmbH, Germany; The Phillips Group, Australia; Hallmark Public Relations, United Kingdom; N.S. Asia-Pacific Public Relations Corporation, China.

Campaign overview: The client, Eastman Kodak, was seeking a new business-to-business technology public relations firm with international capabilities for more than \$1 million in annual billings. This was one of Worldcom's first client pitches where partner consultancies banded together to present relevant agencies as the Worldcom Group rather than having just one agency pitch the account. This banding together allowed Worldcom to position itself as an expert, flexible entity with a variety of specialists to work on the account. Worldcom was placed second in the pitch, defeated by less than 20 points on a 1,000-point ranking scale. Kodak stated that it was extremely impressed with the knowledge level and commitment of all the partners demonstrated in a worldwide conference call during the pitch presentation.

While Worldcom was not selected as the overall consultancy, one of the partner consultancies did earn part of the business – Buck & Pulleyn was awarded the division's customer case study program and online placement duties. Kodak has also encouraged two other consultancies, The Phillips Group and Kestrel, to pitch to Kodak's regional offices.

Lessons learned

- Visibility can come in numbers. The awarding of pieces of Kodak's worldwide business gives Worldcom partners an opportunity to become known in global markets.
- Flexibility to combine and reinvent oneself to meet client needs is an asset. Worldcom's structure allows consultancies to pick and choose individual consultancy strengths to meet client needs.

Evaluation of Worldcom's success

If one of the reasons Worldcom was established was to help partners win and serve clients, then it seems to be achieving some success. In 1999 Worldcom partners reported sharing more than \$1.4 million of business. Given the nature of the partners and their aversion to centralized reporting, the actual figure is almost certainly higher. The shared income involved some top brands – companies like Phillip Morris, Procter and Gamble, Burlington Industries, Blockbusters and the California Raisin Board. So not only was the level of turnover impressive, but the quality of the clients was also very impressive.

If another goal was to promote sharing and knowledge among partners, then the Worldcom organization is succeeding there as well. The partners that

attended the 2000 Annual General Meeting were represented by an average of 1.7 people per firm, showing that the involved partners are incorporating Worldcom into the heart of their organization.

Also, if being recognized as a pre-eminent resource for public relations services was the vision in 1996, then it's time to develop a new vision. Worldcom as Worldcom (and not as one of the partner firms) is increasingly being invited to present for major, multinational businesses.

During the past decade, Worldcom has grown to become recognized as a viable alternative to the major multinational public relations firms. Because of their local market strength, Worldcom partners are being approached by corporations and organizations that need public relations assistance nationwide and worldwide and want senior, proven practitioners to handle their work.

Formerly, these companies would almost exclusively seek out the local office of one of the major agencies, assuming (often incorrectly) that the office could serve as a window on the major agency's worldwide capabilities. Increasingly clients are turning to Worldcom, rejecting the multinational agency business model where senior agency staff may serve as new business generators, but then leave servicing the account to a group of more junior practitioners. In contrast, Worldcom ensures that senior entrepreneurial practitioners serve both to generate new business and service the account's needs.

Case 20 Marks & Spencer plc

A crisis of confidence

Sandra Oliver

Introduction

This case examines the crisis and ongoing problems that Marks & Spencer, one of Britain's best known retail brands, has experienced after many years of unbroken success. The case examines the factors that contributed to perhaps the most serious threat that the company has faced in its over 100-year history and identifies the implications for the company's future public relations strategy.

The company

Marks & Spencer (M&S) is one of the UK's largest, best-known retailers and their brand has been synonymous with reliability, value and quality for generations. Marks & Spencer has been viewed as setting the standards that other retailers have striven to match over the years and, until recently, was recognised as one of Britain's best-managed companies with an enviable track record of successful growth and profits. The company has consistently been rated as Britain's 'most favoured company' in surveys among business leaders. The name Marks & Spencer, like Harrods, had become a national icon for British business in terms of honourable trading and, in complex ways, had become a cultural icon representing all that was fairness and just about the British character. However, Marks & Spencer's position as the UK's most successful retailer suffered a serious dent as a result of a media-led crisis that was to shake customers, shareholders and general public confidence in the company which would have seemed impossible a few years ago. This decline in M&S's position was reflected in the market fall of its share price (see Figure 20.1).

Marks & Spencer plc considered that its core values were quality, value and service worldwide. Since forming in 1884, Marks & Spencer had progressed from a market stall to being one of the world's most successful retailers and the UK's largest exporter of clothes since 1977. The St Michael brand remained at the heart of its quality reputation throughout this period, maintained by close relationships with suppliers. Its 1998 *Annual Report* stated,

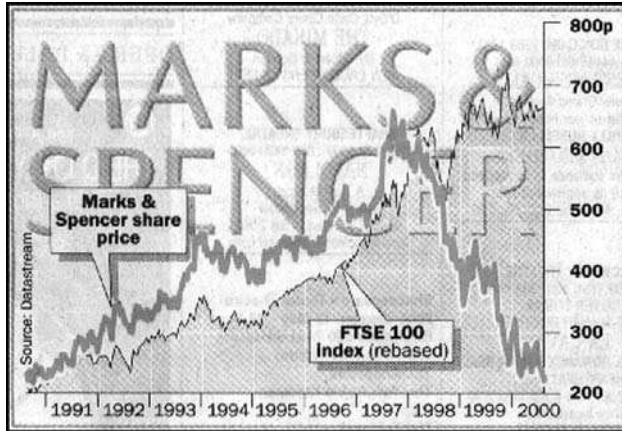


Figure 20.1 Marks & Spencer share price graph, 1991–2000.

‘Our obsession with quality is the essential appeal of our brand’. Value and variety held a prominent position. The value proposition was based on selling excellent products at competitive prices with a high level of service and, until the 1950s, other brand names of food and textiles were sold alongside the St Michael brand. Marks & Spencer has always been innovative. Even in 1884 when it was just Michael Marks’s stall in the market, his sign: ‘Don’t ask the price, it’s a penny’, was an ingenious and innovative response to his inability to speak English. It was simple and it worked. Later, in the product area, he was to ask what made the customer’s life easier and more convenient, so that, by 1940, he had introduced a merchandise development department to consider the introduction of man-made fibres for textile manufacture and specialist foods. A refund policy was equally innovative in its day, as was buying direct from suppliers instead of wholesalers. More recent ideas include the introduction of the chargecard in 1985, colour management procedures, machine-washable silk and non-iron cotton and the new designer range of women’s clothing and Salon Rose women’s underwear to appeal to a different or wider variety of buying publics. The M&S Chief Executive, Peter Salsbury, said that the designer range was an initiative designed to win back customers with the idea that shopping at Marks & Spencer would ‘provide an experience that moves you into a slightly different world’.

Mission and core values

M&S’s core values are described in the 1999 *Annual Report* as being its corporate principles. It states that ‘all M&S goods are made to our specification and sold under our exclusive brand name. We differentiate ourselves by serving the mass market with innovative high quality goods at competitive prices.

We remain committed to values which have always set us apart, namely innovation, quality, value for money and service.' M&S aims to put the customer first at all times and states that:

[it is] determined to sell only merchandise of the highest quality at outstanding value. It is determined to offer the high standard of customer care in an attractive shopping environment and aims to improve standards continually throughout its operations using the latest technology. It establishes mutually rewarding, long-term partnerships with its suppliers, developing overseas sources to serve its expanding international business, at the same time maintaining support for its British supply base. It aims to minimise the environmental impact of its activities. The group nurtures good human relations with staff, customers and the community and ensures staff and shareholders share in its success.

M&S, like most world-class companies, separated its mission statements from its values statements. A mission statement indicates the company philosophy to interested parties in terms of vision and how the company plans to achieve its goals. A values statement embodies a philosophical approach to corporate ethics and conduct based on a belief system to which employees and other stakeholders will be expected to adhere. At Marks & Spencer, the importance of keeping corporate mission and corporate values statements as separate operations entities but integrated for a corporate communication strategy became paramount. As profits fell and in no uncertain terms, academic and industrial journalists started to criticise the company's internal management such as its relations with suppliers and store operational policies and its external management in terms of customer and media relations. M&S realised that external perceptions of the organisations had to be brought closer to those perceptions held internally by the organisation itself and closer to the way management wished itself to be perceived by others.

Public perception

Marks & Spencer, like its major competitors, operates in a dynamic retail environment. The rapidly changing consumer trends and marketplace reflect this, particularly in the non-food retail sector which has always tended to be viewed as cyclical, even though Marks & Spencer have not followed this trend. Marks & Spencer had relied for too long on the belief that its reputation for quality and value for money would insulate it from the fluctuations in consumer tastes and demand within the fashion sector and its management appeared to have overlooked the fact that many of its competitors had caught up and even overtaken Marks & Spencer in terms of the quality and value for money. More significantly, Marks & Spencer had failed to 'move with the times' and cater for a new generation of more affluent and fashion-conscious consumers who no longer saw the M&S brand as appropriate to their

lifestyles and image. An example of Marks & Spencer's arrogance about its position was its continued refusal to accept payment by credit card (other than its own store card). This resulted in the alienation of, and loss of trade from, many tourists, particularly in its London stores, who after queuing to pay for goods often found that they were unable to pay by credit card and simply abandoned their purchases at the cash desk. It was only when faced with the evidence of sharply falling sales that Marks & Spencer's management belatedly began to introduce new designer merchandise ranges and eventually accepted payment in its stores by credit card. Such changes were introduced cautiously as management were concerned not to alienate the traditional Marks & Spencer shopper.

Media pressure

As Marks & Spencer's performance began to falter, criticisms of its management's failure to move with the times and adapt to a changing retail environment began to gather pace. The company suddenly found itself under attack by the British media on a scale never previously experienced by the company. Some examples of headlines and media comment which captured the public imagination were as follows:

'Marks & Spencer sees profit collapse' (*Daily Telegraph*, May 1999)

'Stalling sales threaten M&S final dividend' (*Daily Express*, November 1999)

'M&S gambles on foreign suppliers' (*Guardian*, November 1999)

'Marks & Spencer axe looms over Baker Street HQ' (*The Times*, October 1999)

'The company has lost touch . . . failing to listen to communication from the bottom up' (*The Times*, October 1999)

'Improving responsiveness to shifting trends will be an important part of raising sales per square foot' (*The Times*, October 1999)

'Unions accuse the company of abandoning loyal British workers and warned of a customer backlash' (*The Times*, October 1999)

'M&S propose savings of about £850m by changing suppliers and launching a securitisation programme, the consensus was that it would be at least 12 months before any real signs of recovery and few believed M&S was a credible takeover bid' (*The Times*, October 1999)

'The decision to accept ordinary credit cards looks like a useful step but sales may need to rise 3–4 per cent to cover that cost' (*The Times*, October 1999)

'There is a perceived lack of confidence in the management team' (*The Times*, October 1999)

‘Most market share has been lost to rivals such as Next and Gap, suggesting that it is mainly women who have chosen to shop elsewhere’ (*The Times*, October 1999)

‘Years of a commander control management culture have led to an over-staffed bureaucratic organisation that huddles too much decision-making at the centre and leaves the company ill equipped to respond to the changing demands of modern retailing’ (*Independent*, May 1999)

‘The supply chain is more than 100 years old on the clothing side, with little change having taken place during that time’ (*Scotland on Sunday*, February 1999)

Here perhaps the most telling comment was found in the *Independent on Sunday*:

‘The key word for M&S is plain – plain as in decent honest-to-goodness and plain as in Jane’ (*Independent on Sunday*, July 1999)

While M&S felt such a vociferous attack was unjustified and even felt betrayed by a fickle UK media, some felt the attacks were motivated by love not hate, in a perverse attempt to save their beloved national icon. Given the level of brand loyalty felt by customers and the complex links which emerged between corporate and national identity highlighted by press, television and radio journalists, any corporate communication strategy had to address questions relating not only to reputation, but also to self-image which conflicted with images held by other publics, their reactions and responses. The obvious immediate reaction was for management to go on the defensive, but it was clear that M&S management had been stung into action and had recognised that something drastic needed to be done.

Analysis

The company, like all firms which had gone through a process of ‘re-engineering’ in the 1980s and 1990s, had to address the reconfiguration of all its messages, including its mission and values statements. It had developed a complacent attitude to its internal and external behaviours, including its approach to marketing communication strategy via the long-held position and differentiation it enjoyed throughout that period. If public relations is the eye and ears of the organisation, M&S was neither seeing nor hearing.

Like many British retailers, M&S had to retain key elements of its traditions and culture which investors, employees and customers related to and identified with, while redefining corporate strategy to meet the expectations of critics and devotees alike. A public relations priority was identified in which the mission needed to be re-emphasised to clarify the kind of business M&S was now in, reflecting the modern nature of its traditional products and

services, while articulating and correcting where necessary conflicting perceptions and misconceptions.

Public relations strategy had to be linked coherently to an evolving corporate strategy in such a way as to ensure that communication policy and practice could address the internal and external forces that were limiting growth, arresting change and turning into a 'media circus'. The significance of the changes that had occurred in what has been termed the 'post-technological era' and the impact of competitive forces cannot be underestimated in terms of their impact on corporate public relations.

Four basic public relations issues emerged from M&S's realisation of the impact of the negative press coverage:

- 1 The company had an identity crisis which had led to a lack of image credibility.
- 2 As a result of this identity crisis, the PR strategy it had was undermined. The organisation appeared not to be prioritising the communication channels in any coherent way and messages were not structured carefully either directly or indirectly.
- 3 With the convergence of corporate communication impacting on its public relations activities M&S could no longer identify its key constituents.
- 4 Subsequently, constituents were not responding in the way each of its traditional, loyal groups had done in the past.

The SWOT analysis shown in Table 20.1 suggests some of the underlying reasons for Marks & Spencer's crisis which it had created by failing to respond to the changing environment in which it operated. Such analysis is essential in order to understand the company's strategic position and the options it faces in terms of the key opportunities and threats as well as the competitive and environmental forces affecting its future direction.

Marks & Spencer's falling profits had a detrimental impact on the share price (see Figure 20.1) and in the 1999 *Annual Report* the company suggested four priorities for restoring the value of shares:

- 1 M&S had to create profit centres with simpler management structures, faster decision-making and distinct targets for shareholder value.
- 2 It had to change the way it bought goods both in the UK and overseas by giving its selling and marketing functions more say in what they had to offer.
- 3 It had to restore profitability overseas by reorganising its local business to serve local customers.
- 4 Finally, M&S had to build on the success of its financial services business.

Table 20.1 SWOT analysis for M&S

<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
Reputation for quality	Bad publicity	E-commerce	Competitors
Presentation of food items	Share price vulnerable	Technology	Consolidation
Smart image	Outdated	Committed workforce	WalMart/price war
Customer refund policy	Long supply chain	Marketing policy	Low inflation rate
Wide range	Expensive suppliers	Sportswear	Sterling value makes UK expensive
Loyal customer base	No e-commerce	Mobile phones	Share value: loss of city confidence
	No EPOS	Brooks Brothers	Xmas sales vital (40%)
	Expensive in relation to competitors	Designers popular with consumer	
		Mail order	
		European Union	

Public relations strategy

It was almost impossible to define timescales by which changes should take place. To regain competitive advantage and raise the value of the share price, M&S needed to focus more on their customers and less on the organisational facets of the business. It needed to focus on both internal and external environments to constantly evaluate its publics and the influences affecting the perceptions of those publics. The introduction of 'Autograph' and 'Salon Rose' – its new designer clothing ranges – as value-added ranges and enhanced personal service began to make Marks & Spencer more attractive to the consumer, and currently the introduction of a customer loyalty scheme is being considered as it is a popular strategy in the European retail industry.

Public relations practitioners have been arguing the value-added component of effective public relations and communication for half a century, and it is interesting that the issues which may well lead to the survival of this major British retailer will rely on sound symmetrical communication policies and practice. Marks & Spencer are now devoting additional energy and resources to marketing the M&S brand by allocating more appropriate levels of resource towards this area of activity. The company is beginning to use its existing customer database to target customers with a specific type of brand offer and predicting peak selling periods to maximise their staffing levels. Whether or not internal communications and public relations techniques will be applied to individual stores by allowing store managers to be empowered remains to be seen. Although staffing levels have improved to ensure customers are served quickly and effectively, the attitude and behaviour of many retail store staff still require modification in terms of improving customer courtesy and responsiveness. Many image consultants have called for a change of logo to modernise the brand image and make Marks & Spencer more fashionable and attractive.

Public relations advice must concern itself with all facets of both the internal and external environment, including the organisation itself, but not at the expense of the customer, service delivery in relation to production and customer orientation in relation to sales. The heart of any communications strategy must lie with an improved reputation based on shifting perception from poor image to confident and competent identity. This will involve substantially and substantively shifting high pricing with low perceived added value, which was a strategy destined for ultimate failure, to one of high perceived added value and low pricing.

Marks & Spencer learned the hard way that public relations is no marginal matter in the pursuit of corporate goals. It is a major function and core element of management. The failure to recognise that image, identity and reputation had an important strategic role to play in the organisation was a reflection of lack of understanding about the relationship between the company and the society which was vital to its existence. With clearer corporate goals being put into place, it should now be possible to create a realistic pro-

gramme to communicate the mission and to project the desired image to all stakeholders. Clearly, delivering different messages to different stakeholders requires expert corporate communication skills in delivering a consistent message while dealing with individual group concerns. The challenge is to continue to develop strategic and tactical public relations responses to meet strategic business imperatives and expectations. Marks & Spencer has to retrieve its worldwide reputation and to reaffirm that its core values are a belief in the customer and the good of society. In today's era of communication convergence the company can only do this when it learns that communications are as important as product and service.

Postscript

This case study was not intended to be a final 'campaign evaluation' as the corporate situation and restructuring are ongoing and the ultimate outcome is unclear. Thus, this case has not attempted to follow the basic public relations process of 'campaign' research, strategic planning, implementation and evaluation. The case is written from a managerial competency perspective, regardless of whether the public relations activities were handled in-house or outsourced, because the changes necessary to improve M&S's public relations depended largely on substantive changes within. It demonstrates the critical importance of the role of public relations management in ensuring that PR strategy is clearly defined and linked at all times to corporate mission and business objectives through main board corporate governance.

Lessons learned

In reviewing this case a number of lessons can be identified:

- Large well-established corporations, no matter how secure their position appears, cannot afford to be complacent about the security of their future, especially in today's increasingly dynamic environments.
- To contribute fully to the successful strategic management of an organisation, public relations should be treated as an integral part of the overall management function, serving, in particular, as the internal and external antennae and keeping management alert and sensitive to environmental change.
- Public relations can only be effective if it has a credible story to tell. Where there are deep-seated problems with the organisation's strategy, its products or relationships with customers, these need to be sorted out first before public relations can begin to do an effective job.
- Media are important external barometers, creating and reflecting an organisation's image in the eyes of many publics from consumers to stockholders. Failure to monitor this important source of external information can lead to major image and perception problems that have far-reaching impacts.