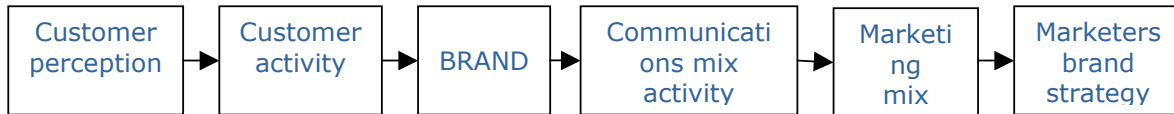

BUILDING BRANDS – THE POWER OF PUBLIC RELATIONS

In the concept of *Integrated Marketing Communications*, brand is the focal point of relationship in consumer markets between the marketer and the customer as is illustrated in the figure below:



The brand not only enables a business to focus its efforts around all the needs of the customer (functional, psychological and social), but it also provides the language, which articulates that relationship. It is the definable social area in which customer activity moulds with the communication and marketing mixes developed by the marketer. A brand is therefore a “*statement of a psychological relationship and dependency between a customer and a marketer*”. As a statement a brand is conveyed in unique language, both visual and verbal via the effective use of *Integrated Marketing Communications*.

Marketing communications is a systematic relationship between a business and its market in which the marketer assembles a wide variety of ideas, designs, messages, media, events, shapes, forms and colours, both to communicate ideas to, and to stimulate a particular perception of products and services amongst the target market.

The result of this process of assembling is referred to by marketers as the communications mix. To assemble this mix, the marketer uses a number of marketing communications tools such as: direct marketing, advertising, sales promotions, public relations, point of purchase collateral, events and marketing design like logos, stationery etc.

DIRECT AND INDIRECT BENEFITS

Each marketing communications tool will convey either direct or indirect benefits

Direct Tools

- Advertising
- Personal selling
- Direct Marketing
- Promotions

Indirect Tools

- Public Relations
- Sponsorship
- Corporate Identity
- Design e.g.:- packaging, logos, stationery and corporate identity
- Point of purchase collateral

Let us consider how companies utilise a beneficial mix of communications to convey their message to the target audience.

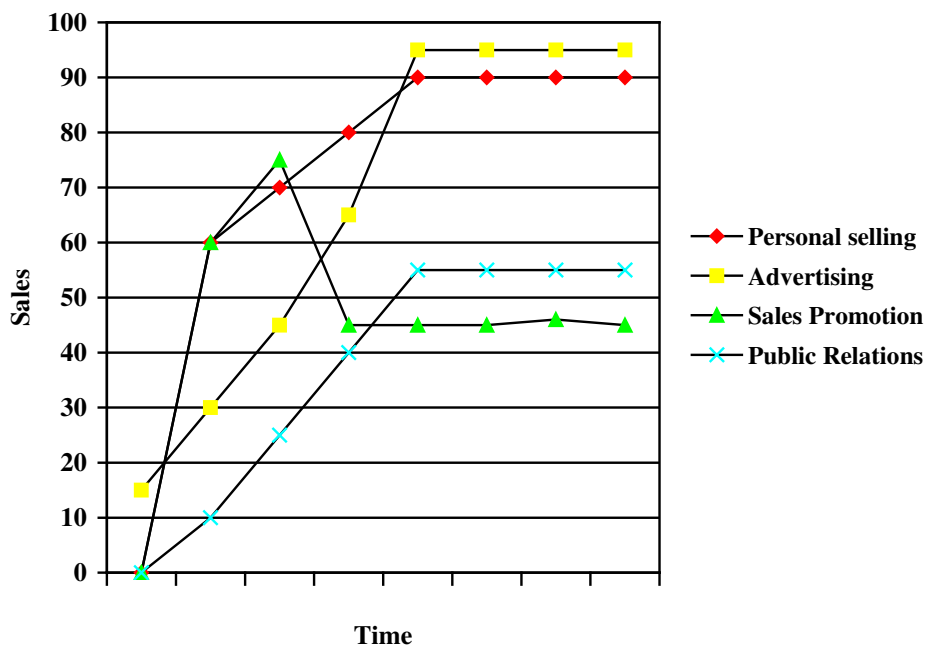
BEANZ MEANZ BENFITZ

Heinz's main communication of its baked beans is through display and television advertising in which the product is always seen providing a convenient fast meal for the family and children in particular. This is the key direct benefit fulfilled by the product. The advertising clearly ensures that by underlining the direct benefit, baked beans remain on the family shopping list and are therefore aimed at maintaining the overall size of the market for baked beans and Heinz's position as the brand leader.

Periodically, Heinz supported the message with price-off promotion coupons distributed through household magazines or special price-off promotions on the tin itself. They also used public relations support by way of household magazine articles on the nutritional value of baked beans, backed up with recipes for a variety of easily prepared dishes.

Some indirect benefits that accrued for the customers were in shape of product label coupons, which could be bartered with their own branded recipe booklets. However this would only result once the decision had been taken to place Heinz on the shopping list. To ensure that the customer saw both forms of communication as one overall cohesive message, both direct and indirect benefits were given the same marketing design treatment and same brand and corporate identity.

Some marketing communication tools will cause a measurable response in a market in a short period of time (e.g. personal selling). Other tools have a drip feed effect difficult to isolate and measure, over a much longer period (e.g. public relations). The time taken for the different marketing communications tools to have an effect in the market will vary.



These tools which operate close to where a customer makes a buying decision, such as an effective retail sales assistant or a price-off promotion in a shop, will have an immediate effect on sales as the customer is generally in a situation where they wish to buy and can be guided through their choice. Other tools, such as advertising and public relations, which operate at a distance in time and place from the point where the buying decision is made, are less likely to have an immediate effect as they reach the customer when they are not in a buying situation and are often messages which are intended to support and develop awareness of the brand rather than cause immediate buying activity. These relationships of cause and effect can be calculated mathematically as response functions for each communications tool, and the typical response curves of marketing effort for the main communications tools is charted against sales.

The effect of a communications tool will not always follow the response of the curves illustrated, and it is therefore important in assembling a marketing communications mix for the marketer to make some initial estimate of how fast the market will respond to each tool. The following general rules for each tool can provide a starting point for balancing the effects over time of the communications mix.

- **Advertising:** May have an early effect on the perception of a brand, but it usually takes some time to reflect on sales. This is because advertising is often taking the market through a learning process, and because advertising tends to be used more in the early stages of the buyer response process (e.g. attention, information and interest). Advertising often responds on a 's' curve, with a measurable effect on sales some way into the campaign
- **Personal selling:** Will have an early effect on sales, depending on the size of the sales force as the whole purpose of selling is to close deals, generate sales and get the product or service into distribution.
- **Sales promotions:** Will also have an immediate effect, as they tend to stimulate impulse purchase (i.e. buying decisions, which have not been preplanned by the customer).
- **Public relations:** is generally a constant communications activity by a business. It will build its effect on sales slowly, as its main function is to make the other communications tools more credible to the customer (e.g. by reinforcing source credibility).

As the marketing communications plan is being implemented, the marketer should monitor the effect of each communications tool on sales. Very often the effect of advertising on sales is equivalent to that proportion of new sales which cannot be attributed directly to one of the other communications tools. Every campaign is unique in that it will involve a number of unmeasurable or unpredictable variables (eg response by competitors), and the marketer should seek to integrate the effects of the different tools in the communications mix so that they compliment each other over the period of the campaign.

Daewoo's entry into the UK market provides a successful case study of a market launch using an integrated mix of communications tools.

Background

Globally Daewoo is bigger than Procter & Gamble and manufactures a vast range of products but it was unknown in the UK for some time before becoming the fourth Korean car importer. The UK car market is oversupplied. It peaked in 1988 with over 2.3 million new registrations. Since then the trend has been downwards (to 1.8 million) and manufacturers have been ruthlessly cutting prices to maintain market share.

Consumers are very brand influenced. They map the mainstream brands qualitatively. These qualitative perceptions match volume very closely. So, in order to rapidly achieve high market share, Daewoo had to build a strong differentiated brand from nothing, fast.

Objective

Daewoo's objectives were to enter the UK market quickly and become a mass market brand with 1 per cent market share as quickly as possible, ideally within a year. To put this into perspective-Mazda after 24 years had 1 per cent, Hyundai after 13 years had 0.7 per cent and Proton after six years had 0.5 per cent. Daewoo needed to do this while selling two sizes of unpretentious but high specification, high value cars based on two earlier GM models already withdrawn from sale by Vauxhall in the UK.

These two cars gave Daewoo access to only 35 per cent of the car market by model type, engine type and body style.

Strategy

Daewoo's advertising agency felt that there was an opportunity to position Daewoo *as the most customer focussed car company in the UK*. This, it was planned would be achieved by not claiming it directly, but by demonstrating it imaginatively to get around consumers' cynicism.

Why was this strategy chosen? All the research in this area points to a vast gap in the market. While UK car buyers are broadly happy with increasingly reliable, comfortable, modern cars, they remain overwhelmingly resentful of car dealers. The car may be good but the buying and ownership experience is frequently a miserable one. Daewoo could own customer service because they are

1. big-Daewoo needed to convince people that it was a serious player with the scale to back up its promises
2. new-Daewoo had no heritage of disgruntled customers to live down
3. Asian-Far East Inc. was seen to be setting the pace in the car market and Daewoo sounds Far Eastern (its specifically Korean origins researched as neither positive nor negative).

Too many car companies claim to be customer focussed. Daewoo's research revealed that motorists had become cynical of these claims and therefore it needed to be different in everything it did if it was to be believed as offering something different. Therefore the chosen strategy necessitated integration throughout marketing communications and operational implementations. To ensure complete control of all customer contact, Daewoo decided to engineer the company around the customer. This led it to operate through wholly

owned outlets rather than dealerships, thus ensuring that the strategic vision was not just a marketing campaign but central to everything Daewoo did.

Marketing Communications Mix

The scale of the task Daewoo had set itself necessitated the use of a vast range of marketing and communication disciplines including retail design, interactive point-of-sale technology, sales promotion, direct marketing, data base construction and management, public relations and advertising. Each element was rigorously tested through a continuous programme of qualitative and quantitative research. Television was used as the primary medium. It confers greater scale on an advertiser, and by harnessing both audio and visual imagery it builds brands quicker.

National press and specialist motoring magazines were used to add greater opportunities to see the campaign and to develop more detailed messages. National press adverts were placed in weekend review sections of mid-market and up-market titles and not in the weekday news sections, which many car companies used.

In areas where Daewoo had opened stores it used poster sites and local press and took its offer out into the community using Daewoo roadshow displays at major shopping centres. This was especially important as they could fill in gaps in the wholly owned network as it was being built.

Timings

Although Daewoo was not able to sell any cars until April 1995, it planned an innovative pre launch phase starting in October 1994 to ensure it hit the ground running. Daewoo planned to hit the campaign in three main phases:

1. Corporate credibility building: TV and motoring press ads in October 1994 showed a range of high technology and heavy engineering products that Daewoo manufactures. This phase introduced '*The biggest car company you've never heard of.....*'.
2. The Daewoo dialogue campaign between November 1994 and February 1995 asked people to tell Daewoo what they liked and disliked about car ownership and what they wanted it to do differently. As an incentive Daewoo offered a chance to become one of two hundred guinea pig Daewoo drivers who would be given a free car for a year's extended test drive. This exercise had the twin objectives of being seen to consult customers (showing the company as customer focussed) and built a database of two hundred thousand to ensure rapid sales growth when the cars went on sale.
3. Brand launch: Daewoo is a different kind of a car company because it is customer focussed. The brand launch was creatively the most difficult phase of the campaign. Because Daewoo had built genuine differentiation into their offer, it had twenty-two distinct messages to communicate. None of them was a showstopper in its own right but the cumulative effect was very impressive. The creative solution was to divide the messages into four 'commitments', each of which was allocated a forty seconds TV commercial. The adverts were laced two per break across two consecutive

TV breaks to ensure viewers got the whole story but in manageable chunks.

4. Messages:

- 1) Daewoo sells direct: the absence of dealers gives consumers permission to believe in the Daewoo difference.
- 2) Hassle free buying, pleasant showrooms with free coffee and children's areas.
- 3) Peace of mind: three-year comprehensive warranty, three-year free servicing, three-year total AA cover.
- 4) Courtesy servicing, free courtesy car and free pick up and return of car when it is serviced. They were combined with a fifth shorter advert that ran at the end of the second break, inviting telephone responses

The Effectiveness of Public Relations

The most effective way for the public relations discipline to be used in building or supporting a brand is in concert with other communications disciplines including advertising and direct marketing - as part of an overall marketing communications plan.

However, there are instances when public relations, acting by itself, can be very effective in building, supporting or reviving a brand. There is a close correlation between a corporation's brand, its overall reputation, its success in attracting potential acquisition candidates, its success in attracting top management talent, and the price of that company's stock.

What you can expect the public relations discipline to do in helping to maintain and build the reputation of a brand.

- First, you can expect public relations to create news and, as a result, to help gain all-important credibility for the brand.
- Second, you can look to PR to generate third-party support and, perhaps even more important, third party involvement to gain that credibility for the brand.
- Third, PR can be used to protect brand equity by identifying issues, which may threaten a brand, and to develop specific campaigns and programmes to help minimise that threat. Also included in this area is the use of public relations in protecting the brand in crisis situations.
- Fourth, public relations can provide an overall framework within which multiple brand-building programmes can be developed.

Let us take a close look at two examples of how public relations was used - as a distinct, identifiable discipline, without the benefit of other communications vehicles - in building a brand and marketing a product.

Several years ago, when Ralston Purina purchased the Eveready battery brand, managers found they had major marketing problems, ranging from consumer perceptions to retailer relations. This was during a period long before the ubiquitous Energiser bunny began to appear.

As is generally the case in this type of situation, the brand lacked sufficient dollars for major advertising or promotional support. The Eveready brand manager looked to public relations to revitalise the once high performer.

The solution was to launch a campaign named "Change Your Clock - Change Your Battery." The campaign name was the call to action for home and apartment owners to replace the Eveready 9-volt battery in smoke alarms at the Fall change to daylight-saving time.

The International Association of Fire Chiefs and the American Burn Association endorsed the programme and became involved in the campaign. Fire safety provided the news hook for local and national news media, including TV weathermen. The results: huge amounts of publicity, increased retailer involvement and a reverse in the declining sales trend.

Another good example of the ability of PR to establish a framework on which multiple brand-building programmes can be launched is an effort developed at DELL Computer called "PCs for People."

This campaign was used by DELL to launch its re-entry into the laptop computer market. Underlying the campaign was the basic premise that DELL as a company - and as a company of people - understood the needs of customers better than any other PC manufacturer.

Without going into all the details, it may be pertinent to point out that there were sales increases of more than 100 percent in the year the programme was launched, and that this programme is widely credited by DELL executives for helping to provide a cornerstone for the great momentum the company enjoys today.

In closing, although these two examples, from a brand standpoint, are at exactly opposite ends of the spectrum, both have greatly benefited from thoughtful well constructed and implemented strategic public relations as the company sought to revitalise and build their brands. The 9-volt battery does not appear to have any connection with the high-speed world of information technology in which DELL operates. These cases illustrate how savvy marketers today use a balance of marketing disciplines, including PR, to keep their brands - and their reputations - at their best.

(Excerpted from the workbook of PR Pundit's workshop - Pillars of Corporate Reputation, held in Mumbai on March 29, 2000)