Public relations *is* the marketing mix

As the marketplace and your approaches become more sophisticated, public relations has grown more important than ever.

by Patrick Jackson

Today, relationships more than any other factor are what set an organization apart.

As marketing and public relations techniques become increasingly sophisticated, it's important to remember that they are really the same thing. At the very least, expressions of the same business philosophy — the one that puts customers and their needs and values first.

Somewhere along the line, the idea was put forth that these terms had very different meanings. Such semantic polarization adds nothing to our ability to satisfy customers. And who will disagree that this must be our ultimate goal and responsibility?

To see how the techniques fit together, let's review how available tactics have expanded. Marketing, for instance, used to consist of the four Ps: product (or service), price, place and promotion (all forms, from advertising to publicity to point-of-purchase to merchandising to special events).

Then organizations realized there was another way to differentiate themselves from their competition. It was so powerful that it became the fifth P: *packaging*. Its slogan is, "If you can't improve the product, improve the packaging."

Next, we began discovering how useful the behavioral sciences are. We realized that differentiating our product, package, price, place and promotion were not in themselves enough. Instead we have to integrate and unify everything we offer our customers, and every relationship we have with them, so that we can position our organization in their minds — and against our competitors. *Positioning* became the sixth P.

At this point, those who chose to satisfy customers under the banner of marketing seemed to be riding high. But then something began to occur which completely upset the applecart once again. Organizations with good products, competitively-priced, well-packaged and positioned, began to find that some competitors — often those with a less sophisticated application of some of the Ps — were doing more business. How could this be? Evaluation studies showed that there is another, and more superior P. One that overrides all the others.

It is *perception*: regardless of the facts of the situation, how do customers perceive our organization compared to our competitors? Are we as friendly? Easy to understand? Open and participative? Socially responsible? Or are we so rigidly businesslike that we are perceived as second choice, even though our other six Ps are fully competitive, if not superior?

Coca-Cola recently gave us an example of how the number-crunching approach to satisfying customers can lead us astray. Coke found that people's perceptions of everything about the product must be considered — not just some new market research that seemed to indicate changes were desired.

Further evidence comes from financial markets themselves. Why didn't every saver/investor jump to the money market funds when they were hot a few years ago? Studies show that even though certificates could offer two to five points more interest, large numbers of people preferred to keep their funds in familiar accounts at local financial institutions. They knew the staff there. They felt their funds were safe there, whereas the original money markets were located in some far-off city. They also knew they could make withdrawals immediately if needed. And use their deposits as psychological leverage to get loans they might need. Note that all of this is perception... and it proved more powerful than "facts," especially with average consumers.

So now we know there are seven Ps that must be managed to assure customer satisfaction: product, packaging, price, place, promotion, positioning and — unifying and overriding the others — perception. What do we know about managing customer perceptions or the perceptions of those we'd like to get as customers?

What approach can a credit union executive take, whether his or her background is public relations, marketing or general management? Here are some guidelines that may help:

A. *Concentrate on desired outcomes, not process.* The only acceptable proof that perceptions of an organization and its services/products are positive is in consumer behavior. Are they active customers? While opinions and attitudes may influence it, the goal of all public relations and marketing activity is actual current behavior. As the president of a major auto manufacturer said when assuming the job, "I don't care whether people love our cars. My only question is whether they are *buying* them."

B. *Behavior is a manifestation of human nature, not intellect.* Purely logical thinking gets us in trouble here, because people's behavior is not predicated on facts, or information, or rationality. The whole realm of human nature is involved. What we think will appeal to people based on our knowledge of financial services may fail utterly. Our proper field of study is human nature. Number-crunching marketing may very well be people-crunching. Public relations programs that are mainly communications won't do the job.

C. *Perception is the basic ingredient in behavior.* The brain and intellect are a segment — usually a small one — but the heart and emotion and the gut and intuition are major integers. Also involved in the mix upon which perceptions are formed is experience, actual and vicarious; the senses; and peer influence. The human mind puts all these inputs together, and in 30 milliseconds gives us a perception on any topic — even if we've never heard of it until then. Perception is the point of interface between the human person and his or her world. It is the shield that enables us to attempt an understanding of what's happening. It is the basic force, therefore, in human society and human behavior.

D. *Managing successfully means managing perceptions first and foremost.* If Mrs. Johnson perceives your credit union to be less valuable to her than another financial institution, ergo it *is* less valuable. Period. As Donald Regan said in assessing his experience as treasury secretary, "Perception is reality."

Until executives accept and internalize this philosophy, they are caught in the old trap; managing as if the world were made up of

Model of the Successful Organization

Begins with and invests much energy in, a:
1. DEFINITIVE MISSION STATEMENT (Values)
• the distilled essence of the organization's reason for being.
• implies its USP, positioning, goals, policies.

This is carried out by:
2. CORPORATE CULTURE (Shared Values)
• demonstrated by role models, heroes.
• reinforced by rituals, stories.
• the source of teamwork, morale, productivity.

This in turn lets the organization speak with one clear voice to penetrate the changing and competitive environment by building:
3. POSITIVE PUBLIC RELATIONSHIPS (Expressed Values)
• more than marketing or communication.
• the source of loyalty, credibility, trust.

Over time this creates:
4. REPUTATION (Understood Values)
• generates latent readiness to like, accept, trust, believe.
• a serendipitous, self-powering force that lies at the core of all human interface.
• epitomized in the old Squibb motto, "The priceless ingredient of every product is the honor and integrity of its maker."

those ideal people everyone hopes will someday evolve, rather than managing for the real world of presentday human nature. It is the philosophy that public relations and marketing are both based upon. But there are scores — maybe even a majority — of practitioners who don't believe it, or at least don't act accordingly.

To avoid that, we can learn the techniques of perception management. For starters, here are a few that have worked well for others:

• *Research is not a nice thing to do; it is quintessential,* But much more than traditional market studies are needed. Message testing for promotional themes and appeals. Customer profiles from the *behavioral* view, adding this critical element to typical demographic and opinion data. Flow-of-information studies (especially powerful for credit unions that have a given pool of potential members). The list of techniques is long and growing. Do we use them? Regularly? Do we budget for them, as a *priority*?

•*Qualitative research is as valuable as quantitative.* Human nature cannot be reduced to numbers. Informal techniques, such as expectational studies, quota samples, focus groups, Delphi studies, complaint analysis, and mail and media analysis, can spot how people really feel. Open-ended questions may be harder to tabulate, but our research shouldn't be skewed by inflexible computers. Leo Bogart, who is without peer in communication and advertising research, said recently, "Communication represents a process, an experience, which is not reducible to diagrammatic or schematic form and which cannot be expressed in numbers, because it involves symbolism, imagery and connotations, the stuff of fantasy and dreams." The blind sample analyzed by statistical calisthenics is often overkill — and misleading.

• *A new holistic approach to research is possible.* For instance, rather than conventional competition studies, how about looking at a *realistic* market share among a truly *available* target public? Try measuring opinion and attitude as "latent readiness"; i.e. potential behavior waiting for a trigger event, rather than ends in themselves.

Build public relationships rather than conduct public relations.

• *Build public relationships rather than conduct public relations.* One is the outcome, the other mere process. Adding another newsletter or more ads is just process unless there is evidence it will build relationships. Doing that usually means personal interactions rather than throwing communications at our audiences. Events, open houses, consumer education sessions, personal contacts with key customers and identified opinionleaders — these build relationships. Only relationships can buy the benefit of the doubt when things go wrong.

• *Relationships must be built and maintained by every staffer.* Public relations isn't something "done" by the PR department. It must be part of the job description of every employee. Raises and promotions should be contingent on it as part of the performance evaluation process. An organization's relationships — and thus perceptions about it — are largely formed by the interaction of each employee with customers, friends and relatives, and other publics — not by slick messages put forth by PR and marketing folks from the ivory tower of management.

• *Building external relationships begins internally,* with training, rewards for "PR behavior" and cheerleading from the top. Indeed, the secret weapon is the staff itself. It's critical to all working relationships in a positive organizational culture.

Product differentiation is rare now in financial services. Ditto price, promotion, packaging. Some institutions have better locations or quarters or have positioned themselves better than others — but that can be tough territory to hang onto and changes regularly. How we are perceived becomes the *sine qua non.*

Today, attitudes and behavior toward customers, along with the quality of other internal and external relationships, are what set one institution apart from its competitors. Our relationships, more than our products/services, determine how we will be perceived — because that is where people meet people. And that is what both marketing and public relations are all about.

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