

Proactive pr versus reactive pr marketing essay



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In this chapter, literature with relevance to the area of PR is reviewed and presented. The theories connected to the research area will be reviewed and presented in a conceptual framework, which will clarify the main subject matter and help in data collection.

Existing literature in the area of PR is vast and numerous. To be able to answer the research questions and reach our purpose, the search of relevant theory and models has been selectively done. Some of the selected theories approach PR in general terms, while other theories aim at more specific aspects within the area of PR. A conceptual framework is necessary to conduct this research such that selected theories fit into the focus of this study.

1. 1 Role and Objectives of PR

1. 1. 1 PR: Definitions

The term PR within area of research is vast and wide with several definitions and what it actually involves. PR practitioners tend to view their activities as being strategic, while on the other hand marketers view PR as being a mere tactical ingredient of the promotion mix. This confusion and conflict of opinion has hindered the development of the PR profession to the extent of adding to the blurring of what exactly includes the area of PR (Lages & Simkin, 2003).

A review of modern PR history gives a number of definitions, metaphors, and approaches to the field (Hutton, 1999). In the first two decades of this century, the prevailing theme in PR had been “ using communications to build and hold goodwill”. However, the term has now evolved and a review of

recent PR definitions in literature and academic journals suggest a number of common themes, but there is still no true convergence. The most common components in the definition of PR appear to be “ management”, “ organization”, and “ publics”.

An exemplar of a widely quoted definition is;

“ Public relations is the management function which evaluates public attitudes, identifies the policies and procedures of an organization with the public interest, and executes a program of action to earn public understanding and acceptance” (Hutton, 1999).

Lages and Simkin (2003) propose that PR scholars conceptualize PR as a management discipline which is a change from the traditional view of PR being mainly a communication activity. Other authors referred by Lages & Simkin (2003) agree with Hutton (1999) and define PR as the “ management of communication between an organization and its publics”; and emphasize that: “ this definition equates public relations and communication management”. PR is also defined as the “ management function that identifies, establishes and maintains mutually beneficial relationships between an organization and the various publics on whom its success or failure depends”. Lages & Simkin (2003) further define PR as “ relationship management”, which implies that the focus of public relations is the management of an organization’s relationships with its publics through the four step management process of analysis, planning, implementation and evaluation. In this context, PR is used to communicate strategically (ibid).

Frank Jefkins (1978) define PR as:

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“ Public relations consist of all forms of planned communication, outwards and inwards, between an organization and its publics for the purpose of achieving specific objectives concerning mutual understanding”.

This definition points out that PR should be planned and organized similarly as production, sales and advertising programmes. The main objective, which is mutual understanding, means that the PR practitioner seeks to understand other people and their attitudes, as well as to create an understanding of his organization and its people, policies, products, or services. Such interaction is the essence of communication. By the term objective, the author means that the system of management by objectives is implemented to deliberately plan and sustain PR. Furthermore, a separate PR strategy can and should be planned, budgeted and executed alongside marketing. Ideally this should be part of a complete management system, using PR to achieve corporate objectives (ibid).

1. 1. 2 PR: Objectives and Strategies

Dolphin & Fan (2000) discuss over whether PR is seen as a strategic function by corporate management. Their research indicates that a communication strategy is necessary for any organization. It needs to be managed and formulated by the information director in close cooperation with the executive team. When shaping PR strategy, the nature of the organization to its vision, mission and to its key stakeholders should be taken into consideration. The role of the information director is to act as a bridge between his organization and its audiences, and in this way create and sustain the corporate image and reputation. PR obviously should be linked closely to the organization's board room through the practitioner as it plays a

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key role in the strategic planning of an organization (ibid). Jefkins (2000) describes the ideal organization structure as one which has an autonomous PR department which is accountable directly to the CEO. However, if the PR executive is placed between the marketing, advertising or sales promotion departments instead, the scope of PR within the company can sternly get limited.

Lages and Simkin (2003) argue that if the positioning of PR was to be as a management discipline, it would imply that the PR activities are broader than both the communication techniques and the dedicated PR programs such as media relations. However, PR might not be efficient, as argued by many, when practitioners master technical skills without properly understanding when and why to use PR to enhance and make the organization more competent in terms of communication (ibid).

Wells and Spinks (1999) portray community relations as being among some of the most important activities of an organization. The founding of ongoing, reliable and respected external communication processes should be considered as a priority. This involves relationships with customers, for thousands of satisfied customers might never make an argument, but one unsatisfied customer probably will. As explained by Worcester (1997), the attributes of the bank's image in the eyes of its publics are highly dynamic and never stagnant. Even if it looks static, it is hardly ever so.

The importance for effective communication with many audiences such as its customers, clients and employees is obvious to most organizations.

However, many of them fail to notice the importance of good communication

with the community (Wells and Spink, 1999). Each organization has its own priorities, which obviously reflect its mission, and as such organizations divide their responsibilities differently. Some practitioners consider communication that aim at increasing sales and revenue, while also bringing in new business,

PR objectives as stated by Wells et al. (2003) are designed to alter public's knowledge, attitudes, and behaviours related to a company, a brand, or an organization. These objectives put emphasis on creating credibility, delivering information, and building favourable images. Typical PR objectives put forward by Well et al. (2003) include:

Creating corporate brand

Redefining or shaping a corporate reputation

Positioning or repositioning a company or a brand

Disseminating information about a brand, a company, or an organization

Providing information about a product or a brand

Changing stakeholders attitudes, opinions, or behaviours about a brand or a company

Creating buzz-word of mouth

Involving people with a brand

1. 1. 3 Defining Publics

Worcester (1997) highlights the necessity of identifying the publics of the organization. Every bank should carefully evaluate the audiences it is to deal with in order of importance. In many financial institutions for instance, the customers often stand this position. Expenditure decisions can then be based on relevance if the organization knows accurately who to target first.

Beavers-Moss (2001), state that once the various publics of a bank have been identified, relationships must be established in accordance with each group with regard to their needs and wants.

Wells & Spinks (1999) recommend organizations to establish ongoing communications with the public community at large. Schultz & Barnes (1999) however suggest that the relationship with specific publics should be given more importance. Once an organization's publics has been defined, whether as being narrow or wide, segmentation can be done on basis of demographic, geographic or psychographic. Other tools such as covert power segmentation can as well be used, under which people within a community who exercise influence of a variety of issues or decisions are identified. Reputation segmentation on the other hand deals with classifying people who exert influence within social networks.

1. 1. 4 Proactive PR versus Reactive PR

PR can be classified as either proactive or reactive. Proactive PR is guided by a company's objectives and is oriented offensively rather than defensively.

Proactive PR is seen as opportunity seeking rather than problem solving.

Being integrated with other promotional activities, the main role of proactive PR is to endorse the products and services of an organization by giving them

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additional exposure, newsworthiness and credibility. The last factor, credibility, contributes to the effectiveness of proactive PR to a large extent. On the other hand, reactive PR describes the conduct of public relations in response to external influences. It is undertaken as a result of external influences such as shifts in consumer attitudes, changes in government policies or competitive actions amongst others. Reactive PR mostly handles changes that have negative impacts for the organization, and aims at repairing the company's goodwill, preventing market erosion, or regaining lost sales (Shimp, 2000).

1. 1. 5 Hutton's Framework for defining public relations

Hutton (1999) has developed a three dimensional cube to allow a better analysis of PR roles through a framework. It consists of three dimensions, namely interest, initiative and image, which explain the significant differences among the various orientations of PR.

Interest

The interest dimension can be described as the “ balance of intended effects”. It allows a perspective of what degree PR functions emphasize on client interest versus public interest. In simpler terms, it describes whether the main focus of the organization is on direct customers or on the public in general.

Initiative

The initiative dimension shows the extent to which the PR function is reactive versus proactive. This can be measured by PR activities that aim to forecast and help to shape up emerging organizational issues.

Image

The image dimension describes to what extent the organization is focused on perception versus reality, or image versus substance. This aspect reveals the overall focus of an organization's philosophy, thoughts and actions.

PR activities under this framework reveal six distinct orientations of the PR practice, namely; persuasion, advocacy, public information, cause-related public orientations, image-reputation management, and relationship management.

Persuasion

Persuasion includes the philosophies of PR that are proactive and geared towards persuading publics to think and act in a way that is beneficial to the organization. PR campaigns that are designed to focus on promotion or to create consent lie under this category, demarcating each other mainly by their strategic choice of tactics rather than their basic objective (ibid).

Advocacy

Similar to persuasion in its objectives, this category is also different in its level of initiative and in the sense that it arises subject to controversy or active opposition. It defends the organization in the public's court of opinion, rather than a court of law. The type of strategy and tactics used is guided by

the controversy or active opposition. The reactive nature of advocacy public relations suggests that a PR function may exist only if triggered by a crisis or any other catalyst. Subsequently, advocacy aims at persuading relevant publics to think or act in a certain pattern (ibid).

Public Information

This category refers to the style of PR in which the organization initially serves as an information provider and educator. Some government agencies and trade associations or other member service organizations perform likewise (ibid).

Cause related public relations

Cause related PR is usually as much proactive as persuasion in its initiative as it aims to persuade the publics to think or act in specific ways. On the other hand, it is similar to advocacy in the sense that it is also triggered by a public event, or is otherwise non-existent or reactive. In simpler terms, it is a complement of advocacy as long as it aims at serving a broader audience rather than any targeted group or individual based on interests. Putting emphasis onto strong and unorganized publics and media by means of lobbying and publicity is a major distinguishing aspect of cause-related PR. Some organizations that have adopted cause-related PR include the Red Cross and Amnesty International (ibid).

Image/ Reputation Management

This dimension focuses on the image or reputation of an organization based on its goodwill. Image or reputation management initially looks like publicity,
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control and the manipulation of symbols. Nevertheless, reputation is seen to be less superficial in comparison to image, with an apparently deeper focus on reputable behaviours as the basis of a good reputation (ibid).

Relationship Management

This aspect refers to the function of PR as an instrument to identify mutual interests and benefits between a corporate body and its publics. This approach takes public interest into consideration when operating on behalf of the client organization. It follows the principle that public support and harmony are crucial for the achievement of long term objectives.

Relationship management aims at enhancing the relationship of an organization with its publics by focusing on mutual trust, compromise, cooperation, and creating win-win situations as far as possible (ibid).

1. 1. 6 Hutton's hierarchy of public relations

Hutton (1999) has put forward a hierarchy framework for the primary roles, functions, and tools of PR. The advantage with such a hierarchy is that it allows scholars to make the difference between the umbrella definition of PR and its primary objectives within context. It also encourages a distinction between the roles and functions of PR, which are not end goals on their own but means to achieve a targeted object.

Figure 1: Hutton's hierarchy of public relations

Source: Hutton (1999)

1. 2 Functions and tools in PR

1. 2. 1 Types of PR

In PR there are specific types of relations which all have reference to relationships with various publics.

Media relations

Develops a relationship with the media and investigates about who might be interested in the organization story. The term “ public relations” is associated with publicity by most, which highlights the importance of this media function. The organization provides appropriate information to the media to initiate publicity. The PR person's reputation for honesty, accuracy and professionalism is the catalyst for a successful relationship with the editor. If this reputation is tarnished or lost, the role of the PR person as a liaison between the organization and the media becomes ineffective (Wells et. al. 2003)

Employee relations

The employee relations programmes communicate with employees. This function belongs to both PR and Human resource management. These programmes are often referred to as internal marketing (ibid).

Financial relations

Financial relations is all about communication efforts targeted at the financial community, such as press releases sent to business publications, meetings with investors and analysts, and annual reports which government require from public organizations (ibid).

Corporate relations

These programmes focus on the image and reputation of the organization. It aims at persuading the public towards a positive perception of the company. The goal of reputation management in a corporate relations programme is to enhance the trust of stakeholders with regard to the organization. Since corporate reputation is a perception, it is earned through deeds, not created by advertising (ibid).

Public affairs

Public affairs, also termed as issue management, concentrate on corporate communication with governments and regulations. In addition, these programmes also monitor public opinion about issues related to the organization's interest and develop programmes aiming at communicating to, and with the public about these issues (ibid).

1. 2. 2 PR tools

There are three categories that divide PR tools according to Wells et. al (2003), and these depend on the amount of control the company has in its communication. The tools which can be utilized in PR are well known tactics in organizations and hence are not described in further terms.

Controlled PR

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This category refers to situation where a company has control over the use and placement of their PR tools, this means that they utilize controlled channels. Examples of tools in this category are:

Publications: brochures, flyers, news magazines

Annual reports

Displays, exhibits

Product placements

Speakers

Photographs

Staged events (open houses, anniversary celebration)

Uncontrolled PR

When companies hand over the control of their use and placement of their PR to media, they are using uncontrolled channels. Examples of tools in this category are:

Publicity (radio, TV and print media)

News releases (print, audio, video, e-mail)

Press conferences and media advisory (media kits, fact sheets, background information)

By-lined articles

Talk and interview shows

Semi-controlled PR

When the control of PR activities is controlled and initiated by the company while other aspects remain uncontrolled, they are utilizing semi-controlled channels. Examples in this category are:

Special events and sponsorship

Interpersonal communication

Electronic communication (websites, chat rooms)

Word of mouth

When using the above mentioned tools, it is necessary that the PR team work closely with the marketing department. PR tends to complement advertising activities in an organization. While advertising is pushing the desired message of the bank to its target audience, PR helps to sprinkle the message with credibility. Banks often realize the importance of PR activities, but sometimes utilize them in different ways in their marketing mix (Beavers-Moss, 2001).

1. 2. 3 The PR Toolkit

This framework has been developed by Phillips (2001) to set up and evaluate PR activities. The author proposes a five step approach to research and evaluation of these activities. The steps are:

Audit research about the organization, its offerings, and audit of communication with its audiences. Research can aid to identify these and record the progress of the campaign and its end result. Consulting existing research is less costly in terms of money and time. The strategic role of PR can be established at this stage by involving management at the higher hierarchy.

Objectives. These must mirror the strategic business goals of the organization in general. PR must be coordinated with advertising; direct marketing and sponsorship once the target audience, the channel, the desired reaction and the timing have been identified.

Strategy and plan. The level of measurement must be decided. Output measures how the message was transmitted and who it reached while Out-take measures to what extent the message has been retained and understood. Outcome generally assess to what degree PR activity changed opinions, behaviours or attitudes.

Measurement and evaluation. This aspect is a measure for the direction of activities. Typical questions that are generally involved are; are we getting there? And if so, do we stay on course? If not, then, Should we amend tactics, strategies or objectives?

Result. A review of results based on the objectives set initially. Questions at this stage include; what did we learn that can be fed back into the planning loop? What worked and what did not? What can we use again next time?

In addition, Lages and Simkin (2003) support the importance to use overall planning, execution and evaluation of an organization's PR communication with external as well as internal publics.

1. 2. 4 PR: Effectiveness and evaluation

PR effectiveness and evaluation is based on setting measurable objectives in the beginning of the planning, just like advertising (Wells et. al, 2003). It is critical for most PR practice to monitor, measure, evaluate and plan content with relevance to its context to achieve competitive advantage (Phillips, 2001). PR practitioners, according to Wells (2003) must track the impact of a campaign in terms of output, how many new releases lead to stories or are mentioned in news, and outcome like change in attitudes or behaviours. However, there is evidence that there is a lack of knowledge on how many evaluation techniques there are, and how much it is worth to make use them so as to provide the organization with good evaluative information (Phillips, 2001).

Wells et. al (2003) provides a guideline with common types of evaluation techniques used in PR:

Output production. Numbers of PR products such as news releases or event activities generated.

Distribution. Number of media outlets receiving PR products such as TV stations, newspapers.

Coverage. Number and size of clips, column inches, seconds, or minutes of time or space.

Impressions. Media placements multiplied by circulation or broadcast reach.

Advertising value. Equivalent ad cost of time or space.

Systematic content analysis. Positive or valence (whether the stories or mentions are more positive or negative), key messages (the idea in the stories), sources, and prominence.

Outcome Objectives achieved:

Awareness. Aided and unaided to recall the target audience.

Attitudes. Perceptions and preferences or intent of purchase.

Behaviour. Did they do what you wanted them to?

It is important for the bank to indentify what outcome is expected from the PR activities in terms of gain. If the objectives are defined explicitly and measurably, they are easier to achieve (Beavers-Moss, 2001).

The Effectiveness Yardstick model

Lindenmann (1993) has developed a set of guidelines or standards that simplifies the process of measuring effectiveness in PR activities, which PR practitioners can adopt to measure PR effectiveness (Macnamara, 2005). The guideline is called the “ Public Relations Effectiveness Yardstick”. The process consists of two steps; first, setting PR objectives, and then determine at what levels to measure PR effectiveness.

Step one: Setting objectives

What are the goals and objectives of the PR program? What the PR program is seeking to accomplish?

In PR, what you seek to accomplish usually falls into one of these four categories;

You, or your organization, are trying to deliver certain messages, themes or ideas.

You would like these messages or ideas to be reached by a target audience.

You envisage distributing these messages to your target audience through specific communication channels.

Step two: Determining levels of PR measurement

Once PR objectives have been set, you need to decide what exactly you want to measure. This guideline points out three different measures of PR effectiveness.

Level 1: Basic level

It measures outputs. Examining how well PR people present themselves and how they handle PR activities or events. PR practitioners must measure the amount of exposure the organization received in media, the total number of placements, impressions, and the likelihood of having reached specific key audience groups. PR practitioners mostly use content analysis techniques to measure outputs, that is, to track or measure publicity placements. Also, simple public opinion polls are used to find out if target audience groups have been exposed to certain messages delivered.

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Level 2: Intermediate level

At this level, a more sophisticated approach is used. PR practitioners measure whether or not target audience have actually received the messages delivered, that is, whether their attention was captured or not, whether the message was well understood or not, and whether or not the messages have been successfully retained in any shape. In order to measure the outgrowths, practitioners normally have recourse to a combination of qualitative and quantitative techniques, using methods such as focus groups, depth interviews with opinion-leader groups, and extensive polls targeted at key audience either by telephone, face-to-face or mail.

Level 3: Advanced level

This level is the more advanced PR measurement level. When this higher end of the Effectiveness Yardstick is reached, the outcomes such as opinions, attitude, and behaviours change are measured. To measure these, techniques such as before-and after polls; the development and use of experimental research designs; use of inconspicuous data collection methods such as observation, participation, and role-playing; with the use of advanced data analysis techniques such as psychographic analysis, factor and cluster analysis; or conducting of communications audits (ibid).

Figure PR effectiveness yardstick

Source: Macnamara (2005)

1. 3 Corporate reputation and PR

Review of literature in the areas of trust, credibility, and corporate reputation acquired by PR shows that the area is not thoroughly researched. As such, models and theories from existing literature are hard to find. Below are theories relevant to answer the research questions in this study.

1. 3. 1 Trust and Credibility

According to Seal (1998), trust is based on personal knowledge of the other part in a relationship. However, trust goes beyond possessing information about each other. Possession of information about someone does not directly match up to trust. Trust necessitates history as a reliable background and is as such endorsed in dependent relationships.

Seal (1998) describes three types of trust in the organizational context;

Contractual Trust means that partners keep their promises whether or not they are based on written agreements.

Competence Trust is where there is the business ability to fulfill obligations.

Goodwill Trust is where the organization can act on the behalf of its clients without detailed instructions.

PR is a means used to enhance demand for products and services through building credibility (Beavers-Moss, 2001). Managers in the service sector that are not well differentiated in terms of basic services should acknowledge

that a well structured and valuable communication has a strong influence on consumer perceptions. It leads to trust, satisfaction, and loyalty. These communications should be used to enhance relationships, offer the customer useful and needed advice and information, packaged in such a way that is easy for the customer to understand and pleasant to assume (Ball et. al, 2004).

1. 3. 2 Corporate Reputation

Good reputation is hard to build and cannot be bought, and is at the same time very fragile and easy to lose. Hutton et. al (2001) argued that companies with extensive corporate communication strategies were more likely to have strong reputations. The more a company is focused on managing relationships with non customer publics (reputation management) as its guiding communication philosophy, the more likely it is to have a strong reputation management.

Dolphin (2004) puts forward that any communication that makes an organization more transparent allows stakeholders to appreciate its operation more clearly, making a better reputation possible. The intangible equity in a corporate reputation is the organization's most lifelong asset. The reputation also allows a competitive advantage for the organization in an ever increasing marketplace. As such a good corporate reputation is an asset of great value. However, it is difficult to measure due to its intangibility and difficult to replicate as well. Corporate reputation of an organization reflects its capabilities as well as information about future performance (ibid).

Today, there is no doubt that corporate reputation is given more attention than before since marketers and communicators are concerned about their companies' reputation and the advantages associated (Dolphin, 2000). Some clear differences between corporate reputation and corporate identity often cause confusion. Reputation is acquired over time and cannot be manipulated rapidly, unlike image, which can clearly be created and manipulated within a short period of time (Dolphin, 2004).

With today's ongoing globalization and increasing competitive, bank marketers must know how to protect and maintain their reputation. Good PR can enhance a bank's marketing and improve its overall competitiveness (Beavers-Moss, 2001).

Image and reputation is described as one of the most vital factors when analyzing consumer perception of service quality in the banking industry. Trustworthiness, tradition and reliability can enhance a favourable image that can in turn positively influence the perception of quality, value and satisfaction (Kangis & Voukelatos, 1997).

1. 4 Conceptual Framework

This section aims at displaying a conceptualization for this study in order to help answer the research questions. This conceptual framework consists on a selection of models and theories that best fit to tackle the research topic.

1. 4. 1 Roles and objectives of PR

Definitions

The area of PR being vast with numbers of definitions, it is hard to give a concrete definition. Instead of narrowing those to using only one definition, this study will compare the collected data against different definitions provided by famous authors, Hutton (1999), Lages & Simkin (2003) and Jefkins (1978), to find out if there are similarities or differences between collected data and selected definitions.

Objectives and Strategies

There are many objectives with the PR strategies, usually these objectives aim at creating credibility, delivering information and building positive images (Wells et. al, 2003). A communication strategy is important for any organization (Dolphin & Fan, 2000).

Jefkins (2000) describes the ideal organizational structure as one having an independent PR department, directly accountable to the CEO. However, if the PR executive is positioned in the marketing, advertising or sales promotion department, the use of PR becomes strictly limited.

Lages & Simkin (2003) explain that PR is a management discipline which is much wider than a communication technique or a specialized program such as media relations. The public opinion is highly dynamic and as such the PR responses used by companies must be managed actively (Wells & Spink