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Public Relations, Sponsorship Programs, and Regulations

Chapter Objectives

Clarify **the role played by the public relations department in conjunction with the marketing department.**

Understand **the natures of various organizational stakeholders.**

Utilize **cause-related marketing and green marketing programs to build customer loyalty.**

Work **with sponsorship programs and event marketing to enhance the firm's image.**

Obey **advertising regulations and laws.**

E-BAY'S GLOBAL ECONOMIC DEMOCRACY

There was a time when eBay was considered little more than a worldwide flea market. Over the past decade, eBay has almost moved to icon status. How did the company achieve this great notoriety in such a short period of time?

In part, the efforts of CEO Meg Whitman have continued to move the company forward. Today, eBay represents a global marketplace for items as small as compact discs selling for $1 apiece to $5 million jets. Whitman herself purchased a car online and sold the contents of her Colorado vacation home through the company. eBay hosts over 40 million customers who buy, sell, and bid for items each year. Online purchases and auctions are held with eBay collecting listing fees and commissions that vary by the price of the item. Annual sales of items sold via eBay top $2 billion.

Whitman believes the key feature of eBay is the business model itself. Rather than selling merchandise, eBay is a marketplace. Competitors such as Amazon.com (which has launched an online auction site) primarily represent products that they own and sell. The result is a much higher cost of goods sold. Amazon also must process and ship items, creating more costs. In contrast, the eBay model is one where fees are charged for putting buyers and sellers together.

According to Whitman, eBay was not designed to replace brick-and-mortar stores. In fact, the company is not an online vendor in any sense. Instead, the focus remains on individual sellers and buyers. The business-to-business side of eBay is small and not a major source of revenue.

Many observers wondered how well eBay would fare in a post–September 11 world. After all, the company relies on individual honesty and trust. On September 11, 2001, eBay's new listings plunged 25 percent. Very few customers were interested in selling

merchandise or bidding on goods. Instead, eBay message boards were filled with statements of grief.

Responding quickly, the eBay executive team decided to turn part of the site into the world's biggest fund-raising effort on behalf of the victims of the attacks. The program, called "Auction for America," was designed to raise $100 million in 100 days. Customers were invited to sell off anything possible, with proceeds donated to the fund. eBay waived all fees, as did VISA, an active partner of the company.

The Auction for America program was launched on September 17, just 6 days after the attacks. CEO Meg Whitman stood with New York Mayor Rudolph Giuliani and Governor George Pataki to announce the drive. The NFL offered to sell football memorabilia and Jay Leno volunteered to sell one of his Harley-Davidson motorcycles, covered with autographs of numerous celebrities. Everything from Vietnam War medals to dinosaur teeth became part of the program. The success of the Auction for America program helped restore confidence in the rest of eBay's operations. The company continued expansion plans into new markets, meeting with great success.

The new global atmosphere has caused some change. The company has taken gun listings off the board, as well as firecrackers, police badges, and tobacco products. Anything that might be considered "hate commerce" is also off-limits.

The continuing success of eBay must be attributed, in part, to the kindhearted nature of the company and the family-like atmosphere of its clients. Although the World Trade Center is gone, Meg Whitman and many others believe that eBay has become the virtual World Trade Center that represents all of the positive ingredients of a "global economic democracy."[1]

overview

The traditional marketing mix consists of advertising, sales promotions, personal selling, and public relations efforts. At this point in the textbook, the first three elements in the mix have been presented. This chapter is devoted to the fourth element, public relations. Closely related to public relations issues are sponsorship programs and obeying marketing regulations.

Public relations efforts, sponsorship programs, and legal concerns are all part of the overall integrated marketing communications approach. The same unified message appears in every marketing endeavor, from the appearance of the company's letterhead and stationery, to advertisements, promotional items, information in press releases, and in any sponsorship program. The goal of an IMC plan is to make sure that each component of a firm's communication plan speaks with one voice. Extending this goal to public relations, sponsorships, and legal concerns can be difficult, but is an important task for the marketing team.

This chapter begins with a discussion of the nature of a public relations function within an integrated marketing plan. Second, sponsorship programs and event marketing tactics are outlined to show how the company can make quality contacts with existing customers, new prospects, vendors, and others. The goal of these activities is to reach the general public with the same clear voice that has been developed in other marketing activities. Third, government and industry regulations are discussed. The challenge is to build an ethical and legal foundation for the company. Among the benefits of this type of attitude is that the company is much more likely to be able to avoid lawsuits as well as any other accusation about illegal activities. When the company succeeds at building positive public relations and sponsorship programs and acts in an ethical and legal manner, the firm's image is enhanced and its brands are better known and perceived more favorably in the marketplace.

PUBLIC RELATIONS

In Hollywood, one well-worn phrase is "There's no such thing as bad publicity." This may be true for a bad-boy actor trying to get his name out to the public, however, in the world of marketing and communications, bad publicity is *worse* than no publicity. Many business organizations spend countless hours fending off negative news while trying to develop positive and noticeable messages and themes.

The **public relations (PR) department** is a unit in the firm that manages publicity and other communications with every group that is in contact with the company. Some of the functions performed by the public relations department are similar to those provided by the marketing department. Others are quite different. Often the public relations department is separate from the marketing department. The two may cooperate with and consult each other, yet each has a separate role to perform.

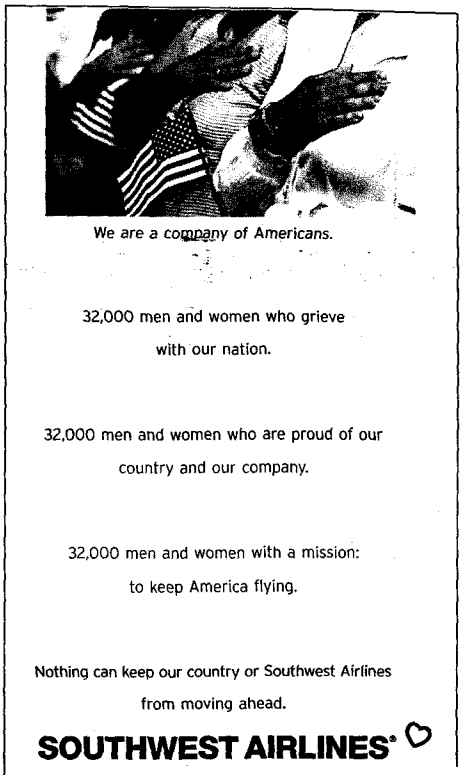
Some marketing experts argue that public relations should be part of the marketing department, just as advertising, trade promotions, and sales promotions are under the jurisdiction of the marketing manager. Others suggest that public relations activities are different and cannot operate effectively within a marketing department. Instead, a member of the public relations department should serve as a consultant to the marketing department. Still others contend that a new division, called the "department of communications," should be created to oversee both marketing and public relations activities.

In any case, the first major decision company leaders must make concerning public relations is who will handle the various activities involved. They can be managed by an internal public relations officer or department. Other companies hire public relations firms to handle either special projects or all of the public relations functions. When a public relations agency is retained, normally someone is placed in charge of internal public relations, because most public relations firms deal only with external publics.

The decision criteria used in selecting advertising agencies can be applied to selecting a public relations firm. It is important to develop a trusting relationship with the public relations agency and to carefully spell out what the firm expects from the agency.

One common goal of a public relations firm is to get hits. A **hit** is the mention of a company's name in a news story. Hits can be positive, negative, or even neutral in terms of their impact on a firm. The concept behind getting hits in the news is that the more a consumer sees the name of a company in a news-related context, the higher the brand or company awareness will become. This may be true, but it is important to consider the type of image that is being developed. It may be a wiser strategy to seek fewer hits and to make sure that those hits project the company in a positive light that also reinforces the firm's IMC theme.

Consequently, when a public relations firm is used, the agency's personnel must be familiar with the client's IMC plan. Then, members of the public relations firm are able to work on ideas that reinforce the plan. Special events, activities, and news releases can be developed to strengthen the "one voice" concept needed to build a successful IMC program. The following sections describe public relations functions that must be performed, including reaching all of the targets of various company communications.



The Public Relations Department placed this advertisement in *USA Today* immediately after the terrorist attacks of September 11, 2001. *Source:* Courtesy of Southwest Airlines.

PUBLIC RELATIONS FUNCTIONS

Many public relations activities are not considered typical marketing functions. This is because the marketing department concentrates on customers and the channel members en route to those customers, such as wholesalers and retail outlets. In contrast, the public relations department focuses on a variety of internal and external stakeholders including employees, stockholders, public interest groups, the government, and society as a whole.

Five key public relations functions are displayed in Figure 12.1. Each represents the tasks given to public relations personnel, whether they are internal employees or members of a public relations company hired to perform those functions.

IDENTIFYING STAKEHOLDERS

All the recipients of company communications are important. Any constituent who makes contact with a company should receive a clear, unified message. In this section, the stakeholders who are targets of public relations efforts are described. A **stakeholder** is a person or group that has a vested interest in the organization's well-being. A vested interest can be a variety of items, including:

- Profits paid as common stock dividends
- Loan repayments that a lending institution seeks to receive
- Sales to the company or purchases made from the company
- Wages paid to employees
- Community well-being
- A special-interest topic

In other words, any number of things can give a person or another company a stake in the firm's well-being.

To understand the nature of public relations programs, it is helpful to begin by identifying the publics that make contact with various companies. Figure 12.2 identifies the primary internal and external stakeholders that the public relations department should monitor.

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

FIGURE 12.1
Public Relations Functions

- Employees
- Unions
- Shareholders
- Channel members
- Customers
- Media
- Local community
- Financial community
- Government
- Special-interest groups

FIGURE 12.2
Stakeholders

Communications to each of these stakeholder groups is important. To ensure consistency, the company should develop a clear communication strategy that fits well with the firm's IMC plan and corporate image that is to be conveyed. The overall message to each stakeholder should be same. Still, each message has to be tailored to meet the different expectations of the various audiences. By tailoring the content, style, and channel of communication, each stakeholder group receives a message that best resonates with them, yet is consistent with other messages that are delivered and with the image of the company.

In addition to sending communications to each of the stakeholders, the public relations department must closely monitor the actions and opinions of each group. When changes in attitudes, new views, or serious concerns develop, the public relations department should be ready to address the problem. Most importantly, it is the responsibility of the public relations department to be certain that all forms of communications to each of these publics remain consistent with the firm's IMC plan and the image the firm seeks to project.

Motorola's theme is that the company's "Wireless Communication Centers help you stay connected." The theme should be used by employees in all communications.
Source: Courtesy of Motorola, Inc./Personal Communications Sector. © 1999.

Internal Stakeholders

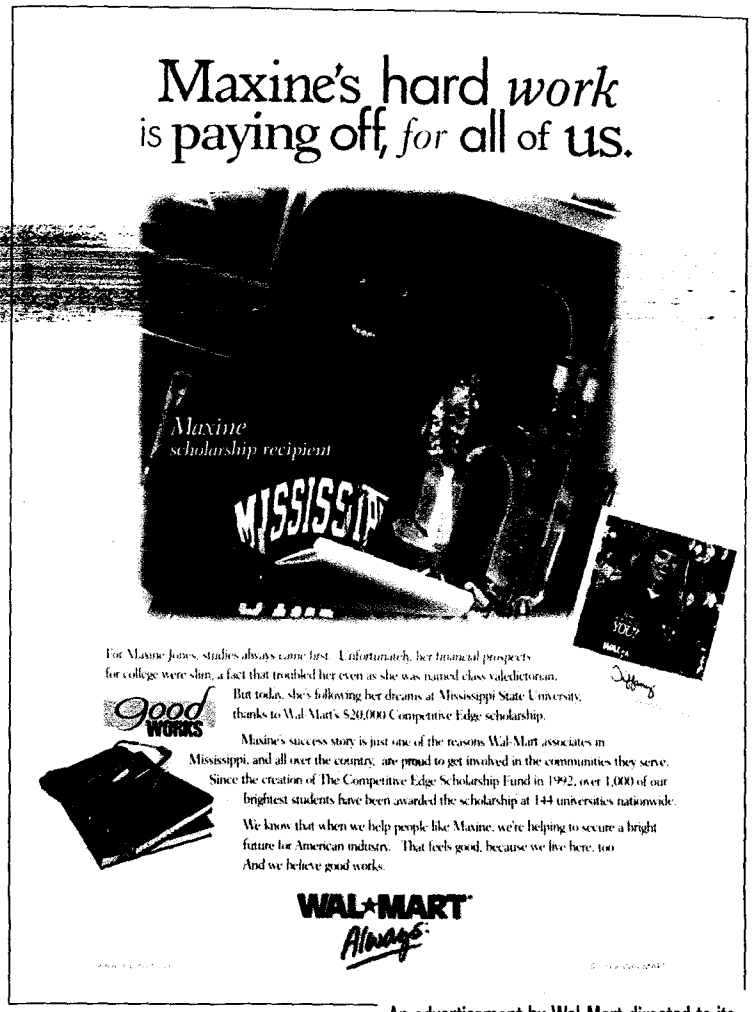
Company leaders should not underestimate the importance of internal communications. Employees are a potentially powerful channel of communication to people outside of the organization and can either enhance the firm's reputation or damage it. What employees say to those around them has a much higher level of credibility than what a company says about itself. Word-of-mouth communications, even informal ones through employees, impact decisions about purchasing and investing.[2]

Employees should receive a constant stream of information from the company. The same is true for other internal stakeholders, such corporate shareholders and any labor unions. Many of these individuals are quite distant from the marketing and public relations departments. They should be made aware of what the company is trying to achieve with its IMC program, even if this means only basic knowledge. Those closest to the marketing department, such as employees serving customers, are going to be more acutely aware of the nature of the IMC plan, including how the company's message theme is being sent to all other constituents.

The Motorola advertisement shown on this page states that the company's "Wireless Communications Centers help you stay connected." Employees who are aware of Motorola's theme can communicate the same message when dealing with customers, vendors, and other publics.

To work effectively in communicating with employees, the public relations department must work closely with the human resource (HR) department. Publications and

communications aimed at employees must be consistent with the image and message that the firm is espousing to customers and other groups. For example, any firm that uses advertising to suggest that employees are always ready to assist customers should make sure those employees are aware of the message. Employee behaviors should then be consistent with the advertising theme that is being conveyed to customers. The HR department should hire the kind of worker who is attracted to such an approach and structure performance appraisals and rewards to favor those who "buy into" the company's overall IMC approach. The emphasis on providing information about company activities must logically extend to every public relations event and sponsorship program.



An advertisement by Wal-Mart directed to its employees, local communities, and other stakeholders.
Source: Courtesy of Wal-Mart.

External Stakeholders

Overseeing external communications is a daunting task, because the company has little or no influence on how these publics perceive organizational activities. External stakeholders include groups such as the media, local community, financial community, government, and special-interest groups. The company usually has little power over what these groups say or how they interpret information about the company. It is important, therefore, for the company to disseminate positive information and quickly react to any negative publicity or views that are expressed.

In general, a totally integrated communications program accounts for all types of messages that an organization delivers to both internal and external stakeholders. Every contact point provides the opportunity for a message to be sent. The marketing department tends to create contact points with customers and potential customers. To complement this effort, the public relations department deals with the myriad of contact points that are not created or planned, yet are just as critical as those that are planned. An unplanned contact point such as a news story or an individual talking to an employee of the firm at a social gathering allows the firm to build a positive image or reduce any negative messages that are being passed along. Naturally, it is more difficult to deal with unplanned contact points, because they cannot always be anticipated. The key is to monitor constantly what is going on around the firm in order to keep constituents as happy and satisfied as possible.

ASSESSING CORPORATE REPUTATION

A corporation's reputation is extremely vulnerable. It also is extremely valuable. Well-received corporate and brand names can enhance businesses during the good times and protect them when a crisis or problem occurs. Consumer preferences about which brands to purchase are influenced by a company's reputation. People make decisions about where to invest based on corporate reputations. Potential employees decide where to apply and where to work based company reputations.

In one recent survey, 66 percent of those who responded believed that most businesses would take advantage of consumers if they thought they wouldn't get caught.[3] Corporate scandals, accounting fraud, and CEO greed have damaged more than just the few companies involved. People are leery of big business, suspicious of business motives, and unsure if any company can be trusted. Perceptions of corporate reputations by external publics are at an all-time low. As one homemaker stated, "I'm very

An advertisement placed in *The Joplin Globe* by General Mills, thanking customers and employees.
Source: Courtesy of General Mills, Inc.

disappointed in how money can rob t goodness in people." She went on to st that putting money under her mattre would be a safer place than investing today's corporations.[4]

Assessing and managing a company reputation is as important as promoting i products. Yet, with all that is at stake, le than half of the companies in the Unite States have someone assigned to monit corporate reputation. This means con pany leaders have little idea what cor sumers, investors, employees, and th public think about the firm. A public rel tions program is impossible to pursu effectively if company leaders do n know what other people think about th organization.

Assessment begins when compan leaders take the time to conduct survey and interviews to find out what peopl think of the organization. These efforts ca be completed internally or be performe by an outside company, such as a public relations firm. The process of assessmen should include internal views of the corporation's reputation as well as opinions held by those outside the company.

AUDITING CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is the obligation an organization has to be ethical, accountable, and reactive to the needs of society. Figure 12.3 outlines some of the general areas in which firms can become more ethical and reactive to society's needs.

In general, business experts agree that socially responsible firms are more likely to thrive and survive in the long term. Companies engaged in positive activities generate quality publicity and customer loyalty that result in a positive image of the firm. Firms that work strongly toward reductions in unfair practices, pollution, harassment, and other negative activities are more likely to stay out of court, and the company will suffer fewer negative word-of-mouth comments by unhappy consumers. By managing these activities properly, a firm can reduce damage to its public image and increase positive public perceptions of the organization.

A corporate social responsibility audit is usually undertaken by the organization's management team in conjunction with department managers. Often, external agencies provide

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

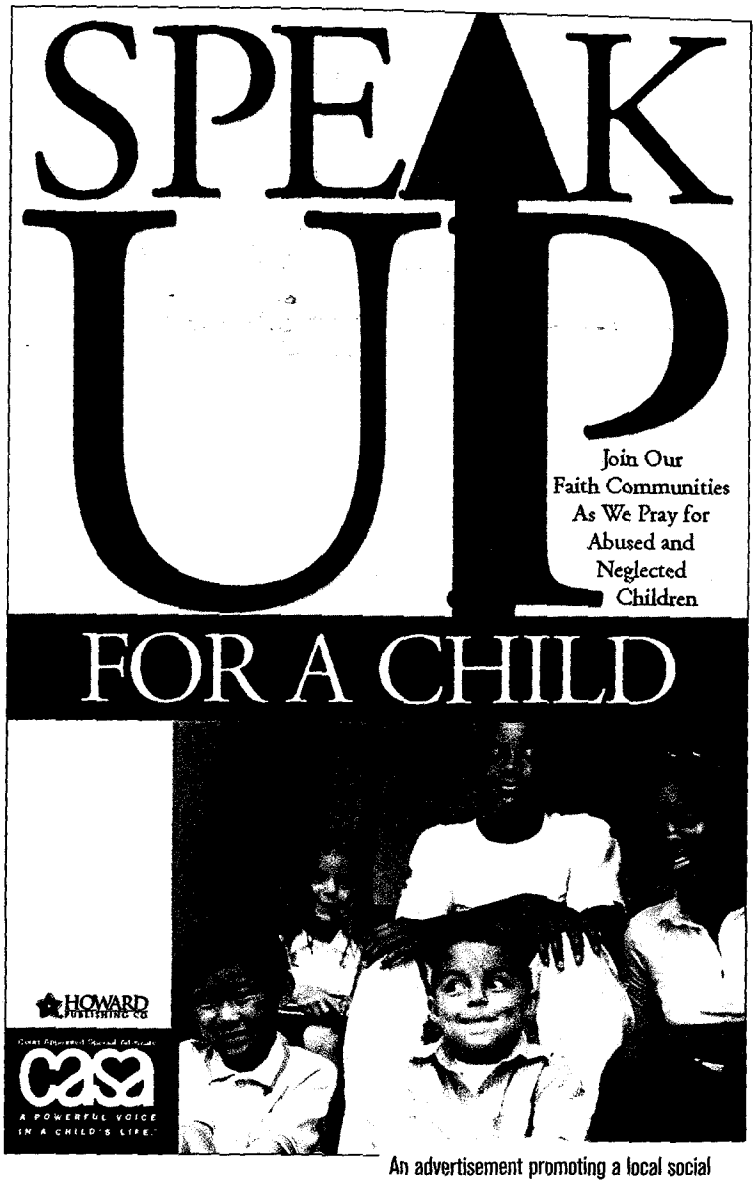
- Empowerment of employees
- Charitable contributions
- Sponsoring local events
- Selling environmentally safe products
- Outplacement programs
- Supporting community events

FIGURE 12.3
Examples of Activities that Affect a Company's Image

guidelines. The purpose of a social responsibility audit is to make sure the organization has clear-cut ethical guidelines for employees to follow and that the company acts to serve the interests of all publics. Guidelines include use of a corporate or professional code of ethics, specifying activities that would be construed as being unethical, and statements about the positive activities a company will pursue. Many firms also have access to "ethical hotlines," where employees can call or write e-mails to discuss specific ethical dilemmas.

If a firm is found to be deficient during a social responsibility audit, clear steps should be outlined to show how the issues will be resolved. Firms without codes of ethics should start by setting up committees or groups to develop them. Companies without other ethical guidelines should move quickly to establish them.

It is the task of the public relations department to make sure internal publics are aware of a corporation's social responsibility efforts. The department can then inform the general public about these activities to help enhance the firm's image.



An advertisement promoting a local social cause, sponsored by Howard Publishing Co.
Source: Courtesy of Sartor Associates, Inc.

CREATING POSITIVE IMAGE-BUILDING ACTIVITIES

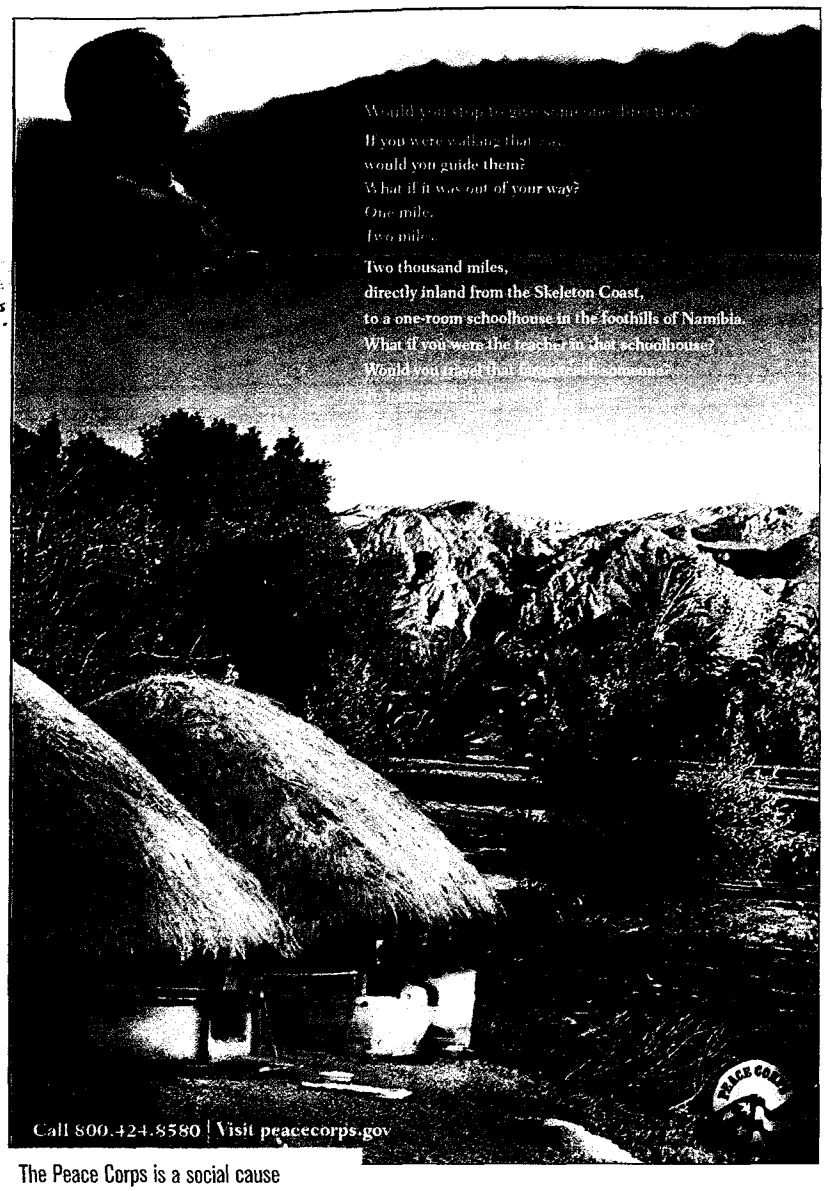
In an effort to positively influence the views that consumers and other stakeholders have about a company, many firms have turned to cause-related marketing and green marketing. These *planned events* are designed to draw positive attention to the organization as a solid corporate citizen, one committed to social responsibility. The public relations department can then send out messages in the form of press releases and hold press conferences to highlight these positive, image-building activities.

Cause-Related Marketing

Cause-related marketing is a program in which a firm ties a marketing program in with some type of charity in order to generate goodwill. American businesses pay over $600 million each year for the right to use a not-for-profit organization's name or logo in company advertising and marketing programs. This type of partnership agreement between a not-for-profit cause and a for-profit business is based on the idea that consumers are more likely to purchase from companies that are willing to help a good cause.

As noted previously, brand parity is the norm for many goods and services. Customers perceive that there are few notable differences between products and the companies that sell them. Many marketers use cause-related marketing to help develop stronger brand ties and to move consumers as well as businesses toward brand loyalty. A recent survey revealed that nearly half of all of consumers have switched brands, increased their usage, or tried or inquired about new products that were connected to companies supporting specific causes. In the same survey, 46 percent said they felt better about using the product, service, or company that supported a particular cause.[5]

One difficulty businesses can encounter is that what is a "good" cause to one customer may be disliked by another. Dayton Hudson found a large number of picketers outside company stores objecting to contributions the company made to Planned Parenthood, even as others praised Dayton Hudson's involvement.[6]



The Peace Corps is a social cause supported by a number of companies.
Source: Courtesy of Peace Corps. Scott Lowden, photographer, Magnum Photos.

In the past, a number companies donated to causes with little thought to the impact or benefit of such gifts. These philanthropic efforts were expected of big business. Currently, most companies want to know what the benefit will be. Although company leaders believe a charity is worthwhile, supporting that charity must, in some way, result in a tangible benefit. Otherwise the company should not give support. Possible benefits include:

- Additional customers
- Increased profits
- Consumer goodwill for the future
- Better relations with governmental agencies
- Reduced negative public opinion

These benefits lead companies to get involved. Relationships that do not yield positive benefits to the business sponsor do not last long. Figure 12.4 highlights the top five areas consumers want businesses to consider as they seek causes to support.

In choosing a cause, the marketing team focuses on issues that relate to the company's business. Supporting these efforts is more credible to consumers. When the company supports an unrelated cause, consumers may feel that the business simply is trying to benefit from the not-for-profit's reputation. This may lead some consumers to stop buying the company's products or to believe the company is trying to cover up unethical behavior. Consumers are becoming very skeptical about the motives behind the increased emphasis given to various charities. Even though most people understand that a business must benefit from the relationship, they still tend to develop negative views when they believe that the business is exploiting a relationship with a not-for-profit.

When a good fit exists, positive reactions emerge. For example, a cosmetic dentist established partnerships with a homeless shelter for battered women and a residential education center for former substance abusers and ex-convicts. The dentist offered free services to these centers. Before each event, he contacted the local media. Several TV and newspaper reporters showed up to observe him treating patients. Individuals who had been in pain for months were interviewed. When they stated that cosmetic dental work gave them relief, positive feelings in the community were the result. The publicity was

FIGURE 12.4
Causes Consumers Prefer

Improve public schools	52%
Dropout prevention	34%
Scholarships	28%
Cleanup of environment	27%
Community health education	25%

Source: Bevolyn Williams-Harold and Eric L. Smith. "Spending with Heart," *Black Enterprise* 28, no. 12, (July 1998), p. 26.

extremely valuable. The dental services were something neither the centers nor individuals who were living in the centers could afford.[7]

Cause-related marketing is also important for not-for-profit organizations. Competition has increased in both the business world and the not-for-profit world. An increasing number of not-for-profit organizations currently compete for contributions and gifts. Stra-tegic relationships with businesses can boost contributions for a not-for-profit organization considerably. For example, the American Cancer Society sold its logo to the Florida Department of Citrus for $1 million per year. The American Cancer Society also endorses the Nicoderm nicotine patch produced by SmithKline Beecham for $1 million per year. The American Lung Association received $1.25 million per year in a deal with Nicotrol, a patch produced by McNeil Consumer Products that competes with Nicoderm. The American Heart Association receives $2,500 per product the organization certifies as healthy. Each year the association receives $650 for recertification of the product.[8] These relationships with businesses result not only in direct increases in revenues but also in greater publicity for the not-for-profit organization.

A Wal-Mart advertisement highlighting a social cause.
Source: Courtesy of Wal-Mart.

The public relations aspect of cause-related marketing is tricky. To benefit from cause-related marketing, companies need publicity about what is being done. Yet, if the company publicizes too much, people will think the cause is simply being used for commercial gain. In a survey of British consumers, 86 percent said a company should spend funds on communications about their cause-related efforts. The same survey indicated that 69 percent said the amount that should be spent should not be significant. At the same time, the majority of those surveyed said their purchase decisions are influenced by the causes a company supports. This makes informing people about what a company is doing important; however, doing so involves walking a thin line between publicizing and what might be perceived as self-aggrandizement.[9]

Green Marketing and Pro-Environmental Activities

Green marketing is the development and promotion of products that are environmentally safe. When asked, most consumers strongly favor the concept of green marketing. One recent survey indicated that 58 percent of Americans try to save electricity, 46 percent recycle newspapers, 45 percent return bottles or cans, and 23 percent buy products made from, or packaged in, recycled materials.[10]

Although consumers favor green marketing and environmentally safe products, actual purchases of such products only occur when all things are considered equal. Most consumers are not willing to sacrifice price, quality, convenience, availability, or performance for the sake of the environment. In fact, according to a recent study, about 40 percent of consumers say they do not purchase green products because they believe the products are inferior to regular goods.[11]

To benefit from green marketing, the company should identify market segments that are most attracted to environmentally-friendly products. Figure 12.5 divides Americans consumer into five segments based on the propensity to use green products and attitudes about environmental issues. Notice that only 9 percent of American consumers are classified as "True Blue Greens" and another 6 percent are classified as "Greenback Greens."

COMMUNICATION ACTION

Building Positive Publicity Can Be a Tough Sell

Philip Morris began as a tobacco company. Many of its products remain in that industry. In addition, the company has acquired the Miller Brewing Company and 7-Up. One continuing concern is that many of Philip Morris's products are considered "vices." Consequently, the company has a strong vested interest in creating as many positive contact points as possible.

One program devised to generate goodwill is the "We Card" campaign. In conjunction with the Coalition for Responsible Tobacco Retailing, Philip Morris sends out placards to retailers suggesting that they ID any customer who looks to be 27 years old or younger. All 50 states have a minimum purchase age of 18, except Alabama, Alaska, and Utah, which require customers to be 19 years old. Philip Morris has heavily advertised its involvement with the We Card effort. This may be, in part, due to complaints that the tobacco industry targets young people to attract new business.

The We Card program also allows Philip Morris to build more positive ties with retail outlets along with local police officers. Combating underage purchases is easier with the We Card kits. In addition, the company provides training to retailers regarding crime prevention.

Another major thrust developed by the public relations team is the food program for the elderly. This venture combines Philip Morris with the National Meals on Wheels Foundation. Again, substantial positive publicity results from this type of effort.

In the area of disaster relief, Philip Morris employees volunteered their time on several occasions to help provide food and water to those who had been flooded or struck by hurricanes or ice storms. Miller Brewing used its facilities to provide fresh water to those whose systems had been contaminated during storms. Advertisements showing Miller beer trucks rushing to deliver fresh water emphasized the company's involvement in helping people during times of personal crisis.

Beyond these efforts, the Marlboro team is linked with programs to reduce domestic violence, as well as disaster relief, hunger, and youth access to tobacco. These may seem like conflicting messages, yet the company may be able to convince consumers that the company is not out just to push products on unsuspecting members of the public. Doing so may be one of the keys to success in the future, as tobacco suit settlement agreements drive up cigarette prices and continuous negative press bombards the organization.

Sources: "Philip Morris to Provide More Than 1 Million Meals to the Elderly in All 50 States," *Fund Raising Management* 30, no. 6 (August 1999), p. 1; Philip Morris press releases (December 19, 1995; March 23, 2000); Philip Morris Web site; and Lori Dorfman, "Polishing Its Image or Preventing Domestic Violence–What's Philip Morris Really Doing?" *Off Our Backs* 31, no. 10 (November 2001), pp. 28–29.

FIGURE 12.5
U.S. Consumers Segmented on Their Attitudes Toward and Support of Green Marketing

- **True Blue Greens (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 nongreen 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**

Source: Jill Meredith Ginsberg and Paul N. Bloom, "Choosing the Right Green Marketing Strategy," *MIT Sloan Management Review* 46, no.1 (Fall 2004), pp. 79–84.

The True Blue Greens are active environmentalists who support environmentally safe products and shop for brands that utilize green marketing. The Greenback Greens purchase environmentally safe products, but are not politically active.

Company leaders must carefully choose a green marketing strategy that matches the target audience. In making the decision on how much emphasis to put on green marketing, managers should ask three questions. First, what percentage of the company's customer base fits into the green marketing segments? Second, can the brand or company be differentiated from the competition along green lines in such a way that it can become a competitive advantage? Third, will the company's current target audience be alienated by adopting a green marketing approach?

Almost all firms say they are pro-environment and provide information on company Web sites about environmental activities. The amount of effort given to publicize these activities varies widely.[12] For example, Coca-Cola tries to protect the environment, but most people are unaware of the company's efforts. Coca-Cola has invested heavily in various recycling programs and recyclable package designs. The activities are not publicized because there is some fear that it would reduce the product's appeal to some of the company's audience. Overemphasizing the green aspects of Coca-Cola's operation may actually hurt sales.

An alternative approach to being pro-environment is to promote the direct, tangible benefits of a product first. The environmental benefits are only presented as a secondary factor. Recently, the Toyota Prius was launched and the emphasis was on fuel efficiency. Consumers were told they would spend less on gas. The fact that the Prius was an environmentally advanced, fuel-efficient hybrid vehicle was mentioned, but not stressed. The idea was that strong environmentalists would believe a hybrid car is important. For those who were not strong environmentalists, it did not matter because the car delivered fuel efficiency.

For a few companies, environmental activities are fully integrated into the business' design and marketing approach because the primary customer base is True Blue Greens and the Greenback Greens. Examples of these types of companies include The Body Shop, Patagonia, and Honest Tea of Bethesda, Maryland. For Honest Tea, social responsibility is embedded in every company activity, from the manufacturing process to the marketing of products. Honest Tea uses biodegradable tea bags, organic ingredients, and community partnerships. The focus of Honest Tea's marketing program is the company's concern for and support of both environmental and social issues.

Every company should be involved in protecting the environment and creating green products, however the marketing emphasis each one gives will vary. If company leaders believe new customers will be gained or product sales will rise, the company will be more likely to aggressively promote its environmental stance. Other companies, such as Coca-Cola, may be less willing to make such bold statements. Each company's marketing team will decide whether or not green marketing should be a central part of the IMC message and how to position itself in terms of the environment.

PREVENTING OR REDUCING IMAGE DAMAGE

One of the most important public relations functions is damage control. **Damage control** is reacting to negative events caused by a company error, consumer grievances, or when unjustified or exaggerated negative press appears. Corporate and brand images are quickly damaged by negative publicity and events. A strong company image, which took years to build, may be destroyed in just a few weeks or months. ExxonMobil still suffers from an event that occurred nearly 20 years ago. The 1989 *Exxon Valdez* accident, in which 11 million gallons of crude oil were spilled into the bay at Prince William Sound, Alaska, has resulted in a great deal of animosity toward the company. There are still consumers who will not buy Exxon gas. Many do not believe any messages from ExxonMobil about what the company is doing for the environment. ExxonMobil may not recover until a new generation of drivers grows up.

In 2005, Wendy's sales dropped dramatically for several months when a customer claimed to find a detached finger in a bowl of chili, even though the incident turned out to be a fraud. Bad news travels quickly and hits hard.

Proactive Strategies
- Entitling
- Enhancements

Reactive Strategies
- Internet interventions
- Crisis management programs
- Impression management techniques

FIGURE 12.6
Damage-Control Strategies

Not all negative publicity is generated by the media. Sometimes negative publicity comes from word-of-mouth communication from customers, employees, or other individuals connected with the company. With the Internet, bad experiences and negative talk can be posted and spread to thousands, even millions, within a very short time.

Damage control is used in two situations. The first occurs when the firm has made an error or caused legitimate consumer grievances. The second takes place when unjustified or exaggerated negative press appears. Defending an organization's image and handling damage control take two forms: (1) proactive prevention strategies and (2) reactive damage-control strategies (see Figure 12.6).

Proactive Prevention Strategies

Proactive prevention means that rather than waiting for harmful publicity to appear and then reacting, many firms work hard to minimize the effects of any bad press. These approaches may prevent negative publicity from starting in the first place. Two proactive prevention techniques are entitlings and enhancements.[13] **Entitlings** are attempts to claim responsibility for positive outcomes of events. **Enhancements** are attempts to increase the desirable outcome of an event in the eyes of the public.

Entitling occurs when a firm associates its name with a positive event. For example, being the official sponsor of a U.S. Olympic team that wins a gold medal attaches the company's name to the athletic achievements of people who don't work for the firm, yet the firm can claim responsibility for some aspect of their successes.

Enhancements occur when a bigger deal is made out of something that is relatively small. For instance, many products now claim to be *fat free,* which makes it sound like they are diet foods. In fact, many fat-free products have just as many calories as do products that contain fat. At the same time, the fat-free label helps convince customers that the company tries to help with eating healthy food, and watching their weight at the same time.

Reactive Damage-Control Strategies

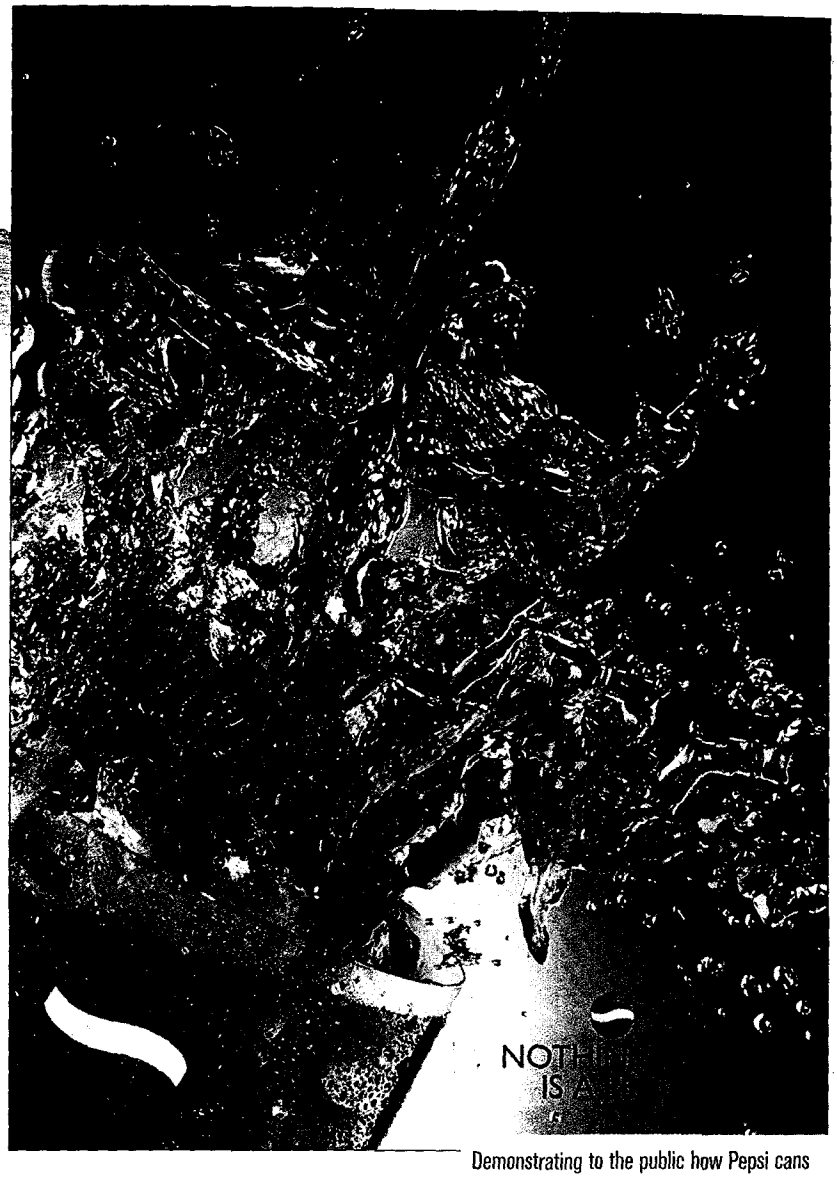
Company leaders often must react to unforeseen events, because they cannot anticipate every possible contingency. In these instances, managers must work diligently to blunt the effects of unwanted bad publicity by every means possible. Crisis management and other techniques should be designed to help the firm cope with circumstances that threaten its image. Reactive damage-control strategies include Internet interventions, crisis management programs, and impression management techniques.

Internet interventions are designed to combat negative word of mouth. With the rise of the popularity of the Internet, new forums for sharing negative word of mouth and spreading bad experiences have arisen, including e-mail, chat rooms, rogue Web sites, and Internet blogs. All provide an environment in which consumers from every part of the world can share horror stories. Individuals can put any information they desire on the Internet, even when it unfairly portrays certain industries, companies, or brands.

The Internet has opened an entirely new venue for people to vent emotions, which can be devastating to a company's reputation. Unfortunately, few companies monitor these

communications and even fewer do anything about them. A survey by Hill & Knowlton, a public relations firm, revealed that only 16 percent of firms closely monitor the Internet, 30 percent check it periodically, and 43 percent do not watch the Web at all.[14]

Vigilant company leaders realize the power of the Internet and what it can do to an organization's reputation. These leaders make sure someone monitors what is being said. When they see messages criticizing a company unjustly or proclaiming untruths, company representatives take action. Some log into a chat room and immediately identify themselves as company representatives. They then attempt to explain the company's point of view and try to correct misconceptions. In other situations, the company's public relations department prepares public statements and press releases. Not every activity warrants formal reaction. Still, monitoring the Internet keeps the company's leadership informed about what people are saying and what they are thinking.



Demonstrating to the public how Pepsi cans and bottles are filled was important in dealing with the crisis.
Source: Courtesy of Pepsi.

Crisis management involves either accepting the blame for an event and offering an apology or refuting those making the charges in a forceful manner. A crisis may be viewed as either a problem or an opportunity. Many times a crisis contains the potential to improve the firm's position and image. For example, when PepsiCo encountered claims that hypodermic needles were being found in its products, the management team quickly responded with photographs and video demonstrating that such an occurrence was impossible because the bottles and cans turn upside down before being filled with any soft drink. Next, footage of a con artist slipping a needle into a can was shown. This fast and powerful answer eliminated the negative publicity, and Pepsi was able, at the same time, to make a strong statement about the safety of its products. Pepsi's reaction was quite effective in dealing with this particular crisis.

Unfortunately, some company leaders manage only to make matters worse, as was the reaction of Ford and Bridgestone to the faulty tires on the new Ford Explorers. Instead of immediately seeking to correct the problem, both denied a problem existed and tried to put the blame on others. Ford CEO Jacques Nasser blamed Bridgestone/Firestone, Inc., for the tire separation problems. Bridgestone blamed consumers, saying they did not inflate the tires to the correct pressure. This finger-pointing ended Ford's 100-year relationship with Firestone. Bitter words were exchanged and the public did not buy either excuse. The outcry was so strong that both companies lost sales, suffered image damage, and eventually Nasser lost his job at Ford.[15]

An **apology strategy** is another reactive form of crisis management and damage control. If the end result of the investigation is the revelation that the firm is at fault, an apology should be offered quickly. A full apology contains five elements, as shown in Figure 12.7.[16]

Apologies are most often used either in situations in which the violation is minor or ones in which the firm or person cannot escape being found guilty. It is also a good strategy for creating a strong emotional bond with the public. It is more difficult to be angry with a company that admits a mistake was made. If people feel the apology is sincere and

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

FIGURE 12.7
Elements of an Apology Strategy

heartfelt, they not only will forgive the company, but they may also feel more positive about the company afterwards.

The tendency to protect one's self-image is called **impression management** or "the conscious or unconscious attempt to control images that are projected in real or imagined social interactions."[17] In order to maintain or enhance self-image, individuals and corporations attempt to influence the identities they display to others. The goal is to project themselves in such a manner as to maximize access to and the visibility of positive characteristics while minimizing any negative elements.

Any event that threatens a person's self-image or desired identity is viewed as a predicament. When faced with such predicaments, individuals make concerted efforts to reduce or minimize the negative consequences. If the predicament cannot be avoided or concealed, then an individual engages in any type of remedial activity that reduces the potentially harmful consequences. Remedial tactics include expressions of innocence, excuses, justifications, and other explanations.[18]

An *expression of innocence* approach means company leaders provide information designed to convince others (clients, the media, and the government) that they were not associated with the event that caused the predicament. In other words, they say, "We didn't cause this to happen. Someone (or something) else did."

Excuses are explanations designed to convince the public that the firm and its leaders are not responsible for the predicament or that it could not have been foreseen. Thus, they should not be held accountable for the event that created the predicament, e.g., "It was an act of God. It was totally unavoidable."

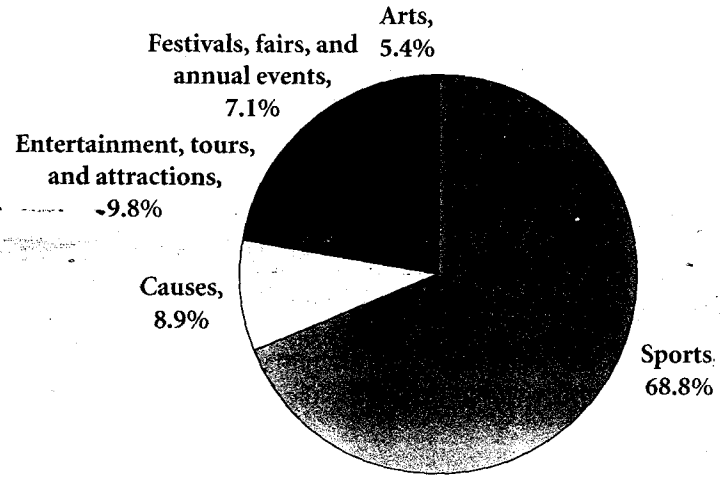
Justifications involve using logic designed to reduce the degree of negativity associated with the predicament. Making the event seem minor or trivial is one method. Making the argument that the firm had to proceed in the way it did ("We pollute because if we don't we'll be out of business, and our employees will lose their jobs") is another form of justification.

Other explanations may be created to persuade individuals that the cause of the predicament is not a fair representation of what the firm or individual is really like. In other words, the case was the exception rather than the rule, and customers should not judge the firm too harshly as a result. You will hear comments such as "This was a singular incident, and not indicative of the way we do business."

Each company's management team, marketing department, and public relations specialist should be acutely aware of how quickly events can cause great damage to a firm's image. Both proactive and reactive measures should be used to make sure the firm survives negative publicity without major damage.

SPONSORSHIPS AND EVENT MARKETING

To build brand loyalty and other positive feelings toward a company, many marketing leaders rely on sponsorships and event marketing. These programs make it possible to meet with prospects, customers, vendors, and others in unique situations. People who attend sponsored activities or special events already have favorable feelings about the activity taking place. These positive attitudes are easily transferred to a company that has provided funding. In this section, sponsorship programs and event marketing are described in greater detail.



Source: "Events & Sponsorships," *Marketing News* 38, no. 2 (July 15, 2004), p. 18.

FIGURE 12.8
Breakdown of Marketing Expenditures on Sponsorships and Events

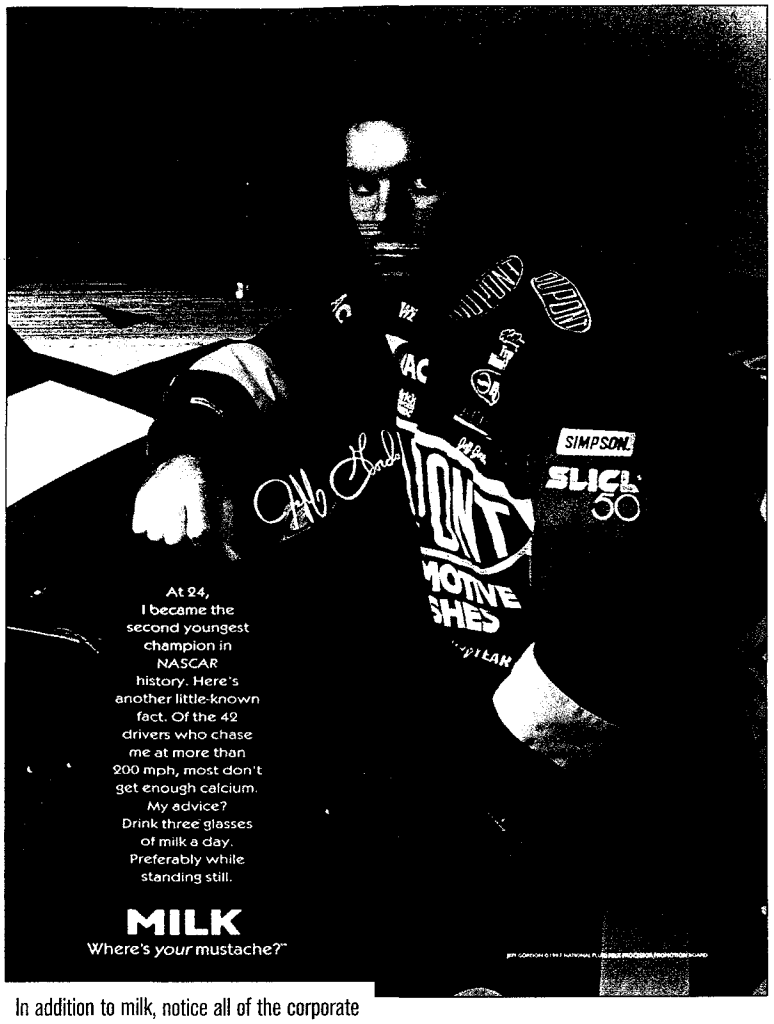
Sponsorship marketing means that the company pays money to sponsor someone, some group, or something that is part of an activity. A firm can sponsor a practically unending list of groups, individuals, activities, and events. For years, firms sponsored everything from local little league baseball and soccer teams to national musical tours, NASCAR drivers, and placing names on sports stadiums.

Approximately $9 billion a year is spent on sponsorships and events. Figure 12.8 provides a breakdown of how the money is spent. Sports represent nearly 70 percent of all sponsorships. Sporting events are highly popular and often attract large crowds. In addition to the audience attending the game or competition, many more watch on television. Popular athletes can be effective spokespersons for various products. If possible, the firm should be the exclusive sponsor of the person or team. It is much easier to be remembered if the firm is the only sponsor rather than one of multiple sponsors.

Gillette's sponsorships are a major component of the company's marketing program. Gillette spends millions of dollars each year on various sponsorships, many of which are sports-related. The company has an employee whose job description is to manage sponsorship activities. A recent Gillette sponsorship was the 2004 FIFA World Cup, combined with a $50 million global promotion featuring soccer star David Beckham. In 2003, an integrated marketing campaign featured a $20 million Gillette Young Guns Campaign musical concert tour tied with six NASCAR drivers and a sampling and couponing program at the concerts. In 2001, Gillette acquired the naming rights for the New England Patriots football stadium (Gillette Stadium) in Foxboro, Massachusetts. The team's two Super Bowl victories in 3 years added to Gillette's national following.[19]

FedEx uses sponsorships to build customer loyalty. The company sponsors many sporting events and makes sure key customers not only get to attend them but also are allowed to go into places they could not get into on their own. This includes NFL locker rooms, trackside passes at the Daytona 500, and access to famous golf courses such as Pebble Beach. These unique experiences create strong bonds with FedEx.[20] In addition, the marketing department tracks revenues from these customers before and after each event. Company figures indicate these activities generate positive revenues along with customer loyalty.

FedEx sponsors a college football bowl game (FedEx Orange Bowl), sports teams, sporting events, and sports stadiums. The company has relationships with the NFL, NBA, NASCAR, the PGA Tour, horse racing, and the NCAA. These programs create a great deal of company exposure. The FedEx Orange Bowl generates $32 million worth of TV exposure. The NASCAR sponsorship costs $16 million but generates nearly $50 million in TV exposure. More recently, FedEx became the transportation carrier for many of the company's sponsored events. FedEx ships equipment for the halftime shows for the Super Bowl and Pro Bowl. The company also ships game films to every professional football team on a weekly basis.



In addition to milk, notice all of the corporate sponsors listed on Jeff Gordon's uniform.
Source: Courtesy of Bozell Worldwide, Inc.

Some organizations have moved away from sports sponsorships toward more cultural events, such as classical music groups and jazz bands, visual art exhibits by noted painters, dance troupes, and actors for various theater performances. Cultural sponsorships are not the best match for every firm. They are most effective for products sold to affluent members of society. Consequently, financial institutions are the primary sponsors of these types of performers and performances. In the past, many institutions provided funds without receiving much recognition. Now these philanthropic efforts are being leveraged by having the name of the company strongly associated with the cultural activity. This includes printing the name of the firm on programs and regularly mentioning the brand or corporate name as being responsible for arranging for the artist to be present at the cultural event. Also, sponsors usually receive choice seats at performances that can be given to key clients.

In choosing a sponsorship, it is important to match the audience profile with the company's target market. A firm sponsoring a participant at an event attended mainly by females is best when the company's primary customers are female. Marketing executives also consider the image of the individual participant or group and how it relates to the firm's image. For instance, a contestant in an "upscale" competition, such as a beauty contest, should be sponsored by a tuxedo or formal gown company.

To maximize the benefits of a sponsorship effort, it is important to define the primary goals of the program. As with the other marketing tools, the goals of the sponsorships should be integrated with the firm's overall IMC theme. The public should easily recognize the link between the person or group being sponsored, the activity, and the company involved. To achieve the maximum impact for the sponsorship, the message should be combined with other advertising and promotional efforts, such as a sampling program or a giveaway (T-shirts, caps, etc.). Sampling is an effective method for encouraging people to try a product. Unless a sponsorship is surrounded by supporting marketing efforts, the money invested may not accomplish as much.

It may be hard to measure the impact of a sponsorship program directly. Sponsorships are designed to accomplish many different objectives for organizations. Sponsorships can be used to:

- Enhance a company's image.
- Increase a firm's visibility.
- Differentiate a company from its competitors.
- Showcase specific goods and services.
- Help a firm develop closer relationships with current and prospective customers.
- Sell excess inventory.

One company that attempted to build visibility and image through the use of a sponsorship was the Great Florida Bank of Miami. After being open for just 11 months, Great Florida signed on as a sponsor of the NBA's Miami Heat for the 2005 playoffs. Great Florida marketed itself as the "Official playoff bank of the Heat." The bank's name appeared on the team's official "Red Zone" playoff logo, on billboards, game programs, print ads, and signs inside the American Airlines Arena, where the Heat play home

games. The sponsorship program may have seemed like a dangerous approach because it came with a hefty price tag. The marketing team at Great Florida Bank felt it was worth the money to gain such huge exposure in a short time period. When the team almost made the NBA finals, Great Florida Bank had received wide exposure for nearly a month, because the Heat played in numerous home playoff games.[21] Time will tell how well the sponsorship succeeded.

The best sponsorship programs include a method of assessment. The idea is to follow up to see if the goals that were set have been reached. In the case of Great Florida Bank, for example, market research could be undertaken to see how much brand awareness increased following the playoffs. In each sponsorship program, there should be an attempt to gather tangible evidence that the sponsorship is worthwhile.

Event Marketing

Sponsoring the right event can provide a company with brand-name recognition and help develop closer ties with vendors and customers. Events can also help boost morale for the employees who participate in or attend them. Sponsoring local events such as the Special Olympics provides a company with the potential to generate free publicity. These events may also be used to enhance the company's image in the local community.

COMMUNICATION ACTION

Beach Volleyball's Rise

In the 1990s, professional beach volleyball became practically a sponsor's dream. What better venue than sponsoring buff, nearly naked athletes on sunny beaches competing against each other? As the decade progressed, however, the athlete-run Association of Volleyball Professionals (AVP) drifted toward bankruptcy. The association alienated athletes, television broadcast partners, and the most critical financial element, the sponsors. In stepped Leonard Amato. He purchased the AVP and immediately set out to right the ship. Under his leadership, the AVP brought back the athletes, the broadcast companies, and the sponsors.

In 2004, the Swatch women's tour totaled $2.47 million in prizes to competitors and the men's tour totaled $2.83 million in prizes. Over the years, Amato brought new sponsors on board. The new list included Nissan, Wilson, Bud Light, Paul Mitchell, McDonald's, Aquafina, Nautica, Nature Valley, Xbox, and Swatch. Other companies, such as Speedo, signed sponsorships with individual players, such as Kerri Walsh, to wear its swimwear while playing in tournaments. In addition to paying Walsh a sponsorship fee, Speedo also contributes annually to the Kerri Walsh foundation, a nonprofit organization.

To entice sponsors, the AVP offers several event sponsorship package opportunities. At the official level, the sponsor provides use of AVP marks and logos, sand-level center-court signage, extensive outer-court signage, a tent interactive display, public address announcements, on-court promotions, AVP Web site presences, and VIP hospitality passes. The lowest level of sponsorship, called the "exhibitor level," provides only a tent interactive display, public address announcements, and VIP hospitality passes.

According to AVP, beach volleyball now has 20.3 million fans, of which 51 percent became interested in the sport within the last 2 years. More than 800,000 fans attended various AVP events in 2004, an increase of 43 percent over 2003 attendance. The fan base is a highly desirable, lucrative target market for the sponsor companies. In terms of demographics, 71 percent of AVP fans are 18 to 34 years old, 51 percent are male (49% female), 84 percent attended or are currently attending college, and 70 percent have incomes greater than $50,000 a year.

Source: Deborah L. Vence, "Serves Them Right," *Marketing News* 39, no. 2 (February 1, 2005), pp. 13, 16; AVP (www.avp.com, May 26, 2005); "In Brief," *WWD: Women's Wear Daily* 188, no. 119 (December 8, 2004), p. 2.

The Peach Fest, held in Ruston, Louisiana, is an example of an event that can be sponsored by local companies.
Source: Courtesy of Sartor Associates, Inc.

Event marketing is similar to sponsorship marketing. The major difference is that sponsorship marketing involves a person, group, or team. **Event marketing** occurs when the company supports a specific event. Event marketing is closely related to *lifestyle marketing,* which is more fully described in Chapter 14. Both often include setting up a booth or display and having some type of physical presence at an event.

As is the case with sponsorships, many event marketing programs feature sports. Other events are more related to lifestyles. A rodeo sponsored by Lee Jeans or a music concert put on by a radio station are marketing events. More segmented events can also be held. A Hispanic food festival funded by a food company is event marketing, as is a health fair conducted by a local hospital (e.g., "An Affair of the Heart" wellness program sponsored by Freeman Medical Hospital).

There are several key steps to take when preparing an event. Therefore, to ensure the maximum benefit from event sponsorships, companies should:[22]

1. Determine the objective(s) of sponsoring events.
2. Match each event with customers, vendors, or employees.
3. Cross-promote the event.
4. Make sure the company is included in all event advertising and brochures.
5. Track results.
6. Evaluate the investment following the event.

The first step is to determine the *marketing objectives* to be accomplished before becoming involved in a particular event. When the objective is to reward customers, it is crucial to find an event major customers would be interested in attending. Objectives that are more internally oriented, especially those designed to get employees involved and boost morale, should be met by finding events internal members will enjoy. Many times, the goals of sponsoring an event are to: (1) help the firm maintain its market share, (2) build a stronger brand presence in the marketplace, or (3) enhance the product or firm's image.

To meet these goals means carefully selecting an event to sponsor that matches the firm's *customers, vendors,* or *employees.* Different companies will have customers who are more likely to attend certain events. Vendors and employees may also favor different events.

Cross-promotions are often used to boost the impact of an event marketing program. Recently, eBay partnered with Sony and Baskin-Robbins to create a unique event called "Camp eBay." During the summer months consumers are typically outdoors enjoying the warm weather and not logged onto the Internet, so eBay decided to go to consumers. Camp eBay was eBay's first attempt at event marketing. The aim was to create awareness in and to educate people who do not use eBay. The program was also designed to encourage existing buyers and sellers to be more active in the summertime.

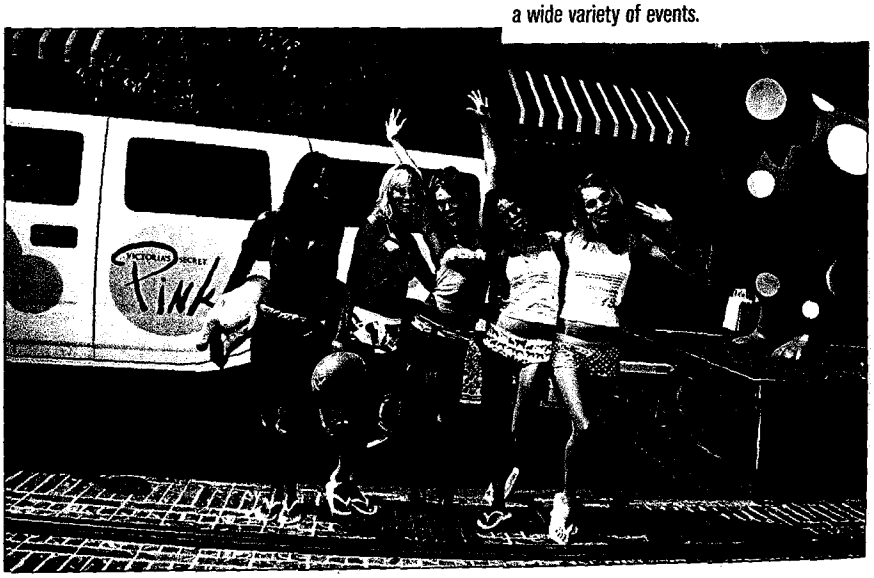
The Camp e-Bay program began with the purchase of a refurbished school bus that was sent out on a mobile marketing tour to six high-traffic areas: the Indy 500, Country Music Fanfest, eBay Live, Taste of Chicago, the Ohio State Fair, and the Minnesota State Fair. The school bus classroom drew 52,000 people who attended 30-minute sessions on how to use eBay. Participants earned badges redeemable for prizes that were furnished by Sony and Baskin-Robbins. The prizes were worth a total of $85,000. In addition, eBay pitched tents at 20 Clear Channel Entertainment venues that hosted nearly 400 concerts. The impact of the event marketing program was that 45 percent of existing users increased their purchases leading to an overall increase in sales of 2 percent during the promotion and 9 percent after the event.[23]

Sponsoring participants in an event should insist on *placement of the company name,* logo, and other product information in every advertisement and brochure for the event. Many attendees of special events keep the program as a souvenir or as something to show others. Placing the sponsor's name and message on the program generates an ad with a long life span. The sponsoring business must work to maximize brand-name exposure by connecting the firm's name with the event's marketing program. Working closely with the event management team is vital to seeing that the sponsor's name receives prominent attention in all materials associated with the event.

Some events turn out better than others for the sponsor. To determine the best events, the marketing team should *track results.* In addition to sales, employees can monitor how many pieces of literature were given to attendees, the number of samples distributed, and the number of visitors to the sponsor's display booth. Further, marketing research can be conducted to measure brand awareness before and after the event to discover if any new brand recall or brand awareness developed.

Results and marketing information allow the business to *evaluate the investment* in the event. Company leaders and marketing managers then can decide if sponsoring a particular event was beneficial and whether to sponsor the event in coming years or similar events in the future. When Victoria's Secret launched a new brand, called "Pink," it was coupled with a unique event marketing promotion during spring break. The goal was to reach 18- to 24-year-old females. The event began when a 3-story pink box was set up on a Miami beach. Advertisements, postings, street teams of employees giving out fliers, aerial signs, signs in nearby hotels, and public relations press releases built excitement during the 5-day countdown. On March 17, 2005, 5,000 spring breakers showed up at the pink box. They were treated to a fashion show and a live concert by No Mercy. After the concert, Victoria's Secret Pink gift cards were passed out and the company hosted nightclub parties. The unique marketing event spurred sales of both the new Pink brand and other Victoria's Secret brands. The Victoria's Secret marketing team completed the evaluation stage and discovered that the Pink brand sales increase in the Miami area was huge and the other Victoria's Secret brand sales also rose dramatically.[24] As a result, the evaluation suggested the event was a major success.

Sponsorship programs are connected to a wide variety of events.



Sponsorship programs and event marketing have increased in popularity during the past decade due to their potential to reach consumers on a one-to-one basis. In the future, sponsorships and event marketing tie-ins with other media, especially the Internet, will rise. Rock concerts, boat shows, music fairs, and a wide variety of other, more specialized programs are likely to be featured by various companies. Many marketing experts believe that making contact with customers in personalized ways that do not directly involve a sales call are valuable activities. Event marketing and sponsorship programs make these contacts much easier to create.

MARKETING COMMUNICATIONS REGULATIONS

The U.S. federal government has passed a great deal of legislation designed to keep companies from taking advantage of consumers. Various states also regulate for-profit companies and other organizations. Many of these federal and state laws are enforced by regulatory agencies. In this section, governmental actions are reviewed in the areas of legislation and regulation of company marketing practices.

Unfair and Deceptive Marketing Practices

One of the major areas that the government regulates is unfair or deceptive marketing practices. Consumers may be misled by advertisements, mailings, corporate literature, labels, packaging, Internet Web site materials, and by oral and written statements made by salespeople. Numerous ordinances have been enacted to defend consumers from these wrongful practices. Other laws have established regulatory agencies for enforcement.

At the federal level, the *Wheeler-Lea Amendment* (1938) to Section 5 of the Federal Trade Commission Act prohibits false and misleading advertising. A firm can violate the act even when the company did not expressly intend to deceive. An advertisement or communication is deemed to be deceptive or misleading when:

ETHICAL ISSUES

Alcohol and Minors: Ethics, IMC, and the Brewing Industry

By the age of 18, the average American teen has viewed more than 100,000 beer commercials. Critics of the brewing industry and marketing agree: Many beer commercials are designed to encourage underage drinking and build brand loyalty or brand switching in a population that is not even supposed to use the product. This can lead to an addiction in a few months, because underage drinkers are less developed mentally, physically, and emotionally.

Young males are often the targets of ads prepared for baseball, football, basketball, and auto racing telecasts. Use of sexuality and social acceptance are common themes, along with humor. Recent testimony in Congress suggests the brewing industry is walking a fine line.

The questions becomes: Do a few public relations ads, such as the "Know When to Say When" campaign authorized by Budweiser and the "21 Means 21" advertisement sponsored by Coors, represent a real attempt to reduce underage drinking, or are they designed to placate the government and critics?

Drunken driving, diminished performance in school, health problems, and even death by binge drinking are all part of the problem. In the alcohol industry, as in many other circumstances, the role of public relations should be real and genuine, not just designed to keep the government away. Marketing professionals will continue to confront this issue in the coming years.