

PR, More Effective Than Advertising

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More Credible And Less Costly Promotion

An Analysis of Marketing Publicity in North America

Delivering your message to a world served by increasingly specialized media catering to audience niches is a challenge to any company's budget. Camino Media invited TVA founder and CEO, Jeffrey Goddard, to share key insights from his nearly two decades of marketing publicity production for companies--a cost-effective alternative to advertising.

Advertising vs. PR

Almost every marketing executive in manufacturing is using "advertising" to try to accomplish their marketing goals. Results from two large national surveys of more than 800 marketing executives show this to be true. But advertising isn't working very well for most manufacturers. A survey of 223 senior manufacturing executives showed 83% were either somewhat unsatisfied or very unsatisfied with results from advertising.

Advertising isn't working very well because advertising is self-promotion. People are very skeptical of ads. The source of all those nice things said about your company and its products is you, and people just don't believe it. Another reason why advertising is not working very well these days is because of "clutter", which is the magnitude of commercial messages being delivered within a short period of time. There are just too many messages to absorb, and clutter is getting worse every year. In addition, advertising is very expensive, especially if you have a big market to cover.

If you were to find a marketing action that worked much better than advertising at a much lower cost, you would have a huge competitive advantage.

There happen to be two marketing actions that, when done properly, work much better than advertising. One is word-of-mouth, and the other is marketing publicity. The main reason they work better than advertising is because they are driven by third-party endorsements, meaning someone other than you is saying nice things about your product. Prospects believe third-party endorsements, and in marketing "belief" is everything. If prospects don't believe your message, you will waste huge amounts of time and money trying to get your message across. Third-party endorsements are believed because the third party has nothing to gain. They are only trying to help. They are either an expert on the subject who has already investigated your product, or they own your product. The advantage to you as the person who does not own the product, or who does not have time to investigate your product, is, with no cash outlay and no risk, you get the benefit of the experience of others.

Here is how these two powerful marketing programs work:

Word-of-mouth - people pass helpful information to other people, verbally. They tell them favorable things about your product - voluntarily. This type of marketing is the least

expensive and one of the most effective. Word-of-mouth has one weakness - lack of control. You don't know who is saying what to whom and when about your product because you are usually not there. In order to make word-of-mouth work, you must know how to set up and manage a word-of-mouth program. Most people don't.

Marketing publicity - this is getting favorable news articles and feature stories published and put on air about your product in many different broadcast media, relevant trade magazines, newsletters, and other publications, with hundreds of thousands of prospects, sometimes even millions of prospects reading favorable information about your product. People believe articles. And, powerful marketing, but there is one disadvantage. Your product must be newsworthy. Not every product qualifies for news coverage.

Most companies don't know how to get a large number of published articles consistently. They think they are doing very well when they get 6-12 articles published in a year, and in many cases they must buy advertising to get that many articles published. That is what happens when you try to do it in-house. Done correctly using a specialist, however, can get you many articles published. If you can find a marketing publicity firm with a strong track record of getting large numbers of articles published for its clients, this will make your marketing much more powerful and much less expensive.

It is absolutely essential that you drive in more business than your company can comfortably handle. The business you drive in must be handled well, of course, but it does not have to be comfortable. Drive sales hard with marketing. Generate an abundance of new qualified leads with marketing. Acquire new customers - they are the hardest to get and the most valuable when you get them. They are your life-blood. New customers are your future.

PR's Branding Power

PR - not advertising - is the weapon of choice for top brands. Interbrand, a leading London-based consultancy and marketing research firm, has named the recipient of its Brand of the Year survey. In a landslide, the winner is - public relations.

Actually, Google was the brand of the year, according to 1,317 respondents, but PR - not advertising - is the clear tactic of choice for building top brands.

Compare the top 5 brands on Interbrand's list versus the *Ad Age* top 5 advertisers. Even though the top 5 advertisers spend billions annually to support their brands, no company or product is among the top 5 brands. In fact, Coca Cola (#32 top advertiser) is the only member of the brand list to also be among the top 100 in advertising.

Top 5 Brands

1. Google
2. Apple
3. Coca-Cola
4. Starbucks
5. Ikea

Top 5 Advertisers

1. General Motors (\$3.3B)
2. Procter & Gamble (\$2.5B)
3. Ford (\$2.4B)
4. PepsiCo (\$2.2B)
5. Pfizer (\$2.1B)

How can this be so? Isn't advertising the way to build brands? Apparently not. Google does almost no advertising but is frequently featured in business magazines and the general press, which carry tremendous credibility. The same is true for Apple, Starbucks, and Ikea, who are also relatively light purchasers of advertising but heavy proponents of PR.

According to Al Reis, author of *The Fall of Advertising and the Rise of PR*, PR creates brands. Advertising defends brands. The data from leading brands supports this position. Reis, for example, points out that in its first 10 years, Starbucks spent less than \$10 million total on advertising.

Howard Schultz, the chairman and founder of Starbucks, says, "I look at the money spent on advertising, and it surprises me that people still believe they are getting returns on their investments."

A Lesson for Professional and Tech Services

Professional and technology service firms should take heed, particularly when weighing an ad push versus a targeted PR campaign. There are three simple reasons why.

1. **Credibility** - Advertising, no matter how clever, funny, dramatic, or aesthetically pleasing, is self-serving. It is a pitch, and, no matter how cleverly disguised, we all recognize advertising as a pitch. PR, on the other hand, has gone through a filtering process. That is, an editor or reporter has deemed the information credible and newsworthy. While we may not love the media, we recognize that they do filter pap from news in most instances. What PR lacks in control, it gains in credibility.

2. **Clarity** - Advertising uses subtleties, claims, and comparisons and borrows from the arts and psychology to try to influence decisions. PR usually translates into simple messages. A problem has been solved. New conclusions have been reached. Someone or something has created a new approach. The more straightforward and relevant the information, the greater the possibility of it becoming news. PR is based on information, not seduction.

3. **Cost** - There is no company on the planet spending a billion dollars a year on PR. In advertising, there are more than 25. There is no comparison in costs. Or, many would argue, in effectiveness.

In constructing marketing programs, the key is to establish expertise in a specific discipline, and make the expertise known to potential buyers and thought leaders through credible third parties. PR is better than any marketing tool at your disposal, including advertising, to accomplish this goal--something the stewards of the best brands in the world already know.

PR vs. Advertising: 3 Facts of Life

An interview with Al Ries, best-selling author of The Fall of Advertising & The Rise of PR, by Cincom's Expert Access Steve Kayser.

Steve: In your book, *The Fall of Advertising & The Rise of PR*, you state that today's major brands are born with publicity, not advertising...

Al Ries: Yes, all the recent brand successes have been PR successes, not advertising successes. Red Bull, Starbucks, Harry Potter, Linux, Palm, The Body Shop, JetBlue, and Google.

Steve: Examples?

Al: Starbucks spent less than \$10 million in advertising its first 10 years. That's less than one million a year, a trivial amount for a national brand. Here's what Howard Schultz, CEO of Starbucks, has to say about advertising: "It is difficult to launch a product through consumer advertising because consumers don't really pay attention as they did in the past. I look

at the money spent on advertising, and it surprises me that people still believe they are getting returns on their investments."

- The fastest-growing retail chain in the world is Zara, headquartered in Spain and now operating in dozens of different countries. Zara does no advertising except for two sale ads a year.
- JetBlue is flying high, primarily because of PR. The October 14, 2002 issue of *Forbes*, referred to them as "Lord of the Skies."
- PlayStation and PlayStation 2 were introduced with a fanfare of publicity and went on to become the leading video-game brand.
- Microsoft Xbox followed the same pattern. As a matter of fact, 75 percent of the target audience expressed an "interest to buy" before the first Xbox ad ran.
- Linux has not advertised because no one owns the brand. It's open-source software. Yet Linux has some 99.9 percent name recognition in the high-tech community.
- *The Wall Street Journal* has become a high-technology trade paper. If you are in the high-tech field, and your brand is not mentioned favorably and frequently in *The Wall Street Journal*, you are not going to make it in the high-tech field. It was publicity in *The Wall Street Journal* and other management publications that built brands like Cisco, Dell, Oracle, Microsoft, Palm, SAP, Sun Microsystems and Yahoo.

Steve: But didn't some major dot.coms succeed with advertising?

Al: What dot.coms are successful? Amazon, eBay, and other dot.coms that relied on PR to build their brands. Those that tried to do it with advertising were notable failures. Google is another dot.com brand that rode to the top primarily with PR.

Fact of life number 1: Advertising often gets the credit for PR successes.

Advertising Age recently ran a special issue on the best advertising campaigns of the 20th century. The number-one advertising campaign, as you might have guessed, was the Volkswagen campaign. The first advertising in the campaign, "Think small", was run by Doyle Dane Bernbach in the year 1960. Almost everyone credits this campaign for building the Volkswagen brand. But in the year before the campaign was launched, Volkswagen was already the largest-selling imported car in the country with 19 percent of the imported car market. Volkswagen was already a successful brand due primarily to favorable publicity. Granted, the DDB campaign accelerated Volkswagen's sales, which is exactly what the best advertising should do.

The best single advertising of the 20th century, according to many commentators, was a Rolls-Royce ad. "At 60 miles per hour, the loudest noise in the new Rolls-Royce comes from the electric clock." David Ogilvy said, "The best headline I ever wrote contained 18 words: 'At 60 miles per hour, the loudest noise in the new Rolls-Royce comes from the electric clock.'" Have you read the first paragraph of the ad? I'll read it for you. "At 60 miles per hour, the loudest noise comes from the electric clock," reports the technical editor of *The Motor*, the leading automotive publication in the United Kingdom. David Ogilvy took his headline directly from a road test in a motor magazine. Do I think any less of Ogilvy's genius? Of course not. That's what advertising ought to do - pick up and reinforce ideas put into the mind by PR.

Fact of life number 2: Advertising often gets the credit for campaigns that don't deserve it.

Take the Energizer Bunny, one of the most admired advertising campaigns of all time. Is Energizer the leading appliance battery brand? Of course not. The leading appliance battery brand is Duracell, by a big margin. Recently, MasterCard's "Priceless" campaign has gotten a lot of publicity. Terrific, but Visa leads MasterCard by more than two to one.

Steve: So when it comes down to bottom-line ROI?

Fact of life number 3: Advertising dollars cannot compensate for the lack of favorable PR.

AI: No-brainer. The largest advertised brand in America spent \$780 million on advertising last year. Do you know the name of the largest advertised brand? It's not McDonald's, Budweiser, or Coca-Cola. The largest advertised brand in America last year, would you believe it, was Chevrolet. Now let me ask you a question, what's a Chevrolet? If I told you I would meet you out front in my Chevrolet, would you be able to recognize my car? What's a Chevrolet? A large, small, cheap, expensive car... or truck. But you already knew that. \$780 million, and there probably isn't one thing stuck in your mind that you can connect with Chevrolet. What a waste.

The largest corporate advertiser in America last year was Chevrolet's parent, General Motors. As a matter of fact, the company has been the largest corporation advertiser for five of the last eight years. In eight years, General Motors spent \$23 billion on advertising. What did they get for their money? They lost six percent of market share, that's what they got - from 34 percent in 1995 to 28 percent in 2001.

Big advertisers often are companies with big problems. Advertising can often accelerate success, but it usually does nothing to forestall failure.

- When US Airways went bankrupt, for example, what was the first thing they did? They ran full-page advertisements signed by the chief executive in *The Wall Street Journal*, *The New York Times*, and *USA Today*: "Foundation for the future."
- When United Airlines went bankrupt, what did they do? They ran full-page advertisements in *The Wall Street Journal*, *The New York Times*, and *USA Today*: "It's not really Chapter 11, it's Chapter 1."
- When Firestone got in trouble, it ran full-page advertisements signed by the chief executive in *The Wall Street Journal*, *The New York Times*, and *USA Today*: "Making it right." Translation: We have been making our tires wrong for 50 years, now we are going to start making our tires right.
- When Arthur Andersen got in trouble, it ran full-page advertisements signed by the managing partner, and the ex-managing partner, in *The Wall Street Journal*, *The New York Times*, and *USA Today*.
- When Merrill Lynch got in trouble, big trouble, it didn't run full-page advertisements in *The Wall Street Journal*, *The New York Times*, and *USA Today*. It ran two-page spreads in those publications signed by both the CEO and the president: "Lately you've been hearing a lot about Merrill Lynch." Now we are going to set you straight. And what two guys in two-thousand-dollar suits tell you, you know you can believe.

Steve: PR vs. Advertising... biggest takeaway?

AI: Advertising's Achilles' heel is not a heel at all. It's the mind of the prospect. Advertising has little credibility in the mind. Enamelon, a toothpaste that adds enamel to your teeth, spent \$25 million dollars launching the brand and received \$10 million in sales. Adds enamel to your teeth? A product like this needs to start with a PR program in publications like *The Journal of the American*

Dental Association. Advertising is self-serving. What you say about yourself has little or no credibility in the mind. "I did not have sexual relations with that woman, Miss Lewinsky," said Bill Clinton. Did you believe that? Did Hillary believe that? "I will not resign," said Richard Nixon and then promptly resigned.

PR has credibility in the mind. It's the third-party effect. It was PR that built the safety position for Volvo. And advertising reinforced it. It's what we call PR-oriented advertising. PR first to establish the credibility of the brand, advertising second to reaffirm and reinforce the brand's credibility. This ad works because "safety and Volvo" are synonymous in the mind. "We design every Volvo to look like this." But this ad doesn't work: "We design every Dodge to look like this"? The steering of a Dodge must be defective because look at all the accidents they have been having. Advertising agencies, as you know, generally ignore the credibility issue and focus on creativity. Take the sock puppet owned by Pets.com. The sock puppet received \$60 million in advertising yet delivered only \$22 million in sales. As it happens so often in advertising, creativity dies again. As strange as it might seem, the ad agency disagrees. Here is what the world's most famous creative director said about the Pets.com campaign: "Business models, market conditions, the Nasdaq, VCs - they're not in my control. This has nothing to do with the success of the advertising. Ad agencies are hired to create brands, and we did that in spades."

It's the classic advertising error. The ad agency apparently thinks the brand is the sock puppet. But consumers don't buy sock puppets. Consumers buy pet supplies. And few did because the advertising didn't build the Pets.com brand.

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About TVA

TVA Productions is one of the leading media production and news placement syndicates in North America - providing HD production & broadcast facilities, extensive distribution & tracking resources, and a worldwide team. Since 1987, TVA has provided performance-based media booking services, national and local programming, and broadcast/print-ready News Features for over 20,000 TV, radio, and print media outlets. TVA's "Pay Only for Results" services have been successfully used by Fortune 500 companies, emerging companies, ad agencies, PR firms, national associations, non-profits, and government agencies worldwide. TVA's team has won over 40 Golden Mike, Addy, Emmy, Clio, Telly, and Aegis awards. Clients include Baxter Medical, Cable & Wireless, Canon, Cessna, Epson, FEMA, Kellogg's, Hill & Knowlton, LDS Church, Lexus, Marriott, Nickelodeon, Occidental Petroleum, Ogilvy, Pepsi, Porter Novelli, Princess Cruises, Qualcomm, Salvation Army, Sony, Space Adventures, Technicolor, Teradata, Viseon, Westinghouse, World Vision, and Yonex.

Contact Camino Media in Spain for more information about marketing publicity with TVA in North America.