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COKE'S DIFFICULTY WITH ACCEPTANCE OF NEW FORMULA
ILLUSTRATES IMPORTANT PUBLIC RELATIONS THEORIES,
SHOWS HOW NUMBER-CRUNCHING OVERLOOKS HUMAN NATURE

*PR: General
Perception must*

In this world, perception is all. Not facts. Certainly not numbers manipulated by marketers. Whether readmission of old Coke under a new name turns out to be "the greatest marketing blunder since the Edsel" or "a brilliant line extension" whereby Coke now has two tastes to offer against competitors, the case shows convincingly that public relations principles are more important than marketing hype.

Media Gen.
1. Even the most successful media coverage only opens a subject for discussion. It doesn't presage positive decisions. Through fantastic media manipulation, more people were aware of Coke's formula change than can name the governor of their state. Yet word of mouth -- that most powerful factor which is the all-important second step in the 2-Step Flow of Information & Influence -- was negative. A Leo Shapiro study found that 3/4 of those who've tried new Coke prefer old -- and said so.

Behav. Sci.
2. Opening a subject for redecision fosters cognitive dissonance. Pepsi, RC & others loved having Coke ask drinkers to recompare products. Then, when response seemed to be negative, Coke furthered the dissonance with Diet Coke tv spots claiming that Diet Pepsi had changed its formula. Wasn't the net effect to remind people of Coke's own change?

3. People don't care about facts. The key finding by Shapiro (for Ad Age) was that 94%

A capsule of the perceptual realm surrounding Coke's switch back may be these statements by Rocky Mountain News columnist John John Coit:

"It has been suggested that the big switch was all a clever little marketing scheme: hype this new taste deal, get blown away by bad public reaction, then give the people back the old taste, while keeping the new taste . . .

"That way Coke gets some of Pepsi's market, but retains the old core customers. I think that's nonsense.

"A company as big and conservative as Coca-Cola doesn't play games like that. Coke brass really believed the market research which is useless when you're talking about a product that has become a personal habit and holds great attachment in the popular culture. I once picked Pepsi over Coke in a blind taste test. Didn't matter. I was a Coke drinker and I was going to buy Coke no matter what. And now I'm going to buy Classic Coca-Cola because I love it.

"But occasionally, I'll pick up Pepsi or RC or Shasta, all brands that filled the bill while we were engaged in combat with the Coke brass. I'm going to buy the other brands, because I want to keep those folks down in Atlanta in line. They're not going to have undivided loyalty again."

Marketing

Special Events
Are symbolic events effective? 10-mile ribbon of panels affirming what individuals love most about our world will encircle the Pentagon, the Lincoln Memorial and the Capitol on Sunday, August 4. Project is the idea of a 61-yr-old grandmother who originally wanted to wrap the Pentagon with a mile-long ribbon of 3-foot rectangles on which people had sewn, woven or painted "What I cannot bear to think of as lost forever in a nuclear war." "I felt a call to get involved" in the antinuclear movement, says the grandmother, Justine Merritt. She feels that "on the face of it," wrapping the Pentagon with a peace banner is "a dumb idea." But it will deliver a powerful pro-life message to legislators & military planners. "It certainly suggests that other people are as afraid as I am." Panels are arriving from Germany, the Netherlands, New Zealand, Tanzania, Canada, Japan as well as 50 US states. Merritt hopes the event will draw extensive media coverage on a normally news-short Sunday. But -- to what effect?

PR: Prof.
ADVICE ON MEETING
YOUR CEO'S EXPECTATIONS

Addressing groups around the country, PRSA President Dave Ferguson says the CEO should be able to expect 5 things from the public relations department. To deliver them, practitioners need to:

1. Act with total candor. Share both bad & good news. Research public opinion rather than using gut reactions. Become completely familiar with the organization you're serving. Remain professional in any situation you handle whether you're presenting positively a decision you don't support or stepping down due to an ethical discrepancy.
2. Look beyond the present. Anticipate what may happen & prepare a crisis plan. Make the CEO understand your job goes beyond press releases -- share with him your different areas of expertise including consumer affairs, marketing, internal communications, government relations, crisis management, etc.
3. Give your boss a good public regard. Promote a positive image both inside & outside the organization. Tell why he does his job well.
4. Use the term public relations. Not corporate relations, public affairs or any other substitutes. These euphemisms are not accepted publicly, but the generic term is readily understood.
5. Keep up to date in the field. We know it's no longer a profession of just media relations. Get involved in professional societies. Know what's happening with the profession.

WHO'S WHO IN PUBLIC RELATIONS

DIED. Henry Moon, was director of public relations for NAACP (NYC) from 1948 til his retirement in 1974.

AWARDS. Kenneth K. Muir, dir, long range planning coord., Montgomery Cty (Md) Public Schools received coveted 1985 NSPRA Presidents Award for outstanding contributions to the field of educational public relations.

Publicity
Some resort areas will use anything to get publicity. Key West, for example, claims to be "The Official Halley's Comet Capital, U.S.A." in light of its listing in Sky & Telescope magazine as the only good vantage point for viewing the comet in the eastern U.S. The resort is taking full advantage of the once-in-a-lifetime event: a month-long festival is planned for March and April of '86. The festival will allow businesses to celebrate the comet's return and, more importantly, the resulting boom in tourism.



of those who haven't tried new Coke prefer the old! Word of mouth had given them such negative latent readiness that their minds were made up before they even tried the new formula.

4. Psychology surrounding a product is as important as the product. Maybe more. Reputation & loyalty are perceptions. So is taste, but perceived "better" taste is influenced by these other factors. Proof: Many products change ingredients or taste without announcing it and few consumers notice the difference.

5. Behavioral science could help anticipate possible issues arising from the change. For instance, the sociological "rule of abuse" (changes in relationships are the result of a real, perceived or feared abuse by one of the parties). Did old Coke loyalists feel abused by the company? The psychological "rule of participation" might also have helped. (People will get behind those decisions they've had a voice in making.) Could loyalists have participated in the decision somehow? Then there's the psychological "rule of rewards." (People will do that for which they are rewarded.) What was in it for old Coke drinkers?

6. Marketing statistics are still only guesstimates. Marketers may treat them like bronze castings, but research is a model of reality -- not reality. The true reality is human nature, and it is pr's job to understand, even attempt to predict it. The research on which Coke said it based its decision to change formula is what prompted prr's questioning of the decision (4/29). The company said those who took blind taste tests preferred new Coke by 55-45%; and new Coke over Pepsi by 56-44%. For established hard-competing products, making such a major change on such slim research margins seems extremely questionable.

Bottom line, the publicity job cannot be gainsaid. Magnificent! But the behavioral effect of such publicity seems to be negative. Outcomes count, not process. Coke probably won't be another Schlitz, which went from 2nd-best-selling beer in '74 to 1% of the market today due to its formula switch. But -- number-crunching can be people-crunching.

SHAPING PRODUCTIVE ORGANIZATIONS MEANS FACING UP TO VALUES OF TODAY'S WORKFORCE; TRENDS NOT NEW, BUT WHAT ARE WE DOING ABOUT THEM?

Those hackneyed but empty words, "our employees are our most valued asset," are being replaced by policies & actions

that demonstrate the fact. But, as in marketing to any audience, its needs and values set the norms. A new Conference Board study shows rising numbers of 1) dual-paycheck families, 2) single parents & 3) unmarried couples reflect today's workforce.

Employers are making an effort to meet the needs of these employees thru more flexible work schedules & benefit programs, e.g., helping employees with child care costs, offering options for time off with pay to deal with family-related activities. Study predicts a trend toward more policies that serve both the personal & family needs of employees.

Major demographic shifts influencing changes in employee programs & communications include:

¶Less than 60% of the nation's 85 million households are married couples -- down from 80% at the end of WWII.

Psych
Behav. Sci.
Issue Mgmt

Publicity

Trends

Empl. Rel.

O.D.

¶40%+ of today's workforce (47 million people) are working couples. Less than 12 million married men provide sole support for their families.

¶60% of all mothers (about 20 million) work. As recently as 1970 a large majority did not.

¶25%+ of all workers are single. This group has doubled in size since the mid-60s.

Where Programs Are Changing To Meet New Needs

1. Traditional work schedules are being altered ranging from a) allowing employees to choose their working hours, b) staggering starting & quitting times, c) flextime.

2. Employees choose from a diverse menu of benefits. At American Can, for instance, employees tend to choose less healthcare coverage and more time-off-with-pay & other personal-type benefits.

3. Leaves for new parents (men & women) are changing. Many companies extend unpaid maternity leave beyond the so-called "disability period" -- 6 wks in the normal pregnancy. A few give parental leave to new fathers. Some provide benefits to the parents of newly adopted children.

4. Relocation policies are taking into account the personal preferences of transferred employees, the impact moving will have on families. Many offer generous assistance packages, some providing jobs for the spouses of transferred workers. "The attitude -- 'What's good for the company is good for me' -- no longer exists," sums up a bank exec.

5. Day care grows by leaps & bounds.

(Copies of the study, #868, are \$25 for The Conference Board members, \$125 for non-members, 845 3rd Avenue, NYC 10022)

USEFUL ITEMS FOR PRACTITIONERS

¶Just as questions arise about whether "black" should be capitalized (pr 4/1), prr is wondering whether "Oriental" or "Asian" is the correct term. Our Annual Survey questionnaire used "Oriental." After consulting members of this community, we're told "Asian is more correct." For one reason, gov't uses "Asian" in affirmative action prgm materials, employers follow suit. Also, "Asian" encompasses a much broader group than "Oriental." Notes one observer, "in Honolulu the popular term is 'Oriental.'" But my West Coast brethren refer to themselves as 'Asians.'" He opts for "Asian" as the better choice.

¶Are annual reports on floppy discs a trend in the offing? Software company Ashton Tate (Culver City, Calif.) has put its AR on one with the hope that more people are using personal computers. But what will a computer screen do to already dry reading?

"The new demographics of the work force, brought into sharp focus with the maturing of the baby-boom generation and accompanying changes in attitudes toward work, has significantly altered work-family and employer-employee relationships. Not only do today's workers come from different kinds of family units (that are often unwilling -- or unable -- to be the silent, compliant support systems that families once were) but workers themselves are said to be more reluctant to subordinate their personal lives to their jobs," observes Helen Axel, dir of The Conference Board's Work & Family Information Center.

Lang.

Fin/Inv. Rels