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Chapter Thirteen

Public Relations
and
Sponsorship Programs

Volkswagen

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- Generates PR to boost brand image
- "Think Blue" project for environmental sustainability
- Viral "Fun Theory" videos
- Sponsorship of local sports teams, and entertainment facilities
- Positive PR detracts attention from negative press

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Public Relations and Sponsorship Programs

Chapter Objectives

1. What relationships exist between public relations and the marketing activities performed by the company?

2. How can public relations functions help to build better relationships with all internal and external stakeholders?

3. What types of positive, image-building programs can be used by companies as part of a public relations program?

4. What steps can companies take to prevent or reduce image damage when negative events occur?

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Public Relations and Sponsorship Programs

Chapter Objectives

5. How can marketers tie sponsorships to public relations efforts to strengthen a customer base?

6. What role can event marketing play in creating customer excitement and brand loyalty?

7. Can public relations programs, sponsorships, and event marketing be adapted to international settings?

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Public Relations and Sponsorship Programs

Chapter Overview

- Public relations
  - Public relations functions
  - Stakeholders
    - Assessing reputation
    - Social responsibility
    - Damage control
- Sponsorships
- Event marketing

Public Relations

- Public relations department
  - Separate entity
  - Part of marketing department
  - Department of Communications
- **Internal versus external agency**
- **Public relations tools**
  - Goal → hits
  - Develop PR strategy that fits with IMC
  - Strengthen company voice

FIGURE 13.1

Public Relations Functions

- Identify internal and external stakeholders
- Assess the corporate reputation
- Audit corporate social responsibility
- Create positive image-building activities
- Prevent or reduce image damage

Identifying Stakeholders

- Has vested interest

- **Internal stakeholders**
  - Employees powerful channel
  - Receive constant communications
  - Work with HR department

- **External stakeholders**
  - Company has little or no influence
  - Contact points
  - Unplanned contact points

FIGURE 13.2

Stakeholders

- Employees
- Unions
- Shareholders
- Channel members
- Customers

- Media
- Local community
- Financial community
- Government
- Special-interest groups

Assessing Corporate Reputation

- Reputation is fragile, but valuable
- Negative view of businesses
- Assess reputation
- Monitor corporate reputation
  - Less than half have someone assigned

F I G U R E   13.3

Examples of Activities that Affect a Company's Image

Image Destroying Activities

- Discrimination
- Harassment
- Pollution
- Misleading communications
- Deceptive communications
- Offensive communications

Image Building Activities

- Empowerment of employees
- Charitable contributions
- Sponsoring local events
- Selling environmentally safe products
- Outplacement programs
- Support community events

Auditing
Corporate Social Responsibility

- Obligation to be ethical
- Corporate transparency
- Undertaken by management
- Organizations need
  - Ethical guidelines for all employees
  - Code of ethics
  - Ethical hotline

Creating a Positive Image

- **Cause-related marketing**

- **Green marketing**

Never underestimate the importance of water safety.

OVER 60 CHILDREN HAVE ALREADY DROWNED IN TEXAS THIS YEAR. Never leave children alone with water, have proper safety equipment on hand, and don't assume children will use caution or good judgement around water. The Emergency staff at Medical Center of Southeast Texas remind you to never let your children out of your sight, especially if playing in or around water. In an crisis situation, immediately call 911.

The Medical Center
OF SOUTHEAST TEXAS
CENTERED on SAFETY.
seeandsave.org
medicalcentersetexas.com
(409) 724-7389

Cause-Related Marketing

- Partnership with charity
- Businesses invest $1.5 billion annually
- Brand parity
- Supporting cause can create bond
- In past, just gave money
- Companies need a benefit
- Benefit should relate to business
- Cause liked by one – disliked by another

Survey
## Cone Communications – Roper Starch Worldwide

For brands supporting a cause:

- 78% more likely to purchase brand
- 54% willing to pay more for brand
- 66% would switch brands
- 54% created positive image

Cause-Related Marketing

- **Benefits to company**
  - Additional customers
  - Increased profits
  - Consumer goodwill for the future
  - Better relations with government agencies
  - Reduced negative public opinion
- **Benefits to non-profit organizations**
  - Provides funds
  - Positive publicity

Cause-Related Marketing
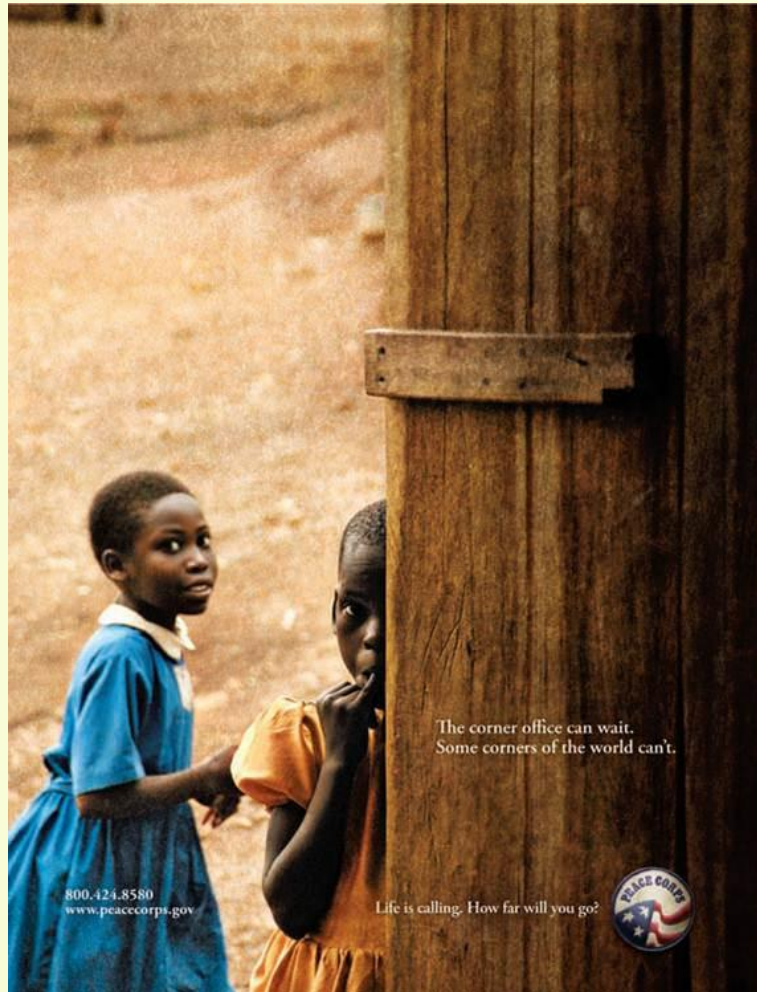
Companies must be careful in how they handle publicizing support of a cause

Green Marketing and Pro-environmental Activities

- Products environmentally safe
- Survey concerning green marketing
  - Try to save electricity (58%)
  - Recycle newspapers (46%)
  - Return bottles and cans (45%)
  - Buy products – recycled materials (23%)
- Consumers support, but only when equal
- Green products seen as inferior

U.S. Consumer's Segmented on Their Attitudes Toward Support of Green Marketing

- **True Blue Green (9%)** – Have strong environmental values and are politically active in environmental issues. Heavy users of green products.

- **Greenback Greens (6%)** – Have strong environmental values, but are not politically active. Heavy users of green products.

- **Sprouts (31%)** – Believe in green products in theory, but not in practice. Will buy green products, but only if equal to or superior to non-green products.

- **Grousers (19%)** – Are uneducated about environmental issues and cynical about their ability to effect change. Believe green products are too expensive and inferior.

- **Basic Browns (33%)** – Do not care about environmental issues or social issues.

Should a firm engage in green marketing?

❖ What percentage of customers fits into green segments?

❖ Can the brand or company be differentiated based on green lines and it become a competitive advantage?

❖ Will current target market be alienated with green marketing approach?

Promoting Green Activities

- Promotion of green efforts vary widely
- Low-key approach
  - Coca-Cola
- Promote product first, pro-environment second
  - Prius
- Promote pro-environment
  - The Body Shop
  - Patagonia
  - Honest Tea

Greenwashing

Preventing or Reducing Image Damage

- Damage control
- Negative publicity and events
- Bad news travels fast
- Two situation
  - Firm has made an error
  - Unjustified or exaggerated negative press
- Two strategies
  - Proactive prevent strategies
  - Reactive damage control strategies

FIGURE 13.4

Damage-Control Strategies

- Proactive Strategies
  - Entitling
  - Enhancements
- Reactive Strategies
  - Internet interventions
  - Crisis management programs
  - Impression management techniques

Proactive Prevention Strategies

- **Entitlings**
  - claim responsibility for positive outcomes
- **Enhancements**
  - increase desirable outcome

City of New Orleans
Entitlings after Super Bowl win
following Hurricane Katrina

If you want it badly enough, it will happen.

CITY OF NEW ORLEANS
C. Ray Nagin, Mayor

It's time to care again.
595-CARE   NewNewOrleans.net
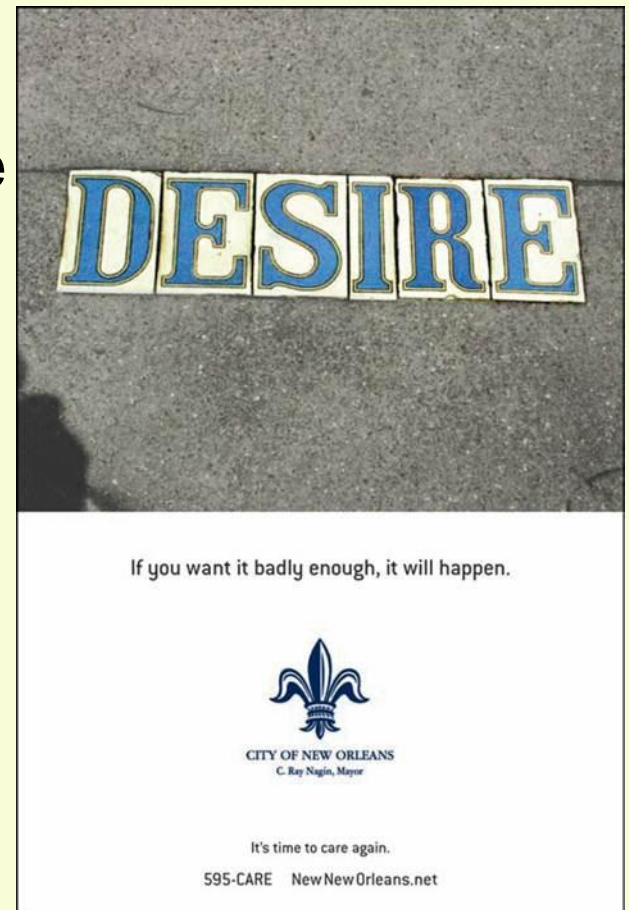
Reactive Damage-Control Strategies

- Internet Interventions

- Crisis management

- Apology strategies

- Impression management

Internet Interventions

- Use Internet to react
- Consumers can spread bad news quickly
- Assign employees to monitor online communications
  - Involves hundreds of post per day
  - Watch for trends, increased chatter
  - Must choose which warrant a reaction
- Provides information on what people are thinking

Crisis Management
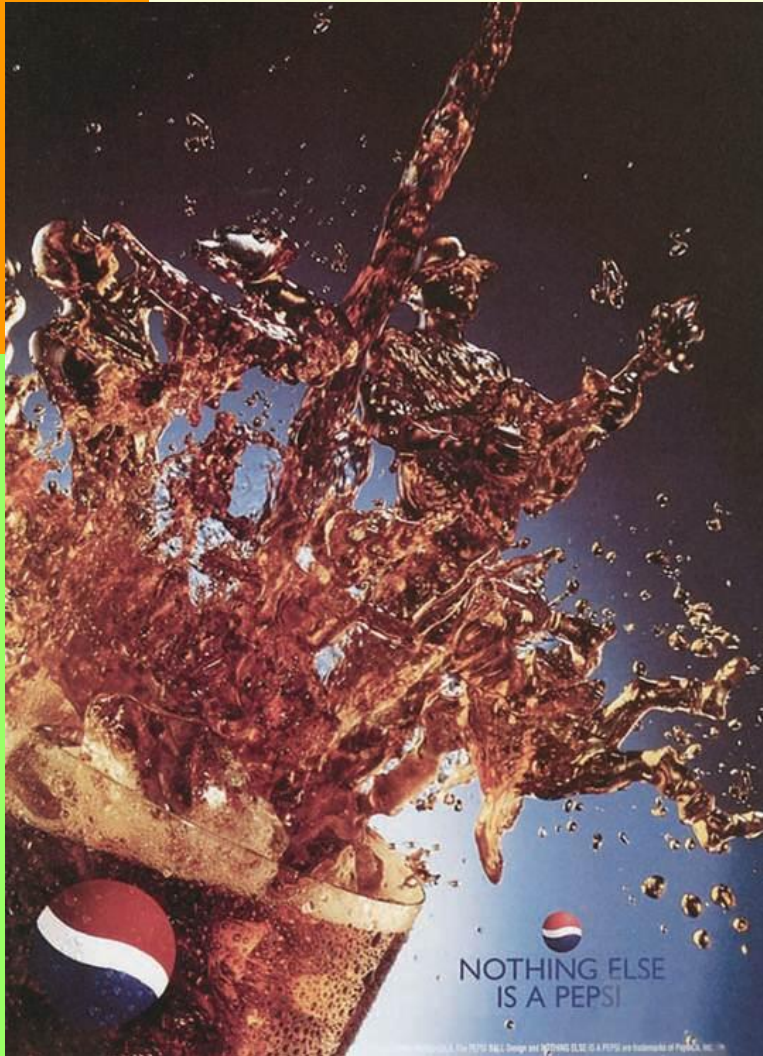
- Problem or opportunity
- Pepsi – hypodermic needles
- Toyota – quality control
  - Denied problems
  - Launched full-scale PR campaign
  - Social media PR

Apology Strategies

- Reactive form of crisis management
- Firm at fault
- Apology should be offered
- Used when violation is minor
- Firm cannot deny responsibility
- Effective for creating emotional bond
- Must be sincere

Elements of an Apology Strategy

1. An expression of guilt, embarrassment, or regret
2. Statement recognizing inappropriate behavior and acceptance of sanctions because of wrong behavior.
3. Rejection of the inappropriate behavior
4. Approval of the appropriate behavior and a promise not to engage in the inappropriate behavior again
5. An offer of compensation or penance to correct the wrong

A Crisis Management Technique

Impression Management

- Conscious or unconscious
- Control image others have
- Attempt reduce negative impact on image
  - Expressions of innocence
  - Excuses
  - Justifications
  - Other explanations

Sponsorships

- Build brand equity
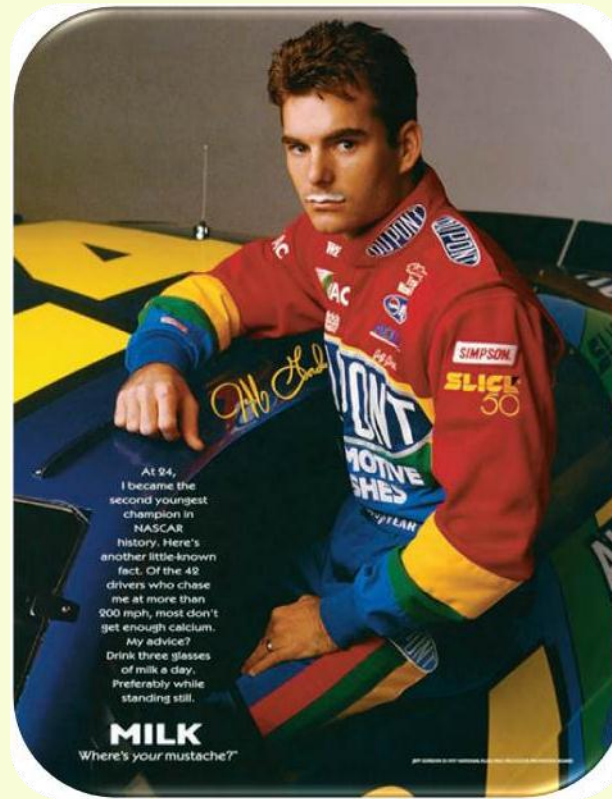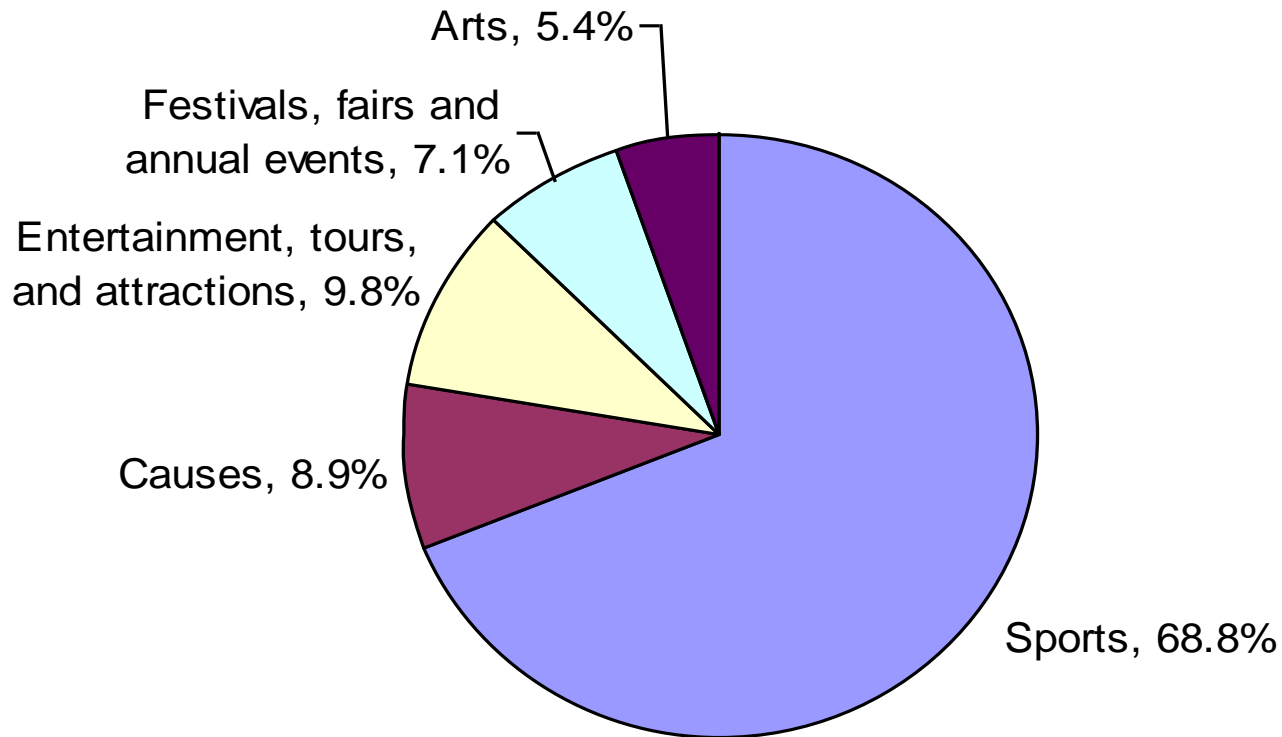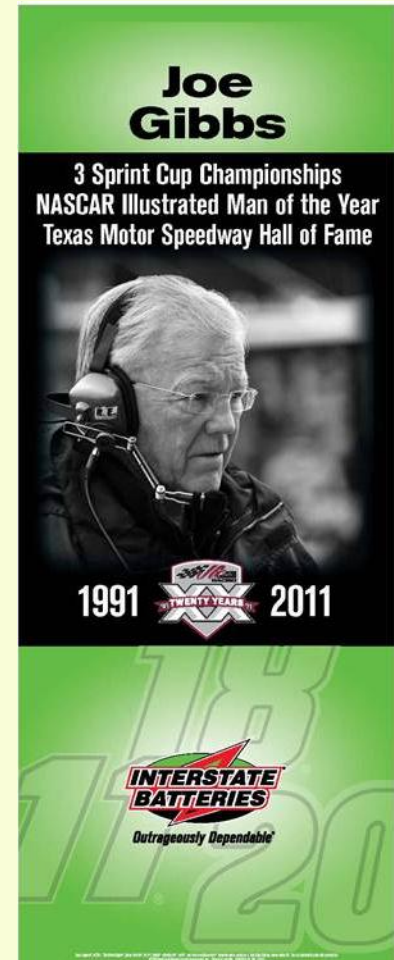- Positive feelings transferred to brand

FIGURE 13.6

Expenditures on Sponsorships & Events

Arts, 5.4%

Festivals, fairs and annual events, 7.1%

Entertainment, tours, and attractions, 9.8%

Causes, 8.9%

Sports, 68.8%

Forms of Sponsorships

- North America – $16.3 billion per year
- Over 70% spent on sports
- Part of IMC efforts
- Build customer loyalty
- Sponsoring of cultural events
- Sponsoring television shows

Joe Gibbs

3 Sprint Cup Championships
NASCAR Illustrated Man of the Year
Texas Motor Speedway Hall of Fame

1991 2011

INTERSTATE BATTERIES
Outrageously Dependable

Social Media and Blogs

- Sponsorship of bloggers
    - Classymommy
    - Lucrative business for some bloggers
- K-Mart

Sponsorship Objectives

- Enhance company image
- Increase firm visibility
- Differentiate a company or brand
- Showcase specific goods or services
- Develop a closer relationship with current and prospective customers
- Unload excess inventory

Event Marketing

- Sponsor of specific event
- Closely related to lifestyle marketing
- Brand-name recognition
- Closer ties with customers and vendors
- Boost employee morale

Selecting Sponsorships and Events

- Determine objective(s)
- Match event audience – target market
- Promote sponsorship/event
- Presence in event advertising/brochures
- Track results

What is the likelihood that a fan will buy a sponsor's product?

- NASCAR   72%
- Tennis   52%
- Golf   47%
- NBA   38%
- NFL   36%

Sponsoring Individuals

What attributes do sponsors look for in endorsing an individual such as Tiger Woods?

- Name recognition   68%
- Current popularity   56%
- Overall image   53%
- Character   51%

Cross Promotions

- Cross promote with event
- Cross promote with other sponsors
- Camp eBay
- Potential to reach consumers one-on-one

International Implications

- Important in international arena
  - Growing number of international firms
  - Impact of terrorism
  - Cultural differences
- Corporate social responsibility has no boundaries
- Many sponsorships contain international flavor
- Sports important in international sponsorships

Ouachita Independent Bank
(Part 13)

Theme of campaign - Local people, local trust

Discussion Question

How does the advertising campaign convey the idea of support for the local environment and local community?

Integrated Campaigns in Action