Managing the public relations function

WHY IT IS IMPORTANT
Public relations is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its public. Some commonly used public relations strategies and tactics include media releases, displays and exhibitions, news conferences, community involvement programs, and staged events and stunts. Coinciding with Jessica Mauboy’s debut on *Sesame Street*, photo shoots, and radio and television appearances were organised to raise awareness of the appearance, as well as other *Sesame Street* products. Because events like the *Sesame Street* publicity campaign are reported by the media, they are often more believable and more effective than paid advertising. Sometimes public relations can even work out to be cheaper — which is important for businesses. Public relations is also important because it can be used by a business to maintain a positive public image, which can increase sales and therefore improve profit.

WHAT YOU WILL LEARN

**KEY KNOWLEDGE**
Use each of the points below from the Business Management study design as a heading in your summary notes.

- **MANAGING THE PUBLIC RELATIONS FUNCTION**
  - The meaning of public relations and its relationship to business objectives and business strategy
  - The significance of image
  - The concept of ‘publics’ and their respective characteristics
  - Relevant performance indicators to evaluate the performance of the public relations strategies
  - Public relations objectives and strategies used in a range of unplanned situations
  - Public relations objectives and strategies used in a range of planned business situations for identified ‘publics’

**KEY SKILLS**
These are the skills you need to demonstrate. Can you demonstrate these skills?
- accurately use relevant management terms
- research aspects of public relations using print and online sources
- analyse business information and data
- apply knowledge of public relations strategies to practical and/or simulated business situations
- analyse issues related to public relations.
A public relations campaign

Eleni Mitakos wanted to be creative when she launched her new business called Galmatic, a website for women that offers car products as well as instructions and workshops on car care. After unsuccessful experiences with public relations companies she decided to run her own campaign.

Starting with a very small budget, Eleni planned her own strategy. She began by working out her objectives for the following 12 months; that is, what she wanted to achieve with the public relations campaign. She then determined who her publics, or her audiences, were. Lastly, she worked out what the image of Galmatic was — what made it different from other businesses.

Eleni wrote a press release, outlining what it was that Galmatic actually did. She bought targeted media lists (lists of contacts in the media) from an online agency and made personal contact with journalists.

Eleni says the process of running a public relations campaign turned out to be easier than she expected, and that it generated many responses from the media. Her website is working well now, and there are many subscribers to the website’s newsletter, forum and blog. Galmatic also has a social media presence, including Facebook and Twitter, and a Galmatic app was launched in 2013.

... a public relations campaign turned out to be easier than she expected.
The meaning of public relations and its relationship to business objectives and strategy

KEY CONCEPT Good public relations or PR not only creates a favourable image but can help the business achieve other business objectives, such as increased sales.

Public relations is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its public.

Publics are groups that the organisation interacts with and that have a vested interest in, or impact on, the organisation’s ability to achieve its objectives.

Publicity refers to any free news stories about a business’s products or services.

The purpose of public relations (PR) is to project a positive image of the business to the outside world through planned communications strategies and tactics. Specifically, public relations involves the following activities:

• developing good relations with various groups — publics
• handling, or heading off, unfavourable stories or rumours which could damage the business’s image
• generating favourable publicity
• maintaining a certain level of positive public perception
• enhancing a particular image, such as innovation, reliability or honesty.

When effectively managed and integrated with all aspects of a business’s operations, public relations is capable of achieving favourable attitudes towards a business and this influences consumers’ purchasing behaviour. In turn, this should lead to increased sales and the achievement of other business objectives such as improving profit and increasing market share.

Public relations and its relationship to business objectives

The function of public relations

There are areas in all businesses where the use of public relations strategies can either increase sales or limit the loss of sales where marketing activities will not be successful. Public relations combines a number of marketing and sales techniques and presents one consistent public image, having long-term benefits. Clear messages, for example, about a business’s policy on customer care, environmental issues, ethical business practices, or nutritional value of ingredients, can directly affect sales in a substantial way.

There are four major ways in which public relations activities can assist a business in achieving its objectives:

1 Promoting a positive image: reinforcing the favourable attitudes and perceptions consumers have regarding the business’s reputation.
2 Effective communication of messages: using advertising, sales promotions, publicity and personal selling to convey information about the business and its products.
3 Issues monitoring: protecting sales by providing an early warning of public trends that could affect the business’s sales. Remedial action can be taken before much harm is done to sales.
4 Crisis management: protecting a business’s reputation as a result of negative or unfavourable rumours and adverse publicity, which if left unchecked might result in a loss of sales.
Public relations and advertising

Many people confuse public relations with advertising. Although they do share the common objective of increasing sales, they are not the same. Advertising uses paid television and radio slots, and space in newspapers and magazines. The advertiser has control over when, where and how the message is presented because it is a paid message. Public relations, on the other hand, uses the space and time provided free, often by third parties such as well-known personalities or celebrities, to create publicity. For this reason, its timing and content are not necessarily controlled by the business.

What is public relations?

Public relations is many things and the field has been growing and changing over the years, so it’s easy to get confused about what it means. But most of the current definitions of public relations have three key words in common:

- communication
- relationships
- reputation.

A person who works in public relations is usually working on behalf of an organisation (e.g. a company, a government department or a charity) or sometimes for an individual (e.g. a celebrity, a government leader or an author). A public relations practitioner works with an organisation to help them look after their relationships with people and groups (or stakeholders) that are important to them.

A good public relations practitioner will make it their business to spend a lot of time:

- listening, and passing on what they learn
- explaining what they are able to explain, in plain language
- finding the best ways to communicate (sometimes by talking or writing to the media, sometimes by going out and talking to people and groups directly, sometimes by organising events, sometimes by creating publications and online information, and sometimes by many other methods)
- assessing the risk of events or activities going wrong in any way, and making contingency plans to manage communication effectively if these things do go wrong
- raising awareness of people and issues, responding to the feedback they are getting, and giving their employer good advice on what to do next.


TEST your understanding

1 Outline the purpose of public relations.
2 What activities does public relations involve?
3 Explain in your own words the relationship between public relations and business objectives.
4 List four ways that public relations can assist a business to achieve its objectives.
5 Outline the relationship between publicity and public relations.

APPLY your understanding

6 In groups of three or four, list the various public relations activities your school uses to communicate with parents. Choose a spokesperson to share your group’s comments with the rest of the class. You can begin your list with the following items:

- newsletters
- formal assemblies.

7 ‘Public relations should be viewed as a two-way communication process.’ What does this mean?
All elements of a business’s image should work together to create a unified image.

Imagine that you entered a café and found a dirty floor, flies, an unshaven server wearing dirty clothes and mess everywhere. You would probably leave because of the business’s poor image. Now look at the photo of the café below — it illustrates cleanliness and efficient service.

A person’s image is the personality she or he projects and by which they are often judged. That image may not always be accurate, but it is what the public sees and what the public believes. It is no different for a business. It, too, has an image that it projects to the public for better or worse. A business may be viewed, for example, as a producer of quality products, dependable and reliable, innovative, economical or high priced. All businesses should be concerned with how they are viewed, and have as an objective to create and maintain the image they want to portray to the world.

The key to a successful image is that the publics view the business the way the business intends. A business’s success in projecting its image will have enormous consequences for its long-term success in the marketplace.

Consistency and honesty are two of the most important principles when projecting an image. Image should not be confused with illusion. People will eventually see through any fake images. It is counterproductive trying to make a business look good if its performance does not line up with expectations. Once a business’s image and its associated reputation are undermined or discredited, the result can be fatal. Public relations should not be a mere window-dressing exercise for a business whose actions are unworthy of public scrutiny.
The proper image for a business is not produced by accident. It needs to be developed and managed carefully. A proper image results in the factors shown in the diagram below.

**Elements of the image**

There are many elements that combine to create a business’s image — and it is crucial that all elements are working together to create a unified image. Unfortunately, one dysfunctional element can result in a negative image being presented. As a member of a school, for example, you have probably been told that ‘the actions of a few’ can create a poor image of the school in the eyes of the community.

**Elements that make up a business’s image**

- Business name
- Business logo
- Customer service
- Behaviour and appearance of employees
- Signage
- Business layout
- Range of products
- Quality of products
- Business appearance
- Stationery
- Publications
- Advertising
- Telephone technique
- Use of technology
- Delivery or appearance
- Publicity
- Colour scheme
- Location

The main elements that combine to create a business’s image.

**TEST your understanding**

1. Why should all businesses be concerned with their image?
2. Complete the following table by using a few words to describe the image of the businesses listed. The first entry has been completed for you.

<table>
<thead>
<tr>
<th>Business</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arnott’s</td>
<td>Quality, dependable, flavoursome</td>
</tr>
<tr>
<td>Billabong</td>
<td></td>
</tr>
<tr>
<td>Telstra</td>
<td></td>
</tr>
<tr>
<td>Ford</td>
<td></td>
</tr>
<tr>
<td>Pizza Hut</td>
<td></td>
</tr>
</tbody>
</table>

Share your answers with other members of the class and discuss any differences.

**APPLY your understanding**

3. Identify the benefits of a business projecting a positive image.
4. In pairs, list the elements that combine to create:
   (a) a positive image of your school
   (b) a negative image of your school.

5. Report on a business whose performance you believe does not line up with its image.
   (a) Identify the reasons for the business’s ‘image credibility gap’.
   (b) Suggest solutions to overcome this failing.

6. Businesses can spend lots of money researching and developing a logo to reinforce their image. Nike’s ‘swoosh’ logo, for example, projects an image of quality, spark, energy and youthfulness. Collect and paste in to your notebook 10 business logos. Next to each write the name of the business and then list the image the symbol projects.
A business must consider the roles that each of its key publics plays.

An image audit is an independent check of the accuracy of an image's perception.

A business will communicate with and project its image to its publics. ‘Publics’ are stakeholders. They are groups that the business interacts with and that have a vested interest in what the business does.

The publics for each business will vary depending on what product it supplies. Each type of product will require specific messages to be communicated in particular ways. It would be a public relations disaster for a business, for example, if consumers learned about a product recall from a leaked document instead of from an official recall notice placed in a newspaper or press release issued by the business’s management.

Every business must consider the roles that each of its key publics plays in the way it conducts business. The influence and power these groups exercise can determine how successful a business is in achieving its objectives. Publics should not be taken for granted, nor should they be misinformed. By undertaking an image audit, a business can monitor the moods, reactions, intentions and degree of loyalty within each of its publics.

LinkedIn publics

As the Head of Communications for LinkedIn Australia, New Zealand and South-East Asia, I’m currently responsible for driving regional membership and engagement of the world’s largest professional network. I head our consumer, trade and product communications program across the region and oversee five agencies in Hong Kong, Jakarta, Kuala Lumpur, Singapore and Sydney.

I work with business, trade, consumer and tech media to deepen their understanding of LinkedIn and regularly meet with external partners, publishers, analysts, customers and members to listen, understand and share their success stories with the media.

Source: From http://au.linkedin.com/in/taraocommerford

DID YOU KNOW?
The publics of a gymnasium would include customers, trainers, administrative staff, suppliers, the media, the local government and the local community. Your school’s publics would be students, parents, school council, teaching and administrative staff, the government and local community.

Characteristics of the publics

The various publics can be grouped into six main types:

1. Internal publics. A business’s internal publics include its employees and managers. They expect fair pay and conditions, a safe working environment and access to training and development. Good employee morale helps develop and maintain a positive image with the external publics.
2 General publics. The general publics’ feelings towards a business can affect its customers’ attitudes. Society expects fair and honest business practices and ethical, responsible decisions.

3 Local community publics. This public is of crucial importance for a small business because it represents local residents and neighbourhood organisations. They expect the business to be a good ‘corporate’ citizen.

4 Citizens-action publics. A business’s practices may be scrutinised by action groups, such as environmental organisations. They expect a business to operate in an environmentally sustainable manner.

5 Media publics. Media publics include print and electronic news reporting organisations. They expect accurate information and access to informative sources.

6 Government publics. There are three levels of government, each with its own regulations. Governments expect a business to abide by their laws.

**TEST your understanding**

1 Identify the publics for the following businesses:
   (a) An ice-cream store
   (b) Lansvale Landscaping
   (c) Sendall and Walsh, solicitors
   (d) the local community day-care centre.

2 Why is it important to select the appropriate communication channel for different publics?

3 Match the types of public listed below with the definitions that follow:
   - internal publics
   - local community publics
   - media publics
   - general publics
   - citizens-action publics
   - government publics
   (a) print and electronic news reporting organisations
   (b) local resident and neighbourhood organisations
   (c) the broader society
   (d) employees and managers
   (e) the three levels of regulators
   (f) groups that may scrutinise a business’s behaviour.

4 Briefly outline the responsibilities your school has to each of its publics.

5 Consider why a public’s loyalty is ‘hard won but easily lost’. Write a short paragraph about your view.

**APPLY your understanding**

6 (a) In pairs or small groups, select three publics associated with a small business that you know and brainstorm how a business’s failure to fulfil its responsibilities might impact on these publics and ultimately the business.

(b) Present your information to the class, either as a written report or an oral presentation. You may wish to use a multi-media package to assist you to prepare your report or presentation.

7 William Garner, public relations consultant, said: ‘To ignore your publics is to invite disaster — you do so at your own peril’. Do you agree or disagree with this statement? Provide reasons for your answer.

**DID YOU KNOW?**

One of the main differences between marketing and public relations is that public relations is about communicating and building relationships with all of the business’s publics, whereas marketing focuses on the activities associated with selling products to customers.
A public relations campaign is a series of public relations activities undertaken to achieve a specific objective.

Businesses embarking on a public relations campaign should begin by initially establishing their public relations objectives and strategies. The following diagram shows that a public relations campaign is developed in several stages. These stages may vary in number and the order in which they are implemented, depending on the business’s resources, products and publics.

Main development stages

There are five main development stages.

Stage 1 — establish public relations objectives

Objectives outline what the campaign is trying to achieve. They should be developed using the SMARRT principle. That is, objectives should be:

- **S**pecific
- **M**easurable
- **A**ttainable
- **R**esults-centred
- **R**ealistic
- **T**ime-bound.

For example, Tourism Australia wants to increase visits to this country through the promotion of Australia as a compelling tourism destination. Its marketing or public relations objective is to raise the urgency to visit, increase knowledge and build a strong image of what Australia has to offer global travellers. This objective is measurable through the use of key performance indicators. One such measure is ‘Tourism Australia campaign recall by target customer’, which was 54 per cent for the year ended 2013. Tourism Australia anticipates that this result will be maintained or improved upon by the end of 2016. Tourism Australia has completed Stage 1 of a public relations campaign.
Stage 2 — identify the intended publics

The public relations campaign ‘target’ group is the publics towards whom the public relations strategies and tactics are directed. Tourism Australia identified two main publics:

• people living outside Australia
• the Australian public.

Other publics could include the local media, tourist operators, tourism employees and their families, the government and businesses.

Stage 3 — develop specific public relations strategies and tactics

There is a wide range of media from which a business can select. It is important to select the most appropriate and effective media for the chosen publics. For example, Tourism Australia can choose from the following media:

• displays and exhibitions
• competitions
• guest speakers
• letterbox drops
• brochures, pamphlets
• information videos
• direct mail
• advertising
• email messages
• media releases
• news conferences
• community involvement programs
• noticeboards and posters
• notices on its website
• speeches
• staged events and stunts.

Creativity is essential. Tourism Australia will examine the costs and benefits of each of these media to select the most suitable media mix.

DID YOU KNOW?

Public relations communication should be integrated with the business’s other promotional strategies.

Tourism Australia launched its Restaurant Australia campaign in 2014. The aim of the campaign was to tap into international demand for food and wine as part of the travel experience. The idea behind the campaign was based on the notion of Australia providing the greatest restaurant experience. The campaign included a broadcast ad for TV, cinema and online; a print ad; a campaign website (for Australian food and wine businesses to share their stories with the world); the use of social media; promotions in key international markets; and attendance by 80 international media and key food and wine influencers in a series of food and wine-themed tours. The tours culminated in an ‘Invite the World to Dinner’ gala event in Tasmania.
Stage 4 — implement the public relations campaign

While this is considered by many as the ‘fun’ stage of public relations, it requires considerable skill and care. An action plan is devised to make sure the implementation runs smoothly. For Tourism Australia, the public relations manager would devise an action plan detailing the schedule of public relations activities, areas of individual responsibility, media contact details and a calendar of event dates. This would be distributed to all public relations committee members, the marketing manager, business group managers, executive managers and staff.

It is during the implementation stage that many public relations campaigns fail. This is often because the public relations manager lacks the necessary administrative skills.

Stage 5 — evaluate the results

A public relations campaign’s success should be measured in terms of its original objectives, before, during and/or after the campaign ends. A public relations manager should at least be able to estimate whether any change occurred in the attitudes or behaviour of the publics. Tourism Australia would need to record the percentage of target customers who recall the Tourism Australia campaign, and then compare the percentage in 2013 to the percentage in 2016. A successful public relations campaign for Tourism Australia would result in the maintenance or increase in the percentage of target customers who recall the campaign.

### TEST your understanding

1. What is the first stage in developing a public relations campaign and why is it important?
2. What do the letters SMARTT represent?
3. Using the SMARTT method devise the public relations objectives to achieve the outcomes described for the following businesses.
   - A veterinarian wants to encourage local residents to have their pets microchipped.
   - A health and fitness centre wants to raise community awareness of the importance of regular exercise.
4. Identify the publics for one of the businesses listed in question 3.
5. If you were the public relations manager for Tourism Australia, which media would you select as your:
   - (a) first preference?
   - (b) second preference?
   - Give reasons for your answer.
6. Why is it necessary to develop an action plan during the implementation stage?
7. What method would you use to evaluate the success of the public relations campaign for the business you selected in question 3?

### APPLY your understanding

8. Use the Hughes PR campaign weblink in your eBookPLUS to select a case study of a planned public relations campaign. Read the case study and answer the following questions:
   - (a) What was the name of the business the public relations campaign was designed for?
   - (b) What were the objectives?
   - (c) List the tactics and strategies used.
   - (d) Identify the targeted publics.
   - (e) How was the campaign evaluated?
9. In pairs, arrange an interview with a public relations manager. Prepare either a two-page written or a 5-minute oral report. In your report, include answers to the following questions:
   - (a) How were the objectives developed for their latest public relations campaign?
   - (b) Who were the targeted publics?
   - (c) Which media was selected and why?
   - (d) How was the campaign evaluated?

   You may wish to video your interview and include examples from this public relations campaign in your report.
10. Assume you are the public relations manager for Tourism Australia. In groups of three or four, create each of the following for the campaign promoting Australia. You may wish to use desktop publishing software to produce text and graphics.
   - (a) a media release
   - (b) a poster
   - (c) a speech
   - (d) an email
   - (e) a direct mail letter
   - (f) an online advertisement on Tourism Australia’s website

### DID YOU KNOW?

Many consumers expect businesses to be socially responsible and this is now a big part of public relations and image building.

‘People don’t really care how much you know until they know how much you care.’

Mark McNight

DID YOU KNOW?
Managing the public relations function

11.5 Public relations objectives and strategies used in a range of unplanned business situations

**KEY CONCEPT** In business, mistakes occur. Minimising the impact of bad publicity requires prior planning.

Sometimes, despite their best intentions, businesses may be faced with crisis situations that need to be managed as smoothly as possible. Crises may be brought on by such events as a workplace accident, a dishonest employee, an unsafe product or some other negative event. Such events will generate considerable unfavourable publicity, the effect of which can be sudden and dramatic. A single incident that creates negative publicity can ruin a business’s image and destroy consumer loyalty that took years to develop through public relations efforts.

Businesses can implement quality control procedures, safety programs, regular inspections and so on to reduce the risk of a crisis occurring. This is part of the **risk management** process. However, it is impossible to avoid all negative experiences. While crises cannot always be anticipated, and some undesirable consequences may occur regardless of the business’s best efforts, some general principles should be followed. The role of the public relations manager will be to develop these principles into a plan.

**A crisis communication plan**

In the face of a crisis, it is much better to initiate than to react. Consequently, it is essential that the business pre-establishes a **crisis communication plan** which outlines how the appropriate staff members will handle unfavourable publicity and deal with news personnel when a crisis occurs. In these days of intense public scrutiny and investigative journalism, it is more important than ever to be prepared with messages that can be presented to internal and external publics in a timely, ordered and open manner.

When a crisis occurs, a business has two priorities that must both be managed effectively:

1. bringing the crisis under control — limiting the damage
2. dealing with the intense media (and public) scrutiny.

This is the purpose of the crisis communication plan.

**Elements of the crisis communication plan**

Although each crisis is different, there are a number of common elements in dealing with such events:

1. **Determine the appropriate target publics.** Publics, such as the news media, that the business wants to reach should be established as soon as a crisis occurs.
2. **Essential information should be communicated to all affected publics.** In order to avoid accusations of a cover-up, an open and honest approach is often recommended by those who have been through a crisis. The messages should be simple enough for all the publics to understand. A ‘no comment’ or a mysterious silence only fuels the imagination. The media should be kept informed as more information is gathered. All employees should also be kept informed on a regular basis. It can be very damaging if internal audiences first hear about the facts, or alleged facts, in the media.
3 Get the facts. All the necessary information should be gathered and tested to make sure of its authenticity and reliability. All allegations should be thoroughly investigated. It is counterproductive to hope that no-one will learn about them.

4 Responses should be given as quickly as possible. Indecisiveness may worsen the situation and suggest a cover-up. Alternatively, hasty or impractical decisions may make the situation worse in the long run.

5 Be prepared to answer questions. While it is not possible to predict all the questions that might be asked, there are some common questions which will probably arise:
   • What happened?
   • Where did it happen?
   • When did it happen?
   • Why did it happen?
   • Who is affected?
   
Anticipating such questions results in more thoughtful responses.

6 Provide regular updates. Use press releases and conferences to keep the media informed of any developments. Avoid the temptation of talking ‘off the record’ to a journalist as it may eventually be reported.

7 Establish a chain of command. Decisions should be clear and the decision maker given adequate authority to act.

8 Establish a crisis communication team. A team of company personnel representing all aspects of the business should be assembled and briefed on the situation. The team should appoint an official spokesperson to deliver necessary information to the publics. This will avoid conflicting messages being communicated and assure the publics that they are receiving accurate information. The designated spokesperson should possess good communication skills and have
a comprehensive understanding of all the issues involved. Technical experts may be needed to explain difficult terms. Their presence also creates an air of authority in times of crisis. It is crucial that there is cooperation and not conflict between the communication team members.

9 Monitor the progress of the crisis communication plan. Once the crisis communication plan has been put into action, it must be carefully monitored and then corrective action taken if needed.

10 Evaluate the effectiveness of the crisis communication plan. After the crisis has subsided, representatives from all aspects of the business should revisit the crisis management plan, and identify any weaknesses or shortcomings which need to be altered to more effectively respond to any future crisis situations.

**TEST your understanding**

1 Outline the effects of negative publicity.

2 Why is it essential that a business has a crisis communication plan?

3 What is the purpose of a crisis communication plan?

4 List and explain the 10 elements of a crisis communication plan. Justify why each element is important.

**APPLY your understanding**

5 Use the Hughes PR crisis campaign weblink in your eBookPLUS to select and read a case study of a public relations campaign designed to deal with an unplanned business situation (a crisis).

(a) What was the name of the business for which the public relations campaign was designed?

(b) What were the objectives?

(c) List the tactics and strategies used.

(d) Identify the targeted publics.

(e) How was the campaign evaluated?

6 Using newspapers, magazines and/or the Internet, locate an article reporting on a business facing negative publicity.

(a) Identify the cause of the negative publicity.

(b) Outline the response(s) of the business to the situation.

(c) List the publics who would be affected by the business's present difficulties.

(d) How would you advise the business to minimise possible damage?

7 Assume your local newspaper has reported that a group of students from your school has been caught shoplifting. In groups of three or four, prepare a crisis communication plan for your school, which, if implemented, would minimise the damage caused by this article. Use the 10 steps outlined on pages 343–5 to help you complete your plan.

8 Role-play a press conference with local media representatives, in response to the situation outlined in question 7.

(a) Decide which publics will be represented and appoint people to play these roles.

(b) Prepare a press release to be distributed at the conference.

(c) After the press conference, as a class, discuss whether the negative publicity has been neutralised. Each public represented could role-play its response to the conference procedures and the information given.

(d) What further actions, if any, would you recommend be taken by the school?

In 2010, one of the engines on a Qantas 380 airbus blew. The pilots of flight QF32 were praised for their quick thinking when they made an emergency landing in Singapore. Qantas, however, was criticised for its slow response to the crisis. Passengers were tweeting about the incident well before Qantas could even release a statement.
KEY CONCEPT
It’s a public relations nightmare, but with some good sense and management a business can still recover.

EXTEND YOUR KNOWLEDGE: When things don’t go according to plan

DID YOU KNOW?
Palm oil is obtained from the fruits of palm trees. Environmental groups such as Greenpeace have criticised some businesses for using palm oil in their production. They claim that the spread of palm oil plantations leads to deforestation in countries including Indonesia and Malaysia, which endangers wildlife.

...we decided that our best course of action was to step back, listen and take note.

Handling bad PR turns sticky for Nestle

Nestle is set to enter the marketing textbooks on how not to handle public relations in the digital age after its treatment of a Greenpeace video highlighting the company’s alleged use of palm oil from deforested areas in Indonesia.

Greenpeace’s graphic YouTube video of an office worker inadvertently biting into an orangutan finger instead of a Kit Kat chocolate bar was viewed 750,000 times in a week.

Nestle’s heavy-handed tactics to blunt the campaign have landed it in the centre of a firestorm on Twitter and Facebook.

The video was posted as part of a Greenpeace campaign to highlight Nestle’s continued use of palm oil sourced from Sinar Mas, an Indonesian company accused of illegal deforestation and peatland clearance.

Nestle petitioned YouTube to remove the video citing copyright infringement — Greenpeace had doctored the Kit Kat logo to read as ‘Killer’.

When Nestle’s company Facebook page was flooded with negative posts from ‘unfans’, the company moved to delete them and any altered logos that appeared on the social networking site.

‘To repeat: we welcome your comments, but please don’t post using an altered version of any of our logos as your profile pic — they will be deleted,’ Nestle’s moderator wrote.

The company is now facing a boycott of its products in the lead-up to Easter and has been forced into an about turn.

A day after the video was posted Nestle cancelled its contract to take palm oil directly from Sinar Mas, but to Greenpeace’s disappointment it will continue to receive palm oil from the firm through its supplier Cargill.

Belinda Fletcher, a Greenpeace campaigner, said Nestle’s own goals of censorship had helped fan the flames of the campaign, not douse them. ‘We have been so amazed by how this has taken on a life of its own. It’s clear it is an issue that people really care about,’ she said.

The online risk and reputation analyst SR7 says the number of Australians on social media sites runs into the thousands, and more than 4000 people had signed up to Nestle’s Facebook site since last Friday. However, almost all were saying negative things, said SR7 director James Griffin.

‘That means the 92,000 fans who were there before are now reading very negative things about the company,’ said Mr Griffin. ‘It will be a real issue for Nestle if people start boycotting their products as some are now promising to do.’

Scott Rhodie, a director of digital public relations agency House Party, said it was clear that Nestle did not have a crisis communications plan in place and that it ignored the rules of social media.

‘If you are in that space you have to respect it. The moment you start pulling down comments you lose that respect.’

He said the lack of a considered response plan was typical of large corporations; Nestle is the world’s largest food manufacturer. ‘Sometimes those messages don’t go down from the top to the bottom or rise from the bottom to the top.’

It appears that Nestle is learning. A spokeswoman from its Switzerland head office — the Australian office referred all calls to there — said: ‘Once it became evident that the Facebook page had been overwhelmed by protesters, we decided that our best course of action was to step back, listen and take note.’

Test your understanding
1. Explain what the YouTube video created by Greenpeace alleges that Nestle is doing.
2. How did Nestle react to negative feedback on its Facebook page?
3. What does Scott Rhodie think of Nestle’s crisis communications plan?
4. How is Nestle’s head office now responding to protests?
5. List the publics that would be affected by Nestle’s crisis.

Extend your understanding
6. Nestle initially ignored the palm oil problem and then proceeded to argue with the protestors. How should they have reacted? Include the elements of a crisis communications plan in your answer.
7. Use the Nestle letter to Greenpeace weblink in your eBookPLUS to read how Nestle responded to Greenpeace’s claims. List the ways that Nestle says it is dealing with its supplies of palm oil.

Nestle responds to Greenpeace pressure

In response to pressure from Greenpeace, on 17 May 2010, Nestle announced that they would cease obtaining palm oil from plantations or farms linked to rainforest destruction. The Greenpeace YouTube video had been viewed 1.5 million times and had prompted 200,000 protest emails.

Nestle said it had ‘suspended all purchases from Sinar Mas, which has admitted to mistakes in the area of deforestation’. Nestle also entered into a partnership with The Forest Trust (TFT), a non-profit organisation that helps companies and communities deliver responsible products, to review its palm oil supply chain and check that suppliers are not engaging in illegal activity.

Greenpeace applauded the commitment. Daniela Montalto of Greenpeace said, ‘We had been asking Nestle to stop buying products from rainforest destruction for two years before we launched our campaign. Nestle cracked within just two months because the overwhelming public response made the company listen.’

The crisis does not appear to have had a negative impact on Nestle’s financial results. Nestle’s sales, net profit and share price have all improved since 2010. Reflecting on 2010, chief executive officer Paul Bulcke said, ‘We delivered another year of strong top and bottom line growth, outperforming the market.’

Test your understanding
1. What did Nestle announce they would do in May 2010?
2. Why did Nestle make this commitment to change its palm oil supply chain?
3. In what way does Nestle’s crisis appear to have affected sales?

Extend your understanding
4. Most public relations specialists will state the importance of informing the public as soon as possible when there is a problem. It’s important, though, that whoever briefs the public is well informed. Why is this the case?
5. How would you advise the business to minimise possible damage?
6. Use the Nestle TFT Palm Oil Project Report weblink in your eBookPLUS to see how Nestle progressed in its partnership with TFT. What did the partnership achieve?
11.6 Relevant performance indicators to evaluate the performance of public relations strategies

**KEY CONCEPT** A business must evaluate the performance of its public relations strategies to ensure business objectives are met.

In recent years, how to evaluate the effectiveness of a public relations campaign, and its associated strategies and tactics, has become a much-debated topic. In the past, many public relations campaigns were conducted without evaluating their effectiveness, or investigating whether their cost was justified.

However, as the number of public relations businesses and consultants has grown, so too has the need for them to be accountable for what they do. They are constantly being asked questions such as:

- What impact, if any, will the public relations activities have in changing the attitudes of the targeted publics?
- How can we tell if the public relations activities have favourably altered the targeted publics’ behaviour?
- Will the public relations communication strategies and tactics we implement actually change what the publics know, and what they feel?
- Will the public relations campaign result in increased marketplace recognition, sales and profits?

Questions such as these place public relations personnel under pressure to provide measurements of specific performance indicators, even though there are difficulties in precisely measuring what has been achieved.

**What is public relations evaluation?**

Public relations evaluation examines public relations objectives, strategies and tactics. Its primary purpose is to determine to what extent the objectives are being achieved. It does this by:

1. gathering information about the targeted publics and their opinions, attitudes and behaviours
2. describing public relations activities and their impact on sales and profits
3. exploring opportunities and alternatives for improving the public relations strategies and tactics
4. identifying the strengths and weaknesses in ongoing public relations activities
5. providing a database of measurements so comparisons can be made over time.

These activities rely on collecting information on a range of performance indicators.

**Relevant performance indicators**

Performance indicators are used to measure the degree of success of public relations strategies in achieving the set objectives. There is no one single set of performance indicators for all public relations evaluations because each public relations campaign will have its own set of objectives. The following performance indicators are commonly used to evaluate the effectiveness of the general publics’ perception of an organisation.

**Level of customer satisfaction**

Surveys and interviews can be used during or after a public relations campaign to measure the level of customer satisfaction. A successful public relations campaign will result in an increase in customer satisfaction.
Change in opinions and attitudes
Questionnaires and focus groups can yield a variety of information regarding any change to the targeted publics’ opinions and attitudes as a result of the public relations campaign. By employing the services of professional organisations that monitor the media, such as Media Monitors, businesses are able to have their media coverage converted into a measurable advertising value equivalent (AVE).

Investors’ reaction
The impact of a public relations announcement or campaign on a public company can often be measured by changes in the share price. Caution should be taken when using this indicator as there are many unrelated factors which can influence actual and potential shareholders and cause a fluctuation in a company’s share price.

Supportive or critical public comments
A worthwhile performance indicator is a business’s image. An emerging picture of this can be gained from comments in community meetings, letters, emails and phone calls from members of the target publics, mentions in business publications and public references by local celebrities and political figures.

Changed public image
This requires assessing any behaviour changes among all the intended publics over a period of time. Evidence of changed behaviour can be illustrated in:
• Internet chatter, ‘letters to the editor’ and talkback radio
• shareholders letters
• informal surveys of employees
• feedback from suppliers, industry representatives and trade union officials.

Sales, market share and profit
The main indicator of success is when a change in consumer behaviour becomes obvious through increased sales, market share and profit. This indicates that the public relations strategies and tactics have caused the desired shift in public behaviour.

TEST your understanding
1 What is the purpose of evaluating public relations strategies and tactics?
2 Give two reasons why the evaluation of public relations campaigns has been largely neglected until recently.
3 Identify the five activities undertaken to assist in the evaluation of public relations strategies and tactics.
4 Why is there no one single set of performance indicators that can be applied to all public relations campaigns?
5 What performance indicator can be measured by:
   (a) surveys and interviews?
   (b) questionnaires and focus groups?
   (c) share price?

APPLY your understanding
6 List four channels of communication that could be used to record public comments about a business.
7 Overall, what is the main indicator of a public relations campaign’s success? How might this be measured?
8 Assume you have been asked by a mining company to evaluate the success of its public relations campaign, which has as its objective: ‘To promote a positive image within the local community of the company’s environmental practices’.
   (a) Which performance indicators would you need to measure?
   (b) Which tool(s) would you use to gather this information?
Engaging the media in a crisis

When a crisis happens the media will be there reporting it. In a crisis, your overriding communication challenge is to demonstrate you are the best source of information. Treating the media as the enemy or trying to block them, won’t stop them reporting, it will just make them hostile. Share market analysis shows organisations which communicate effectively are best placed to weather the storm, and some simple rules will help.

1 **Tell the truth, tell it early, tell it often.** Right from the start show that you are willing to communicate. Get a statement out there within 15 minutes of the crisis. Brief media on what you do know and keep reminding them of the core facts. Without trying to ‘spin’, keep pumping out relevant information and updates.

2 **Pick the panic.** Work out what people are worried about, even if it’s irrational, and address those concerns. Forget the technical aspects of the crisis, focus on the emotions.

3 **Apologise and keep apologising.** A well-crafted and sincere apology shows you ‘get it’ and gives you the right to speak. Lawyers will try to stop you but you can acknowledge the public’s concern without creating a legal liability.

4 **Respect the media’s role as part of the solution, they are not your enemies.** Work with journalists to get critical information to your stakeholders, they are after a story, not a scalp.

5 **Plan for the inevitable.** 83 per cent of organisations will face a crisis and it will wipe up to 30 per cent off the bottom line. A crisis plan is an essential investment.

6 **Develop credible, agile spokespeople.** Communicating to the media in a crisis is one of the toughest challenges a leader will face, but it is part of the job description. Get the tools you need before you need them.

7 **Don’t play the blame game and never blame the victim.** It always backfires and makes you look bad. Focus on your reputation and being part of the solution.


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**TEST your understanding**

1 What is the best way to deal with the media when facing a crisis?
2 List the steps that your group followed to prepare for your role-play. To what extent did they resemble the recommended elements of a crisis communication plan?

**APPLY your understanding**

3 It is most likely there were some very funny moments in each role-play. Your job now is to write a short report about how the PR manager handled the crisis, how your group performed and how the crisis might have been handled better.
Successful Dumb Ways to Die

Metro Trains operates Melbourne’s suburban railway network. Research suggested that people were risking their lives at train stations and level crossings. The problem for Metro was how do you tell people, particularly young people, that they are doing silly things without blaming them? They created the ‘Dumb Ways to Die’ campaign.

The ‘Dumb Ways to Die’ music video asks people to be safe around trains and features cartoon characters dying in increasingly stupid ways, such as swimming with piranhas. Trains kill the last three characters, because of unsafe behaviour. A story about the campaign video was leaked to the media several days early and within two days it was on the front page of Reddit. The video went viral, with millions of YouTube views, and the song was released on iTunes. The campaign appeared in newspapers and on outdoor advertising, radio, Facebook and Tumblr. Merchandise, including posters, stickers, badges and soft toys, followed.

The campaign won several international awards. According to Metro Trains, it also delivered as a public safety message, reducing ‘risky or dumb behaviour’ such as walking or driving around lowered boomgates.

TEST your understanding
1 Describe the problem that Metro Trains tried to solve.
2 How did the ‘Dumb Ways to Die’ campaign seek to educate people about train safety?

APPLY your understanding
3 Is this an example of planned or unplanned public relations?
4 Why do you think the campaign was successful in gaining so much media coverage?

Do you drink Dilmah Tea?

Many of us have seen the advertisements on television for Dilmah Tea. We probably know this brand of tea because the advertisements personally introduced the family members of the business and invited us very politely to try their tea. The image the company portrays is that of a family business where the tea is ‘picked, perfected and packed’ where it is grown, in Sri Lanka. One successful public relations strategy employed by the company is to promote the ethical aspect of its operations: it is a supporter of underprivileged communities in Sri Lanka, victims of domestic violence, and other causes such as helping families displaced by the 2004 Boxing Day tsunami.

Many businesses also see the importance of promoting their products as environmentally sound or ‘eco-friendly’. For example, Gloria Jean’s serves its Rainforest Alliance coffee blends and Nando’s uses recyclable materials in its packaging.

TEST your understanding
1 What factors distinguish Dilmah Tea from other brands of tea on the market?
2 Meeting the people who own and run a business, whether it be through television commercials or magazine advertisements, can be a successful PR strategy. Why do you think this is the case?
3 Name one product that claims to be ‘eco-friendly’. Why must that business be careful to ensure that the claims it makes about its products are true?

APPLY your understanding
4 Do you know another brand of tea on the market today? What image does that tea portray and how is that different to Dilmah Tea?
5 Use the Dilmah Tea weblink in your ebookPLUS to find out more about Dilmah Tea, a company that endeavours to be ethical and socially responsible. Explain how the company is socially and ethically responsible and how this translates to good PR.
KEY CONCEPT Issues in public relations include the role of technology in the global business context.

The role of technology

Changes in technology, especially advances in information and communications technology (ICT), are having a significant impact on the functioning of public relations (PR).

One notable change has been the growth in home-based public relations consultants. Previously, public relations was undertaken exclusively by large companies — establishment costs were too high for a small business operator to enter the industry. Laptops and mobile technology, including smartphones and tablets, have changed that, by making it possible for individual consultants to work in the field from home.

Today, public relations consultants create their own media releases, brochures, promotions kits, website and social media presence using a digital device. Where once people flew to the location of a media conference, today they can ‘attend’ via video conferencing. Video releases are now becoming a common public relations tactic. The public relations company supplies the video, and a television station can either use it unedited or add a voice-over.

The Internet

The Internet has become an effective public relations tool used by a business to deliver specific messages to its publics. Internet newsgroups, social networking sites, chat rooms, websites and online publications can all be used in a public relations campaign. They can be a powerful electronic means of informing and relating to a business’s publics. The Internet has also provided opportunities for businesses to undertake more of their own public relations activities.
Because a website is a business’s window to the world, it must include the business’s full legal name, its full postal address, its telephone and facsimile numbers and email contact address. These details open the channels of communication between a business and its publics, empowering its public relations potential.

**Globalisation issues**

Conducting business on a global basis is fast becoming a reality for many businesses due to new technology. In addition, international trade has increased due to the reduction in trade barriers and the establishment of free trade arrangements. In response to the process of globalisation, companies have instituted public relations programs that run across a number of countries. In these cases, any public relations activities must take into account cultural differences. For this reason, it is important that public relations personnel study different cultures and are sensitive to cultural differences.

During the last 30 years, public relations franchises and full partnerships have been established around the globe. However, there is a continuing dominance of US and UK consultancies in Europe and South-East Asia. It is predicted that their dominance will continue for some years.

**International Public Relations Association**

Established in 1955, the International Public Relations Association (IPRA) is a network of 1100 senior public relations professionals practising in more than 95 countries. It is the world's largest public relations network, with links to all the major public relations associations.

The IPRA provides an opportunity for the exchange of ideas and experiences by publishing research papers, and holding international conferences and online discussions.

The IPRA also holds annual award ceremonies to highlight successful PR campaigns. In 2010, Tourism Queensland was the overall winner of the IPRA Golden World Awards for its ‘The Best Job in the World’ campaign. Tourism Queensland also won the International PR Campaign category. ‘The Best Job in the World’ campaign gave job seekers the chance to apply for accommodation as a caretaker on Hamilton Island. The successful applicant had to maintain a blog and photo diary during their stay. It was a very innovative way to promote the islands of the Great Barrier Reef and generated a great deal of interest from applicants around the world.

**DID YOU KNOW?**

A website is a cost-effective means of getting information into the public domain without relying on established media networks.

**DID YOU KNOW?**

International organisations for public relations communications include the Society of Business Communicators, and the International Association of Business Communicators.

**TEST your understanding**

1. Illustrate, by using two examples, how technology has changed the public relations industry.
2. In groups of three or four, brainstorm the range of public relations activities that could be undertaken using the Internet.
3. What has been the catalyst for encouraging international trade?

**APPLY your understanding**

4. IPRA hosts the Golden World Awards for Excellence in PR. Use the IPRA weblink in your eBookPLUS to choose a past winner of the award. Write a paragraph about why your chosen organisation won the award.
**Issues in public relations — ethical and socially responsible management and legal requirements**

**KEY CONCEPT** Issues in public relations include the role of ethical and socially responsible management and legal requirements.

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**Ethical and socially responsible management**

Since its beginnings just over 100 years ago, public relations (PR) has had to deal with the problem of managing its activities so that they are ethical and socially responsible. One of the most ‘infamous’ early press agents, for example, who played on the gullibility of the public in its desire to be entertained, was Phineas T Barnum. This former circus owner proclaimed: ‘Let the public be fooled’. Such an attitude would no longer be acceptable.

**Public relations ethics** are judged on the basis of acceptable behaviour within society or when measured against an individual’s moral values. Public relations professionals need to conduct their activities in accordance with sound moral values based on ideals such as fairness, honesty, integrity and trust. People usually regard unethical public relations activities as unacceptable and often refuse to do business with public relations personnel who engage in these activities. Unethical behaviours can include:

- issuing misleading, deceptive or false media statements
- withholding information
- offering or accepting bribes or unsolicited gifts
- covering up a potentially harmful situation.

**Public relations social responsibility** deals with the impact of a business’s decisions on society, whereas public relations ethics relate to the moral impact of individual PR decisions.

Unscrupulous public relations personnel who do engage in unethical and socially irresponsible practices have been labelled as **flacks**. This term has been used to described press agents who flood the media with press releases which counteract journalists’ attempts to report to the public.

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**Spin doctors**

Many people argue that the public relations industry has done a poor job on itself, by not having clearly defined the roles and expectations of public relations practitioners. Consequently, there is some confusion as to whether a public relations practitioner is involved in marketing, advertising or journalism. This misunderstanding has resulted in some people criticising public relations practitioners and labelling them as being merely ‘spin doctors’. This name originated from the idea that a story was being fabricated, that the perpetrator was just ‘spinning a yarn’.

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**Public relations ethics** is the moral evaluation of public relations activities as right or wrong.

**Public relations social responsibility** is the conscious effort by a public relations business to maximise its positive impact and minimise its negative impact on society.

A **flack** is a person who engages in unethical and socially irresponsible practices.

‘Spin’ techniques include only presenting the facts that are favourable; using language selectively instead of ‘telling it how it really is’; using clever phrases to give the impression that what is said has been proved; and only releasing bad news when other news items are taking up significant media attention.

**Spin doctor** is the name given to someone communicating their perspective of an issue to the public and trying to persuade the public that their perspective is correct.
There are two opposing views on whether or not this term conveys a negative image. Some say a spin doctor is someone who knowingly engages in misinformation, manipulation and deception. Others feel the term is an accurate description of what public relations practitioners do; that is, presenting information from a particular viewpoint and attempting to persuade others that their viewpoint is correct.

Public relations ethics — the current situation

Public relations practitioners are currently engaged in a discussion of the role of ethics within the industry. The rise of interest in ethical issues can be traced to events of the 1990s, when some major businesses and their executives were found to be engaged in unscrupulous share trading, false accounting practices, anti-competitive behaviour and issuing deceptive and false public announcements.

The debate is also flourishing because public relations practitioners realise they have to satisfy the demands of their many publics. Unethical behaviour, when found out, will go against the business's public image.

While there will always be disagreements among public relations practitioners as to what constitutes ethical and unethical practices, all would agree that public relations should never be used to ‘cover up’ a real problem. The truth will surface eventually.

Public relations code of ethics

To encourage ethical and socially responsible behaviour, most professional associations have developed codes of professional conduct. These codes outline the acceptable behaviour required of a member. While the codes are self-regulatory, most professional associations can withdraw membership status from any party convicted by a court for any behaviour that violates the code. Any true public relations professional, however, will take such codes seriously.

Public relations — unethical practices

Here are some examples of what public relations professionals have described as unethical practices used on behalf of some businesses in the past:

• offering gifts or favours to journalists for story placement
• paying radio announcers to make negative comments about major business rivals
• spreading rumours to alienate a rival’s shareholders, customers or employees
• knowingly placing inaccurate information on a website or in a media kit
• using ‘stooges’ to offer evidence or opinion in public hearings or royal commissions.

Some PR professionals have also acted unethically on their own behalf — changing jobs and taking confidential information to use against their former employer.

Legal issues

Public relations practitioners are expected to conform to the laws and regulations which govern their behaviour. While a public relations practitioner does not have to be an expert on the law, having some knowledge can help to avoid making costly mistakes. There are four areas of law especially relevant to public relations practices.
Defamation is a false or derogatory statement which damages a person’s reputation.

Defamation is a false or derogatory statement which damages a person’s reputation.

Misrepresentation is a false statement of fact made by one party to another before or at the time of contracting.

A deliberate misrepresentation does not reflect well on the business owner if it is discovered.

Defamation

It is possible to defame somebody unintentionally by the careless wording of a press release, neglecting to check detail or neglecting to authenticate a story. People who believe that they have been the victim of defamation may sue the business or person who published the defamatory material. Consequently, all public relations materials should be checked carefully and legal opinion sought before it is distributed.

Misrepresentation

A misrepresentation is a false statement and it may be expressed verbally, in print or even implied from conduct. There are three types of misrepresentation:

1. Fraudulent misrepresentation is when the representation is deliberate. The injured party may sue for damages and rescind (cancel) the contract.

2. Negligent misrepresentation means that the statement was carelessly and thoughtlessly made, rather than with an intent to mislead. The injured party can rescind the contract and claim damages.

DID YOU KNOW?
The Victorian Defamation Act 2005 outlines the elements needed to prove a claim of defamation and the defences to an action.
Innocent misrepresentation occurs when someone makes a statement which she or he believes to be true but which turns out later to be incorrect. In this case, there can be no claim for damages.

**Intellectual property**

Intellectual property refers to property such as a brand name, a computer program or an artistic work. It is possible to establish ownership over intellectual property through intellectual property rights, including a **patent**, a **trademark** or a **copyright**.

**Contracts**

A **contract** is an agreement between parties and is legally enforceable. Contracts may be oral, written or implied (for more detail, refer to chapter 8). Most public relations dealings involve some form of contract.

Contract law refers to those laws that govern the enforcement of a contract. If one of the parties believes that an obligation in the contract has not been fulfilled, they will normally resort to contract law. A public relations practitioner should have a basic understanding of this area of law, because he or she will frequently encounter it in the course of work.

**TEST** your understanding

1. Distinguish between ‘ethics’ and ‘social responsibility’.
2. List three public relations practices that would be regarded as unethical.
3. Of the two views concerning spin doctors, which do you feel is more valid? Give reasons for your answer. Share your answer with other members of the class.
4. Do you believe public relations practitioners can make ethical decisions in every situation? Use an example to support your answer.
5. What would you do in the following situations?
   A. Your client offers you a two-week holiday if you falsify a press release and send it to the media.
   B. Your boss tells you to anonymously leak a false allegation about a competitor’s product to the media.
   C. An existing client offers you the chance of gaining a lucrative contract if you agree to downplay its poor environmental record.
6. Why should public relations practitioners be familiar with the legal aspects of:
   (a) defamation?
   (b) misrepresentation?
7. Explain the difference between ‘intellectual property’ and ‘intellectual property rights’.

**APPLY** your understanding

8. Assume you are the public relations manager at Allport Mining. Preliminary geological findings indicate a rich copper deposit. Rumours are circulating in the marketplace about the positive impact this find will have on Allport’s profits. The general manager asks you to prepare a media release officially announcing the find. During your research you discover the geological report was falsified to make the results appear more favourable. The internal report was signed by the general manager.

   In groups of three or four, undertake the following tasks:
   (a) List the specific ethical issues involved.
   (b) How would you respond to the general manager’s request to prepare a media release?
   (c) Identify the publics who will be affected by your decisions in task (b).
   (d) How would a code of ethics assist you in your decision making?

9. ‘Codes of ethics are totally ineffectual because they rely on voluntary adherence. Those public relations practitioners who engage in unethical practices will continue to do so with no fear of being punished.’ Do you agree or disagree with this statement? Give reasons for your answer.

10. Create a web page for a public relations business. Access three existing public relations websites and decide which aspects should be included in your website. You may wish to use FrontPage or a similar software package.

11. In groups of three or four, design a 3-minute PowerPoint presentation to outline the impact of information communications technology on public relations practices. Make your presentation to the rest of the class.
Summary

The meaning of public relations and its relationship to business objectives and strategy

- Public relations that is effective promotes favourable attitudes and goodwill towards the business from the ‘publics’ that have a vested interest in the business.
- Public relations is a two-way communication process between a business and its clients or customers.
- Successful public relations will have a positive impact on areas such as customer relations, sales and profits as well as inform the public about new products.
- Unlike advertising that uses paid messages to a business’s publics via the mass media, public relations generates positive ideas through unpaid third parties like press releases, talkback radio or celebrity comments, editorials or journalists’ views which are presented as facts.
- Public relations is considered far more effective than advertising.

The significance of image

- Image is hard won and easily lost. It can be achieved through various means, including logo and business ‘look’, customer service, employee behaviour and appearance, quality of products, public interface and advertising.
- Public relations plays a major role in creating and maintaining the image of a business.

The concept of ‘publics’ and their respective characteristics

- ‘Publics’ that scrutinise businesses can be internal, general, local, media, citizens-action or government groups.

Public relations objectives and strategies used in a range of planned business situations

- Good public relations will guard against the negative impact of future contingencies that may arise in the quality or supply of some products sold by the business.
- There are five main development stages in a public relations campaign: establish objectives; identify intended publics; develop specific strategies and tactics; implement the campaign; and evaluate the results.
- Planned public relations campaigns involve such things as advertising, posters, news conferences, brochures and letters.
- The SMARRT principles can be applied to ensure that the objectives developed for a public relations campaign are specific, measurable, attainable, results-centred, realistic and time-bound.

Public relations objectives and strategies used in a range of unplanned business situations

- Negative press can have a negative impact on the image and profits of a business.
- Small size of a business does not prevent it from starting a public relations campaign.
- Unplanned public relations campaigns are the result of such things as oil spills, food poisonings, pollution fraud or other unforeseen negative events. Businesses can prepare for such events by: establishing a command chain, selecting a ‘crisis team’, fully briefing a spokesperson and by anticipating questions and thoroughly preparing honest and full responses with a view to minimising potential damage to the image of the organisation.

Relevant performance indicators to evaluate the performance of public relations strategies

- Public relations should increase the firm’s measurable market share.
- The effectiveness of a public relations campaign can be monitored and statistically measured by organisations.

Issues in public relations

- Changes in technology, particularly ICT, are having significant impacts on the delivery of public relations solutions.
Issues in public relations — ethical and socially responsible management and legal requirements

• Legal issues arise from the use of intellectual property, or from defamation, misrepresentation or breach of contract.
• Critics of public relations have accused members of the industry of being simply ‘spin doctors’.

Review questions

TEST your understanding
1 Distinguish between public relations and advertising.
2 In pairs, list the elements that combine to create:
   (a) a positive image of a business
   (b) a negative image of a business.
3 Identify the publics for the following businesses:
   (a) your local convenience store
   (b) an employment agency
   (c) your local dentist.
4 Devise the public relations objectives for an engineering factory that wants to improve its image within the local community because of residents’ concerns that it may be a major source of air pollution.
5 A crisis has occurred. List the elements of the crisis communication plan that should be activated within:
   (a) one day
   (b) three days
   (c) one week.
6 What performance indicator can be measured by questionnaires and focus groups?
7 How is the main indicator of the success of a public relations campaign measured?
8 Give two examples of how technology has changed the public relations industry.

APPLY your understanding
9 Imagine you have been appointed public relations officer for your school.
   (a) Outline your role by referring to the tasks you would perform.
   (b) Research the personal qualities and skills you would need in order to perform this task effectively.
   (c) How would you change the current public relations activities undertaken by your school?
10 Identify a business whose performance you believe does not line up with its image. Suggest solutions to overcome this failing.
11 How could adverse comments by a talkback radio commentator about the dangers of having your assets invested with a particular investment adviser adversely affect that business and perhaps favour other businesses? What laws exist to prevent bribery of the media and the mischievous manipulation of public relations?
12 The local paper has accused a local sporting club of allowing rough play that has resulted in an opposition player being hospitalised. Prepare a critical communication plan to minimise the damage to the sporting club.
13 A chemical company has as its main objective to promote a positive image of the company’s environmental practices within the community.
   (a) What performance indicators need to be measured?
   (b) List the tools you would need to gather the relevant information.
14 Give three examples of public relations practices that are seen as socially responsible.
School-assessed coursework

OUTCOME 3
Apply public relations strategies to business-related situations and analyse their effectiveness.

ASSESSMENT task — business simulation exercise
Sometimes it’s not what happens but how a business handles it that is the most important thing. Read the following article and then complete the tasks below.

Toyota in crisis

Toyota prides itself on the quality of its product, teamwork, honesty, waste management and continuous improvement — this is the Toyota Production System. Yet the handling of its vehicle recall in 2009 and 2010 is a good example of how not to conduct public relations. Toyota recalled 12 million vehicles around the world over safety issues that caused cars to accelerate even as drivers tried to slow them down.

The recalls followed a fatal accident in August 2009, where a family was killed in a brand-new Lexus. An accelerator pedal sticking was identified as a possible cause. Toyota’s CEO, Akio Toyoda, offered his condolences.

In November 2009, Toyota recalled 3.8 million vehicles in the US following concerns that the accelerator pedals were sticking in certain models. The US National Highway Traffic Safety Administration (NHTSA) met with Toyota executives, seeking assurances that prompt action would be taken. Toyota recalled more cars in December. In early 2010 more than 8 million cars were recalled globally, including 5.5 million in the US.

Ray LaHood, the US transport secretary, warned Toyota drivers to stop driving their cars for fear of accidents. His comment was later retracted and referred to as a misstatement but the damage to Toyota’s brand was already building. It seemed that the crisis could potentially harm its corporate reputation as well as consumer trust. Most importantly, the safety of customers was being put at risk.

Toyota finally began to publicly address the issue, writing letters to customers that ran in major daily newspapers and on its website, followed by a television commercial. Toyota management appeared at a news conference to apologise for the problems, promising that quality would be reviewed.

Toyota was criticised for its slow reaction to the crisis. It took seven months to hold a news conference about the problem, and management did not seem to understand the scale of the problem. The letters and public statements were condemned for not being sincere. Sales and market share in the US plummeted following the recall. The slowness of its response resulted in millions of dollars in fines and a $1.2 billion settlement with the US Justice Department in 2014.

1 Define the term ‘public relations’.
2 What is Toyota’s image? How do you think this has been affected by their handling of the vehicle recall crisis?
3 List Toyota’s publics and explain how two of them would have been affected by the crisis.
4 Do you think that Toyota had a crisis communication plan? What elements could Toyota improve on?
5 If Toyota was to evaluate their performance, what performance indicators would they use? How do you think they would perform against those indicators?