

**M.A MASS COMMUNICATION**  
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**MSM-523-D**

**PR PRINCIPLES AND TOOLS**



**Directorate of Distance Education**  
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**Technology, HISAR-125001**



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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
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<b>PUBLIC RELATIONS – AN OVERVIEW</b>	

**STRUCTURE**

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**1.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:



- Understand the Public Relations
- Define the Public Relations
- Learn types of Public Relations
- Explain the advantages and disadvantages of Public Relations
- Understand the Functions of Public Relations

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## **1.1 INTRODUCTION**

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In this modern era, the survival and success of any industry depend on its reputation in the market rather than its size. Amidst the cut-throat competition in the market, the reputation of any organisation gives a niche over other industries operating in a similar line of core competency. In this respect, Public Relations (PR) plays a pivotal role in forming and cementing the reputation of any organisation through effective communication among the various organizations and the public. In a competitive market, a robust reputation is something that gives an organisation the edge over its competitors. This chapter aims to develop a broader understanding of Public Relations and its various facets, types, functions and roles.

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## **1.2 WHAT IS PR?**

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At the outset, it is important to understand what is PR? So, PR is a communication technique that functions in a planned and sustained manner to build a positive reputation and relationship between an organisation and the public that it serves. It primarily aims to affect public perception through effective management and dissemination of information that is tailored to suit the individual or organisational objectives. It focuses on developing the right communication strategy which is formulated keeping in view the organisation, public and media especially. Its objectives include maintaining good brand image, sending important information about organisational events or news and also managing a positive image even after sudden negative incidents by adopting positive approach to mellow it down. There are myriads of tools that PR uses in its practice including press releases, news conferences, printed materials and organising events etc.

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### **1.2.1 UNDERSTANDING PUBLIC RELATIONS (PR)**

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Not essentially in theory, but PR is generally perceived as an image changer of any individual, organisation or a particular brand. It aims to present or portray the best image of the company to the public.

Unlike advertising, Public Relations is known for offering a more credible and fundamental approach by using fair information, issuing a press release and conducting press conferences in order to meet the objectives of disseminating information, managing a good image and maintaining cordial mutual relationship amongst organization and its customers. With this genuine approach, Public Relations are one of the fastest growing industries across the globe. Over the years, the Public Relations have become an indispensable part of any organisation, company or industry. Since, majority of companies are driven by the public shares in the trade market, the Public Relations have gained more traction as the confidence of the public purely hinges upon the reputation of the company or brand.

In this regard, the Public Relations professionals deal with media, shareholders and consumers by forming and managing the image of the respective company. Sometimes, Public Relation personnel deliberately engage themselves in negative Public Relation practices for gaining the profit for their company, which is highly condemned by the moral code of ethics.

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### **1.2.2 DEFINITIONS OF PUBLIC RELATIONS**

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Various theorists, PR practitioners and scholars have different views regarding the definitions of public relations. Some most used definitions which include the Public Relations Society of America (PRSA) that explains Public relations as “PR is a strategic communication process that builds mutually beneficial relationships between organizations and their publics.” The main focus of public relations is to build, maintain and sustain the relationship with the public to contribute as the organisation desire.

The preliminary definitions focused on press agency and publicity while the modern practices of PR is more engaging and concentrated on mutual benefits of the company and its public. Thus,



the definition was adopted in 1982 by the PRSA National Assembly was “Public relations help an organization and its publics adapt mutually to each other.”

However, according to the Chartered Institute of Public Relations (CIPR)'s definition of Public Relations states "Public Relations are about reputation - the result of what you do, what you say and what others say about you." Public Relations is perceived as the practice that helps a company to gain and maintain good reputation by building understanding and influence actions and thoughts of the public. The CIPR also defines Public Relations as “A strategic management function that adds value to an organisation by helping it to manage its reputation.” All these definitions explain importance of PR in managing good image of an organisation to make it more valuable.

According to the Public Association Relations the PR is “The art and social science of analysing trends, predicting their consequences, counselling organisational leaders and implementing planned programme of action which will serve not only to the organisation, but also the public interest.” The discipline of Public Relations focuses on analysing market scenarios, planning communication strategies and foreseeing the results in a way that serves the interests of both parties including the company and the public.

Public relations have now become an important marketing function. The total process of building goodwill towards a business enterprise and securing a bright public image of the company is called public relations. It creates a favourable atmosphere for conducting and sustaining business.

Edward Barney defines PR as “Public relations are the attempt by information, persuasion and adjustment to engineer public support for an activity, cause, movement or an institution.” That concludes that the practice of PR is to seek the confidence of the public to pursue a movement, activity or a cause by any individual, organisation or company.

Mr. John E. Marston defines PR as a management undertaking. His opinion about the PR elucidates that “Public Relations are the management function which evaluates public attitudes,



identifies the policies and procedures of an organisation with the public interest and executes a programme of action and communication to earn public understanding and acceptance.”

Hence, Public Relations are communication strategies that carry out all the important functions which include planning and resulting evaluation the results of the well-planned tasks in order to fulfil desired or particular objectives.

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### 1.2.3 TYPES OF PUBLIC RELATIONS

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It is very important to have positive harmony among brand image among any organisation with its internal and external public to strive and sustain for long in the market. Negative outlook of any company or an organisation can tarnish its existing reputation and lose interest of public towards the organisation including product or services rendered/offered. For building, managing and maintaining positive branding, any company can have experienced skilled and well versed PR professionals to represent the company in various domains of the public sectors.

Considering the scope, there are many types of public relations that focuses on various aspects of the discipline. The term ‘Public Relations’ broadly can be categorized in to various sections or departments. Each section is designed to deal with the particular aspect. Some of them are enlisted as below:-

- a. Strategic communications:** Strategic communication is all about the efforts made to plan and execute the communication activity undertaken by PR professional to gain the desired business goals of any organisation. It is important to understand the preferences and activities to hold up these preferences. A great deal of knowledge is essential regarding Public Relations, external and internal communication, digital strategy, content strategy and other practices in this regard.

Strategic communication does not include only formal written documents but it incorporate identifying the communication problem by opting best possible approach to rectify the issues through effective communication using various forms of



communication. Sometimes formal written strategy is also opted to eliminate the risk to an individual, company or organisation in controversial matters and insure the key message to be disseminated among the targeted public. Some activities that are carried out under Strategic communication includes:-

- i. Determining the goal or objectives
  - ii. Identify the target public
  - iii. Outlining key message
  - iv. Generating effective communications practice
  - v. Opting an effective media vehicle to disseminate the desired message to target audience.
  - vi. Getting feedback evaluating the after effect of the whole process.
- b. Media relations:** Media relations are about maintaining strong correspondence among PR professionals and media organisations. A 'Public Relations' team, working for media relations deals directly with media by providing them information of event, programme or any incident about the company to make it accessible to the public. A strong relationship between PR team and media organisation is crucial for disseminating the basic idea to the target audience. PR personnel focus on providing attention to their client in the media by releasing press notes, organising interviews and providing space to their message in various media outlets, with an aim that the message of the client can be disseminated to their desired audience. Though, the journalists strive on the information provided by the companies to fulfil the space and time in their media schedule. So the news involving organisations that seek media exposure is also the news a journalist looking for their news programmes.

Hence, in nutshell, media relations works for both parties i.e. providing exposure to organisation and being the content source for media houses. Some activities that are carries out under Media Relations are:-

- i. Set out press tours of manufacturing facilities
- ii. Organising press conferences to announce new product





- iii. Covering the events such as annual meetings with stockholders, employees and suppliers
  - iv. Preparing news releases on important events or issues of a company
  - v. Managing publicity
  - vi. Issuing information to external public
  - vii. Building and managing relations with media outlets
  - viii. Handling feedbacks and inquiries from journalists
  - ix. Organising media conferences and tours
  - x. Monitoring and analysing media coverage
- c. Production Relations:** Production relations are associated directly with a company's functions. Their team is mainly concerned with the major marketing plans and sometimes support the specific small ventures such as introducing new product or service, launching special campaign or managing specific changes in the product or services. Main activities fall under production relations are:-
- i. Launching New Product Or Service
  - ii. Adding New Feature In The Product
  - iii. Change In The Packaging
  - iv. Organizing Special Campaign
- d. Investor relations (IR):** Investor Relations is the department that works on building and maintaining relationship between a company and its investors. The team of this department ensures to provide accurate information to the investors about the business affairs of the company. The provided information helps the investors to take better decision, if they want to invest in the company or not. The investor relations team should be highly coordinated with the finance department, legal department and account management department. The IR team required to be apprised of changing regulatory norms and should be able to provide required guidance from PR perspectives. This aspect of public relations carry out the activities such as :-
- i. Providing valid account of business occurrences
  - ii. Communicating with investors, shareholders, government organizations



- iii. Managing investor events
- iv. Communicating the financial reports to the investors
- v. Handling and solving the complaints of investors

**e. Government Relations:** It is type of public relations that deals with maintaining strong relationship between government and an organisation. This department endeavour to build a positive interactions with the government, it focuses to persuade the government to make decision in a certain way and to get the positive responds from the government. The laws set by government have crucial effects on the business or a company, PR helps to understand the new rules and regulations determined by the government. PR professionals are well trained in the field of understanding and explaining the government policies and regulations. This can also contribute in making new strategies and to sway public policy. They keep an eye on the jurisdiction affairs effecting all levels of government decisions. In this regard the government relations can be used in a business setting to start lobbying the efforts directed at MPs. The Activities government relations department carry out can involve:

- i. Planning and implementing strategies to convey a key message
- ii. Determining all stakeholders who influence government decisions that affect the business
- iii. Understanding government policies and plans
- iv. Preparing businesses for governmental appearances
- v. Tracking issues related business and government decisions
- vi. Anticipating and interpreting public opinion
- vii. Researching programs of action to educate the public

**f. Community Relations:** It is a type of public relations that concentrate on brand and image within a certain community. In this regard the community could be physical or non- physical; previous one can be referred to a city, sector or colony, while the later denotes the idea centric community such as the dog owner community, health supporter community or environment supporter community. Community relations focus on understanding the public attitudes and opinions to mould the organisation's policy in the



public interest and build a course of actions that earns the trust and respect from the community. It maintains strong relationship between the organisation and community, and align themselves with its members. Activities include:-

- i. Fostering public relations at the local, regional, and state levels.
- ii. Keeping the public informed about the organizations' objectives, plans, successes, and needs.
- iii. Executing a public relations campaign aggressively.
- iv. Offering a range of opportunities for people to participate in community initiatives and show their interest in and concern for the neighborhood and clients.
- v. Anticipating and promptly, clearly, and appropriately delivering information that the public needs.
- vi. Addressing contentious problems and providing the public with the knowledge required to comprehend those issues.

**g. Customer Relations:** Customer relations works as a bridge that builds a link between the company and its customer. Consumer relations enhance the understanding of customer experiences by using and applying various methods. It is a series of actions that focuses on customer contentment that leads to earn their loyalty towards the organisation. It requires effective communication between PR team and the customer especially taking customer queries & complaints and resolving amicably in no time. Some companies hire professionals to interact and maintain relationship with their customers while some depends on the marketing team. Companies primary goals are to retain the existing customers that goes beyond initial purchase and gaining new costumers. However, they also aim for a strong and long term relationship with their customers. To achieve this aim of the company the customer relations team develops a customer experience strategy as well as pampers their customer with discounts, coupons, gifts and other benefits. Customer relations is an integral part of the company as well as works with other customer service related departments that influence the customers directly or indirectly such as customer support, product development and marketing and sales department. Some activities the customer relations team execute to achieve their objectives are :-



- i. Managing important customer relationships
- ii. Carrying out market research to learn more about consumer interests, attitudes, and priorities
- iii. Recognizing its clients' priorities
- iv. Addressing important issues.
- v. Controlling interactions with current, past, and prospective clients.
- vi. Managing interactions with the lead consumers and the target market.
- vii. Developing plans to use earned media to affect the same.
- viii. Supplying feedback forms for clients
- ix. Enquiring about general customer needs when clients call with issues
- x. Showing how the business listens to its customers by directly reacting to their comments
- xi. Developing a point system that delivers benefits whenever a customer achieves a particular number of points; and • promoting a service culture throughout the firm.
- xii. Distributing coupons for discounted or free goods
- xiii. Holding competitions where participants can win prizes through a drawing
- xiv. Providing lifetime service warranties

**h. Internal Relations:** It is a type of public relations that deals with the communication with employees within a company or an organisation. Internal relations is used in a company or organisation to inform, aware, engage and inspire their employees. It concerns with employees problem at work, provide counselling and ensures the employee's job satisfaction. It aims to reconcile issues regarding employees dissatisfaction or disputes with the company or an organisation. Internal communication is emerging as an important part of public relations. It is pertinent to keep employees content and inspired, as they are the most loyal advocates and biggest critic of a company. The internal communication professionals help in developing programs, plans or schemes to keep employees engaged, informed and motivated while keeping their best interest in mind. Internal communication is an overlooked area of public relations as most companies set their goal to focus on external communication. Just like external public relations, the internal public



relations should opt appropriate PR strategy involving key message and proper channel to send the message to the target audience. Some activities the Internal relations team carry out to reach their target audience are:-

- i. Keeping employees informed of upcoming events, policy changes, engagement initiatives and headcount changes
  - ii. Publishing newsletters including experiences and accomplishments of employees
  - iii. Engaging employees by Getting feedback, pushback, and public debate of issues and ideas
  - iv. Conducting employee polls
  - v. encouraging feedback and criticisms
  - vi. Organising intra organisation debate on a particular goal or project
  - vii. Sharing business strategy overviews, progress reports, news, wins and losses, and general observations, using various channels and platforms.
  - viii. Keeping employees informed about the company's purpose and vision.
  - ix. Organising social events and ceremonies to celebrate the big or small successes like winning awards by employees and company
- i. Crisis communications:** Crisis communication can be defined as the public communication that deals with crisis starting from even before the problem occurred, continues while the problem is there and lasts after it has been ended. It is not a single step measure but a coordinated planned package aimed to address a crisis. Every individual or organisation is vulnerable to crisis or problems. As the name indicates the remedy made in form of various communication methods to discard any adverse or undesired situation (crisis) is known as crisis communication. Any person, organisation or role player may fall victim to a crisis where the name, fame, resources or assets may be at risk. It can be caused due to intrinsic factors or external role players. But to avert any such untoward crisis one needs to respond timely and efficiently and communication is the first and most important retort. So simply put, communication made to manage any crisis is called crisis communication. Undertaking a well-planned and persistent approach with the help of media and stakeholders can result in to rewarding and awarding communication in



the time of crisis. The activities performed under the crisis communication are given below:-

- i. Anticipating and planning before the crisis occurs
- ii. Conducting Research and assessing the Crisis Communication Situation
- iii. Doing brand tracking.
- iv. establishing crisis notification and monitoring systems
- v. Identify Target Audiences and stakeholders.
- vi. Creating statements to handle crisis
- vii. Evaluating the Crisis Communication Situation
- viii. Generating and finalising core message to deal with the situation
- ix. Post-Crisis Communications Analysis
- x. Collecting and analysing the customer's feedback
- xi. Developing strategy for disseminating the information on the crisis.
- xii. Selecting potential team and assigning the duties for effective outcomes
- xiii. Spotting the potential risks.
- xiv. Creating guidelines targeting social media platforms.

**j. Online and social media communications:** In this virtual world of internet, it is crucial to have strong online presence for any business or company to thrive and sustain in the market. Now days, before making buying decisions, customers indulge in personal research on web, so it becomes inevitable for any company or business to be active online. Using social media, blogs and other online platforms for attracting new customer is need of the hour for any business. Online and social media communication is most effective type of PR with its real time messaging and interactive features. The long lasting online content including emails, news releases and other PR content makes communication more impactful and strong. With the ability to reach large and global audience, online communication has become vital to the success of a business. Following are a few activities that are carries out under online and social media communication :-

- i. Creating and maintaining social media profiles
- ii. Connecting with public and circulate relevant information online



- iii. Promoting events (before, during and after) to keep the audience engaged on social media
- iv. Carrying out Hashtag campaigns on social media to raise awareness about a cause or to garner contributions
- v. Dissemination of information on various platforms of social media
- vi. Sending quick messages about a new launch, activity, and promotion or to provide any kind of update
- vii. Using hashtags to track what your audience and others are saying about your company or brand
- viii. Conducting online research on your company, brand and competitor

Public relations as a career offers a huge variety of prospects and may be divided into countless types and categories. However, fundamental PR abilities are necessary for PR practitioners across the board. Public relations can assist in achieving commercial success in a wide range of areas for businesses thinking about how PR can work for them. Working with a great team is essential for success, either it is technology PR or worldwide PR.

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### **1.2.4 PROFESSION IN PUBLIC RELATIONS**

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Public relations careers lack a clear professional path. A person can earn a degree in a variety of disciplines, including political science, journalism, broadcasting, marketing, and public relations. Soft skills essential of PR professionals include effective written and verbal communication abilities, problem-solving capabilities and the capacity for critical and creative thought. Public relations careers can go in a lot of different directions. Digital artists, social media managers, and content developers are among professions that focus on this area of public relations. Individuals might focus on working between a firm and its investors by specializing in a certain field, such as finance. People who are interested in working for charitable organizations could discover that public relations and the branch of fundraising share many characteristics.

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### **1.3 FUNCTIONS OF PUBLIC RELATIONS**

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Advertising and public relations are entirely two different things. Public relations firms do not purchase advertisements, produce stories for reporters or concentrate on alluring paid positions. Public relations' primary objective is to increase brand awareness by employing editorial material from publications which includes magazines, newspapers, news channels, websites, blogs and TV shows. Since information on earned or free media isn't purchased, using it for promotion has its own advantages. The public does not view it with scepticism because it has been verified by a third party. Some of the duties of public relations managers and public relations firms are as follow:

- i. Predicting, analysing and interpreting the public's views regarding the brand and developing tactics to sway them through earned or free media.
- ii. Creating plans to use editorial material to support each campaign and new initiative for the brand.
- iii. Producing and sending out news releases.
- iv. Speechwriting.
- v. Organizing unique public relations and outreach activities.
- vi. Developing online content (internal and external websites).
- vii. Coming up with a PR plan for a catastrophe.
- viii. Managing the brand's social media existence and answering user comments on social media platforms.
- ix. Giving organizational employees advice on policies, courses of action, organization's obligation and their own accountability.
- x. Representing the organization in communications with governmental and legislative bodies.
- xi. Interacting with public groups and other organizations in relation to organizational social and other policies as well as governmental legislation.
- xii. Taking care of investor relations

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### **1.3.1 WHAT SKILLS ARE NECESSARY FOR PR?**

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Communication skills are frequently and foremost requirement for public relations professionals. Their key job is to take in information, consider how it can affect a company's reputation and decide how to communicate externally to change/modify this reputation. Public relations professionals frequently establish connections with a wide range of individuals which includes important clients, public leaders and outside media.

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### **1.3.2 IMPORTANCE OF PUBLIC RELATIONS**

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There are several factors which influence consumer choice. The bond people believe that they are with a company is one of those reasons. A customer might no longer feel as linked to a brand, image or product if a company has a poor reputation or is embroiled in a contentious public issue. Public relations frequently oversees the management of this brand and makes sure that consumers, employees, investors and other third parties have a favourable attitude about continuing their connection with the business.

Public relations have grown to be very important aspects nowadays for many reasons, some of which are listed here. According to a report it was revealed that with over 63 % of the value of most companies reliant on their public image. Hence it is quite difficult to ignore the importance of PR which is as below:

- i. Improves the brand's reputation: When the target audience learns about the brand through a third-party media outlet, the brand's reputation is enhanced. An effective public relations plan aids the brand in creating the image it desires.
- ii. Opportunity Seeking: Public relations tactics enable the brand to take advantage of opportunities. In the news was Google's donation to the Ebola campaign. LGBT rights were pushed on Facebook. Coca-Cola launched an anti-obesity publicity push. Even more influencers are drawn to these possibilities to tell their audience the brand story.
- iii. Highlight brand values: Positive messages that are consistent with the brand's values and image are disseminated through PR. This enhances the reputation of the company.



- iv. Improved Intercommunity Relations: PR tactics are employed to demonstrate that the brand and the target audience are both integral

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### 1.3.3 PUBLIC RELATIONS: WHO USES IT?

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Any organization which aims to project favourable brand image to the public can be benefitted from public relations. Public relations campaigns are most frequently started by corporations and publicly traded companies. For particular brands or goods, a corporation could have a different public relations team or public relations strategy. Individuals with high net worth or celebrity may also have private public relations teams. These teams are used to respond to media inquiries and keep a positive public image.

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### 1.4 ADVANTAGES AND DISADVANTAGES OF PUBLIC RELATIONS

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Various business organizations use PRs domain as a weapon in this modern competitive era for their existence and sustaining for long term. So it has both to serve pros and cons as well. These are enlisted as below: -

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#### 1.4.1 ADVANTAGES OF PUBLIC RELATIONS

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Numerous advantages of Public Relations are as follows:

- a. **Credibility:** The public is more likely to believe a message coming from a reliable source than it is the advertised material. The credibility factor is significantly increased if the public learns about the advantages of a company's products through an impartial source that is not being compensated by the company in issue.
- b. **Influence Factor:** Through earned and paid media efforts, any public relations specialists can sway opinion. The type of information provided to them will have an impact on the client.
- c. **More readers:** When reading any newspaper, advertisements rarely receive the majority of the reader's attention. Editorial or news sections receive a lot more attention. Similar to this, when advertising are on television, viewers are more inclined to turn their attention elsewhere.



- d. **Reach:** Any successful public relations campaign can draw numerous news organizations, exposing the content to a broad audience. Additionally, this medium can assist the business in utilizing some natural touchpoints that would be challenging to use otherwise.
- e. **Speed:** A public relations has the benefit of being quick and swift. An important development's information can frequently be released and publicized in a short span of time. Additionally adaptable and responsive are public relations.
- f. **Cost-effectiveness:** When compared to sponsored promotion, a public relations is a more affordable method of reaching a broad audience. The media is not paid directly for public relations work. Obviously, there are expenditures involved, but budgets for PR are much smaller than those for advertising.
- g. **Better Communication:** Compared to other kinds of media, a public relations enables a corporation to share more information with the general public. An advertisement typically just receives a cursory glance, but when presented as news, public relations receives more attention and is therefore able to provide much more extensive information.

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#### 1.4.2 DISADVANTAGES OF PUBLIC RELATIONS

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As any PRs have both to serve pros and cons as well. Its negative associations are enlisted as below:

- a. **No Direct Control:** One amongst the biggest danger of funding PR includes that the content which is provided through earned media is not directly under ones control.
- b. **Difficult to Rate Success:** It is quite difficult to gauge and assess the efficacy of a PR effort.
- c. **No Guaranteed Results:** Because a brand does not pay for a press release, publication is not a guarantee. Only if the media outlet believes it will appeal to its target audience will it be published.



- d. Repetition: A business can make sure that the message is repeated frequently by using advertisements. This benefit is not available to public relations, and the message might not even be delivered at all.
- e. Misrepresentation of the message: A firm has no influence over what the press writes about them. A press release that a company expects to be covered in full may not even be used at all or may just be covered in part.

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### **1.5 CHECK YOUR PROGRESS**

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- a. .... is generally perceived as an image changer of any individual, organisation or a brand .
- b. PR is a strategic communication process that builds mutually beneficial ..... between organizations and their publics.
- c. ....is about maintaining strong correspondence between PR professionals and media an organization.
- d. Government Relations of public relations deals with maintaining strong relationship between .....and an organisation.
- e. Community in community relations could be .....or non- physical.
- f. ....carry out activities like communicating with investors, shareholders, government organizations.
- g. In the world of internet, it is crucial to have strong .....for any business or company to thrive and sustain in the market.
- h. Customer relations works as ..... that builds a link between the company and its customer.

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### **1.6 SUMMARY**

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Public Relations (PR) plays a pivotal role in forming and cementing the reputation of any organisation through effective communication between the organisations and the public. In a competitive market, a robust reputation is what gives an organisation the edge over its competitors.

Unlike advertising, PR offers more credible and organic approach using fair information, issuing press release and conducting press conferences to meet the objectives of disseminating information, managing good image and maintaining mutual relationships between company and its public.

The preliminary definitions focused on press agency and publicity while the modern practices of PR is more engaging and concentrated on mutual benefits of company and its public. Thus, the definition adopted In 1982 by the PRSA National Assembly was “Public relations helps an organization and its publics adapt mutually to each other.”

To build , manage and maintain a positive image of a company , they have experienced, skilled and well versed PR professionals to represent the company to the public in all sectors.

Considering the scope , there are many types of public relations that focuses on various aspects of the discipline. Public Relations is a broader term that can be divided in to various sections or departments.

Public relations firms do not purchase advertisements, produce stories for reporters, or concentrate on alluring paid positions. Public relations' primary objective is to increase brand awareness by employing editorial material from publications like magazines, newspapers, news channels, websites, blogs, and TV shows. Since information on earned or free media isn't purchased, using it for promotion has its own advantages.

Any organization that wishes to project a favorable image to the public can benefit from public relations. Public relations campaigns are most frequently started by corporations and publicly



traded companies. For particular brands or goods, a corporation could have a different public relations team or public relations strategy.

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## 1.7 KEYWORDS

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- **Strategic communication** is about all the efforts made to plan and execute the communication activity undertaken by PR professional to gain the desired business goals of an organization.
- **Media relations** is about maintaining strong correspondence between PR professionals and media organizations.
- **Investor Relations** is the department that works on building and maintaining relationship between a company and its investors. The team of this department ensures to provide accurate information to the investors about the business affairs of the company.
- **Community Relations** concentrate on brand and image within a certain community. In this regard the community could be physical or non- physical.
- **Investor Relations** is the department that works on building and maintaining relationship between a company and its investors. The team of this department ensures to provide accurate information to the investors about the business affairs of the company.
- **Internal Relations** of public relations that deals with the communication with employees within a company or an organization. Internal relations is used in a company or organization to inform, aware, engage and inspire their employees.

## 1.8 Self-Assessment Test

1. Define Public Relations according to the Public Relations Society of America (PRSA).
2. Explain the functions of Public Relations.
3. What are the advantages and disadvantages of Public Relations?
4. What is crisis communications? Explain the activities carried out during crisis communication.



5. Write the activities to be carried out in government relations.

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**1.9 ANSWERS TO CHECK YOUR PROGRESS**

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- a. Public relations
- b. Relationships
- c. Media relations
- d. Government
- e. Physical
- f. Investor relations
- g. Online presence
- h. A bridge

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
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<b>PUBLIC RELATIONS IN INDIA</b>	

**STRUCTURE**

## 2.0 Learning Objectives

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## **2.0 LEARNING OBJECTIVES**

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After reading this lesson learner will be able to:

1. Understand the Genesis of Public Relations
2. Explain the Public Relations Development in India
3. Define Three Models of Public Relations
4. Explain Indian Public Relations Trends Today
5. Learn Challenges for the PR sector
6. Understand Units of Central Government Media

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## **2.1 INTRODUCTION**

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Public relations are the techniques of maintaining a goodwill relationship among the organization and its stakeholders. The concept of Public Relations is old in India. During the 1900s the concept of PR was in vogue, but due to small organizations, its nature was somewhat different. The technological progression in various domains has also impacted the nature of PR also. This chapter aims to explain the genesis of PR in India, its evolution, various models of PR, and modern aspects of PR. Also, emphasis has been made on various challenges and new frontiers of PR in India.

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## **2.2 GENESIS OF PUBLIC RELATIONS**

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The emergence of Public Relations dates back to the birth of human civilization. However, it has kept changing its form and history is replete with examples to substantiate the same. For instance, clay tablet from an ancient Sumerian era in Iraq has been excavated, which depicts the farmers growing crops. Similarly, there are famous Arabian folklores about the Sultan Haroon Al-Rashid roaming in disguise to get the genuine pulse of his kingdom.

Epic Ramayana is one of the most authenticated ancient proofs of our ancient culture. In Ramayana, Rama also had employed Bhadra to keep him updated about the general perception among the folks regarding his administration. In fact, it has been a tradition in India right from ancient age to hire a bard who is tasked to keep reciting scripted poems to the public. Most of the ancient manuscripts



(written/documentated) mention the royals of that era is a typical example of the presence of Public Relations in some form all throughout history.

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### **2.2.1 PUBLIC RELATIONS IN MYTHOLOGY**

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Indian Mythology has also proven the existence of Public Relations in our country stands out as a model of PR to be categorized as Mythological Public Relations. The two landmark/prestigious scriptures of India which showcased the pinnacles of the greatness of our country in that era specifically dwell upon the right communication strategy for the rulers to develop cordial relations with other counterparts and more importantly with the public.

The famous character in both the epics, Narad can be termed as first professional to handle the public relations adroitly to propagate the noble cause ‘Lok Kalyan’ which aimed to ensure the universal peace and prosperity in the universe. So, it won’t be exaggerated to consider mythological period can rightly be termed as the origin of public relations in the Indian context.

#### **2.2.2 Evolution**

Historically, all the renowned religious teachers have been great communicators such as Gautam Buddha, Guru Nanak, Kabir etc. They always communicated in the form of idioms which not only generated interest among public but also made the sermons easier to be grasped. Even great kings such as the Ashoka ensured that inscriptions meant for public were written in local dialect for better assimilation at ground level. In fact, he understood the need of the hour and sent his own sons to Sri Lanka with an aim to disseminate the teachings of Buddha. Subsequently, Mughal rule onwards to the advent of Britishers, there emerged a new kind of public relations which was aimed to develop a narrative that the rulers were working for the betterment of the public. So that people remain calm and cooperate in the implementation of policies.

Our freedom fighters were been the greatest epitome of the public relations who used this practices to make India independent. They opted this practice to integrate all the Indians so that they can fight against the cruelty rule of britishers and brought the entire



countrymen together which forced the britishers to end their rule spanning over a period of 200 years. List too long to enlist, hence only a few of them are enlisted as below:

1. *General Mohan Singh* of Punjab established the Azad Hind Fauj on 15<sup>th</sup> December, 1941 and later on 21 October 1943 he handed over the leadership of this army to *Subhash Chandra Bose*
2. Quit India movement on 09 August 1942 by *M.K. Gandhi*
3. In 1900s, the *Swadeshi* movement sought to oppose British rule and encourage the ideas of self-help with the key involvement of *Bal Gangadhar Tilak, Bipin Chandra Pal, Lala Lajpat Rai etc.*

However, it was the Great Indian Peninsular Railways during British era that adopted systematic approach to employ public relations while advertising for budding Indian tourism in Europe. Whereas, the Publicity Bureau undertook the public relations activities to cater the publicity and advertising requirements within the country. Indeed, it introduced new measures such as travelling cinema and advertisements in newspapers and journals.

Another landmark development in the field of public relations was the establishment of a Central Publicity Board during World War I, which was the first organized set up in this direction. Later on, this establishment was renamed as Central Bureau of Information, further it was again renamed as Bureau of Public Information wherein it was mandated to be bridge between Government and Press. The core focus of the Government was to identify a platform which can be constructively utilized to criticize the Government.

There are three sub-departments under the Ministry of Information and Broadcast that look after their respective areas, however some degree of overlap exists among them. These sub departments include Information section, Broadcasting section and Film section. These sections are assisted by specialised media firms and associated organisations.

In Indian context, the public should be aware of Government run programs and policies, however it is also important that the public is also aware of organizational



objectives of the other operating agencies functioning at ground level such as PSUs, Think Tank Groups, NGOs etc. Considering the importance of public relations, the big companies opened their own public relations departments which has played an instrumental role in the communication and refinement of the corporate policies. For instance, the Tata group established its PR Department in 1943 which was subsequently emulated by HMT, BHEL, NHPC, ONGC etc.

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### 2.2.3 PUBLIC RELATIONS DEVELOPMENT IN INDIA

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While a formal history could be interesting in an academic context, it is not actually very crucial to understanding the PR issues in India. It is more important to consider the many stages that PR has undergone in India. Each step corresponds to certain situational objective needs. There may be various ways to approach this issue, but potentially four stages can be identified elaborated as below:

1. The early stage, when PR was carried out more out of a liberal and humanitarian perspective or out of a bare necessity for information dissemination and less as a matter of conscious PR policy. Up to the Second World War, this phase remained persisted.
2. The following phase, which can be categorized as conscious PR, began during the Second World War. This stage was still in progress, but there was further development during the post-independence era, particularly in the later half of the 1950s and the early half of the 1960s.
3. The response of organizations in India to the new environment established as a result of the Government's Industrial Policy represents the third stage of PR.
4. The fourth stage is exemplified by what may be referred to as the PR profession's "*stage of professionalism*," during which time PR practitioners started banding together to form a professional organization and worked to advance their public relations expertise. During this time, the Public Relations Society of India started to take an active role and started a drive to raise PR practice standards in India.

Various phases are explained as under:



1. **The Initial Phase:** Early attempts by liberal and charitable industrial pioneers as well as certain urgent informational demands led to the development of the early stage of Public Relations, sometimes known as the stage before conscious PR activity commenced.

Public relations which were more specifically the community relations performed by the Tata family and the PR in the railways for which there are two famous instances of this type of PR listed as below:

1. In 1912, the Tata Iron & Steel Company began to operate. Creating Jamshedpur as a model township allowed the Tata family to engage in community relations from the very beginning. In addition to offering free elementary education, housing, water, and electricity, the corporation also manages hospital and technical institute that dates back to 1921. Additionally, the business supports the community's economic, social, and cultural growth. Employee welfare programs have received a lot of attention from the beginning.
2. Before the Second World War, public relations initiatives in the railroad industry may have been driven by business requirements. Private corporations who were running the trains at the time knew that without boosting passenger traffic, the railways would not be commercially sustainable. The railways had been built at significant cost, mostly for the purpose of delivering raw resources from the hinterland to the ports. It is known that the GIP Railways in India ran a PR campaign in England in the early 1920s to entice tourists to India utilizing the media of advertising and booklets. The public relations department of this railway established a traveling theater that showed movies outside at fairs and festivals. Other railways afterwards added PR officers with similar responsibilities. Additionally, the Railways Board maintained public relations offices in London and New York. It is known that the offices in London and New York once ran significant newspaper and journal advertisements. Both of these offices took part in international exhibitions to promote Indian Railways and draw tourists.



A different type of public relations that was directly used by the government dates back to the First World War, when the Indian government decided it was important to spread information, have a press-feeding organization, and provide citizens with war news.

### **3. PR's Conscious Stage**

Next stage of PR is known as PR's Conscious Stage. This change occurred as a result of some observable developments in the environment that necessitated intentional PR activity. Some of these elements included the following:

1. The formation of a vociferous public opinion
2. The emergence of widely read newspapers and a powerful press
3. The start of the Second World War and the requirement to mobilize public opinion in support of the war effort.

During this time, certain industrial organizations that had previously engaged in PR on an ad hoc basis also started to consciously plan out their PR efforts. In 1943, the Tata family established a public relations division in Bombay at its headquarters. A monthly news bulletin was first published in 1944.

### **4. PR's Third Phase**

With the country's attainment of independence, the 3<sup>rd</sup> Stage of PR is considered to have begun. New political structures existed, and the environment was entirely different. The creation of the Parliament and the State Legislatures, which were chosen for the first time using adult franchise, was one aspect of the new environment. Another was the government's passage of the Industrial Policy Resolution and Industrial (Development and Regulation) Act. Both governmental and commercial institutions had to create purposeful public relations policies against the backdrop of these issues. The beginning of PR in India in the contemporary sense dates from this time.

### **5. PR Professionalism**

The emergence of PR professionalism denotes the fourth stage. It was started with the establishment of professional associations for public relations' practitioners in several Indian cities, including Bombay and Calcutta etc. In 1958, the '*Public Relations Society of India*' was established in Bombay. A Public Relations Society Chapter was established in Calcutta a short while after. A Public Relations Circle had formerly operated in Calcutta. Tata Steel arranged a



program for PR course PRO in 1960, and it was held at the offices of the Bengal Chamber of Commerce under the supervision of the Calcutta Management Association. These were, however, regional initiatives, and the first national effort to advance public relations as a profession was launched with the first Public Relations Conference in April 1968, which was held in New Delhi. This Conference took note of the fact that, even though PR had been gaining popularity, the fame of the profession had been tarnished by the fact that many people were disguising themselves as public relations specialists when, in reality, they were little more than fixers and lobbyists of various kinds who frequently used the shadiest of tactics. Hence, it is understandable that the first conference's main concerns were the discussion and acceptance of a code of ethics and some efforts to establish the boundaries of the public relations profession. In general, this conference was successful in accomplishing this purpose, and public relations have since gained recognition as a profession that is essential to contemporary society.

The first Public Relations Conference gave the PR movement a strong start and put it on the proper path. It has become older and more developed since then. By the sponsorship of the PRSI i.e. '*Public Relations Society of India*,' conferences have been held on a regular basis to assess industry advancements and provide an opportunity for PR professionals to exchange knowledge. The standing and responsibilities of public relations within the management structure were a major focus of the 2<sup>nd</sup> PR Conference, held in Madras in 1972. The third conference, which had the theme "PR in the changing environment," took place in Calcutta in 1972. The fourth all-India conference, with the subject "Towards a more responsible citizenship," took place in Bombay in 1974. This conference coincided with a '*Council of the International Public Relations Association*; (IPRA) meeting, which helped to introduce Indian practitioners to the knowledge of other regions of the world. The 5<sup>th</sup> All-India Public Relations Conference, took place in New Delhi in 1976, had the topic of '*Towards greater professionalism*' as its focus. Following that, a conference with that theme was held in Cochin in 1978.

The following meeting took place in Bombay in 1982 in conjunction with the ninth World Public Relations Congress. The theme, "The interrelated world," seemed apt enough. Hence, the public relations movement in India has come a long way since its early days of struggling for





recognition as a profession, when it was simply considered a subordinate partner in publicity and frequently disregarded or, when observed, mocked instead of being valued.

When one looks back on these accomplishments, there may be some reason to be pleased with the development that has been seen, but there must be no room for complacency. It's time to get rid of from old misbelief that public relations are still not as widespread, but time to accept that PR is one of the critical tools used for modern management and that it is more of a social science than a gimmick.

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## 2.3 THREE MODELS OF PUBLIC RELATIONS

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Based on this Western base, three major models can be used to describe the development of public relations in India. These are:

1. The State of Propaganda (Propaganda Model) from 1500 BC to the end of the East India Company rule in 1858.
2. The Era of Publicity (Publicity and Public Information Model) the British India Rule from 1858 to 1947.
3. The Public Relations Era (two-way Asymmetric Public Relations Model) India became independent in 1947. The four models developed by Grunig and Hunt have clear communication objectives, but the Indian models depart from them in some ways, 2009's Narsimhareddi

These are described as:

### 1. The Model of Propaganda:

Propaganda is an intentional and systematic effort to sway perceptions, control beliefs, and influence behavior in order to elicit a reaction that advances the propagandist's intended goal.

Propaganda in India gave rise to public relations. The goal of the propaganda model is to use certain motivations to spread an idea or a rule among the populace. Great religious figures in this category include **Adi Sankara**, a Hindu philosopher, **Mahavira**, the Jain apostles, **Gautam Buddha**, the founder of Buddhism and others. They inspired others to accept and adopt their own beliefs in their minds. In this instance, the audiences needed to either reinforce or modify their attitudes in order to conform to the message of their leaders.



The kings of ancient India, the Mauryan Empire, mediaeval India, the Mughals, and subsequently the East India Company all attempted to inculcate a substantial level of faith in the public in order to support and preserve the authority of their individual governments and to promote the rulers' reputation. Kings in both the ancient and mediaeval eras employed propaganda techniques to maintain their rule through legal or illegal means. It continued to be a one-way exchange, with the monarch or religious figure sending the message.

2. **The Publicity Age (Publicity and Public Information Model):** Information is spread through publicity, which is the making of something public from the viewpoint of someone who wants to inform others. The second phase in the development of Indian public relations, known as the Era of Publicity (Publicity of Public Information Model), started in 1858 with the dissolution of the East India Company. In 1857, massive insurrection was made by Indian soldiers resulting threaten the entire British government, and then Queen Victoria assumed control of the country's administration. The British government first used newspapers to engage the populace in communication through their viceroys in India. The turning points in the development of the publicity or public information model in 1858 was the founding of Editor's Room and the appointment of the First Press Commissioner in 1880.

First World War milestones for the Publicity Model include the creation of Publicity Boards (1914–1918), the BPI, 1936 i.e. Bureau of Public Information, DIB, 1939 i.e. Directorate of Information and Broadcasting, RPB, 1930 i.e. Railway Publicity Bureau, and PIB, 1941 i.e. Press Information Bureau.

Major milestones of World War - II, include establishment of the DIB (1941), GoI i.e. Department of Information and Broadcasting, Government of India, and the DIB (1946) i.e. Directorate of Information and Broadcasting.

In World War - II, the GoI established a unique department i.e. Directorate of Inter-services Public Relations in 1941, as part of defense publicity. In the history of IIS, 1945 i.e. Indian Information services, the term 'Public Relations' was used first time by Government, when



House of TATA opened its first PR department in the private sector at its head office in Bombay. So, in the 1940s, the foundations of public relations were laid.

The publicity apparatus intended for information related to war was transformed to public or welfare information after the Second World War concluded on August 14, 1945. This persisted till India attained its independence in 1947. Although this paradigm had foundation of the sharing of public knowledge, it was only a one-way exchange from sender to recipient.

3. **Public Relations' Golden Age i.e. APR Model India became independent in 1947:** PR is a form of persuasion that aims to sway both internal and external audiences. When India gained its independence in 1947, Pandit Jawaharlal Nehru, the country's first prime minister, was a strong proponent of the idea that a successful democratic policy depends on a free exchange of information between the government and the people it governs. Freedom from ignorance is just as vital as freedom from hunger, he added.

In the process of promoting knowledge of the different policies and activities of any democratic government, mass communication in independent India took significant significance. In actuality, Pandit Nehru was the mass media prophet of India.

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### **2.3.1 MINISTRY OF INFORMATION AND BROADCASTING**

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The pivotal moment for the development of PR i.e. Public Relations was the creation of the GoI i.e. Government of India in 1947, with the "*Iron Man*," Sardar Vallabh Bhai Patel, as the first Minister charged with the responsibility of enlightening, teaching, and entertaining the populace as partners in the democratic process. In Independent India, public relations, a British government byproduct, had advanced to become publicity.

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### **2.3.2 MODERN PUBLIC RELATIONS**

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Due to the media and business explosion in India today, public relations has the chance to provide integrated solutions. With the onset of economic liberalization and globalization, the PR sector has flourished in India. It has gained momentum as the majority of business organizations



have acknowledged the importance of PR in enhancing their operations and successfully managing their communications.

Business enterprises rely to their PR, not just for media relations, but also for strategic communications. Companies seek their PR firms to assist them in determining the most effective ways to disseminate their messaging to clients, analysts, investors, and media. There is a chance to provide integrated solutions because the Indian PR sector is still promising, especially given how the lines between public relations, advertising and digital are already beginning to blur. As a result many agencies have made investments in their creative and digital wings. Clients also understand the value of cost-effective communications strategies that include PR, advertising and digital media.

The collapse of digital and social media, which is all about two-way engagement and the PR business has always worked in that environment, according to Meenu Handa, director of corporate communications at Microsoft, is one of the reasons she thinks PR in future will be recognized as a strategic tool. She also added, in order to establish and maintain trust, all organizations, including the government, corporations and non-governmental organizations (NGOs) must communicate in an exceedingly transparent manner.

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## 2.4 INDIAN PUBLIC RELATIONS TRENDS TODAY

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In recent days, the following trends in India's public relations practices have developed:

1. **Trade Wars:** The New Industrial Policy of 1991, which calls for privatization, liberalization and globalization, has made Indian industry more competitive on a worldwide scale. Hence, a competitive atmosphere has developed in India, currently witnessing Trade Wars in the numerous forms of cell phone, car, banking, insurance, media, television channel, newspaper pricing wars and many more. Every industry like fertilizer, coal, steel is engaged in a war. And only the fittest will prevail in the competition.
2. **Coverage:** Another significant industry with intense competition is the insurance sector. As opposed to the LIC (*Life Insurance Corporation*) of India, there are around 25 insurance



companies offering various products and overt marketing techniques to draw clients. The buyer finds it difficult to choose which vendor offers the greatest goods.

3. **Globalization's Consequences:** What effects do the globalization of the business and communication have on public relations? There was a lot of public relations communication activity as a result of the competitive market economy. To keep up with the competition on a worldwide scale, in-house PR teams and PR firms must undertake significant responsibility. Multinational PR and Ad agencies entered India to serve their customers when international brands, foreign businesses, and foreign finance arrived. At this time, further PR firms appeared, Indian advertising firms established PR units, and some of them partnered with overseas firms. Public relations are in an "Age of Upswing" at the moment.
4. **Enormous group across the Globe:** One estimate reveals that the Indian information and PR network consists of around 20 lakh extension workers working for the extension branches of numerous departments like health, agriculture, family planning and welfare, rural area development. The public relations industry in India is currently worth Rs. 6,000 crore.
5. **Mixed Legacy:** The legacy of public relations in India today is a mixed one, with many non-experts and others with no background in the field coexisting with the best PR professionals in the world. The Public Relations Voice poll found that roughly 45% of PR people are professionals. The '*Quantity of Personnel*' rather than the '*Quality of Personnel*' is what makes public relations in India unique.
6. **Identity Crisis:** PR is experiencing an identity crisis because it is referred by various names like Corporate Communication, Corporate Relations and Public Relations. The PIB i.e. the Press Information Bureau and SIPR i.e. the State Information and Public Relations Departments of the Government of India were referred to as '*Trumpeters and Drum beaters of the Government*' by the second Indian Press Commission (1982).
7. **Niche PR:** Small, specialized teams must be established either as independent entities or within larger organizations. A tiny-yet-unique offering or really small market segments can be addressed by niche PR. Experts in generating content or Indian languages, for instance,



the current economic crisis may encourage the growth of specialized PR firms that provide communications services to one industry or ethnic group.

While these organizations are uncommon in India, they are becoming more noticeable outside. Since niche PR is more focused than general-purpose agencies, it offers better value. This lowers the cost of the PR effort. Because it gained experience and formed crucial relationships in that industry, PR professionals with specialized experience are regarded as authorities.

8. **Social Interaction:** Social networks are now commonplace, and consumer and corporate behavior are being significantly impacted by online activity. Urban India rarely buys anything without first researching it online and asking for views on social media. Online media will be more significant than traditional media in the same way that the Internet has made media non-national. In such a situation, PR would become even more crucial because traditional advertising is no longer as effective and because the full cost of web advertising has not yet been determined. Future returns on investments in digital infrastructure and expertise will be significant.

In the modern day, a PR campaign must include the implementation of a social engagement plan.

Social media strategies may be specifically designed to link brands with customers directly or even to cultivate connections with influencers.

In India, there are already examples of brands embracing social engagement to accomplish a variety of objectives. For instance, Royal Challengers Bangalore (RCB), an IPL cricket franchise, held a talent search to choose three fans for an online reality show where they would have complete access to the players. The goal was to develop a highly active community with consistent material produced by players, professionals, and fans. As a result, there are more than 5,00,000 fans of the RCB community across all platforms.

9. **Employer Branding:** Alone PR sector is struggling with a skill shortage. All firms place a high priority on attracting, inspiring, developing, rewarding, and mobilizing personnel.

Early in the 1990s, the phrase '*employer brand*' was first used to describe a company's standing as a good place to work. Since then, it has gained popularity among managers around the world. Employer brand is the perception that existing employees and



important external stakeholders have of any company as a '*great place to work*' for candidates, clients, customers and key stakeholders.

Along with increasing the PR department's importance in a company's overall marketing strategies, the growth of multiple media outlets has also broadened a PR agency's primary areas of duty. Public relations firms prepare to follow this new path in order to conduct business successfully. It is not surprising that public relations companies in India would prosper as long as they can face the demands of the sector.

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### **2.4.1 CHALLENGES FOR THE PR SECTOR**

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Challenges prevail everywhere. Same is also true in the arena of Public Relations. Unfortunately, the PR sector is suffering from the typical dilemma of an abundance of clients and a dearth of qualified candidates. The shortage of talent entering the sector, both in terms of quality and quantity, is one of the main problems. To handle the increasingly complex difficulties that its clients face, the PR industry requires creating a brand custodian, more consultative and prudent approach. PR experts require aligning around a measurement framework that prioritizes business outcomes over media outcomes. In India, PR pedagogy is still in its theoretical and unrefined condition. The industry must work cooperatively to provide a curriculum and talent that can satisfy their requirements. The PR sector will face competition from other disciplines that think they have the expertise to assist businesses in stakeholder engagement and communication. Given the negative public impression of public relations as a useful and satisfying vocation, the business will need to attract and keep top personnel. The potential for expansion over the next ten years is nothing short of remarkable if the Indian PR business can overcome these obstacles. Using digital tools, there is a huge chance to elevate PR's position in the communications toolkit.

#### **1. The Indian PR and the Slowing Economy**

The Indian economy hasn't required the PR industry as a whole to adapt all that much. The recession has not significantly impacted the PR industry. In a sense, the slowdown has put pressure on businesses to reduce their advertising spending. As businesses expand their publicity budgets in search of public communication alternatives with lower costs, this has benefited the PR industry. Through the use of PR specialists, PR clients



who previously relied on powerful advertising channels to spread their ideas are switching to a more strategic approach of content PR.

In India, switching from advertising to public relations is popular. Due to the economic downturn, businesses and corporate clients now view PR as a powerful strategic instrument for spreading their message. Instead of using advertising, they are switching to PR since that form of communication is more strategic, focused, and cost-effective than advertising.

As per the PRCIAI trend recent survey for India, PR industry is predicted to grow by 11-20 % in future, but profit margins are predicted to remain constant. Growth hurdles for 2013 according to the PRCIAI report include generating new demand, controlling client expectations, bringing on new personnel and controlling costs.

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#### 2.4.3 NEW FRONTIERS IN INDIAN PUBLIC RELATIONS

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In India, the PR sector is expanding quickly. Numerous new fields and sectors are developing, making the PR industry a strategic necessity for businesses and organizations. The PR sector in our nation is beginning to change its appearance and perception due to the following rising arenas listed as below:

- a. **PR Consultancy:** Any PR consultant's duties might change and may include writing, event planning, public speaking and branding. Consultants in public relations are in charge of a company's reputation. It is the PR professional's responsibility to inform the public of news about a business, product or service.

Public relations services are now also employed through consultants in order to maintain a stable and positive company image. Providing any particular service by an individual or group by a third party with expertise in exchange of fee is known as consulting.

- b. **PR Firms:** The top five public relations firms in India are:
  - Genesis Burson Cohn and Wolfe
  - Adfactors PR
  - Weber Shandwick





- Edelman
  - Perfect Relations
- c. **Externalizing PR:** The term "outsourcing" describes the practice of giving some tasks to a third party vendor. This can entail the entire custody process, such as producing specific products or outsourcing a crucial corporate activity. When the competitive edge cannot be maintained, corporations from all economic sectors now routinely outsource their operations. Any task or service that would normally be handled by internal staff is now outsourced to third parties. The procedure is applicable to all supporting functions (such as housekeeping and security) as well as specific business services. Information technology (IT) services are specifically mentioned in this context, but consulting services, R&D, human resources, advertising, PR, etc. are also included. There are many benefits to outsourcing, including improved IT procedures, cost savings, access to resources or knowledge and concentrate on core strengths. For many operators, cost reduction remained the key driving force. However, outsourcing starts to advance from activities that are purely financial in nature to higher-level initiatives that are purely strategic in nature. The complex process of outsourcing has dangers in addition to benefits, including the loss of control over particular operations, the selection of the wrong supplier, an increase in specific expenses and the reduction of certain capacities.

Companies who cannot manage any service/department dedicated to PR or that are faced with specific circumstances that cannot be handled by corporate PR officers must outsource PR services. This particular form of outsourcing is hiring a specialized PR service provider, which could be any Public Relations agency or sometime any dedicated advertising agency offering Public Relations services. Companies can outsource numerous tasks which include PR event planning, media content development and corporate branding. Selection of outsource PR service must be made keeping in view of various aspect which include service cost, portfolio and agency client relationship.

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#### 2.4.4 UNITS OF CENTRAL GOVERNMENT MEDIA

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The government has a significant, nationally dispersed information and media infrastructure. The government's monopoly position in disseminating information to the populace has undergone a significant transformation. Government now competes with other



organizations to achieve the same goal. The government should continue to play a key role in providing information to citizens in key and difficult-to-reach sections of the nation. In general, there are many groups/units made by central government for the fulfillment of the objectives. Almost entire spectrum of the Information and Broadcasting sector is covered by:

- The Film Industry
- Traditional Media
- Content Development/ Creation
- Digitization or mobile media

The Information and Broadcasting department effectively supports people's access to the free flow of information using different mass communication media which include Radio, TV, Cinema, Print Publications, advertising and other traditional ways of communication including drama and dance. The Ministry helps meet the entertainment demands of a range of age groups and draws attention to concerns for national integrity, environmental preservation, and family welfare as well as issues affecting women, children, minorities, and other underprivileged groups in society.

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## **2.5 CHECK YOUR PROGRESS**

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- a) The famous character in epics, \_\_\_\_\_ can be termed as first PR professional to handle the public relations.
- b) \_\_\_\_\_ was an epitome of the public relations practices.
- c) The Tata group established its PR Department in \_\_\_\_\_ which was subsequently emulated by HMT, BHEL, NHPC and ONGC.
- d) The second phase of PR development in India is categorized as \_\_\_\_\_ began during the Second World War.
- e) The emergence of PR professionalism denotes the \_\_\_\_\_.
- f) A tiny-yet-unique offering or really small market segments can be addressed by \_\_\_\_\_.
- g) Public relations services are now also employed through \_\_\_\_\_ in order to maintain a stable and positive company image.



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## 2.6 SUMMARY

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The emergence of Public Relations dates back to the birth of human civilization. However, it has kept changing its form and history is replete with examples to substantiate the same. For instance, clay tablet from an ancient Sumerian era in Iraq has been excavated, which depicts the farmers growing crops. Similarly, there are famous Arabian folklores about the Sultan Haroon Al-Rashid roaming in disguise to get the genuine pulse of his kingdom.

Historically, all the renowned religious teachers have been great communicators such as Gautam Buddha, Guru Nanak, Kabir etc. They always communicated in the form of idioms which not only generated interest among public but also made the sermons easier to be grasped. Even great kings such as the Ashoka ensured that inscriptions meant for public were written in local dialect for better assimilation at ground level. In fact, he understood the need of the hour and sent his own sons to Sri Lanka with an aim to disseminate the teachings of Buddha.

It is more important to consider the many stages that PR has undergone in India. Each step corresponds to certain situational objective needs. There may be various ways to approach this issue, but potentially four stages can be identified.

The early stage, when PR was carried out more out of a liberal and humanitarian perspective or out of a bare necessity for information dissemination and less as a matter of conscious PR policy. Up to the Second World War, this phase remained persisted.

The fourth stage is exemplified by what may be referred to as the PR profession's "*stage of professionalism*," during which time PR practitioners started banding together to form a professional organization and worked to advance their public relations expertise. During this time, the Public Relations Society of India started to take an active role and started a drive to raise PR practice standards in India.

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## 2.7 KEYWORDS

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- **The early stage of PR:** when PR was carried out more out of a liberal and humanitarian perspective or out of a bare necessity for information dissemination and less as a matter of conscious PR policy. Up to the Second World War, this phase persisted.



- **The second phase PR:** It can be categorized as conscious PR, began during the Second World War. This stage is still in progress, but there was further development in the post-independence era, particularly in the later half of the 1950s and the early half of the 1960s.
- **The third stage of PR:** The response of organizations in India to the new environment established as a result of the Government's Industrial Policy represents the third stage of PR.
- **An employer value proposition (EVP):** It is used to define an organization's employment appeal, much like a customer brand proposition is used to characterize a product or service.
- **PR Consultancy:** Consultants in public relations are in charge of a company's reputation. In PR consultancy the PR professional's responsibility is to inform the public of news about a business, a product, or even a government agency in a way that fosters interest and acceptance.
- **Outsourcing:** The term "outsourcing" describes the practice of giving some tasks to a third-party vendor. This can entail the entire custody process, such as producing specific products or outsourcing a crucial corporate activity.

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## 2.8 SELF-ASSESSMENT TEST

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- 1) Discuss the evolution of public relations in India in detail.
- 2) What are the three models of public relations? Explain in detail.
- 3) Write the Challenges for the PR sector in India.
- 4) Write short notes on:
  - 5) The Indian PR and the Slowing Economy
  - 6) Ministry of Information and Broadcasting
  - 7) What do you understand by Externalizing Public Relations?

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## 2.9 ANSWERS TO CHECK YOUR PROGRESS

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- a) Narad
- b) 1943
- c) Conscious PR
- d) Fourth stage
- e) 'Trumpeters and Drum Beaters of the Government'
- f) Niche PR



g) Consultants

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**2.10 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SANDHYA</b>
<b>LESSON NO.: 3</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>PR IN RELATIONS TO ADVERTISING, PUBLICITY AND MARKETING</b>	

## **STRUCTURE**

### 3.0 Learning Objectives

#### 3.1 Introduction

##### 3.1.1 What is Public Relations?

#### 3.2 What is advertising?

##### 3.2.1 Difference between Advertising and Public Relations

##### 3.2.2 Comparison Chart of Public Relations vs Advertising

#### 3.3 What is publicity?

##### 3.3.1 Difference between Publicity and Public Relations

##### 3.3.2 Comparison Chart of Publicity vs public relation

##### 3.3.3 Examples of methods of publicity and public relations

#### 3.4 What is marketing?

##### 3.4.1 Difference between Marketing and Public Relations

##### 3.4.2 Comparison Chart of Public Relation vs Marketing

##### 3.4.3 How public relations help in marketing?

#### 3.5 Check Your Progress

#### 3.6 Summary

#### 3.7 Keywords

#### 3.8 Self-Assessment Test

#### 3.9 Answers to Check Your Progress

#### 3.10 References/ Suggested Readings

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## **3.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Define the Public Relations
- Define the Advertising
- Differentiate between Advertising and Public Relations
- Define Publicity
- Differentiate between Publicity and Public Relations
- Explain Marketing
- Differentiate between Marketing and Public Relations

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### **3.1 INTRODUCTION**

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The distinctions between marketing, advertising, publicity, and public relations can be difficult to understand because they are all used to promote an organization and its goods. However, you must comprehend what each topic entails and how it fits into the overall picture as a media student. In order to clarify the relationships between public relations and marketing, this chapter will discuss the differences between PR, advertising, marketing, and publicity.

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#### **3.1.1 PUBLIC RELATIONS**

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Public relations are a strategic communication technique that uses a variety of media to build positive relationships for the businesses. By telling or showcasing the company's products or services in the form of highlighted stories or articles in print or broadcast media, businesses can enhance their public perception and reputation. By primarily utilising media exposure and coverage, it seeks to establish a relationship based on trust between the brand and its target audience.

Public relations can be thought of as non-paid publicity that a business receives in exchange for its goodwill, word of mouth, etc. Publicity, social media, press releases, press conferences, interviews, crisis management, highlighted articles, speeches, and news releases are some of the strategies employed in public relations.

Public relations is a kind of strategic communication that businesses, people, and organisations use to build favourable connections with the general public. Public relations, to put it simply, is the



planned process of controlling the distribution and dissemination of information about an organisation to the public in order to uphold the organization's and its brands' positive reputations.

This method focuses on:

- What details should be made public;
- how they should be written;
- when they should be disclosed;
- what is the best way to release it, and
- Which medium should be utilised to spread the word?

**A public relations specialist uses media and other direct and indirect channels as part of a targeted communication plan to establish and maintain a positive brand image and a strong relationship with the target audience.**

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### **3.2 ADVERTISING**

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The formal definition of Advertising: “The action of calling something to the attention of public especially by paid advertisements.” As opposed to a strategy, advertising might be thought of more as a single activity. A marketing communication called advertising uses an overtly impersonal, sponsored message to market a good or service.

Advertising is defined as a for-profit, impersonal, one-way public communication that uses a variety of communication channels to direct public attention to a certain good or service while also influencing and motivating the target audience to act in the advertiser's preferred way. Advertising can be done through billboards, flyers, commercials, online banner ads, direct mail, print ads, radio or television advertisements etc. The decision of what, how, and when the advertisement is broadcast or published belongs solely to the advertiser. In addition, the advertisement will run for the duration of the advertiser's expenditure.

Advertising is a crucial marketing tool, thus it is always present whether or not consumers are aware of it. Nowadays, advertising uses every available channel to reach its target audience. Contrarily, advertising is a sort of sponsored communication that sends out messages to the public in an effort to inform or persuade them to do something.





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### **3.2.1 DIFFERENCE BETWEEN ADVERTISING AND PUBLIC RELATIONS**

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The two key tools for promoting the company's goods and services are advertising and public relations. Advertising refers to a technique of persuading potential customers to prefer the company's product over competing ones through communication. The goal of public relations, in contrast, is to build and maintain favourable connections with internal and external public through effective use of positive publicity, a strong reputation, and other strategies. Therefore, effective public relations and appealing advertising will boost any company's market while also boosting its total profitability.

Any company's main goal is to maximise profits so that it may pursue its expansion strategy, and this goal can only be met by raising sales. The businesses use a variety of strategies, techniques, tools, and plans to capture the attention of as many customers as possible and secure a competitive position in the market that is covered by promotion mix. Advertising, direct selling, sales promotion, and public relations are the four facets of promotion. People struggle to distinguish between public relations and advertising since they have some characteristics, while an old saying says “advertising pays, public relation persuades”.

The act of drawing attention from the public, frequently with the use of multiple media, is known as advertising. A business can want to use advertising to highlight a product, share news of a growth company's entry into a new market, or share price adjustments. Public relations is a more planned and considered approach regarding how a firm should be interacting with internal and external stakeholders than advertising, which is the deliberate act of seeking to be in the spotlight. Sometimes, "lay low" and strengthening the company's relationship with the public may be in its best interests.

PR and advertising both support growth of brands and audience interaction.. The main difference between the two is that while advertising space is paid, media articles and pitches to the media are how public relations objectives are accomplished. For instance, while you can pitch a story to a news outlet, you must purchase online banner ad space. Additionally, there is a concept known as "owned" media, which refers to the written or visual content you make for your website or for social media.

These factors make it easy to distinguish between public relations and advertising:



1. Drawing attention to goods or services through paid announcements is a strategy known as advertising. A strategic communication technique called public relations tries to establish a positive working relationship between an organisation and its target audience. Advertising is a purchased or paid media, whereas public relations is an earned media.
2. The action of advertising is a monologue. In contrast, In a two-way communication method known as public relations, a company interacts with the public and pays attention to its issues.
3. Advertising is done to promote goods or services with the intention of persuading the target market to make a purchase. Public relations, on the other hand, tries to keep the company's reputation in the media good.
4. The advertiser has complete control over the advertisement in terms of when, how, and what is presented to the public. Unlike PR, where the business can propose the story but has no control over how the media utilises it or doesn't use it at all.
5. In advertising, the location of the advertisement is assured; in public relations, there is no such placement guarantee.
6. If you are willing to pay for it, the advertisement will be printed or broadcast. In contrast, the story is only released once in public relations.
7. The credibility of public relations is stronger than that of advertising because customers who are familiar with advertising are more sceptical and know that it is just an advertisement. Unlike Public Relations, where the credibility is increased by outside validation.

Now let's dig into the details and examine some of the other aspects that make these two marketing strategies significantly different from one another:

1. **Target:** Unlike companies and organizations, which focus their marketing efforts on potential customers, PR professionals try to reach a wider audience. Both internal and external audiences are the focus of PR. They could be people like workers, investors, clients, members of the press, lawmakers, and many more. Influencers are a new category that describes persons with a lot of personal connections, such as celebrities or politicians, or who have a large online following.
2. **Goals & Objectives:** Public relations helps in increasing brand recognition and reputation. The main aims and objectives of a good PR campaign revolves around the fact that consumers are more inclined to trust and do business with a firm they know and respect. Ads are developed for



a specific target audience in order to enhance sales. They frequently put more focus on marketing a product or service than on building a reputation.

3. **Inherent control:** When you purchase an advertisement, you have complete control over its appearance, message, placement, and timing. How much money you have to spend will determine how much exposure your advertisement gets. You have less control when it comes to PR, and more specifically when working with the media. Your information's presentation in the news and whether it is even covered are decided by the media.
4. **Strategy:** With advertising, a short-term objective is in mind. Ad content is used to target particular buying seasons (like the holiday shopping season), push a new product, or advertise special offers to increase sales. In order to create a loyal and devoted community of "brand fans" that includes customers and other stakeholders, PR experts are constantly considering the big picture and providing insightful information about their brand.
5. **Credibility:** Consumers may not always believe what they are told in advertisements. Why? Because whoever is funding the advertisement is dictating all that it says. Even if that might be true, they won't declare "our product is likely to break within a year." PR allows for the dissemination of communications by the media, a dependable source that is far more reliable.

As of now, the distinctions between advertising and public relations are rather clear-cut and straightforward to comprehend, but social media's rising popularity has begun to muddy the waters.

**Crisis Communications:** A crisis PR team may collaborate closely with a legal team in order to limit damage while avoiding disclosing any material that could jeopardise their ability to present a compelling legal argument. The distinctions between the two disciplines have inevitably eroded in the era of the internet. Anyone who creates a blog will suddenly claim to be a journalist. Publicity is when a restaurant opens and is covered. Covering a restaurant chain's growth or limiting damage after a fire or a random case of food illness is pure public relations.

### 3.2.2 COMPARISON CHART OF PUBLIC RELATIONS VS ADVERTISING

Basis	For	Advertising	Public Relations
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Comparison		
<b>Meaning</b>	Advertising is a method of bringing attention to goods or services, typically through paid announcements.	Strategic communication technique known as public relations tries to create positive relationships between a corporation and its target audience.
<b>Media</b>	Purchased	Earned
<b>Communication</b>	One way	Two way
<b>Focuses on</b>	Promotion of goods or services with the intention of encouraging the target market to make a purchase.	Preserving the company's good reputation in the media.
<b>Control</b>	The company has full control over the ad.	The company can pitch the story, but has no control over, how media uses or does not uses at all.
<b>Placement</b>	Guaranteed	No guarantee
<b>Published</b>	As long as you're prepared to pay for it.	Only once
<b>Credibility</b>	Less	High

Public relations and advertising both employ communication channels to educate and persuade the general public. Due to its ability to simultaneously contact a big number of individuals, advertising is a very expensive marketing technique. Public relations is a free implied validation and support of the third party.

### 3.3 PUBLICITY

Publicity is the process of distributing information to the general public via the media. It might be in the form of news, articles, event information, or write-ups, and it works to raise people's awareness of a brand, a product, or the business that makes them. Publicity is infotainment, or a sort of entertainment



that seeks to both inform and amuse the general audience. It gives the general public some juicy, intriguing news that has the potential to alter their viewpoint or perspective on the service or business.

Public relations focuses on attracting the attention of the target audience, while publicity's primary goal is to receive the most media coverage possible. Publicity is an unpaid kind of communication that is out of the company's control. Positive feedback about a product, such as a mobile phone, television, refrigerator, etc. offered by a satisfied client, information about a company's high-quality services published in the media, or even just good word of mouth, etc.

In short, publicity has nothing to do with a company's sales; it's all about raising public knowledge of a product through editorial or objective comments.

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### **3.3.1 DIFFERENCE BETWEEN PUBLICITY AND PUBLIC RELATIONS**

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The following factors make it easy to distinguish between publicity and public relations:

1. Publicity is defined as "public visibility," when news or information is shared with the public in order to increase their trust or knowledge, typically through the mass media. On the opposite extreme, public relations is a strategic management strategy that seeks to build a company's favourable reputation in the eyes of the general public.
2. While the corporation has no influence over publicity, it does have complete control over public relations.
3. Publicity can be good or bad in the sense that it might be favourable or unfavourable consumer reviews of a product or service, or it can be contentious information about the firm. On the other hand, because it is planned and handled by the company's public relations department, PR is always positive.
4. Since it is produced by a third party, publicity is free. Contrarily, when it comes to public relations, the corporation must spend money on things like event planning, programme sponsorship, third-party endorsement, etc.
5. To raise public awareness, publicity entails attracting the attention of the media, which disseminates any information or news about a service, a person, an organisation, etc. Public



relations, on the other hand, aim to draw the target audience in order to increase the company's sales.

### 3.3.2 COMPARISON CHART OF PUBLICITY VS PUBLIC RELATION

Basis for Comparison	Publicity	Public Relations
<b>Meaning</b>	A public relations function known as publicity employs any available communication medium to spread news or information about a subject through the media.	A marketing tool called public relations is used to maintain consumer faith in a company's reputation and its products.
<b>Control</b>	The organisation or company has no control over it.	It is under the company's management.
<b>Nature</b>	Positive or Negative	Positive
<b>Form of communication</b>	Non-paid Communication	Paid Communication
<b>Intends</b>	Public awareness	Public attention

### 3.3.3 EXAMPLES OF METHODS OF PUBLICITY AND PUBLIC RELATIONS

Publicists and public relations specialists employ many of the same methods to advance their objectives, despite their distinctions. Some, though, are more unique to each vocation. Examples of each one are as follows:

#### Examples of Tools and Strategies Used to Generate Publicity:

**Press release:** A press release is a written report that includes crucial details or tells a tale that a business or brand wants the press to publicise. It might concentrate on specifics for an occasion, a declaration regarding a new product, or a significant change in the company's management.



**Publicity stunt:** A publicity stunt is a manufactured event that publicists create in order to gain genuine, favourable media coverage. As an illustration, you could set up and video customer interviews with potential clients using your product in a public place.

**Public speaking:** Offering to speak in front of an audience about a business or brand might result in fruitful contacts with the general public. For instance, offer to participate as a guest on a podcast or radio show to talk about your business and its advantages.

### **Examples of Tools And Strategies Used In Public Relations:**

**Social media:** Public relations professionals may select social media posts for their clients to publish at specific times. This enables the customer to manage the content that is published on their individual platforms and to communicate with their social media followers.

**Events:** Public relations specialists can carefully choose a guest list, theme, and agenda for events that will help them build a great reputation with the target audience by planning and publicising them. These activities may serve as publicity gimmicks, but the PR team still has control over them.

**Making announcements:** When a company or brand has new information to share with the public, the PR team can create a plan on how to communicate the announcement. Even if they might opt for a press release, there are other strategies available as well, including a fresh advertising campaign or email marketing.

### **Conclusion**

Public relations and publicity are generally distinct from one another since publicity refers to when a person or thing receives media attention and public awareness. In contrast, maintaining excellent connections with the interested public—which includes customers, the government, shareholders, creditors, suppliers, and the like—requires taking specific actions.

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## **3.4 MARKETING**

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"An aggregate of functions involved in moving goods from producer to consumer," is the formal definition of marketing. Instead of having tunnel vision when thinking about marketing, you need to have a comprehensive perspective. The whole of the puzzle, as opposed to just one element, is marketing. This is precisely why many businesses have marketing divisions that handle a wide range of tasks, such as public relations and advertising. A company's efforts to increase awareness of its goods or services are collectively referred to as marketing. All the departments involved in developing, communicating, distributing, and exchanging fall under the marketing umbrella. In other words, PR is a part of marketing. The marketing objectives established by the organisation guide everything a PR department performs.

**Saying marketing and public relations are interchangeable is like to saying a dental hygienist and a dentist are precisely the same since they both operate in the same field. However, you wouldn't make mistake by asking the latter to extract a tooth.**

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### **3.4.1 DIFFERENCE BETWEEN MARKETING AND PUBLIC RELATIONS**

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The basic objectives of marketing strategies are generally to increase sales, advertise goods and services, and make a profit. Public relations, on the other hand, might occasionally be more concerned with maintaining a company's or brand's reputation.

Both departments might engage in activities that are very similar. For instance, both might talk to customers to get their opinions. This data is utilised to better analyse sales trends, product requests, and strategies for increasing sales from a more direct marketing perspective. To better assess customer satisfaction, make sure customers are happy, and guarantee any unhappiness is handled immediately from a more direct public relations perspective. It might be difficult to pinpoint the precise differences between marketing and public relations.

After all, various phrases are used interchangeably to describe the actions that all help to achieve the larger firm aim, from public relations to publicity to sales.

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### **3.4.2 COMPARISON CHART OF PUBLIC RELATION VS MARKETING**

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Basis for Comparison	Public Relations	Marketing
<b>Definition</b>	Public relations is a marketing strategy that uses non-paid/earned media to spread carefully crafted messages in order to establish lasting relationships with the general public.	To design, communicate, promote, distribute, and exchange products and services that are valuable to clients is referred to as marketing.
<b>Driven by</b>	Relationship driven	Company/Brand growth driven
<b>Communication</b>	Two-way	Two-way
<b>Importance</b>	To establish a good rapport with the intended audience.	To survive and prosper, recognise and meet the needs of the customers.

As we've already said, one of the main distinctions between PR and marketing is the framework. Think of marketing as a pie, as this example will help you to comprehend. Public relations, advertising, market research, media planning, product pricing, distribution, customer assistance, sales strategy, and community involvement are all represented in one pie. This basically indicates that public relations is a piece of the larger marketing pie when we talk about the structure.

Goals: The aim of both public relations and marketing is to boost sales of a service or product.

However, these two, have their own objectives within the overall objective:

- **Goal of Marketing:** to attract new clients while developing and preserving a wonderful relationship with them for the foreseeable future.



- **Goal of Public Relations:** To build, maintain, and protect the company's reputation, elevate its prestige, and convey a favourable picture.

**Conclusion:** In the end, it is matter of time, when and how you want to include public relations tasks into your business. For optimum company scalability, these functions should be deployed in a methodical manner given their advantages and opportunities.

It is best to contact a reputable PR firm if you are a business owner without previous expertise organising and managing public relations initiatives.

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### 3.4.3 PUBLIC RELATIONS HELP IN MARKETING

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Apart from supplementing and boosting the impact of the advertising effort, PR can support the marketing function of any organisation in at least six other ways.

**1. Assisting in Market Creation:** Marketing presupposes the presence of a market, and its primary function is to satisfy the demands and desires of the market's constituents.

However, businesses occasionally run into situations where their access to the market is restricted and they are unable to function.

For instance, India was a prohibited market for colour televisions until 1982 since colour transmission wasn't possible. The marketing challenge for all TV manufacturers was persuading the government to start colour transmission. The chance was the "Asian Games," and the Ministry of Information and Broadcasting (MIB) may have been persuaded of the necessity of broadcasting the illustrious games in colour to the rest of the globe.

Here, it is possible to see how a nation's political strategy affects the market's opening. According to one theory, businesses must therefore find the individuals who have the authority to unlock the doors to the closed markets and persuade them to use it. Such activities are under public relations' purview, not marketing.

The correct combination of incentives should be chosen by the organisations, in addition to identifying the primary gatekeeper. What conditions will the gatekeepers abide by? Legislator X's main goals seem



to be celebrity, money, or power. How can the business persuade this lawmaker to cooperate? The solution can come with a cash “payoff” in some nations (a hidden P of the marketing Mix). In other cases, a reward in the form of entertainment, travel, or campaign contributions may be effective.

In order to successfully accomplish the goals you have been pushing for, it is expected that you will successfully bargain and engage in lobbying.

Kotler (1986) stated that "successful marketing is increasingly turning into a political exercise" in his papers on mega marketing. Pepsi Cola outsmarted Coca-Cola by negotiating an agreement to enter India's massive consumer market, which is quickly approaching 1,000 million people. While Coca-Cola left India in 1978, Pepsi entered the country by establishing a joint venture with its Indian equivalent. This was done while facing opposition from other Indian soft drink producers and anti-MNC legislation, but Pepsi was successful in getting government clearance.

Agro-based exports, the overall package included a focus on rural markets, updated food production, packing, and water treatment technology. There was enough interest in this offer from various interest groups.

Kotler emphasised the need for providing benefits to parties other than the target consumer by using the example of Pepsi Cola's introduction into the Indian market. The needs to service and satisfy customary intermediaries like agents, distributors, and dealers are insufficient to meet this need. Governments, labour unions, and other interest groups that, either singly or collectively, have the power to prevent profitable entry into a "market" were among these so-called third parties. These organisations serve as gatekeepers and are becoming more significant. One needs to add two more Ps, namely Power and Public Relations, when dealing with such groupings.

**2. Influencing Non-Consumer Groups:** Marketing strategies almost always focus on the final consumer and ignore non-consumer groups that could have an impact on revenue. The public relations department promotes these publics or groups of individuals in order to advance the general objectives of the company. A common instance is when a medical representative contacts a doctor; unlike other salespeople engaging in marketing and selling, this representative is not there to sell drugs.



While public relations hopes the doctor would prescribe his (the medical representative's) medications to patients, the medical representative's primary responsibility is to advise the doctor about new goods and formulations the firm has introduced to the market. Similar situations arise when representatives of publishing companies visit instructors at various institutions and schools to inform them rather than pressuring them to purchase their books.

There are numerous instances where public relations campaigns are strategically and consistently carried out to achieve commercial objectives from the target audience other than non-consumer groups..

**3. Influencing the Influential in Crisis:** How you communicate during a crisis, as well as how you do not, is a strategic choice. The product failure or tampering during transport or via trade, activist demonstrations (such as KFC in Bangalore), accidents (such as a hotel fire), official statements (such as BVO in Limca), etc. are all examples of marketing crises.

These crises scenarios get more convoluted and tangled as a result of false reporting. The organisations risk developing a bad reputation during a crisis by refusing to provide clarifications to the media out of concern that doing so might jeopardise their legal position. Withholding information or denying something could be interpreted as a cover-up or even as an automatic admission of guilt.

It is recommended that in such cases, legal and marketing goals be handled independently. The general approach in such circumstances is to affirm facts rather than provide explanations. Because of this, organisations could come out with a better reputation.

**4. Influencing the Dealers and Sales People:** Since most businesses find it difficult to sell their goods directly to customers, they instead employ salespeople to knock on doors or dealers. In addition, there are numerous middlemen involved in getting the product from the company's manufacturing location to the consumer's location. A product may be pushed into the market and given preference over rival products by the trade.

Therefore, maintaining positive relationships with wholesalers and dealers is crucial since they make a big difference in improving the balance sheet's bottom line. Such PR techniques include dealer



conferences, conventions, display materials, presents, in-house publications, etc. to win the support and collaboration of dealers. The importance of the sales force is comparable.

**5. Influencing Direct Consumers Through Means Other Than Advertising:** In some businesses, using traditional promotion tools to good effect is impossible. For instance, there are some organisations whose operations are too little to warrant a substantial promotional expense. Others find it challenging to advertise or promote because it could leave an unfavourable impression. For instance, it might be exceedingly challenging for a hospital to promote its abortion services. The same can apply to open heart surgery or other procedures. These factors lead to the limited utility of traditional promotional techniques. According to Duncan (1985), the service sector industries need to consider other marketing strategies.

There are many successful instances, such as an eye specialist who has his own clinic and nursing home and sponsors free eye camps in his area. By serving the community, he not only promotes himself but also demonstrates his professionalism. To further increase the promotion, tales about these camps may appear in the neighbourhood publications.

Therefore, marketing initiatives like public relations, event planning, media blitzes, and corporate identity programmes have value and ought to be applied creatively and successfully.

**6. Motivating Workers to Provide Better Customer Service:** Marketing efforts across all industries may be categorised into three main categories: external marketing, internal marketing, and interactive marketing. Since these efforts are directed towards customers, the traditional 4Ps of the marketing mix are essentially external to an organisation. However, each and every employee in an organisation has a part to play in marketing a good or service, so any effort made by the business to provide training in areas such as product knowledge, product handling, customer knowledge, selling, etc., along with motivation, can be viewed as an internal marketing tool.

Employee customer service skills are related to interactive marketing. Customers evaluate a product's quality not just on the basis of its technical quality but also on the basis of how well it performs.



Customers' perceptions of the crucial moments are shaped by the service provider's expectations. Traditional marketing strategies make promises that are in line with the wants and needs of the target market's consumers. Additionally, internal marketing initiatives support employees' capacities and drive to live up to client expectations raised by external marketing initiatives.

In conclusion, both public relations and advertising use communication channels to educate and persuade the general public. Due to its ability to simultaneously contact a big number of individuals, advertising is a very expensive marketing technique. Public relations is a free implied validation and support of the third party.

**7. Events:** Public relations specialists can carefully choose a guest list, theme, and agenda for events that will help them build a great reputation with the target audience by planning and publicising them. These activities may serve as publicity gimmicks, but the PR team still has control over them.

**8. Making announcements:** The PR team can develop a plan for how to communicate an announcement when a business or brand has fresh information to share with the public. Even if they might opt for a press release, there are other strategies available as well, including a fresh advertising campaign or email marketing.

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### 3.5 CHECK YOUR PROGRESS

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- a. Public relations can be thought of as .....publicity that a business receives in exchange for its goodwill, word of mouth, etc.
- b. A marketing communication called .....uses an overtly impersonal, sponsored message to market a good or service.
- c. Publicity is the process of distributing information to the general public via.....
- d. Publicity is defined as ..... when news or information is shared with the public in order to increase their trust or knowledge, typically through the mass media.
- e. A .....is a written report that includes crucial details or tells a tale that a business or brand wants the press to publicise.



- f. "An aggregate of functions involved in moving goods from producer.....," is the formal definition of marketing.
- g. Traditional marketing strategies make promises that are in line with the .....of the target market's consumers.
- h. A .....stunt is a manufactured event that publicists create in order to gain genuine, favourable media coverage.

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### **3.6 SUMMARY**

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Public relations are a strategic communication technique that uses a variety of media to build positive relationships for the businesses. By telling or showcasing the company's products or services in the form of highlighted stories or articles in print or broadcast media, businesses can enhance their public perception and reputation. By primarily utilising media exposure and coverage, it seeks to establish a relationship based on trust between the brand and its target audience.

Advertising is defined as a for-profit, impersonal, one-way public communication that uses a variety of communication channels to direct public attention to a certain good or service while also influencing and motivating the target audience to act in the advertiser's preferred way.

PR and advertising both support growth of brands and audience interaction.. The main difference between the two is that while advertising space is paid, media articles and pitches to the media are how public relations objectives are accomplished. For instance, while you can pitch a story to a news outlet, you must purchase online banner ad space. Additionally, there is a concept known as "owned" media, which refers to the written or visual content you make for your website or for social media.

Publicity is the process of distributing information to the general public via the media. It might be in the form of news, articles, event information, or write-ups, and it works to raise people's awareness of a brand, a product, or the business that makes them. Publicity is infotainment, or a sort of entertainment that seeks to both inform and amuse the general audience. It gives the general public



some juicy, intriguing news that has the potential to alter their viewpoint or perspective on the service or business.

Publicity is defined as "public visibility," when news or information is shared with the public in order to increase their trust or knowledge, typically through the mass media. On the opposite extreme, public relations is a strategic management strategy that seeks to build a company's favourable reputation in the eyes of the general public.

A company's efforts to increase awareness of its goods or services are collectively referred to as marketing. All the departments involved in developing, communicating, distributing, and exchanging fall under the marketing umbrella. In other words, PR is a part of marketing. The marketing objectives established by the organisation guide everything a PR department performs.

PR and Marketing, both departments might engage in activities that are very similar. For instance, both might talk to customers to get their opinions. This data is utilised to better analyse sales trends, product requests, and strategies for increasing sales from a more direct marketing perspective. To better assess customer satisfaction, make sure customers are happy, and guarantee any unhappiness is handled immediately from a more direct public relations perspective.

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### **3.7 KEYWORDS**

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- **Advertising:** It is defined as a for-profit, impersonal, one-way public communication that uses a variety of communication channels to direct public attention to a certain good or service
- **Crisis Communications:** Crisis communication refers to a specific division that manages the reputation of both the corporation and the individual. An initiative called crisis communication tries to preserve the organization's reputation and public perception.
- **Publicity:** Publicity is defined as "public visibility," when news or information is shared with the public in order to increase their trust or knowledge, typically through the mass media.
- **Marketing:** A company's efforts to increase awareness of its goods or services are collectively referred to as marketing.

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### **3.8 SELF-ASSESSMENT TEST**

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1. Define advertising? What is the key difference between Advertising and Public Relations?
2. What do you understand by publicity? Explain the differences between Publicity and Public Relations.
3. What are the various tools of publicity and public relations?
4. What is marketing? Explain the difference between marketing and public relations.
5. How public relations help in marketing? Explain in detail.

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**3.9 ANSWERS TO CHECK YOUR PROGRESS**

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- a. non-paid
- b. advertising
- c. the media
- d. public visibility
- e. press release
- f. to consumer
- g. wants and needs
- h. publicity

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**3.10 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SANDHYA</b>
<b>LESSON NO.: 4</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>TOOLS OF PUBLIC RELATIONS</b>	

## **STRUCTURE**

### 4.0 Learning Objectives

#### 4.1 Introduction

#### 4.2 PR tools

##### 4.2.1 PR Techniques

##### 4.2.2 PR Activities for Other Internal and External Public

#### 4.3 ICT as a public relations Tool

##### 4.3.1 What is ICT?

##### 4.3.2 Using ICT for PR

##### 4.3.3 The importance of ICT in PR

#### 4.4 Check Your Progress

#### 4.5 Summary

#### 4.6 Keywords

#### 4.7 Self-Assessment Test

#### 4.8 Answers to Check Your Progress

#### 4.9 References/ Suggested Readings

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## **4.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Understand the various tools of Public Relations
- Explain the Public Relations Techniques
- Define, what is ICT



- Explain the uses of ICT for PR
- Understand the importance of ICT in PR

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## 4.1 INTRODUCTION

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A positive public reputation requires constant work to build and maintain. It is incredibly challenging to gain the target audience's attention without an effective PR strategy, much less sway their opinions and choices. However, once the connection with the target group is eventually made, it must be kept up in order to keep it at a high level. Similar to how interpersonal interactions function, the process does. No matter how close two individuals used to be, when they stop communicating, they pretty much stop existing in each other's lives. If the existing relationship is not maintained, the target audience experiences the same thing.

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## 4.2 PR TOOLS

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### Public relations tools include:

1. **TV:** Your PR expertise can be visible in the shows you sponsor and the formality of your presentations. The voice of the TV announcer is frequently more powerful in emphasizing your slogan than the voice of the paid artist or the celebrity
2. **Print media:** Print media, that includes newspapers and magazines. As advertisements are effective, strong PR involves submitting insightful academic pieces to relevant publications. A company's reputation would be greatly improved by the chairman writing an article on economics or motivation. Then there are the opportunities for top executives to participate in interviews, panels, etc.
3. **Movies:** Movies on a company's operations and odd endeavors (such oil drilling or disease control) might help with public relations. These movies can be screened at client events, exhibits, press conferences, internal gatherings, etc.
4. **Literature:** Specially created literature for image-building includes brochures, information booklets, leaflets, etc. They can be used in conjunction with calendars, holiday lists, useful phone numbers, etc.



5. **Direct mail:** A few banks offer their clients birthday wishes. Season's greetings cards, condolence cards, invites, etc. can all be used as a bridge to connect with both current and potential customers.
6. **Internet:** The Internet is a constantly evolving medium with untapped potential. Additionally, it is a particularly efficient technique for connecting with niche audiences who might frequent specific websites or make use of specific online features (like email).
7. **Radio:** As an aural device, the radio has some advantages over the television. It doesn't have to catch your sight; it can play in the background. Since it is a very undervalued medium in modern India, its importance needs to be assessed accurately. By giving radio talks in the local languages, executives have a greater chance of connecting with rural audiences. Radio may be used effectively to spread awareness of agricultural products.
8. **Oral communication and stage etiquette:** This is a crucial public relations tool. Customers pay attention to how personnel are dressed and behave. Think about a bank's savings account representative. Customers are required to wait and stand in front of him or her. They have plenty of time to observe the employees. All employees who interact with the public need to be trained, groomed, and given PR-related advice. Executives are evaluated on their politeness, stage presence, and verbal skills during press conferences, press events, and public appearances. It is necessary for personality to develop systematically. Additionally, a subject matter specialist occasionally may not be a polished public speaker. What a mistake it is to portray him as the spokesperson for the business under such circumstances! It is preferable to teach the knowledge to a skilled communicator and utilize him in presentations.

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#### 4.2.1 PR TECHNIQUES

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PR experts utilize a range of methods and techniques to increase sales and develop and maintain a strong relationship with the target audience. Various Public Relations methods are used to support this process. These techniques include:

- a. **News:** The primary technique in public relations is news. The company's public relations department disseminates information about its products. With the aid of the news they



listen on the radio or read in any newspaper, consumers are in a better position to create a judgment about the company.

- b. **Speech:** Speech is also an important tool to disseminate about the product and the firm. Important publications report the important opinions that top officials and company employees have regarding the company and its products. People are given copies of their speeches to read. All of these actions are required to improve the company's reputation.
- c. **Press statements:** The press release serves as the fundamental building component of any publicity campaign that prioritizes story placement. Here, the key details regarding the good or service are condensed in a way that will grab the media's interest. The marketer must tailor press releases for the numerous media outlets he contacts in the same way that he would tailor the advertising message for each target. Advertisements have a far smaller impact than information that is conveyed as part of a regular TV or radio program, newspaper, magazine, or other form of mainstream media. This is because most people believe that such information is more reliable and significant than paid advertisements. Thus, one of the most traditional and efficient PR strategies is the press release.
- d. **Newsletters:** Another popular strategy to build and keep a solid relationship with the public is to send newsletters directly to the target audience with pertinent information about the organization or/and its products/services. Public relations professionals use newsletters, which are a standard marketing tactic, to convey news and information that can be of interest to the target audience rather than just pushing goods and services.
- e. **Blogging:** PR experts employ digital versions of press releases and newsletters as well as a range of other media, like blogging and, more recently, microblogging, to reach an online audience. It enables them to establish two-way communication with the target audience and build and sustain relationships with them.
- f. **Social media:** Social media advertising It is utilized mostly by the marketing sector, as its name would imply. However, an increasing number of PR professionals are also using social media platforms to build direct relationships with the general public, customers, investors, and other target audiences.



- g. Website: The most cutting-edge public relations instrument is the website. Businesses promote their items on their websites. After browsing at the specific corporate website, the general public can find all the essential information about the company.
- h. Fact Sheets: A press release should be drafted to allow for unaltered use. That calls for the inclusion of all pertinent data. Naturally, there might be other crucial details that aren't actually applicable to the press release. The fact sheet fills this role. Fact sheets provide more specific information about the product, including its history and unique characteristics. Because fact sheets can serve to dispel misconceptions and address queries from reporters, sparing them a phone call or email inquiry, they make it simpler for the media to write a piece about the product.
- i. Press Kits: A press kit is a tidy compilation of all the product-related press releases, fact sheets, and associated images. A thorough folder can draw attention to itself and keep the supplied items organized.
- j. Video News Releases: A video news release (VNR) is a press release that is broadcast on video. The usual VNR, which is created for use by television stations and lasts approximately 90 seconds, can be utilized to highlight some crucial aspects of the product.
- k. Audio-Visual Resources: Audio-visual elements are used to do public relations work as well. Cassettes with audio and video are useful in this regard. These cassettes are screened for the general public in theatres or other public locations where a larger audience is attracted. These audio-video cassettes have unquestionably grown in importance as a form of advertising in the current day.
- l. Participation in open gatherings: PR pros make the most of every public event and chance to speak in front of an audience in order to grab the public's attention and keep it focused on a specific organization or person. Through this, they may directly communicate with event attendees and indirectly, a much broader audience.

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#### **4.2.2 PR ACTIVITIES FOR OTHER INTERNAL AND EXTERNAL PUBLIC**

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- **Member/Employee Relationship:**

Employees are a very significant internal public for every company. Employee communication initiatives, such as recurring newsletters, educational bulletin boards, and internet postings, are frequently developed by corporate public relations professionals over the course of a long period of time. These kinds of initiatives can be utilized to promote brand communication efforts, particularly in service businesses. For instance, you could use the corporate newsletter to remind staff members of the value of timely and courteous customer service.

- **Community Relations:** Companies must continue to play a positive role in the communities where they have offices and production facilities. Local enterprises frequently serve as major supporters of events and activities in the community including art exhibitions, blood drives, and educational initiatives. Many businesses actively urge their employees to get involved in community organizations.

- **Financial Arrangements:** Financial relations have become a crucial component of public relations work since so many large brand marketing organizations are publicly traded businesses. When business earnings collapse, stock values fall swiftly, and top executives regularly lose their jobs. Establishing and sustaining connections with the investment community, which includes market analysts, stockbrokers, and financial reporting-focused journalists, is the responsibility of financial relations personnel. The financial relations specialist's responsibility is to maximize news coverage for a company's financial triumphs and present any financial losses in the most favorable light. The company's annual report and any other communications to investors are written by financial relations personnel.

- **Industry Relations:** Trade associations and other companies in the same industry are the main audiences that industry relations professionals work with. The recent struggles of the American tobacco business serve to highlight the significance of industrial relations. While the various corporations do not always agree on topics, they frequently come together to try to influence policy and legislation under the theory that there should be power in numbers.





- **Institutional Identity:** Some businesses have their "Logos" printed so that the general public may clearly identify them. Upon seeing a company's "Logo," one can recognize it instantly. This is an essential component of public relation.
- **Development/Fund-Raising:** For not-for-profit organizations including artistic organizations, educational institutions, and community service initiatives, this is a crucial sector. These businesses frequently rely on donations from the general public, the government, and other institutions to cover all or a portion of their operational costs. Development specialists find potential donors, craft ideas to submit to them, and try to maintain long-term connections.
- **Printing Media:** Public relations also uses printed materials as crucial instruments. Typically, all illustrious businesses have their own newsletters, annual reports, and regularly published periodicals that are issued to the general public on a regular basis. Companies make all necessary information about how their business operates, as well as information about their revenue, earnings, and development goals, available. These periodicals are often delivered to customers via mail or courier.
- **Special Occasions:** The company's public relations department promotes it. Consumers are informed if anything happens that is related to the business. For instance, the public relations department makes a special effort to publicize an event when a company receives a government award for its top production or export earnings performance. Such details improve public perception of the business and significantly increase its goodwill.
- **Government Services:** To improve their public relations, businesses turn to charitable endeavors. These initiatives for the common good also improve businesses' reputations. Health camps, free coolie service for seniors, women passengers at train stations, etc. are a few examples of such initiatives.
- **In-Person Events:** These include additional direct methods of contacting the targeted audience. Activities used to promote contact include conferences, exhibits, lectures, shopping center events, demonstrations, open days, public visits, and many more. The setting for such encounter is a crucial component. For the event to be deemed



worthwhile, it must then be arranged to provide the appropriate level of interest that is linked to the communication message.

Exhibitions are a great way to introduce a company to its clients. They can be costly, but they can also be a straightforward, inexpensive "shell" structure. No of the price, it's critical to maximize the effectiveness of an exhibition. This entails inviting people to your exhibition stand in a proactive manner rather than waiting for them to show up in a reactive manner. It's important to remember that PR and direct mail both play a part in drawing customers. The price of such an activity is only a small fraction of the total price of the exhibition, and is typically money well spent.

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### **4.3 ICT AS A PUBLIC RELATIONS TOOL**

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In the past, public relations specialists had nearly solely relied on the media to communicate the organization's messages to the general public.

New avenues for direct, two-way communication between organizations and the public have emerged thanks to the internet. Online public relations is the practice of using internet technology to connect and forge bonds with key audiences, including customers, consumers, employees, investors, donors, members of the community, the government, and the news media. The use of this media by PR professionals is a result of the internet. Additionally, if a company's existence has been revealed via an online website, PR should incorporate internet services into each action. Each party can simply learn about public companies. The corporate profile, as well as the goods and services it offers, will be clear to audiences. PR uses parts of the pre-existing internet infrastructure in its online activities, including email, mailing lists, Yahoo Messenger, websites, news groups, and social networking. Even as social networking grows in popularity, present methods and efficacy are considered.

Online PR initiatives will assist offline PR initiatives in achieving the "3Rs": relations, reputation, and relevance. These three items have a close connection to PR.



Understanding internet PR marketing methods is crucial. In comparison to real-world tasks, PR efforts might be more adaptable. Utilizing the internet will be less expensive when compared to traditional PR programs.

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### **4.3.1 WHAT IS ICT?**

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ICT can be defined as the integration of computer networks, telephone networks, and video and audio networks via a single network cable or link.

The use of a single unified system of cabling, signal delivery, and management would combine the telephone network with the computer network system under strong economic incentives. Any communication equipment, including radio, television, cell phones, computer and network hardware, satellite systems, and so on, as well as the various services and tools associated with them, such video conferencing and distant learning, falls within the broad definition of ICT.

Analog technology, such as paper communication, and any modality that conveys communication are also included in ICT.

Although there isn't a single, agreed-upon definition of ICT, it is generally understood to refer to all hardware, software, applications, and networking elements that work together to enable communication between individuals and groups of people (such as businesses, nonprofit organizations, governments, and criminal enterprises).

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### **4.3.2 USING ICT FOR PR**

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Regardless of size, using information and communication technology (ICT) is essential for the majority of enterprises, organizations, and institutions. It is crucial for a business looking to grow and become more efficient. The usage of effective ICT technologies also enhances client demand and services. The following list of popular ICT tools for public relations includes:

- The internet: It is one of the platforms used by media corporations and other businesses to promote. The primary format is 'prompts' or adverts on websites with a media focus. As an



illustration, consider the i-Tunes website, where millions of users buy and download music. The website automatically suggests CDs and DVDs that are comparable to the one the customer is purchasing. This is direct marketing that is tailored to the specific customer. The customer is guided to prospective future purchases by precise and purposeful programming.

- Social Media: Social media are crucial tools for educating the audience about a given good, service, or concept. Blogs, forums, message boards, microblogging sites, photo-sharing websites, podcasts, and more are examples of social media platforms. Among the services offered are:
  - 1) Looking up information or activity data on the Internet
  - 2) E-mail is the electronic exchange of letters,
  - 3) Mailing lists are one way to communicate via email and exchange messages or letters,
  - 4) Chatting, which is the act of interacting with others online,
  - 5) Transferring files to a personal computer across the internet from other machines,
  - 6) Uploading is the process of sending data from one computer to another via the internet,
- Tele-marketing: Media businesses frequently employ this strategy, particularly "sales departments," to set up appointments with new clients. Company directory software is used to locate decision-makers and record their information. Direct mailing is a strategy used by production companies to reach out to potential customers directly with materials and product information. Instead of providing catalogs or information to people who have little interest in the goods, the goal is to concentrate on real clients. This makes sure that advertisements are seen to those who might be interested in the company's goods or services.
- Questionnaires: These are employed as research and marketing tools. A well-crafted questionnaire will enable businesses to compile current and reliable data. The questionnaire should have pertinent questions that are written and organized properly. This strategy is employed by businesses, particularly when acquiring information online.
- Website: A business or organization frequently creates a website for their particular brand or products.
- Promotional Presentations: To advertise a product, service, or a brand, usually new releases, tools like PowerPoint presentations, video presentations, and animation software are employed.



- Reporting and analysis: This includes creating glitzy catalogs and brochures. Software for DTP and graphics is what powers this. Using specialized graphics software, product brochures, bulletins, and other written forms of information are produced. All businesses provide yearly investor reports, frequently in the form of booklets and pamphlets that are frequently accessible online.

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### **4.3.3 THE IMPORTANCE OF ICT IN PR**

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As businesses modify their PR strategies, technology continues to play a vital role in the evolving public relations industry. Compared to 20 years ago, public relations strategies have radically changed because everything is now centered around digital PR and a company's reputation frequently depends on what's occurring online. Here are a few modifications that technology has made to the public relations field:

- Keeping tabs on social media: One of the most important components of public relations has always been media monitoring, but technology has fundamentally transformed how this is done. Media monitoring used to involve reviewing the regional and national press, mostly through newspapers, television news, and radio shows. Many organizations today rely on data science for their marketing and public relations since there is so much more data available to be tracked on the Internet. Checking social media impressions is now a major component of media monitoring. Even if the press is still useful, it is more important to comprehend what people are saying about a firm on social media.
- Making use of influencers: In the past, this strategy would have seemed absurd, but in the social media age we live in today, regular individuals who have become influencers have such a strong hold on consumers that they cannot be disregarded and must be used by public relations professionals to speak to their audience. The visibility and reputation of a brand must be enhanced through close collaboration between public relations firms and influencers. In marketing, "the customer voice has long been one of the most powerful principles, and today's social media platforms operate as one gigantic megaphone for that voice," according to Forbes. Public relations firms can access a higher level of consumer involvement and brand reputation by



collaborating with influencers. In order to improve a company's reputation, influencers are essential.

- **The Value of Online Credibility:** Customers will simply not recognize a business if it does not have an internet presence. But just being there is insufficient. Public relations firms must now make sure their excellent online reputations are preserved, which is why businesses are devoting more and more of their resources to digital marketing.
- **Monitoring Performance Outcomes:** In contrast to the past, when newspapers were the sole means of evaluating the success of campaigns, public relations firms can now keep track of how well they are performing. Savvy PR experts have already turned to assessing either attitudinal changes, such as improved consideration and preference, or behavioral changes, as assessed by conversions, site traffic, and leads, Katie Delahaye Paine, CEO of Paine Publishing, said in a recent interview with Prowly.
- **Supporting Research:** Since we began utilizing Big Data, public relations research has seen a significant transformation. In the days before Big Data, people gathered information from extensive directories of marketing firms or through newspaper press releases. Today, everything is essentially at our fingertips. Public relations firms may find nearly any kind of information using Google. You can also pay agencies or journalists to find specialized material that is more difficult to find with a Google search.
- **The Effect of Images:** Public relations companies must now use more resources than only pictures and television shows. The way that brands present themselves to the public has been transformed by streaming. According to experts, this field will continue to improve through the use of holograms, augmented reality, and virtual reality. One of the main tools for public relations crisis management is streaming.
- **Quick crisis intervention:** The response time for crises has also been decreased as a result of all these technologies, which have improved client engagement and trend tracking for public relations firms. In the past, businesses could have created a crisis management plan in a matter of



hours or days. Because users have more access to information than ever before and at speeds never previously seen, everything needs to be responded right away. With careful use, social media management can help solve problems and play a significant role in crisis management today.

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#### 4.4 CHECK YOUR PROGRESS

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- a) As an aural device, ..... has some advantages over the television. It doesn't have to catch your sight; it can play in the background.
- b) A ..... is a press release that is broadcast on video.
- c) The .....specialist's responsibility is to maximize news coverage for a company's financial triumphs and present any financial losses in the most favorable light.
- d) Some businesses have their ..... printed so that the general public may clearly identify them. Upon seeing a company's ..... one can recognize it instantly.
- e) Health camps, free coolie service for seniors, women passengers at train stations, etc. are a few examples of.....
- f) Two-way communication between organizations and the public have emerged thanks to the.....
- g) A well-crafted .....will enable businesses to compile current and reliable data.
- h) In order to improve a company's reputation, ..... are essential.

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#### 4.6 SUMMARY

---

A positive public reputation requires constant work to build and maintain. It is incredibly challenging to gain the target audience's attention without an effective PR strategy, much less sway their opinions and choices. However, once the connection with the target group is eventually made,



it must be kept up in order to keep it at a high level. Similar to how interpersonal interactions function, the process does.

Print media, includes newspapers and magazines. As advertisements are effective, strong PR involves submitting insightful academic pieces to relevant publications. A company's reputation would be greatly improved by the chairman writing an article on economics or motivation. Then there are the opportunities for top executives to participate in interviews, panels, etc.

The Internet is a constantly evolving medium with untapped potential. Additionally, it is a particularly efficient technique for connecting with niche audiences who might frequent specific websites or make use of specific online features (like email).

As an aural device, the radio has some advantages over the television. It doesn't have to catch your sight; it can play in the background. Since it is a very undervalued medium in modern India, its importance needs to be assessed accurately. By giving radio talks in the local languages, executives have a greater chance of connecting with rural audiences. Radio may be used effectively to spread awareness of agricultural products.

The press release serves as the fundamental building component of any publicity campaign that prioritizes story placement. Here, the key details regarding the good or service are condensed in a way that will grab the media's interest. The marketer must tailor press releases for the numerous media outlets he contacts in the same way that he would tailor the advertising message for each target.

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#### **4.7 Keywords**

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- **Literature:** Specially created literature for image-building includes brochures, information booklets, leaflets, etc. They can be used in conjunction with calendars, holiday lists, useful phone numbers, etc.





- **Press Kits:** A press kit is a tidy compilation of all the product-related press releases, fact sheets, and associated images. A thorough folder can draw attention to itself and keep the supplied items organized.
- **Tele-marketing:** Telemarketing is the practice of selling products or services directly to prospective clients over the phone, internet, or fax. Telemarketers or, increasingly, automated phone calls, or "robocalls," can conduct telemarketing.
- **Blogging:** Writing, photography, and other forms of self-published web media are referred to as blogging. Blogging originally served as a platform for people to keep diaries in the form of entries, but it has subsequently been incorporated into the websites of numerous businesses.
- **Video News Releases:** A video news release (VNR) is a press release that is broadcast on video. The usual VNR, which is created for use by television stations and lasts approximately 90 seconds, can be utilized to highlight some crucial aspects of the product.
- **ICT:** It can be defined as the integration of computer networks, telephone networks, and video and audio networks via a single network cable or link.

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#### 4.8 SELF-ASSESSMENT TEST

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Q-1 What are the various tools of Public Relations?

Q-2 Explain the Public Relations Techniques in detail.

Q-3 What do you understand by ICT? Define in with example.

Q-4 What are the main uses of ICT for PR?

Q-5 Explain the importance of ICT in PR?

Q-6 Write short notes on:

- a) Institutional Identity



- b) Government Services

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**4.8 ANSWERS TO CHECK YOUR PROGRESS**

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- a) the radio
- b) video news release (VNR)
- c) financial relations
- d) "Logos", "Logos"
- e) government services
- f) internet
- g) questionnaire
- h) influencers

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**4.9 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SUNAINA</b>
<b>LESSON NO.: 5</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>CORPORATE PERSONALITY</b>	

## **STRUCTURE**

### **5.0 Learning Objectives**

#### **5.1 Introduction**

#### **5.2 Corporate Personality**

##### **5.2.1 Types of Corporations**

##### **5.2.2 Advantages of Corporate Personality**

#### **5.3 Corporate Personality Theories**

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## **5.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Define corporate personality
- Understand the types of corporations
- Explain Advantages of corporate personality
- Understand the various theories of corporate personality

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## **5.1 INTRODUCTION**

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Corporate personality is a legal concept that treats a business as its own separate "person" in the eyes of the law. This means that the business is considered distinct from the people who own or run it. It's like the business has its own identity and can do things on its own, like owning property, signing contracts, and being responsible for its actions.

The "veil of incorporation" is just another way to describe this separation between the business and its owners. This separation also allows the business to exist indefinitely, even if the owners change, and it can continue to operate until it's officially closed down.

In this chapter, we will learn more about corporate personality, including the different types of corporations, why it's essential, and the various theories related to this legal concept.

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## **5.2 CORPORATE PERSONALITY**

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Corporate personality is a legal concept created by the law that treats a company as if it were a separate "person" with its own identity. It means that a group of people coming together to form a company is seen as one artificial person by the law. This idea is used in both English and Indian laws.

The primary idea behind corporate personality is that the company has its own separate legal identity, distinct from its owners or members. This has several important implications. For example, if



the company owes money to someone, only the company can be sued to repay those debts. The personal assets of the owners are protected and not used to pay the company's debts.

The company enjoys certain rights and responsibilities, such as owning property, entering into contracts, and taking legal action in its own name. The members or owners have different rights and obligations compared to the company.

To have this separate legal identity, a company needs to meet three conditions:

1. There must be a group or body of people united for a certain objective (forming the company).
2. The company must have organs (structures or bodies) through which it operates, like a board of directors or management team.
3. The law treats the company as if it has its own "free will" or decision-making capacity.

A company is different from each of its individual members. It exists independently and continues to exist even if its individual members change or leave.

Corporations can only act through their agents (like employees or representatives). They have an eternal existence, meaning they can continue to operate indefinitely.

Legal personality is not just limited to businesses; it can also be granted to banks, railways, universities, colleges, churches, hospitals, and even the government bodies like states and the Union of India.

In some cases, the legal person's corpus (the entity itself) can consist of a fund or estate with specific reserved purposes, such as trusts, charitable funds, etc.

In simple words, corporate personality means treating a company as a separate legal person with its own identity and rights, independent from its owners or members. This concept allows the company to operate and be responsible for its actions as if it were an individual entity.

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### **5.2.1 TYPES OF CORPORATIONS**

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There are two types of corporations:

**1. Corporation Aggregate:** A group of people who have come together to promote a certain interest. Undoubtedly, a limited company is the finest illustration. A group of people form such a corporation when they each pledge to contribute to the capital of the business in order to achieve a common goal as shareholders. Their responsibility is restricted to the amount of shares they own in the business. Thus, the personification of the shareholders results in the formation of a limited liability business. Its assets and liabilities are distinct from those of its members because the property is its own and not the property of the shareholders. The shareholders are entitled to dividends from the company's profits, but not to the company's assets.

**2. Corporation Sole:** Consists of a succession of people who have been incorporated. It is made up of a single entity that the law recognizes as a legal person and who is personified. In other words, a single individual who is acting in the capacity of an office or function has legal standing and is subject to legal obligations. A singular corporation exists forever. Examples of corporation sole include Post-Master-General, Public Trustee, India's Comptroller and Auditor General, the Crown in England, and others. Corporation sole are typically those that hold a public position and are legally classified as a corporation. A corporation's main distinguishing feature is that it is a "continuous entity endowed with a capacity for endless duration." The concept of double capacity is shown by a corporation sole. A corporation sole's goal is comparable to a corporation's overall goal. In it, a single person holding a public office occupies the position in a series of successions, which means that upon his death, his property, rights, and obligations, among other things, remain in force and pass to his successor. So, when a company sole passes away, his legal personality continues to be represented by the succeeding person, but his natural identity is annihilated. As a result, the passing of a corporation alone has no negative effects on the interests of the public at large.

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### 5.2.2 ADVANTAGES OF CORPORATE PERSONALITY

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Following are the advantages of a corporate personality:



- a) **Existence of an Independent Corporation:** When a business becomes a corporation, it gains an independent existence as a separate legal entity. It becomes like a person in the eyes of the law, distinct from the individuals who own or run it. This means that the company's property belongs to the corporation itself, not its members, and it can be sued or sue others in its own name. The corporation can also make contracts and interact with third parties independently.

The famous *Salomon v. Salomon & Co* case established the principle of corporate personality. In this case, Mr. Salomon incorporated his business and became the sole shareholder of the company. When the company faced financial trouble, some creditors argued that Mr. Salomon should be personally responsible for the debts since he controlled the company. However, the court ruled in favor of the corporation, stating that the company is a separate legal entity from its owner, and the owner cannot be held personally liable for the company's debts.

This concept of corporate personality was recognized in India even before the *Salomon* case. In a case related to a tea estate, the court held that the corporation is distinct from its shareholders, and any transfer of property to the corporation is not considered a gift to the shareholders themselves.

In short, when a business becomes a corporation, it gains its own legal identity separate from its owners, which means the corporation is responsible for its actions and debts, not the individuals behind it. This idea of corporate personality protects the shareholders' personal assets and encourages business growth and investment.

- b) **Limitation of Liability:** When a business becomes a company, it becomes a distinct legal entity on its own. This means that the company is the owner of its assets and responsible for its debts, not the individuals who own it.

There are two types of companies: one is a company limited by shares, and the other is a company limited by guarantee.

In a company limited by shares, the liability of its members (shareholders) is limited to the value of their unpaid shares. This is called "limited liability." It means that if the company faces financial difficulties and is dissolved, the shareholders are only responsible for the amount





of money they still owe for their shares. They are not personally liable for the company's debts beyond that.

The company, as a legal person, is responsible for paying its debts as long as it has enough assets to do so. However, the order of priority for debt payment is determined by the law, and some creditors may be paid before others.

The key advantage of operating a business as a company is the limited liability for its members. They are protected from personal liability for the company's debts beyond the value of their shares. This is one of the main reasons why investors are attracted to registered companies.

- c) **Permanent Succession:** A firm is a stable and enduring type of commercial organization. Its existence is not dependent on the life, financial situation, or departure of any individual shareholder or director. Once it is legally created, it can continue to exist indefinitely, even if members join or leave the company over time.

When a business becomes an incorporated company, it gains perpetual succession. This means that regardless of changes in its membership, the company remains the same legal entity with the same rights, privileges, assets, and property. It will continue to exist until it is dissolved according to the rules and regulations of the Companies Act. Even if a member of the company passes away or faces financial troubles, the company itself can still carry on its activities and operations.

The phrase "members may come and members may go, but the company can go on forever" illustrates how an incorporated company has the ability to survive and operate for an unlimited duration. This enduring nature is one of the significant advantages of forming a business as an incorporated company.

- d) **Transferability of Shares:** According to Section 82 of the Companies Act of 1956, the shares or ownership interests that a person holds in a company are considered movable property. This means that these shares can be easily bought or sold, following the company's rules and regulations.

The transferability of shares provides two important benefits:



1. **Liquidity for Investors:** Shareholders can sell their shares on the open market whenever they want to. This gives them the ability to turn their investment into cash quickly if they need it.
2. **Company Stability:** The ease of transferring shares ensures that the company remains stable even if shareholders decide to sell their shares. The company's existence and management are not affected by individual shareholders buying or selling their shares.

The transferability of shares allows shareholders to sell their ownership in the company easily, giving them liquidity, while also ensuring the company's stability by not disrupting its operations or ownership structure.

- e) **Separate Property:** When a business becomes a corporation, it becomes a separate legal entity with its own property. The ownership of the company's assets, such as land or capital, belongs to the corporation as a whole, not to the individual members (shareholders) of the company.

This means that the company can possess, use, and dispose of its property in its own name. The assets of the company are not owned jointly by the shareholders; they belong solely to the company as an entity.

In a legal case called *Bacha F Guzdar v. CIT Bombay*, it was established that a corporation is like a real person in whom all its property is vested. The company governs, manages, and makes decisions about its assets independently.

Another case, *Macaura v. Northern Assurance Co. Ltd.*, confirmed that the property of a company is not the property of its shareholders. Instead, it belongs exclusively to the company itself.

In incorporation separates the company's property from the personal assets of its members. The company owns and controls its assets independently, and the shareholders do not have direct ownership of the company's property.

- f) **Corporate Finances:** Because incorporated companies' shares are transferable, they can raise the most money in the shortest amount of time. Aside from that, incorporated companies have the option of obtaining capital through public subscriptions of shares or debentures. Public



financial institutions are happy to lend money to businesses since it is typically backed by a floating charge, which is only available to registered corporations.

A company is a real person in whose all of its property is vested and by whom it is governed, managed, and disposed of, according to the ruling in *R.T. Perumal v. John Deavin*[13]. They added that "no member can claim himself to be the owner of the company's property during its existence or in its winding up."

- g) **Centralized Management:** The company's management is not directly of interest to the shareholders. They simply exert formative control. As a result, the ownership and administration of the organization are completely different. Independent managerial personnel function draws outstanding professionals to the company in an environment of independence, enabling them to meet the highest production and management goals and resulting in the success of the business as a whole.

In most cases, it is the directors who make the policy decisions during board meetings that have authority over the operation of the organization. Companies are able to grow and conduct business effectively when their competent managers are supported by financial resources. In other words, competent corporate management separates "ownership" from "control" and so supports efficiency. Additionally, it gives commercial ventures autonomy and flexibility within the confines of company law.

- h) **Possibility of suing and being sued:** As a body corporate, a company is both capable of suing and being sued in its own name. A firm may file a criminal complaint, but it must be represented by a real person. A business has the right to defend its honourable name. It may file a lawsuit in response to statements made about it that are likely to harm its reputation or property, among other things. A firm has the right to seek compensation when false information about it is published and negatively impacts its operations. In *TVS Employees Federation v. TVS & Sons Ltd*, it was decided that the only way to prevent employees from creating a video cassette documenting their battle with the company's management and exhibiting it was to demonstrate that doing so would be defamatory. The court of appeal concluded in *R v. Broadcasting*



Standards Commission that a business may file a complaint under the Broadcasting Act, 1996 over an unjustified invasion of its privacy. The BBC was accused of violating the company's privacy in one instance by secretly photographing transactions in stores, according to the complaint.

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### 5.3 CORPORATE PERSONALITY THEORIES

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There are several corporate personality theories that have made an effort to explain the scope and power of it. The following are the main corporate personality theory :

1. **Fiction Theory:** Fiction Theory was proposed by Von Savigny, Salmond, Coke and Holland etc. According to this notion, only “People” are the right term for human beings. This hypothesis states that the company is experiencing a distinct identity from that of its members. The concept asserts that a legal person just has a fictitious will. This idea contends that an entity's legal personality .The outcome of a story is something other than human beings . Gray supported this theory by saying that only human beings are capable of thinking, whereas a corporation is a non-human entity to which we attribute will through humans who are capable of thinking and assign them legal personality.
2. **Theory of Concessions:** Although this theory and the fiction theory are quite similar, they do not make the same claims. Any legal personality, according to this, may be born of the law. The establishment and recognition of legal personality is a legal concession or grant. This theory is true up to a point because any acknowledgment of a personality would result from the law. Therefore, legal recognition is necessary to validate or recognize any personality. The subject of concession theory is the sovereign right of the state. It believes that because the corporation is a legitimate recognized by the government or the legislation, hence it is very important significance. This idea asserts that a juristic individual the state's founding. This hypothesis has ties to fiction theory. Nearly everyone who supports this viewpoint does so. The Theorem just states that corporate bodies are solely to the extent that the state has granted it legal personality. On this issue, this theory differs from fiction theory. since it links the state with the law, whereas fiction theory never does.



3. **Realist Theory:** The fictional theory is discussed in contrast to this notion. According to this notion, a corporation has a true personality, not a made-up one. "Organic Theory" is another name for realist theory. This Gierke put forth a notion, and Maitland was the advocate for this theory. According to this theory, a corporation is possessing all the traits of a natural being. He therefore believes that a legal or juristic person actually very similar to humans. It also states that Legitimate people do not exist in fiction and do not need to acceptance of the State Because there is a collective will of various members in a corporate aggregation and that collective will is distinct from individual will, this theory is also known as sociological theory. Therefore, because a business has its own real psychic will, it is neither fictitious or unreal but rather a real personality that is acknowledged by law. However, as a genuine and psychological personality must be formed through collective choice, this notion does not applicable to corporate entities. Therefore, according to this view, aggregate personality shares many traits with human personality.
4. **The Organism Theory:** According to this view, a corporation is similar to an organism with members serving as its "limbs," a "head," and other organs. A person also has one head, a body, and legs, which aid in fulfilling their needs and carrying out their functions. Theoretically, a corporation has a will and body of its own, as well as some legal rights and obligations. Legal rights can exist without being a human being. A body with a soul and a will can have legal rights and be bound by certain legal responsibilities.

In light of this, corporate personality is said to be a social organism with members, a will, and a body. The fundamental tenet of this idea is that for something to have a corporate personality, it must have a body (head, limbs, and organs), a group will, and legal recognition.

5. **Group Personality Theory:** Institutional Theory is another name for this theory. Hauriou advocated this theory. It is based on a general perspective. It claims that person joins association and integrates into it. Hence, it felt that each group functions with a true mind and will and ability to act. Consequently, a company has the real existence and is independent of the fact that whether it is recognised by the state or not.



6. **The Theory of Ownership:** This is another corporate personality idea. This hypothesis was created by Bzinz, Bekker, and Demelius, and Planiol had further expanded it. According to this theory, people, not businesses, are subject to legal rights. Additionally, it asserts that a legal person or company is not a person in any case. These legal creations are subject-less properties with fictional personalities that are only used to hold common property. These characteristics are merely a type of ownership. Due to their ownership, these personas are able to enter into agreements and defend themselves in court. When applied in relation to estates and funds that are companies sole, this ownership theory is significant. In addition, human beings can only be subjected to certain rights and obligations. Therefore, such a personality should be said to as subject less property if it cannot be subjected to such rights and obligations. Therefore, the core of this idea is that certain goals and rights of people are safeguarded by the law, and that property acquired by a legal person does not belong to anyone but is owned for a particular goal or use. These legal professionals are also there to carry out certain genuine goals.
7. **Theoretical Symbolism (The Bracket Theory) :** The Bracket Theory is another name for this concept. the concept was a theory that Rudolph Ritter von Ihering put out. According to this theory, the only people with rights and obligations are the members of the corporation. The granting of legal personality means putting a bracket on the members so that they can be treated as a single unit when a corporation is formed . This theory contends that only people are subject to legal rights and certain obligations. It is somewhat similar to the fiction theory in that it also calls for human engagement. Ihering contends that the idea of corporate identity is crucial because it serves as a tool for making any aim clear and simple. Therefore, it's crucial to go past the corporate façade in order to understand a company's true position. Lifting the corporate veil is referred to as being in line with this philosophy. The bracket theory is frequently praised for its capacity to defend corporate personality, but common law courts did not recognize it since it claimed that the only way to identify a legal relationship was by removing the brackets of the corporation and examining the relationship between people. This argument also contends that each corporation's members are subject to the same legal obligations and rights as the corporation as a whole. The names of the members must remain in brackets until the brackets are removed in order to determine the true nature and status of the corporation. When brackets



are removed, a person may see what a corporation is, what its true nature is, and how the identities of its members are disclosed. The core of this idea is that corporations, which are legal entities, do not have the same rights, obligations, or liabilities as natural persons.

Therefore, it can be said that these theories are essentially the product of modern definitions. Without these theories, it would have been very challenging to give the word "Corporation" a meaning and definition, and it would have become very ambiguous. These beliefs have contributed to the contemporary definition of a corporation, which suggests that it is a distinct legal body with a distinct identity and eternal succession. A corporation has the ability to endure past the deaths of the people who are genuinely its beneficiaries.

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## **5.4 Case Studies of Corporate Personality**

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In the 1867 case of *Oakes v. Turquand and Harding*, the idea of corporate personality was acknowledged for the first time. *Salomon v. Salomon*, a landmark case in which it was determined that a company has its own personality distinct from that of its owners, confirmed and solidified this point.

### **#1 Salomon v. A Salomon & Co. Ltd., Case Study (1897)**

Mr. Aron Salomon was a merchant who made leather boots for a living. After a while, he established a limited liability business called *Salomon and Co. Ltd.* He made the decision to make his family members his business partners by distributing one share to each of them because he needed at least seven members/shareholders in order to meet the criterion to form a company. He sold his company to the limited corporation for \$39,000, of which he owed him \$10,000. He was the company's largest stakeholder and creditor at the time. The company entered liquidation after a year. Assets realised were \$6,000 while liabilities included Salomon-owned debentures worth \$100,000 and an unsecured creditor's \$7000. The entitlement of Salomon to have preference over unsecured creditors as the holder of the debenture was contested by an unsecured creditor.

**Question: Was Salomon's company's establishment a scheme to deceive creditors?**



**Held:** The court ruled that at incorporation, the company stopped acting as Salomon's agent and instead became a separate legal entity. Salomon should be paid before the unsecured creditor because he holds the company's debentures.

**Importance of the Decision:** The court's ruling in this case established the idea of a company's separate legal personality, allowing shareholders to continue their business operations with little chance of going bankrupt personally in the event of a collapse. Two guidelines are established in the Salomon case:

1. **Artificial Person :** Company is an artificial person made possible by legislation. It is artificial in the sense that it is devoid of a physical body and a soul. Because a corporation must be formed in accordance with the law, certain legal requirements must be satisfied.
2. **Limited Liability:** When a corporation is limited by shares, the members' liability is restricted to the amount represented by the face value of the shares. If the firm is wound up, the shareholder's personal assets are unaffected and his liability is limited to the amount of unpaid capital on his shares.

## #2 . Lee v. Lee's Air Farming Ltd. (1961) AC 12

The veil of incorporation and independent legal identity are important issues in this case. In this instance, L possessed 2999 of the 3000 shares in Lee's Air Farming Ltd. He appointed himself managing director and hired himself as the chief pilot. He was died in an aeroplane crash while employed by the corporation. His widow filed a claim for compensation because his death occurred while he was working. In addition to asking for compensation totaling £2,430 for herself and her four infant children, she also asked for money to cover funeral costs.

The respondent company asserted that the deceased was the controlling shareholder and governing director of the respondent firm at the time of the accident, and denied that the dead was a "worker" of the company.

**Question: Was there a distinct legal entity ? Does Mrs. Lee have a right to compensation?**





**Held:** The Salomon principal was supported by the Lee Air Farming case. The Privy Council granted Mrs. Lee's request and stated that although Lee may have actually been the company's controller, in legally, they were separate, distinct individuals, and the idea of a separate legal entity was clarified. As a result, Mr. Lee might contract with the business and be regarded as an employee. Therefore, his wife was qualified to receive a workmen's compensation payment.

A director could still be covered by an employment contract with the firm he wholly owned because, according to the Judicial Committee of the Privy Council, a company is an independent legal entity.

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### **5.5 CHECK YOUR PROGRESS**

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- a) The corporate/legal personality that the firm obtains during incorporation grants the company .....and independent status.
- b) A .....gives the corporation a free will. A company is different from each of its constituent parts.
- c) A firm, which is a distinct individual, is the ..... of its assets and is responsible for its debts.
- d) The word "legal personality" includes entities like trusts, insolvent estates, .....etc.
- e) A .....is required to maintain a separate corporate existence.
- f) According to the organism theory, a corporation is similar to an organism with members serving as its .....and other organs.
- g) Permanent Succession is a .....type of commercial organization is a firm.

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### **5.6 SUMMARY**

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The corporate/legal personality that the firm obtains during incorporation grants the company legal individuality and independent status. A corporation is distinguished by comparison to certain objects



that the law has chosen to personify. Members of a corporation are the people who make up its body. Three conditions must be met for corporations to have legal personality:

- (1) There must be a group or body of people united for a certain objective. (2) The corporation must have organs through which it operates, and (3) A legal fiction gives the corporation a free will.
- A company is different from each of its constituent parts.

A group of people who have come together to promote a certain interest. Undoubtedly, a limited company is the finest illustration. A group of people form such a corporation when they each pledge to contribute to the capital of the business in order to achieve a common goal as shareholders. Their responsibility is restricted to the amount of shares they own in the business. Thus, the personification of the shareholders results in the formation of a limited liability business.

Corporation Sole, consists of a succession of people who have been incorporated. It is made up of a single entity that the law recognizes as a legal person and who is personified. In other words, a single individual who is acting in the capacity of an office or function has legal standing and is subject to legal obligations. A singular corporation exists forever. Examples of corporation's sole include Post-Master-General, Public Trustee, India's Comptroller and Auditor General, the Crown in England, and others.

A firm, which is a distinct individual, is the owner of its assets and is responsible for its debts. A company may be a company limited by guarantee or by shares. In a firm limited by shares, the members' liability is capped at the unpaid share value. The benefit of limited liability is one of an incorporated company's main advantages. Investors are particularly drawn to registered companies because of their primary characteristic.

A company is a real person in whose all of its property is vested and by whom it is governed, managed, and disposed of, according to the ruling in *R.T. Perumal v. John Deavin*[13]. They added that "no member can claim himself to be the owner of the company's property during its existence or in its winding up."



The company's management is not directly of interest to the shareholders. They simply exert formative control. As a result, the ownership and administration of the organization are completely different. Independent managerial personnel function draws outstanding professionals to the company in an environment of independence, enabling them to meet the highest production and management goals and resulting in the success of the business as a whole.

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## 5.7 KEYWORDS

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- **Corporation Aggregate:** A group of people who have come together to promote a certain interest. Undoubtedly, a limited company is the finest illustration. A group of people form such a corporation when they each pledge to contribute to the capital of the business in order to achieve a common goal as shareholders.
- **Corporation Sole:** It is made up of a single entity that the law recognizes as a legal person and who is personified. In other words, a single individual who is acting in the capacity of an office or function has legal standing and is subject to legal obligations.
- **Fiction Theory:** According to this notion, only “People” are the right term for human beings. This hypothesis states that the company is experiencing a distinct identity from that of its members. The concept asserts that a legal person just has a fictitious will.
- **The Theory of Ownership:** This is another corporate personality idea. According to this theory, people, not businesses, are subject to legal rights. Additionally, it asserts that a legal person or company is not a person in any case.
- **Group Personality Theory:** It is based on a general perspective. It claims that person joins association and integrates into it. Hence, it felt that each group functions with a true mind and will and ability to act.

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## 5.8 SELF-ASSESSMENT TEST

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- 1) Define Corporate Personality. What are the advantages of corporate personality for a business?
- 2) Explain the various types of corporations in detail.
- 3) Write any 4 theories of corporate personality.



4) Explain the case of Salomon v. A Salomon & Co. Ltd. of corporate personality in detail.

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**5.9 ANSWERS TO CHECK YOUR PROGRESS**

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- a) legal individuality
- b) legal fiction
- c) owner
- d) charitable funds,
- e) corporate person
- f) "limbs," a "head,"
- g) stable

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<b>CORPORATE IDENTITY</b>	

## **STRUCTURE**

6.0 Learning Objectives

6.1 Introduction

6.2 Corporate Identity

6.2.1 Defining Corporate Identity

6.2.2 Goals for Corporate Identity

6.2.3 How Can Corporate Identity Be Created?

6.3 Corporate Identity Elements

6.3.1 Brand Identity vs Corporate Identity

6.3.2 Importance of Corporate Identity

6.3.3 Corporate Identity Examples

6.4 Case Studies of Corporate Identity

6.5 Check Your Progress

6.6 Summary

6.7 Keywords

6.8 Self-Assessment Test

6.9 Answers to Check Your Progress

6.10 References/ Suggested Readings

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## **6.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:



- Defining corporate identity
- Learn importance of corporate identity
- Explain goals for corporate identity
- Understand corporate identity elements
- Differentiate between brand identity and corporate identity

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## **6.1 INTRODUCTION**

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Corporate identity is about creating a unique and recognizable image for a company. It involves shaping the company's style, personality, and overall image, both internally and externally. This identity should align with the organization's mission and values.

Having a well-defined corporate identity is essential because it influences how people see and perceive the company, whether it's employees, customers, or the public. It is like the company's "personality" that sets it apart from others and helps achieve its business objectives.

In this chapter, we will learn more about corporate identity, including why it's important, its goals, and the various elements that make up a company's unique image..

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## **6.2 CORPORATE IDENTITY**

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Corporate identity is how a business presents itself to the public, including both its internal and external audiences. It includes the way the company acts, communicates, and is perceived in the commercial world.

Consistency is crucial in corporate identity, both internally within the company and externally to the public. It helps the company to be recognized and distinguished from others, both among its employees, investors, and partners (internal stakeholders) and among customers, consumers, media, etc. (external stakeholders).



In essence, corporate identity is the image and personality of the company that it projects to the world, and it plays a significant role in how the company is perceived and remembered by various people and entities.

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### **6.2.1 DEFINING CORPORATE IDENTITY**

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According to Mergulies (1977) "All the ways the company chooses to identify itself to all stake holders; customer, employee, stockholder, community, press, and investment banker,"

Corporate identity is described by Abratt (1989) as "A set of visual cues; physical and behavioral that make the firm different and distinguish from other and this cues are use to symbolize and represent the firm."

The corporate identity, according to Olines (1990), " Corporate identity is the explicit management of how customers perceive a company's actions." The three things it can project are "who you are, what you do, and how you do it."

"A set of meaning by which the object allows itself to be known and through which it allows people to describe remember and relate to it," according to Ven Rekom (1997), is how corporate identity is defined.

The first time the term "corporate identity" was first used by US advertising consultants in the 1970s. Its main idea is that having a unique and recognizable identity helps a company stand out and achieve its business goals. Creating this identity involves designing the company's style and personality in a way that complements and is guided by its mission statement, which outlines its purpose and values.

All the visual elements that represent the company collectively form its corporate identity. These elements include the company logo, typeface, tagline or slogan, imagery, color scheme, tone of voice, uniforms, and more. Together, they create the company's "face" to the world and shape how the company is perceived by both internal and external audiences. Having a well-designed corporate identity helps the company establish a consistent and memorable image, making it easier for people to recognize and connect with the brand.





The goal is to guarantee that the organization is portrayed consistently to both the general public and personnel. As a result, it is necessary to coordinate and align all firm actions with this corporate goal. This covers business communications, organizational behavior, and visual identity. For businesses, maintaining a corporate identity over time can be a significant difficulty. Two instances of a corporate identity strategy that has been effectively applied are Coca-Cola and BMW.

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### **6.2.2 GOALS FOR CORPORATE IDENTITY**

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Many businesses create their own corporate identities to build trust and credibility and to stand out from their competitors. Often, they seek assistance from agencies to develop and implement their corporate branding strategies.

A well-defined and unique corporate identity helps the brand make a stronger impact and become more recognizable in the market. It works hand in hand with a cohesive brand identity, which includes all aspects of how the company presents itself, to build stronger loyalty among customers and employees.

Having a clear corporate identity and brand identity not only sets the company apart but also fosters a sense of trust and loyalty among customers and employees. This, in turn, leads to increased customer retention and employee satisfaction, ultimately benefiting the business's success and growth.

For instance, having a distinctive corporate identity can be very beneficial for a company. It can help when introducing new products because a strong and favorable reputation will already be in place, making it easier for customers to trust and embrace the new initiatives. This can lead to significant cost savings in the long run, as the company won't need to spend as much on advertising and promotion.

Corporate identity is a crucial aspect of a company's image both internally and externally. Within the organization, it ensures that employees behave in a way that reflects and exemplifies the company's objectives and values. A strong corporate identity also contributes to building a strong corporate culture within the company, as it sets the tone for how employees should act and interact with each other and with customers. This unified culture helps create a more positive and consistent experience for both employees and customers.



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### **6.2.3 HOW CAN CORPORATE IDENTITY BE CREATED?**

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For creating a corporate identity or company identity, it is essential to have your internal team agree on the brand's positioning, mission, values, messaging, and personality. This forms a solid foundation for your brand.

Once the foundation is established, you can work with a design team or a corporate identity design firm to develop a visual language that accurately represents your business. These visual elements, such as logos, colors, typography, and imagery, are crucial for your brand's recognition and impact.

It is important to make sure that your design elements are both strategically and artistically sound. They should be flexible and adaptable to changes in consumer preferences and market conditions, allowing your company to remain relevant over time. Avoid fixed and rigid brand components, as flexibility is key to staying dynamic and responsive in a constantly evolving business landscape.

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## **6.3 CORPORATE IDENTITY ELEMENTS**

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Corporate identity consists of three main elements:

1. Corporate Communication,
2. Corporate Design, and
3. Corporate Behavior

### **1. Corporate Communication**

Corporate communications refer to how an organization communicates with and disseminates information to both internal and external audiences in order to foster a positive point of view and a consistent brand image across all platforms. A business identity should also have a consistent voice and manner of communicating. Corporate communication includes all of the different activities that could



be regarded as internal communications, such as communications with and between employees, the staff magazine, etc. It also includes common commercial operations like press releases and advertising slogans.

Corporate communication is simply what the corporate communicates, it contains:

- Internal communication: This term refers to all forms of communication with an internal audience, including team communications, internal newsletters, policies, and procedures.
- Paid Communication: This refers to the dissemination of communication messages via paid media, such as sponsorships, events, and commercials.
- Media relations: This category encompasses all earned-media communication, including news, public relations, and other forms.
- Investor relations: This refers to all communications with the company's investors.

## **2. Corporate Design**

Corporate design and identity are frequently used interchangeably. In actuality, though, the company's visual identity is merely one component of corporate identity.

The corporate design displays the company's visual identity. Therefore, the aspect of the business identity that is immediately noticeable is the corporate design. The company logo, the company's visual presence at trade shows, the layout of the company website, and the standout design elements of the company's goods and packaging are all examples of corporate design elements. The following are key elements of the corporate design:

- Logos: A logo is the original mark used to identify a corporation or its goods. It serves as an immediate form of company recognition.
- Colours: A brand's approved colour scheme includes a range of complementary hues. Typically, brand assets only employ these colours.



- **Fonts:** A corporation often maintains a list of approved fonts for use in its communication messages.
- **Website:** A company's online presence is represented by its website. It functions similarly to a brand outlet in the digital sphere.
- **Internal Design:** A component of business identity is the office's interior design. It exposes a lot about the business, including how it operates and its work culture.

### **3. Corporate Behaviour**

In its purest form, corporate behavior refers to how a company acts and conducts itself. It includes its ethical code of conduct and corporate social responsibility, which are the company's guiding principles and values.

Corporate behavior is how a company behaves as a single entity in various situations, considering societal, technological, legal, and environmental factors. Social media often influences corporate behavior, as companies may take initiatives to fulfill their social obligations, like Starbucks hiring 10,000 migrants as part of their commitment.

The way a company behaves has a significant impact on its brand and reputation. It involves how the company treats its stakeholders, such as customers, employees, and the general public. Both internal factors, like the behavior of the management team and employees, and external factors, like customer feedback and media perception, can influence corporate behavior.

Ultimately, corporate behavior reflects the values and ideals that the company chooses to uphold, and it plays a crucial role in shaping how the company is perceived by the public and its stakeholders.

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#### **6.3.1 BRAND IDENTITY VERSUS CORPORATE IDENTITY**

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Contrary to popular opinion, a company's identity is distinct from its brand identity.



- Brand identity expresses the caliber, morals, and purpose of a certain product. It creates a brand image based on a particular offering.
- Corporate identity expresses the principles, values, and emphasis of the organization that produced the product. It develops the parent company's corporate identity.

For instance, Unilever is home to numerous brands, including Dove. The corporate identity of Unilever is different from the brand identification of Dove.

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### **6.3.2 IMPORTANCE OF CORPORATE IDENTITY**

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For strong corporate identity is crucial for shaping people's thoughts and opinions about a company in a positive way. Here are some examples to understand its significance:

1. **Differentiation:** A well-thought-out corporate identity helps the company stand out from its competitors in the industry.
2. **Awareness:** A corporate brand communicates the company's promise to both its internal team and the external audience, making them aware of what the company represents.
3. **Market Presence:** A credible corporate identity shows customers that the organization is trustworthy, leading to a stronger presence in the market.
4. **Reputation:** Over time, a consistent corporate identity and excellent customer service help build a positive reputation for the company, gaining consumer trust.
5. **Customer Loyalty:** By maintaining a consistent corporate identity that aligns with the company's values and objectives, customers can better connect with the brand and develop loyalty to it.

In short, a well-established corporate identity helps businesses differentiate themselves, create awareness, build a reliable reputation, and foster customer loyalty by connecting with their audience in a consistent and meaningful way.



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### **6.3.3 CORPORATE IDENTITY EXAMPLES**

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Here are two of the top corporate identity examples:

#### **Apple**

Apple's brand success lies in its exclusivity, which is a key component of their corporate identity. Their tagline "Think Different" emphasizes this idea and sets them apart from other companies in the market. Apple ensures that every product and message they convey aligns with this corporate message, making them stand out.

Apple also contributes to society by offering educational programs to over 3.6 million suppliers since 2008. This commitment to social responsibility further strengthens their corporate identity.

In short, Apple's strong corporate identity is built on their focus on exclusivity, consistent messaging, and social contributions, all of which help them maintain their unique position in the market and connect with their audience effectively.

#### **Starbucks**

Starbucks is famous not only for its delicious coffee but also for its strong corporate identity. This identity includes a consistent promise to customers, a cohesive brand design, and a culture that is the same in all its stores. This consistency builds credibility and trust among customers.

Starbucks is also committed to social responsibility, supporting farmers and offering job opportunities to refugees. This dedication to social causes has contributed to its success as one of the largest coffee shop chains in the world.

In today's dynamic business world, having a distinct and powerful corporate identity is crucial. It helps businesses stand out and make a lasting impression on the public. Therefore, it is essential for companies to develop a clear corporate identity before entering the market to effectively differentiate themselves and connect with their target audience.



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## 6.4 CASE STUDIES OF CORPORATE IDENTITY

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Corporate identity is the way any organization represents itself to the external world and internal organization. US advertising consultants coined the term 'corporate identity' in 1970s. This is unique as it helps to achieve the goals of the company as well.

Company style and personality is in accordance to the corporate identity of the organization. Also, company's mission statement should match the identity. The main motive of assigning an identity to a company is to consistently present the company to the internal and external public and this is why the identity needs to be maintained. Therefore, the ideology of company which is reflected through identity must be reflected through its activities like visual reality, communications and products be it services or products. But looking at the cut throat competition and changing markets sticking to a particular identity is a very tough and challenging job for companies. Two such successful examples of maintaining corporate identity consistently over years is by Starbucks and Apple as mentioned above.

Companies maintain identity to earn a clientele, trust of internal and external public and to remain different from others. A properly defined identity influences everyone impressively and earns business. It in turn helps establishing the commitment of employers and consumers too. A few case studies of corporate Identity, explaining the same has been given below:

### **#1 'Big is What Big Does' Campaign for Aditya Birla Group by VGC**

**Strategic Design & Communication Agency VGC have been Aditya Birla Group's brand custodians since 1997. The latest campaign, conceptualized and executed by VGC, is the next step in the Aditya Birla Group's brand journey.**

Brief:

The Group has crossed several milestones thanks to the Chairman, Mr. Kumar Mangalam Birla, whose sincere devotion to building a brand of great worth founded on strong foundations of flawless values has seen the Group emerge as an international power-brand of statesmen status in only two decades.



ABG is currently recognised as playing a significant role in peoples' lives at every stage thanks to the Group's extraordinary transformation from being the builders of a global India to a powerhouse throughout the globe & numerous sectors. This required updating the group's identification to reflect the modern day.



### Solution:

Over the past two decades, VGC and the Aditya Birla Group have worked together to create an iconic brand, and they still do. All of the Aditya Birla Group's brand campaigns have been planned and developed by VGC over the years. Beginning with the "Taking India to the World" campaign, which established the Group as an Indian Multinational with diversified interests throughout the world, VGC has assisted the group in reinforcing its position as a global and sector-spanning powerhouse.





The company's identity was updated by VGC, who defined it as a new mark for new achievements. The new brand language was then expanded based on this across numerous touch points and collaterals.

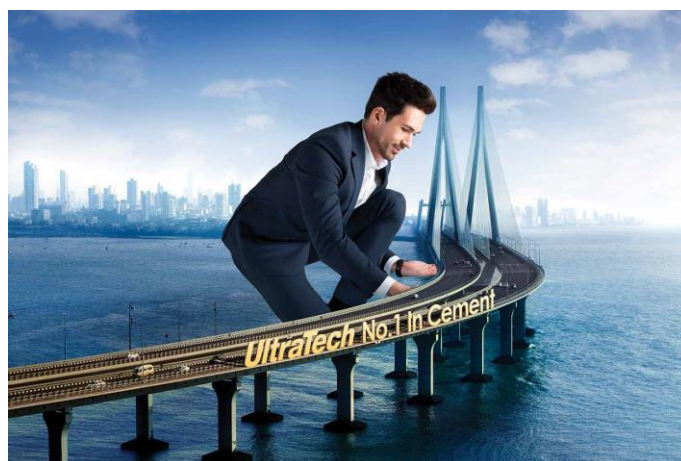
The Aditya Birla Group's strategic brand and communication partner, VGC, raised the bar for campaigning in order to strengthen the company's already strong brand.

Following the 2016 campaign to alter the company's logo, VGC created the "Big in your life" brand communication campaign to emphasise the Group's progress toward becoming a super-brand that empowers and enables individuals at every stage of life. In India, the campaign was introduced by a television ad that was digitally distributed throughout the United States, Canada, the Middle East, and Japan.





The Aditya Birla Group's 'Big' geographic presence, economic power, omnipresence of its products, and the way they touch lives around the world were highlighted and established in previous campaigns, but this most recent campaign illustrates the narrative of the company moving from 'Being Big' to creating and delivering 'Big Value' for its customers and the general public.



The Aditya Birla Giant, who traverses the world enabling, empowering, and enhancing the lives of millions, was launched as a new icon for the organisation.

The film continues the bizarre epic style that distinguishes all Aditya Birla Group productions. It is directed by the widely respected Eli Sverdllov, and it was post-produced by Gravity in Israel.

### **Conclusion:**

The group is featured in the television ad along with its quest to achieve new milestones, which culminates in the logo unveiling. With the conceptualization of this advertisement, VGC has advanced the "Big In Your Life" attitude and given the group a more significant goal. Big is who and what it is.

### **#2 UpGrad Visual Identity Redefined by Design Stack**



A visual identity is more than just good looks and aesthetics. It's important to convey brand ethos with style, and Design Stack succeeds in doing so for upGrad.

## Brief

Online higher education is offered through upGrad. For working people, especially those looking for a shift mid-career, it offers university education online. The e-learning platform guarantees the quality of its instruction through collaborations with well-known institutions and companies. As a result, in order to be consistent with the brand offering, the brand positioning and identity required to represent a professional and premium tone.



## Solution

In order to better incorporate the branding's concept into the visual identity, Design Stack revamped it. It was necessary to use visual signals to convey the concepts of professionalism, career advancement, and a welcoming and friendly atmosphere. Curved lowercase letters and an uppercase 'G' are used in this Design Stack to express professionalism and approachability. The watermark's upward-pointing arrow effectively conveys how the brand gives students the power to change their career paths. The arrow conveys positivity and optimism as well. The eye-catching colour red represents the fierce desire to alter things for the better.



Together, all the components of the visual identity stand for professionalism, friendliness, optimism, passion, and a promise.

## About Design Stack

A reputable branding and design agency with headquarters in Mumbai focuses on developing pertinent brand identities and communications through methodical research, rigorous brainstorming, and in-depth knowledge of the target market. Many different industry sectors, including companies like TATA, Penguin Publishing, Cox & Kings, Asian Paints, and others, have worked with Design Stack. Additionally, the studio has won a lot of notable accolades.

## #3 Weaving with Passion – Corporate Identity for Linen Club



Linen Club is one of the main producers of pure linen fabric for more than 60 years. This innovative brand is India's top linen brand with more than 200 exclusive boutiques and more than 7000 multi-brand outlets. They asked VGC for assistance in growing the brand's portfolio across fashion and lifestyle. Check out the new brand identity that VGC created for them!



## **Brief**

Linen Club, a 6 decade old pioneer in the blended linen market, needed new vigour and a distinctive brand expression to reclaim their leading position in the sector due to increased competition and a rise of look-alike blended linen companies. The brand's identity and growth depend on clearly demonstrating the linen's natural origins and strong heritage. To captivate customers and create the brand in the fashion and leisure sectors, the premium experience of the product, elegance, and luxury must be woven together.





## Challenges

The broad portfolio and ageless appeal of the brand remained a challenge. It was crucial to simplifying the company's portfolio and reorganising its brand architecture. Additionally, it was important to stand out in a sea of similarity, which necessitated demystifying the pastels and restricted colour palettes associated with the category. It is important to honour the brand's historic history, tradition, and European roots as well as the inherent qualities of linen.



## Solution

VGC created a new brand identity for the company that celebrates its illustrious history and legacy with inspiration from linen's inherent qualities. In the process of rebranding, packaging remained an essential component. VGC drew inspiration from the colours and tints of flax, providing a dynamic colour palette for the brand in order to express the refinement and luxury quality of the product while also paying homage to the company's European background.



The brand's identity was further strengthened through a hybrid brand architectural system and a navigation system for the numerous brand offers using an intelligent, thorough, and powerful navigation system. Additionally, it was important to have a strong presence in the ready-to-wear linen market. As a result, VGC positioned the brand for its ready-to-wear offering, opening the door for Linen Club Studio.

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## 6.5 CHECK YOUR PROGRESS

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- a) The first time the term "corporate identity" was used was by .....consultants in the 1970s.
- b) All the visual components that collectively make up an organization's .....collectively make up a company's corporate identity.
- c) A .....in increasing brand impact and recognition in the marketplace.



- d) Corporate communications refers to how an organization communicates with and .....to both internal and external audiences.
- e) .....refers to the dissemination of communication messages via paid media, such as sponsorships, events, and commercials.
- f) A company's .....is developed through increasing consumer trust through a consistent corporate identity and providing excellent customer service.
- g) A .....informs internal and external audiences of the company's promise.

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## **6.6 SUMMARY**

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How a business displays itself to the public is known as its corporate identity (including both internal and external audiences). It is the way the business presents itself, acts, and communicates. It may refer to how a company is viewed as being commercial. Corporate identities must to be consistent both internally and externally.

Corporate identity is described by Abratt (1989) as “A set of visual cues; physical and behavioral that make the firm different and distinguish from other and these cues are use to symbolize and represent the firm.”

The goal is to guarantee that the organization is portrayed consistently to both the general public and personnel. As a result, it is necessary to coordinate and align all firm actions with this corporate goal. This covers business communications, organizational behavior, and visual identity. For businesses, maintaining a corporate identity over time can be a significant difficulty. Two instances of a corporate identity strategy that has been effectively applied are Coca-Cola and BMW.

A distinct identity aids in increasing brand impact and recognition in the marketplace. Additionally, the corporate identity works in tandem with a cohesive brand identity to increase loyalty to the business. In turn, this encourages stronger loyalty among both customers and employees.

Corporate communications refer to how an organization communicates with and disseminates information to both internal and external audiences in order to foster a positive point of view and a





consistent brand image across all platforms. A business identity should also have a consistent voice and manner of communicating. Corporate communication includes all of the different activities that could be regarded as internal communications, such as communications with and between employees, the staff magazine, etc.

Corporate design and identity are frequently used interchangeably. In actuality, though, the company's visual identity is merely one component of corporate identity.

The corporate design displays the company's visual identity. Therefore, the aspect of the business identity that is immediately noticeable is the corporate design. The company logo, the company's visual presence at trade shows, the layout of the company website, and the standout design elements of the company's goods and packaging are all examples of corporate design elements.

The ethical code of conduct and corporate social responsibility are included, highlighting the company's concept and basic principles. Technically speaking, corporate behaviour refers to how a firm behaves as a single entity in a variety of circumstances brought on by societal, technological, legal, and environmental issues.

Company style and personality is in accordance to the corporate identity of the organization. Also, company's mission statement should match the identity. The main motive of assigning an identity to a company is to consistently present the company to the internal and external public and this is why the identity needs to be maintained.

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## **6.7 KEYWORDS**

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- **Internal communication:** This refers to all forms of communication with an internal audience, including team communications, internal newsletters, policies, and procedures.
- **Paid Communication:** This refers to the dissemination of communication messages via paid media, such as sponsorships, events, and commercials.
- **Media relations:** This category encompasses all earned-media communication, including news, public relations, and other forms.
- **Investor relations:** This refers to all communications with the company's investors.



- **Internal Design:** A component of business identity is the office's interior design. It exposes a lot about the business, including how it operates and its work culture.
- **Corporate Behavior:** It refers to a company's actions. The ethical code of conduct and corporate social responsibility are included, highlighting the company's concept and basic principles.

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## 6.9 SELF-ASSESSMENT TEST

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1. Define Corporate Identity. Explain how can we create Corporate Identity?
2. What are the goals of Corporate Identity? Write in detail.
3. What are the important elements of Corporate Identity?
4. Differentiate between Brand identity and corporate identity with example.
5. Write the Importance of Corporate Identity for a company or an organization.

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## 6.9 ANSWERS TO CHECK YOUR PROGRESS

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- a) US advertising
- b) "face"
- c) distinct identity aids
- d) disseminates information
- e) Paid Communication
- f) reputation
- g) corporate brand

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## 6.10 REFERENCES/ SUGGESTED READINGS

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SUNAINA</b>
<b>LESSON NO.: 7</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>CORPORATE IMAGE AND BRAND MANAGEMENT</b>	

## **STRUCTURE**

### 7.0 Learning Objectives

#### 7.1 Introduction

#### 7.2 Corporate Image

##### 7.2.1 The Elements of Corporate Image

##### 7.2.2. Factors to Influence The Corporate Image

##### 7.2.3 PR Tools For Building Corporate Image

##### 7.2.4 Importance of The Corporate Image for The Company

#### 7.3 Corporate Brand

##### 7.3.1 Define Corporate Branding

##### 7.3.2 Importance of Corporate Branding

##### 7.3.3 Foundation of Corporate Branding

#### 7.4 Elements of A Corporate Brand Strategy

##### 7.4.1 How To Build A Positive Brand Image

##### 7.4.2 What Is Corporate Brand Management?

##### 7.4.3 Techniques For Brand Management

#### 7.5 Check Your Progress

#### 7.6 Summary

#### 7.7 Keywords

#### 7.8 Self-Assessment Test

#### 7.9 Answers to Check Your Progress

#### 7.10 References/ Suggested Readings



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## **7.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Define Corporate Image and Corporate Brand
- Explain The Elements of Corporate Image
- Understand The Factors to Influence The Corporate Image
- Learn The PR Tools For Building Corporate Image
- Understand The Importance of The Corporate Image for The Company
- Learn The Foundation of Corporate Branding
- Explain The Elements of A Corporate Brand Strategy

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## **7.1 INTRODUCTION**

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Corporate communication serves as the framework for a synchronised corporate brand and image. A corporation can stand out by using its corporate brand and corporate image as communication tools to promote distinctiveness. Corporate brand deals with things like logos, colour schemes, fonts, etc., whereas image management is more concerned with how others perceive you. Additionally, it offers a structure within which top management and staff can collaborate to achieve common goals and objectives.

We will discuss and clarify numerous components of corporate brand in this chapter, as well as how it aids a business in establishing exclusivity. We'll also talk about how to build a company's image and how to keep it up.

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## **7.2 CORPORATE IMAGE**

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Originally used in advertising, the term "Corporate image" is now frequently used to describe a company's reputation. When the corporation is discussed, the "image" is what the general public is meant to see. The average person on the street typically has a sarcastic perspective of corporate image, public relations, advertising, marketing, and hoopla—and frequently for good reasons. However, a positive corporate reputation is a real asset that increases stock value and cash flow.



Although small firms don't typically think of themselves as corporations, they nonetheless have a corporate image, even if neither their owners nor their clients do. Corporate image "simply happens" in the absence of deliberate attempts; it is how a corporation is viewed. However, management may make an active effort to shape the image through communications, brand selection and marketing, usage of symbols, and making its actions known to the public. Similar to people who dress appropriately, use polite manners, and pick their words carefully to come off as competent, likeable, and reliable, corporations aiming to construct their image should do the same. The public face of an organization should reflect its internal realities. If it doesn't, the result will be the exact reverse of what was intended.

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### **7.2.1 THE ELEMENTS OF CORPORATE IMAGE**

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A company's overall impression on its many publics is, of course, its corporate image. In many cases, a fleeting, careless behaviour by an employee can enhance or detract from the company's reputation in the eyes of a single client or phone caller. However, the overall perception is a combination of countless facts and impressions. The key components are:

- 1) The company's basic operations and financial performance
- 2) The standing and effectiveness of its brands ("brand equity")
- 3) Its reputation for technological or innovative prowess, which is typically founded on specific events
- 4) The way it treats its salaried staff and workers
- 5) Its relations with the public, stockholders, and customers
- 6) The public's perception of the trends in the markets in which it operates.

A charismatic leader may occasionally become so well-known that the organization gains a certain amount of personal appeal.

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### **7.2.2. FACTORS TO INFLUENCE THE CORPORATE IMAGE**

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A brand's image is composed of various elements, both tangible and intangible. Some of the most crucial elements are:



1. **Company Name:** A catchy and relevant name that appeals to the target audience and is easy to remember.
2. **Logo:** A symbol that represents the company's mission and attracts attention, appealing to both the public and potential customers.
3. **Slogan:** A creative and original phrase that highlights the product's benefits and serves as the essence of the brand.
4. **Typography and Colors:** The chosen fonts and colors have meanings that align with the brand and contribute to effective communication.
5. **Web Presence:** The company's website should follow the same branding rules as the logo, tagline, and colors, ensuring consistency across all platforms.
6. **Values:** The brand's identity is not just about visuals but also about the values it stands for. Customers and employees should connect with the brand's values for effective communication and a positive image.
7. **Past and Reputation:** A company's history, including its achievements and mistakes, plays a significant role in shaping its reputation.

At last, a brand's image is a combination of various elements, from its name and logo to its values and reputation. All these elements work together to create a distinct and memorable identity for the company in the eyes of its customers and the public.

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### **7.2.3 PR TOOLS FOR BUILDING CORPORATE IMAGE**

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There are quite a few instruments that can be used in creating corporate image used. We will, however, talk about a few crucial ones:

- **Press Release:** A company's PR tactics may include giving news stories a favourable spin. a news article created by a company to advertise a person, service, or good. Think about how much more



favourably an article or a product suggestion will be received if the reader believes the content is coming from a neutral third party rather than an organization that is promoting itself.

- **Press Conference:** The organization's public relations officer (PRO) has the authority to organize a press conference at which he can address media representatives about the company he works for. The press release (news release) and the press conference (news conference) can both be proactive or reactive. Being proactive prevents the PRO from waiting for a problem to damage the organization's reputation before contacting the media. When an image issue has already affected the organization, the PRO responds to the media or takes action by being reactive.

- **Sponsorship:** To boost its reputation, a company might sponsor a significant program or event, whether it airs on television or not. These occasions could include yearly celebrations, athletic contests, academic competitions, etc.

- **House Organ :** House Organ, currently referred to as the internal journal. It takes the shape of a magazine and solely provides details about a certain organization's operations, possibly for the entire year, historically, or both (both old and recent).

- **Annual General Meeting (AGM):** The annual general meeting (AGM) takes place once a year. The AGM can be held whenever the organization wants throughout the year. It might happen at any period of the year, including the start, middle, and end of the year. The organization's prospects, difficulties, strengths, weaknesses, threats, and opportunities are typically covered.

- **Customer/Client Relationship:** An organization occasionally gives clients and customers gifts. Every significant transaction or at the start or end of the year, this is customarily done. This may take the form of pens, calendars, or diaries. This action leaves a highly lasting impression of the business in the clients' and consumers' perceptions.

Through the development and maintenance of relationships with both the internal and external publics as well as the creation and maintenance of a corporate image, these instruments assist PR officers in carrying out their jobs effectively.

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## **7.2.4 IMPORTANCE OF THE CORPORATE IMAGE FOR THE COMPANY**

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The opinion that clients have of our firm is crucial to the success of a corporation. And in this aspect, the brand's reputation is crucial. But what are its advantages and purposes?

**1. Increase brand affinity:** People are more receptive to a company's image when they can relate to its values. It creates a bond between the general public and the business that transcends the products you offer.

**2. Distinguish yourself from the competition.** A strong brand identity will inspire confidence in and a sense of belonging in your clients, making it simpler for them to choose you over the competitors.

**3. Increase customer loyalty:** Any business wants loyal customers since they buy more from them. With a strong brand identity, you may attract admirers who will not only promote you to others but also bring you repeat business.

**4. Facilitate the sales process :** Simplify the sales process by relieving the seller of the need to persuade the buyer of your advantages because he already understands and believes in them. Your income will rise together with the conversion of sales.

**5. Add value to your brand:** A firm with a positive brand image is one whose customers value its goods and services. The client will also be willing to pay more for what you have to offer if they have faith in you and associate your brand with virtues like excellence, professionalism, and competence.

**6. Increased employee confidence:** People will have more faith in a business that upholds the principles it stands for. And higher job performance will result from that confidence.

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### 7.3 CORPORATE BRAND

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An essential component of a business's entire marketing plan is corporate branding. A variety of strategies, activities, and rules make up branding, which establishes the identity and distinctive values of a specific business and its goods. A corporate brand, however, goes beyond what many people may consider to be branding that only makes use of a logo, a phrase, or a specific colour scheme. Every point of interaction a company has with its potential, current, and former consumers should reflect the organization's core values, personality, and mission.



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### **7.3.1 DEFINE CORPORATE BRANDING**

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Corporate branding is defined differently by marketing and branding specialists on a regular basis. The discrepancies between typical meanings might range from minor to highly important, depending on the situation. According to Business Dictionary.com, the process of giving a product a distinctive identity and image in the minds of consumers, primarily through advertising campaigns with a continuous theme. But regardless of how you use the term, corporate branding's goal is distinctiveness. In other words, the main goal of any branding strategy is to help set the firm or product in question apart from similar alternatives and direct rivals in the market.

Branding unquestionably begins with the name of the company or the product, depending on what is the focus of the branding endeavour. The cornerstone of an effective approach is a strong brand name. It is typically the first element of the brand that potential customers will encounter. It should therefore be memorable, distinct, and ideally brief. A good company brand includes much more than just the name, including logos, colour schemes, fonts, and other design elements. A distinctive name that the business can successfully trademark and guard from usage by rival brands or future brands must be the foundation of the brand.

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### **7.3.2 IMPORTANCE OF CORPORATE BRANDING**

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One thing must always be kept in mind: Whether or not a firm takes steps to establish and implement a brand, it already has one. This is so because your company's brand greatly influences how the public perceives it. Your vendors, competitors, leads, and customers all have opinions on who you are, what you do, and how well you do it. They will all generate opinions about the morals, character, and reputation of your brand.

Thus, a company brand encompasses much more than just a selection of fonts, graphics, and taglines. Instead, a brand will unavoidably emerge during the duration of the company's existence, even in a vacuum. In light of the fact that a brand will unavoidably exist, it makes more sense for a business to take the initiative and actively build its brand. This aids the business in ensuring that the brand appropriately reflects its background, core beliefs, character, and purpose.



A corporate brand that has been thoughtfully developed and faithfully implemented aids in boosting a company's brand equity by enhancing the favourable perception of the brand in the minds of both current and potential customers. Brand equity is essentially the brand's value to the business. For the company and its stockholders, having a strong brand equity translates into a number of advantages, including:

- **Bigger profit margin:** A company with strong brand equity can demand higher prices for its goods and services. Customers will gladly pay more because they believe in the brand and connect with its personality and values.
- **Higher return on marketing investment:** A brand with great brand equity will discover that its marketing budget is more productive and effective, allowing the business to concentrate on the most effective brand-promotion strategies.
- **Higher share value:** The value of the company's stock rises when the brand's value is strong.

A corporation cannot artificially affect or overnight establish a brand's value, and visual branding components like logos and taglines do not determine a brand's worth. Instead, brand equity represents how consumers have generally interacted with the company's name and identity throughout time. The brand's value inevitably increases as the months and years go by and more favourable encounters mount.

Brand equity can increase or decrease depending on the company's and brand's reputation. In the late 1990s, during the height of the technology boom, Pets.com, an online retailer, swiftly built up a sizable amount of brand equity. The company's share price started at \$11 when it went public in early 2000 and quickly increased to \$14. But only nine months later, the company's share price and brand equity both fell to 19 cents on the day it announced it was declaring bankruptcy.

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### 7.3.3 FOUNDATION OF CORPORATE BRANDING

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A strong corporate brand has a single, unified aesthetic that permeates all platforms, from business websites and social media to email and personal interaction. A company's genuine essence, which forms the basis of its principles and personality, is the cornerstone of a successful corporate brand. The



corporate owners and executives are often responsible for defining the company's values, which might include ideas like service, joy, respect, and other intangible traits.

On the other hand, the company's personality is more apparent right away. It refers to how the business conducts itself and engages with its clients and potential customers. For instance, is the business friendly and light-hearted? Or is it more conventional, reserved, and conservative? Businesses have personalities, just like people do, and this may help them stand out from the competitors.

Corporate principles and personality should always serve as the core of the corporate brand. But it should also take into account why the company's solutions are the best available and what function its goods and services serve. Finally, the brand should examine the advantages that the company's goods and services provide for the consumer. At the very least for internal use, these advantages should be explicitly expressed in a formal corporate branding plan.

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## **7.4 ELEMENTS OF A CORPORATE BRAND STRATEGY**

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A effective brand strategy will also incorporate a number of other textual, graphic, and visual components in addition to the corporate brand name. The most important of these is a tagline, which is a brief, memorable sentence that helps consumers understand the essence of the brand. For a company brand to be successful, a strong tagline is necessary. It establishes a memorable focal point around which the additional branding components might revolve. It aids in defining the brand, its guiding principles, and its personality for both existing and potential customers. An excellent tagline sums up the advantages of the brand for consumers and encourages them to buy from that company.

However, a poor tagline can seriously harm brand equity and is definitely worse than having none at all. Choosing a term that doesn't resonate with the target market for the company, or worse, intentionally offends them, may leave clients with negative impressions.

Elements of visual branding are also essential. The logo of the company is a condensed graphic design or image that aids in visually establishing the company. Typically, it will feature the primary colour palette of the brand. Most professional graphic designers who create logos limit colour options to two or three shades in order to keep the mark straightforward and simple to remember and recognize. In the



same vein, branding components should use thoughtful font selections. The resultant brand identity can be significantly impacted by the typeface used, while the improper font choice can completely fail to make an impression.

A brand voice that is consistent across all marketing and communications channels is another, less obvious, part of brand identification. The static content of the website, social media posts, advertising text, and blog articles should all appear to be coming from the same source: the brand itself. The brand voice consists of a tone, lexicon, and unmistakable personality that gives readers a feel of what it's like to work with this company as a client or customer. Guidelines for brand voice may also contain a list of characteristics to avoid. Future content makers will be able to adhere to those criteria more accurately the more assistance a brand can provide.

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#### 7.4.1 HOW TO BUILD A POSITIVE BRAND IMAGE

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As we've already seen, your brand's corporate image may help customers recognize it more quickly and set it apart from the competing businesses in your industry. But how can we do that?

**Get inspired by the goals and values of your brand:** Start by pausing and reflecting. It's important that everyone understands the company's mission, beliefs, goals, and what makes it stand out from the competition. The company image should reflect all of this as accurately as possible.

**Make a decent design:** It's critical to produce a design that is in line with the goals and principles of the brand while also being eye-catching and appealing to the general public.

**Give more importance to actions than to words:** Give actions more weight than words because they are one of the most important and influencing aspects of a company's image. It's critical to uphold moral principles and take care to carry out actions that clients can relate to.

**Take care of communication:** One of the most frequently neglected aspects of company, communication is considerably more crucial than you may imagine. You must consider the audience we are trying to reach and the message we want to spread.

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#### 7.4.2 WHAT IS CORPORATE BRAND MANAGEMENT?

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Brand Management refers to the marketing strategies used to maintain, enhance, and increase the overall value and reputation of a brand and its products over time.

A strong brand management plan helps to build and maintain closer relationships with the target audience. This leads to a loyal customer base, which improves the brand's reputation and the perception of its products. As a result, sales increase, and the brand's value, known as brand equity, improves.

Successful and well-known brands are experts in brand management. They understand which advertising strategies to use to increase their brand's value and keep their customers satisfied. Ultimately, effective brand management helps a company stay competitive and build a strong and trusted brand in the marketplace.

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### 7.4.3 TECHNIQUES FOR BRAND MANAGEMENT

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Branding was a little bit simpler to manage and quantify before the always-on, hyper-connected world of digital. However, with an increasing number of digital platforms and technologies at your disposal, it's more important than ever to ensure that your brand identity is distinct, up to date, and consistent across all of the many customer touchpoints, both online and offline.

When formulating a successful brand management strategy for your own company, keep the following elements in mind:

- a. **Learn the fundamentals of branding:** A number of strategic brand components need to be recorded, centralized, and shared with all parties involved in brand management. This, typically comprises :-
  - **Mission assertion**
  - **Visual components (logo, look and feel)**
  - **Voice inflections and "personality"**
  - **Target market**



Digital brand guidelines are a powerful tool for ensuring that your brand is consistently communicated and that everyone knows how to use brand assets.

- b. **Develop Promising Brand Stories:** Humans have a natural tendency to respond to stories, so create a captivating brand story. Everyone can recognize a true story with a beginning, middle, and conclusion, so developing an authentic brand story will help you engage your audience on an emotional level and make your company relevant, which will lead to more favourable brand associations.
- c. **Recognize the personal connection:** Branding depends on a variety of immaterial factors, some of which you can influence and some of which you cannot. A normal customer's definition of a brand is based on memories, encounters, and a whole lot more that takes place in the subconscious. The product's appearance may be under your control, but they choose what that actually implies. Being aware of and utilizing the value of a personal connection can help you stand out from the competition and encourage client loyalty.
- d. **Use brand management software to your advantage:** Marketing and brand managers now develop, maintain, and promote brands in entirely new ways thanks to technology. Organizations can centralize their brand management activities, material, and messaging by using brand management software.

Brands are better able to produce, store, manage, and work together on branded assets with both internal and external parties when these operations are centralized in one place. This guarantees a better overall view of their brand presence across numerous digital touchpoints and also provides all customers with a current, consistent brand identity.

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## 7.5 CHECK YOUR PROGRESS

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- a) When the corporation is discussed, the .....is what the general public is meant to see.
- b) The first thing that buyers notice about a company is its.....
- c) ..... should reflect the company's mission and take into account both its target market and rivals.



- d) A company's history, including all of its faults and good deeds, will determine its.....
- e) ..... takes place once a year. It can be held whenever the organization wants throughout the year.
- f) Building and maintaining closer relationships with one's audience is made easier by a solid .....plan.
- g) Marketing and brand managers now develop, maintain, and promote brands in entirely new ways thanks to.....

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## **7.6 SUMMARY**

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When the corporation is discussed, the "image" is what the general public is meant to see. The average person on the street typically has a sarcastic perspective of corporate image, public relations, advertising, marketing, and hoopla—and frequently for good reasons. However, a positive corporate reputation is a real asset that increases stock value and cash flow.

A company's overall impression on its many publics is, of course, its corporate image. In many cases, a fleeting, careless behaviour by an employee can enhance or detract from the company's reputation in the eyes of a single client or phone caller. However, the overall perception is a combination of countless facts and impressions.

An essential component of a business's entire marketing plan is corporate branding. A variety of strategies, activities, and rules make up branding, which establishes the identity and distinctive values of a specific business and its goods. A corporate brand, however, goes beyond what many people may consider to be branding that only makes use of a logo, a phrase, or a specific colour scheme. Every point of interaction a company has with its potential, current, and former consumers should reflect the organization's core values, personality, and mission.

Corporate branding is defined differently by marketing and branding specialists on a regular basis. The discrepancies between typical meanings might range from minor to highly important, depending on the situation. According to Business Dictionary.com, the process of giving a product a





distinctive identity and image in the minds of consumers, primarily through advertising campaigns with a continuous theme. But regardless of how you use the term, corporate branding's goal is distinctiveness.

An effective brand strategy will also incorporate a number of other textual, graphic, and visual components in addition to the corporate brand name. The most important of these is a tagline, which is a brief, memorable sentence that helps consumers understand the essence of the brand. For a company brand to be successful, a strong tagline is necessary. It establishes a memorable focal point around which the additional branding components might revolve. It aids in defining the brand, its guiding principles, and its personality for both existing and potential customers. A excellent tagline sums up the advantages of the brand for consumers and encourages them to buy from that company.

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## **7.7 KEYWORDS**

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- **Logo:** A printed image that serves as a company's or an organization's unique sign.
- **Corporate Image:** Corporate branding is the process of presenting a company's image or identity to customers. Typically, a company's brand reflects its values, brand voice, and messaging. Building corporate brands is a common strategy used by marketing experts to show how they want the company to be seen.
- **Corporate Image:** The perception that the public and the company's employees have about the organization's operations, staff, and policies.
- **Typography:** Typography is the practice of organizing type in a way that makes it legible, readable, and visually appealing when it is exhibited.
- **Brand Affinity:** Consumers that feel a certain brand reflects their beliefs are said to have brand affinity. This common ground contributes to the development of a bond that keeps patrons loyal for an extended period of time.



- Brand equity: is referred to by the marketing phrase "brand equity." The way consumers perceive and interact with a brand influences its value. A brand has good brand equity if consumers are fond of it.
- Annual General Meeting (AGM): The annual general meeting (AGM) takes place once a year. The AGM can be held whenever the organization wants throughout the year. It might happen at any period of the year, including the start, middle, and end of the year.

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**7.8 SELF-ASSESSMENT TEST**

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Q-1 Explain the difference between corporate image and corporate brand .

Q-2 What are the factors influencing the corporate image?

Q-3 Write the importance of the corporate image and corporate brand for the company.

Q-4 What are the elements of a corporate brand strategy?

Q-5 What is corporate brand management? Write the techniques of corporate brand management.

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**7.9 ANSWERS TO CHECK YOUR PROGRESS**

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- a) "image"
- b) name
- c) Logo
- d) reputation
- e) The annual general meeting (AGM)
- f) brand management
- g) technology

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**7.10 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SANDHYA</b>
<b>LESSON NO.: 8</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>SERVICE MARKETING</b>	

**STRUCTURE**

8.0 Learning Objectives

8.1 Introduction

8.2 Service Marketing

8.2.1 Importance of Service Marketing

8.2.2 Service Marketing Features

8.3 Types of Service Marketing

8.3.1 Service Marketing Mix

8.3.2 Challenges for Services Marketing

8.3.3 Who Makes Use of Service Marketing?

8.3.4 Difference between Product Marketing and Services Marketing

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8.4.1 Creating Effective Services Marketing Strategies

8.4.2 What are the 7Ps of service mix?

8.4.3 Importance of Service Marketing Mix (7ps)

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8.4.5 Different Service Marketing Techniques

8.5 Check Your Progress

8.6 Summary

8.7 Keywords

8.8 Self-Assessment Test

8.9 Answers to Check Your Progress



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## 8.10 References/ Suggested Readings

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### **8.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Define Service Marketing
- Learn The Importance of Service Marketing
- Explain The Types of Service Marketing
- Understand Challenges for Services Marketing
- Differentiate between Product Marketing and Services Marketing
- Describe the Key Elements of Service Marketing
- Understand the Various Service Marketing Techniques

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### **8.1 INTRODUCTION**

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Customers can purchase the expertise or services of their employees such as a plumber, an attorney or a consultant from service-based businesses. Because services are immaterial and distinct from tangible goods that one can buy, for these different marketing approaches are required than tangible goods do. Sales, lead generation and brand awareness are all improved by services marketing. This chapter aims to define services, elaborate how it varies from product marketing and describe how to develop a successful services marketing plan.

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### **8.2 SERVICE MARKETING**

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Businesses that offer their clients a service can utilize services marketing to raise their brand recognition and revenue. Service marketing, as opposed to product marketing, is concerned with promoting immaterial exchanges that benefit consumers. In other words, it is the promotion and sale of intangible goods (non-physical products). Services include all of the individualized amenities that one occasionally need, such as health care, education, renting homes and cars, getting our hair trimmed, going to spas, seeing musical performances, taking dance lessons, etc. Effective service marketing techniques are used by advertisers to win over clients' trust and demonstrate the value of their services.



To assist them sell their services, businesses may build their service marketing tactics on the promotion of concepts, advantages, and promises.

For instance, a business that offers wellness coaching can extol the virtues of leading a healthy lifestyle, guarantee that they can assist their clients in reaching their fitness objectives, and suggest that hiring a professional coach makes it simpler to incorporate an efficient wellness routine. Simply put, service marketing is the phenomenon of promoting and marketing a service or an intangible good to the target market. Service marketing, a new type of marketing, has gained considerable traction in aiding businesses in service promotion across the globe. Service marketing examines how a particular service is marketed in the marketplace. Despite being a novel idea, service marketing requires an intangible representation of goods (services). Service marketing calls for the promotion of a service which is not physically available, but despite of it is marketed to the customers. In contrast product marketing entails a physically apparent object being pushed across multiple media. Services are simply provided as a commodity to clients who select from a variety of services, whether they are activities, advantages or facilities. An illustration of service marketing is when a family enters a restaurant and uses the services (eating) while there. In exchange, consumers pay for the services they used and might even buy an intangible good. The globe has recently become increasingly surrounded by services that, in one way or another, tend to serve the ordinary masses, from transportation to education.

Eventually, the global sphere became a hub for services, offering a variety of services to clients located all over the world.

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### **8.2.1 IMPORTANCE OF SERVICE MARKETING**

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Marketers promote a variety of entities, including people, events, goods and services. Service marketing is the practice of marketing services. Services are essentially immaterial and do not confer ownership on any property. Its creation may or may not be connected to a tangible good.

Excellence in external, internal and interactive marketing are required for service marketing. Pricing, distribution and consumer service promotion all fall under the purview of external marketing. Internal marketing entails educating and inspiring staff to provide excellent customer service. Interactive marketing describes the ability of the staff to serve the customer.

The following are some major factors that make service marketing so important for increasing brand awareness, conversions, and profits:



- i. **Growth of the Primary and Secondary sectors:** Different services are necessary for the smooth operation of the primary and secondary sectors. As a result, the service sector as a whole is crucial to the effective operation of various industries.
- ii. **Increased Employment:** Some of the industries that receive employment from the service sector include aviation, brokerages, tourism, hospitality, software, entertainment, retail, and BPOs. The entire country gets benefited as a result.
- iii. **National Income Rebound:** The expansion and growth of the service industry will benefit national income. The nation would see the same level of growth and development as every other industry.
- iv. **Assistance to basic services:** The service sector provides support for many of the nation's basic functions, including post offices, insurance, courts, transportation, banking, telecommunications, educational institutions, and hotels. These services are essential to the daily lives of the average person.
- v. **Improve a nation's image:** ITES and BPO services will improve a nation's reputation abroad. This presents a positive future for the country to the outside world.
- vi. **Upturn in Exports:** High-quality service industries will increase demand from nations beyond international borders. These in turn help to increase exports and bring in foreign currency, which strengthens a nation's economy.
- vii. **Increasing opportunities for women:** The need for working women has increased in the service industry. This has made it possible for women to work and hold equal employment opportunities with males.

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### 8.2.2 SERVICE MARKETING FEATURES

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The idea of service marketing is somewhat more recent than the idea of marketing itself. Even so, several service providers provide various services to both clients and clients' clients. However, when service is considered as a facility, it has a number of characteristics that set it apart from products. The following are some of the characteristics of the service must possess:

- i. **Intangibility:** Service marketing places the utmost emphasis on an intangible performance. Physical things make up tangible goods. On the other hand, intangibles are



not visible to the naked eye and do not have a physical existence, texture or colour. Service marketing is therefore nothing more than a depiction of an intangible performance that the general public uses in their daily lives. Instead of being a consumable product, a service is a performance. As a result, it is challenging for marketers to persuade consumers of a product's utility when they cannot see it. These calls for a distinct sort of marketing approaches that advertise an invisible service yet do it effectively from the perspective of performance.

For instance, the hotel business only sells services instead of things. In order to reach a wider audience, the industry uses numerous forms of advertising to promote and provide an intangible service.

- ii. **No Ownership Involved:** Service marketing does not rely on such guarantees, in contrast to product marketing, which subjects the audience to product ownership. This is so that a service can be used, rather than being owned. In the context of product marketing, one may equate the dining experience at a restaurant to the possession of a pencil. This trait in particular emphasizes how much effort service marketing officials must use in order to draw customers.
- iii. **Inseparability:** Unlike any tangible product, which one buys from the merchant and consumes later, this one which is delivered. Services operate in entirely different ways. The customer simultaneously receives and uses the service. One cannot distinguish between receiving and using it. For instance, a barber might cut a customer's hair while the person is simultaneously using it. Online lawyers and doctors provide their clients legal and medical services. The customer purchases the service at the same time as it is produced by the service provider. The consumer receives immediate assistance for their issue as the cobbler polishes their shoes as part of the delivery of his service.
- iv. **Perishability:** A service is considered a perishable product because, unlike goods that survive a long time, it is likely to expire quickly. This is due to the fact that a service is only rendered for as long as a customer is present at the location. After that, it is just a memory that one can remember! Once used, the benefits from services cannot be sold, kept, stored, or returned. Once a service has been rendered, it cannot be cancelled or





given to another user. For instance, if one reserves a seat on a flight for today, that person cannot use that same seat for tomorrow or any other day. Similarly, an unhappy customer cannot ask a barber to reverse the haircut that he has gotten. It will be lost if one doesn't use it when that person has the chance. Due to the rapidly perishable nature of services, many audience members are difficult to persuade. However, the service marketing highlights perishable goods and draws attention to them in some way for the intended audience.

- v. **Consumption Costs:** The cost of consuming a service is not at all uniform, in contrast to the cost of items, which is generally standardized. An illustration will help us comprehend this.

For example, a one-star restaurant is probably going to offer its services at a low cost and of subpar quality. A 5-star restaurant will, however, offer the same services with higher quality and a superior dining experience. The variations between the services can be numerous and substantial. Perhaps the cost of consumption for services is not uniform. Because of this, prices for services are not uniform. Standard prices for all services are not always possible. Typically, prices vary according to the season. For example, hotel rooms would cost more during peak tourist season than they would on other days. The price of services increases along with the increase in demand.

In order to advertise a service, the cost of consumption takes centre stage in service marketing.

- vi. **Heterogeneous:** Every service has a distinctive offering, thus its advantages cannot be imitated. While goods can be manufactured in large quantities in factories, services cannot.
- vii. **Inseparably Interesting:** Any brand can be promoted by promoting a service. This indicates that a service is intrinsically intriguing and that the producer cannot be separated from the service. However, it encourages the target audience to use a particular service and take full use of it. In contrast to a product, which a buyer can physically own, a service is an integrated whole that must seem intriguing enough to the audience to be



consumed. A service at a beauty parlor, for example, is inextricably linked to its creators. Service marketing presents a service as an inextricably fascinating good.

- viii. **Variability:** Services offered by different service providers may differ from person to person. For instance, if one is getting training in dancing, acting, music, or any other field, the training methodology and subject matter will vary from trainer to trainer.
- ix. **Change Demand:** Winter services would be different from summer services in terms of demand, which changes with the season. There are several sporting events throughout the year and during the cricket and football seasons, respectively, different services are required.

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### 8.3 TYPES OF SERVICE MARKETING

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One needs to be aware of the marketing techniques that the service industry uses to advertise its products. To gain a better knowledge of the notion as a whole, one should first learn about the many sorts of service marketing enlisted as below:

- a. **External Service Marketing:** Companies typically use external marketing, which is a highly wide type of marketing, to boost sales and brand recognition. It includes all of the customer-facing actions that businesses often take. External marketing includes tactics like sales promotion, personal selling, direct sales, offers and direct marketing. When a company advertises its services to clients outside of the company, this is referred to as external service marketing, which is the first form under the classification of service marketing. In order for the services to be used and consumed effectively, it focuses on the promotion of services in the external environment (company-customers). This type suggests marketing services using several established strategies, including price, products, and customers.
- b. **Internal Service Marketing:** Internal service marketing, the second sort of service marketing, focuses on promoting a service within the business (company-employees). This indicates that internal service promotion occurs to help employees spread information more effectively by educating them about the location of a service. Since employees are an essential link in the marketing chain, internal service marketing places a greater emphasis on them than on the customers.



Companies and organizations that encourage employee motivation use internal marketing in the service triangle. To keep their employees' spirits high, companies organise parties or functions for them. The idea is to keep them happy because when they are happy, they can use their creativity more effectively to satisfy customers. These businesses also decentralize power so that each employee is empowered to make their own decisions. Giving them more authority over decisions would improve their loyalty and encourage accountability. It is essential for employees of a firm to be knowledgeable about the services it offers in order for them to spread the word and aid in broad-based service promotion.

- c. **Interactive Service Marketing:** Interaction between company's staff and customers is a component of interactive marketing. It happens at retail booths, bank customer service desks, hotels, restaurants and any other site where patrons and staff interact. Customers' decisions are influenced by interaction marketing since the client needs assistance in making their decision and company's personnel can provide that assistance. The conversion rate would also rise if the agent gave clients helpful information about what they were looking for. There is much more to service when it comes to this sort of marketing, even if it primarily entails a business promoting its service to the clients. In place of a product in this marketing chain, a service is advertised. The employees of the organization must be modest and considerate of the clients in order to deliver a service.

Technical support may also be a crucial component that necessitates the use of interactive service marketing, the third sort of service marketing. Here, the consumers and personnel interact to promote the services (employees-customers).

For instance, the Taj Hotels hotel chain wants to advertise its offerings to the intended customers. The forms of service marketing it will use to accomplish its objectives are briefly illustrated here:

- The business will start by creating commercials that will showcase the amenities that the hotel chain provides to its patrons (External Service Marketing).
- After that, the business will advertise its services internally to familiarize its staff with the services it provides, enabling them to actively promote and take part in service marketing (Internal Service Marketing).



- Finally, when the clients actually use the service, the company's personnel will engage with them. This will entail the staff providing a range of administrative and superior services to the clients (Interactive Service Marketing).

In nutshell, service marketing refers to the idea of a business promoting its intangible, indivisible, yet perishable services. Service marketing is carried out through a variety of activities in light of the developing global services sector.

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### 8.3.1 SERVICE MARKETING MIX

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A marketing mix is a group of elements that must be used in conjunction with one another while promoting any good or service. Some components of the service marketing mix as the external service marketing claims the traditional tactics of promotion. Some aspects of Service Marketing Mix are enlisted as below:

- **Commodity:** A service or commodity should be provided clearly and in-depth. A service is harder to market since it is less precise than a product, which can be sold plainly.

However, the product is advertised as a whole through a variety of channels to attract the target market.

For instance, the target demographic is not required to use the bank advertised in a service marketing campaign. Instead, it merely signifies that the audience is likely to buy the financial service. In this situation, it is necessary to market the banking service to the target market as a facility or a commodity.

- **Cost:** As already explained, there are no set costs for service marketing. There is no set price range that clients can choose from because the price of this commodity changes from service to service.

For instance, a restaurant might charge 500 or even 5000 INR for a meal. This is due to the services' extensive range of amenities, which include places to eat, bars, locations, and more. Cost can therefore be a variable yet crucial element of the marketing mix, depending on the experience one chooses.

- **Customer:** The third and most important element of the service marketing mix is the customer. The concept of client refers to the buyer or purchaser who will ultimately use the product,



whereas the cost and commodity highlight the service and its specifics. This means that while marketing a service, extreme attention must be taken to reach the target demographic in an appealing yet effective way.

Since the consumer is the one who will be using the service, it is crucial to carefully consider the features and particulars of the offering in order to meet the wants and expectations of the client.

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### 8.3.2 CHALLENGES FOR SERVICES MARKETING

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Various difficulties are encountered while service marketing efforts are made for different services which are listed as below:

- a. **Trust:** One of the most crucial and essential components of services is trust. One's client should have complete faith in abilities of the service provider. Trust develops gradually over time, not suddenly.
- b. **Process:** The service delivery method enhances the service's total value offering. A few of the procedures used in the service sector are kindness, adaptability, and responsiveness.
- c. **Customization:** A service provider should constantly be adaptable enough to tailor their offerings to their clients' needs. In the service sector, one size does not fit all is not the best approach.

### 8.3.3 Who Makes Use of Service Marketing?

Companies that offer services employ services marketing techniques to get connected with their prospective clients. The following segments are some well-known examples of service-based industries that employ this type of marketing:

- Telecommunications
- Health And Wellness
- Financial
- Tourism, Leisure and Entertainment
- Transportation
- Hospitality
- Consulting



- Sales, Marketing, And Design
- Management
- Education
- Industries in Trade
- Restaurants

Depending on the service, this sort of marketing may include both business-to-business (B2B) and business-to-consumer (B2C) commercials. These industries' marketing and sales personnel can employ services marketing techniques to raise brand recognition, provide leads and attract new clients.

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#### 8.3.4 DIFFERENCE BETWEEN PRODUCT MARKETING AND SERVICES MARKETING

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While businesses utilize both product and service marketing to find new clients, there are several key differences between the two types of marketing. These are some of the main distinctions between the two categories of marketing strategies:

- i. **Tangible Products vs. Intangible Services:** Due to the ease with which advertisers may display tangible things and illustrate their use, they may be simpler to market than intangible services. Customers may also find it simpler to place value on tangible goods. Advertising frequently concentrates on promoting the individuals who deliver the service and cultivating relationships with potential clients because services are intangible. This may increase trust and increase revenue.
- ii. **Customization:** Businesses can tailor their services to match the particular demands of each consumer, unlike items, which are frequently developed in a certain way and offered to customers in that form. As an illustration, a business that provides digital marketing services can alter the platforms it prioritizes based on the demands of every single client. As advertising, one can emphasize this by emphasizing how one can modify a service to better fit a variety of different customers.
- iii. **Ownership:** Any customer owns a product after they pay for it. This implies that they are free to use the product as long as they see fit and, if they so choose, to resell it. When a consumer purchases a service, the company continues to use the same personnel, resources and tools that



were used to deliver the service. Services marketing focuses on developing the brand and personality of the service provider, as opposed to product marketing, which may concentrate on the reasons why a client wants to purchase a product.

For example, to entice potential clients to schedule a session with them, a company that offers personal counselling services may emphasize how professional, sympathetic, and knowledgeable their team is.

- iv. **Trust:** Customers who are unsatisfied with a product may return it, but once they have utilized a service, they are unable to do so. Because of this, services marketing place a strong emphasis on fostering a relationship of trust with clients and maintaining a high standard of customer service throughout all interactions. Businesses that provide services want to make sure their clients are satisfied so they will keep using their services.

As an illustration, a hair salon that employs affable and skilled stylists will see a boost in the amount of referrals and repeat business from satisfied clients.

- v. **Time:** Customers typically receive services from firms at a certain time or for a certain amount of time. For the service to continue after that, clients must renew the service agreement. However, a customer can buy a thing once and use it as long as they like. As a result, rather than only selling them a product once, services marketing often focuses on selling subscriptions, fostering referrals and maintaining customers.

For illustration, a hotel might give guests who have recently made a reservation with them a free night to spend on a subsequent booking. Customers may be inspired to stay at the hotel again on their subsequent getaway.

- vi. **Market Size:** The market size for firms that provide services could be smaller than the market size for enterprises that provide products. This is so because most companies can ship goods anywhere in the world, whereas many only offer services in a limited geographic area.

For illustration, a landscaping business is only permitted to serve clients within a 50-mile radius of its place of operation. As a result, in order to generate referrals and repeat business, advertising who offer services might put a greater emphasis on building close relationships with their clients. To maximize the amount of money they can make from each consumer, they could concentrate on marketing upgrades.



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## 8.4 KEY ELEMENTS OF SERVICE MARKETING

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It's crucial to comprehend the key elements of service marketing if one wants to successfully advertise a service-based business. One can maximize the amount of money; spend on marketing by comprehending and considering these factors for personal marketing applications. Some key elements of service marketing are listed as below:

- i. **Place and Service:** The target market largely determines where the business is. One must be present where the prospects and consumers are if one wants to sell and provide a service efficiently. A courthouse is generally near an attorney's office, while a hospital is frequently surrounded by medical offices. Less travel time between revenue possibilities and the illusion that one is affiliated with the bigger organization are also benefits of promoting service business in the appropriate location.
- ii. **The Right People:** For a service business, selection of the proper personnel makes all the differences. The success of a firm is influenced by how personnel and management deal with potential customers and clients. Make a marketing strategy that highlights the service business's employees as well as the brand. Personal connections with service providers are valued more highly by customers than brand familiarity.
- iii. **Knowledge in Service Marketing:** Service companies are employed for their expertise. Knowledge of the staff and owner is a noteworthy marketing technique. Offer knowledge and viewpoints on social media, blog posts, and other marketing platforms if one is providing marketing consultancy. If one have own a high-end restaurant, provide details about the preparation of dishes as well as food and beverage pairings. Prospects receive a clear message of competence from this, and service becomes an experience.
- iv. **Value over Price:** Value is frequently emphasized as a marketing message over price. Focus on value while creating a marketing strategy for a service company. In order to benefit their clients, successful service businesses are keenly aware of typical customer perceptions of value and articulate how they fulfill or surpass those expectations. For instance, marketing materials should place more emphasis on speed than other factors if the majority of prospects are concerned with how quickly a service is supplied.





- v. **Relationships in Service:** Clients are anchored by relationships. Relationships give well-managed service businesses a competitive edge by providing protection against customer service problems and rivalry, as well as by revealing fresh growth potential. Marketing initiatives should unmistakably demonstrate the service company's deep dedication to client connections. Customers are far less inclined to choose a competition if they are satisfied with how one handle their issues. When customers feel appreciated, they are more likely to be open to more sales possibilities.
- vi. **Problem Solving:** Instead of just providing a one-size-fits-all service, highly successful service organisations thrive in demonstrating to clients their ability to solve difficulties. This is a fantastic method to stand out from the crowd. As problems may happen and word-of-mouth marketing still depends on the consumer having a positive experience long after the purchase, this also includes post-sale customer support.
- vii. **Specialization:** Specialization gives clients comfort. Customers like dealing with professionals in their field. For instance, if a patient is ill and her regular doctor is unable to identify the issue, she may be referred to a specialist, giving her hope that her illness may be treatable. By solving a particular issue in target industry or area, specialization helps to increase clientele. If one specializes, one can get more control over market share.
- viii. **Product:** The clients of a certain industry frequently define its products. Products should be able to close the gap between the representative and the client since they are developed in response to consumer wants. Service providers can demonstrate their receptivity by developing a product pitch that highlights the advantages for customers. Utilize services to promote goods; customer service agents are exceptional in that they can customize talks to certain potential customers and genuinely identify solutions for them.
- ix. **Professional Services:** Accountants, attorneys, teachers, writers, masons, carpenters, chefs, electricians and plumbers are just a few examples of professions that provide services to their clients in a variety of ways.

There are various marketing strategies for various services; one must carefully consider their respective niche before implementing the appropriate one.

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#### 8.4.1 CREATING EFFECTIVE SERVICES MARKETING STRATEGIES

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In order to develop an effective services marketing strategy the following points must be kept into account:

- i. Incentivize potential customers:** Giving customers an added incentive is one way to sell any business. As part of a unique promotion, take into account providing new clients with a one-time discount or a free gift.
- ii. Launch a referral-based program:** Encourage current customers to tell their friends, family and co-workers about the business as this is a fantastic way to market any business' products and services. For each referral that signs up for the business, one can offer to current customer discount, an upgrade or some other perk. Maintain regular contact with the present clients to find out if they are satisfied with the service offered and to learn about any potential demands they may have. One can contact them by phone, email, survey, or by offering current customers special deals.
- iii. Digital Marketing:** Consider building business pages and profiles on well-known social media sites in addition to developing a professional website to advertise services offered. This might make it simpler for potential clients to get in touch with the organization and find out more information about the services offered.
- iv. Get involved with community:** Participate by going to networking gatherings, trade exhibits, and volunteer opportunities. As a service-based firm, this can help one to promote values, connect with new clients and boost referrals. It may also enable one to establish beneficial alliances with nearby companies.
- v. Request customer reviews:** Target audience will be more receptive to services offered if someone incorporates client testimonials into their marketing plan. Customer endorsements are useful since they demonstrate how one has assisted other clients who might have similar problems.
- vi. Showcase awards and badges:** Consider including any service verification awards or badges that any organization received during services marketing plan if they distinguish their company from the competition.



- vii. Focus on the process:** When clients are interested in the outcome the service which may be produced. Inform prospective clients about the distinctive qualities offered by the company, such as adaptability, responsiveness, tailored services, or payment arrangements.
- viii. Highlight Company people:** Through employee advocacy, demonstrate the people who support the organization services. Employees should be mentioned in marketing materials. One can use expert images of their staff, interviews on film, or statements made by company workers.

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#### 8.4.2 WHAT ARE THE 7PS OF SERVICE MIX?

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A corporation is assessed using the service marketing mix or 7Ps strategy based on factors including people, process and tangible evidence in addition to product, price, place and promotion. Similar to the traditional 4Ps marketing mix, the service marketing mix (7Ps) adds three additional components or Ps that cover service-specific factors. Understanding firm strategies in the service sector is made easier by the service marketing mix or 7Ps. In addition to the marketing mix, the 7Ps marketing strategy incorporates additional criteria (4Ps).

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#### 8.4.3 IMPORTANCE OF SERVICE MARKETING MIX (7PS)

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The business uses the 7Ps approach to create goals, conduct SWOT and competitive analyses. This framework starts with the creation of the strategy to its actual implementation. In the service sector, factors such as people, processes and tangible evidence are just as significant as product, price, place and promotion strategy. A business should continuously monitor the 7Ps of the marketing mix to meet changing consumer and market demands. These 7Ps comprises of:

- i. Product**
- ii. Price**
- iii. Promotion**
- iv. Place**
- v. People**
- vi. Process**
- vii. Physical Evidence**



The seven components of the service marketing mix (7Ps) should be reviewed and analysed on a regular basis to ensure optimal market profitability. People, process and physical evidence are included in the 7Ps of the service marketing mix in addition to the 4Ps. There are various aspects of the service mix that distinguish it from product sales. The extra Ps i.e. People, Process and Physical evidence are defined as follows:

- i. People:** The 7Ps method for service marketing includes people. It is necessary for staff, employees, and sales representatives to treat the clients well. The customer will have a pleasant experience as a result, and they will tell others about the first-rate service offered by the organization. A business should always make an effort to employ qualified candidates with the necessary abilities and train its staff.
- ii. Process:** The process of delivering the goods or services to the clients is included in this service marketing mix 7Ps strategy. To guarantee delivery of the same grade of goods and services each time, a good procedure is necessary. As efficiency rises, time and money are also saved.
- iii. Physical Evidence:** Everything that clients view when choosing goods and services. It includes the actual setting in which the transaction occurs, the packaging and the branding. It also covers the staff's appearance and behaviour.

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#### 8.4.4 ADVANTAGES AND DISADVANTAGES OF SERVICE MARKETING MIX (7PS)

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The success of any business or organization is not always on Service Marketing Mix based. Its advantage and disadvantages are as follow:

➤ **Advantages of Service Marketing Mix include:**

- i. Marketing is made simpler by the easier integration of various marketing concepts into one.
- ii. It aids the entire process, from developing the strategy to putting it into action.
- iii. Using this paradigm, a business can adjust its marketing efforts in response to clients' requirement, market conditions, and resource availability.

➤ **Disadvantages of Service Marketing Mix include:**

- i. More challenging as a result of the addition of additional 3P's



- ii. There isn't any variable in the 7P framework that addresses problems with productivity.
- iii. Although a product is mentioned in the singular, not all businesses sell it alone.

An example of Service Marketing Mix (7ps) of any software-selling corporation/organization is listed as below:

- i. **Product:** Software
- ii. **Price:** One-time, recurring monthly, annual, or lifetime subscription prices
- iii. **Place:** Online
- iv. **Promotion:** Webinars, social media advertising
- v. **People:** Managers, employees, and staff
- vi. **Processes:** Increasing staff participation for improved conversion
- vii. **Physical evidence:** Consistent product branding

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#### 8.4.5 DIFFERENT SERVICE MARKETING TECHNIQUES

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A service is something cannot be seen or touch, an entirely different marketing strategy would be used when it comes to marketing services. When establishing a service marketing campaign, one must provide more context and pertinent details about the offering. Customers must have a simulated experience because they cannot see or touch your service. Some service marketing strategies are as follow:

- i. **Referral:** A very effective service marketing tactic is word of mouth. It's because of its possibility that delighted customers will recommend the business to their friends and other people in their social network. Some businesses even provide a unique free service for each new subscription or referral that one of their customers makes. They advertise referral marketing in this way to boost service sales.
- ii. **Educating customers:** It is preferable that if someone informs clients about the service one intended to introduce. The likelihood that clients may request the service increases with their level of awareness. Sales increase as demand rises. Starting with a newspaper pro-article about your service is a good idea. One may also organize meetups, seminars and talk shows to discuss service offered. One thing to bear in mind is that it's preferable to concentrate on the advantages and usefulness of the service rather than discussing the price when one is in the instructional marketing stage.



For instance, if one owns a dog-grooming business, he should plan events and publish a piece on the negative consequences and risks of flea and pet tickets i.e. *‘How one can care for people’s pets through your grooming business.’*

**iii. Social Media:** Nowadays, almost everyone uses one or more of the various social media platforms. The most popular social media platform is Facebook, which gives nearby small businesses a fantastic opportunity to market their products. The intriguing aspect of Facebook is that it allows you to customize package based on budget while still providing some of its fundamental advertising capabilities for free. Users can also create free business pages on Facebook where customers can post evaluations. On created business page, users can Like, comment on, and share posts.

**iv. Demonstration:** When using new products, people are typically apprehensive and reserved, especially if they haven't heard of them before. But if one offers them a free sample and explanation of how the product works, they're more likely to buy it.

For instance, if one is willing to start yoga courses, he should first provide a free session for one day. So that, the populace could perceive how meditation affected their body and spirit. They will sign up for training if they like the effect.

Some examples of Service Marketing in different domains are listed here:

- **Healthcare Sector:** A very good example of service marketing is provided by physicians, nurses, surgeons and other hospital employees. By seeing and taking care of their patients, they market their medical services.
- **Hospitality Sector:** Hotels and restaurants are included in the hospitality industry, where they provide their customers with cuisine, lodging, massages, and other services.

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## 8.5 CHECK YOUR PROGRESS

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- a. \_\_\_\_\_ as opposed to product marketing is concerned with promoting immaterial exchanges that benefit consumers.
- b. Excellence in external, internal and \_\_\_\_\_ marketing are required for service marketing.



- c. Instead of being a consumable product, a service is a \_\_\_\_\_
- d. Services offered by different \_\_\_\_\_ may differ from person to person.
- e. The cost of consuming a service is not at all uniform, in contrast to the cost of items, which is generally \_\_\_\_\_
- f. The success of a firm is influenced by how personnel and management deal with \_\_\_\_\_ and clients.
- g. High-quality service industries will increase demand from \_\_\_\_\_ beyond international borders.

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## 8.6 SUMMARY

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- Businesses that offer their clients a service can utilize services marketing to raise their brand recognition and revenue. Service marketing, as opposed to product marketing, is concerned with promoting immaterial exchanges that benefit consumers. In other words, it is the promotion and sale of intangible goods (non-physical products).
- Excellence in external, internal and interactive marketing are required for service marketing. Pricing, distribution and consumer service promotion all fall under the purview of external marketing. Internal marketing entails educating and inspiring staff to provide excellent customer service. Interactive marketing describes the ability of the staff to serve the customer.
- The idea of service marketing is somewhat more recent than the idea of marketing itself. Even so, several service providers provide various services to both clients and clients' clients. However, when service is considered as a facility, it has a number of characteristics that set it apart from products.
- Companies typically use external marketing, which is a highly wide type of marketing, to boost sales and brand recognition. It includes all of the customer-facing actions that businesses often take. External marketing includes tactics like sales promotion, personal selling, direct sales, offers and direct marketing. When a company advertises its services to clients outside of the



company, this is referred to as external service marketing, which is the first form under the classification of service marketing.

- **Internal Service Marketing:** Internal service marketing, the second sort of service marketing, focuses on promoting a service within the business (company-employees). This indicates that internal service promotion occurs to help employees spread information more effectively by educating them about the location of a service. Since employees are an essential link in the marketing chain, internal service marketing places a greater emphasis on them than on the customers.
- **Interactive Service Marketing:** Interaction between company's staff and customers is a component of interactive marketing. It happens at retail booths, bank customer service desks, hotels, restaurants and any other site where patrons and staff interact. Customers' decisions are influenced by interaction marketing since the client needs assistance in making their decision and company's personnel can provide that assistance.

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## 8.7 KEYWORDS

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- **Service Marketing:** It is the promotion and sale of intangible goods (non-physical products). That include all of the individualized amenities that we occasionally need, such as health care, education, renting homes and cars, getting our hair trimmed, going to spas, seeing musical performances, taking dance lessons, etc.
- **Intangibility:** Physical things make up tangible goods. On the other hand, intangibles are not visible to the naked eye and do not have a physical existence, texture, or color.
- **Perishability:** In marketing, the term "perishability" refers to the inability to store service capacity for later sale. It is a fundamental idea in services marketing.
- **Variability:** Variability conveys the idea that the grade or quality of a service may differ from one supplier to the next or from one occasion to the next. additionally known as heterogeneity.





- **Customization:** The action of altering a product or service to create custom experiences for customers. Many industries use this technique, from retail companies to software designers or financial businesses to modular home construction.
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## 8.8 SELF-ASSESSMENT TEST

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- 1) Define Service Marketing. Explain the Importance of Service Marketing in detail.
- 2) What are the various types of Service Marketing?
- 3) Describe the **Service Marketing Mix in detail.**
- 4) **What are the differences** between Product Marketing and Services Marketing?
- 5) Describe the Key Elements of Service Marketing.
- 6) What are the 7Ps of service mix? Explain the importance of 7Ps of service mix.

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## 8.9 ANSWERS TO CHECK YOUR PROGRESS

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- a. Services Marketing
- b. Interactive
- c. Performance
- d. Service Providers
- e. Standardized
- f. Potential Customers
- g. Nations

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SANDHYA</b>
<b>LESSON NO.: 9</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>SERVICE DELIVERY PROCESS MANAGEMENT</b>	

## STRUCTURE

### 9.0 Learning Objectives

#### 9.1 Introduction

#### 9.2 Service Delivery

##### 9.2.1 Components of Service Delivery

##### 9.2.2 Importance of Service Delivery

##### 9.2.3 Types of Service Delivery

##### 9.2.4 Steps to Improve Customer Service

#### 9.3 Methods of Service Delivery

##### 9.3.1 Designing The System For Service Delivery

##### 9.3.2 Processes Involved in Service Design and Delivery

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#### 9.5 Check Your Progress

#### 9.6 Summary

#### 9.7 Keywords

#### 9.8 Self-Assessment Test

#### 9.9 Answers to Check Your Progress

#### 9.10 References/ Suggested Readings

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## 9.0 LEARNING OBJECTIVES

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After reading this lesson you will be able to:

- Understand components of service delivery



- Define service delivery
- Learn importance of service delivery
- Design the system for service delivery
- Explain methods of service delivery
- Understand processes involved in service design and delivery
- Learn important factors in designing service process

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## **9.1 INTRODUCTION**

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It is advantageous to supply the greatest quality possible while standing out from the competition when giving service delivery to clients. You may develop a service delivery culture that does both by adding value and involving both customers and staff. This could boost sales and assist build a positive brand image for your business. This chapter will define service delivery, examine its significance, and examine various types of service delivery industries.

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## **9.2 SERVICE DELIVERY**

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Service delivery is a business framework that supplies services from a provider to a client. It also includes the constant interaction between the two parties during the duration of the time in which the provider supplies the service and the customer purchases it. It is the collection of actions taken to provide a service. Performance entails coordinated actions from both the service provider and the client (consumer). There may be several user kinds and an increase in performers in industrial settings. Essentially, a service delivery company provides something to a customer they can't create on their own. That service could be anything from a task to technology or information. It can fall into two broad categories of general reference for any service or more industry-specific models for technical service.

Service delivery processes typically aim to provide the client with increased value by setting standards, policies, principles and constraints to guide all aspects of their business and customer interactions. Sometimes service delivery may involve a third-party or outsourced supplier besides the provider and the client.



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### 9.2.1 COMPONENTS OF SERVICE DELIVERY

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Businesses utilise four processes or regions that are logically ordered in order to provide customers with the best possible experience through the delivery of their services. Focusing on the following aspects can help to clarify the range of service delivery:

1. **Service culture:** The leadership philosophies, vision, mission, work practises, and values of a service provider organisation are all related to service culture. These things are under management's control, and they serve as the foundation for all organisational operations. The corporate culture affects how customers and workers interact with one another. It takes into account factors like worker motivation, trustworthiness, and responsibility for outcomes.

In exchange, the company's culture has a major impact on customer satisfaction, service quality, and employee engagement. The upkeep and growth of these components can advance an organization's social systems and contribute to its long-term success.

2. **Employees Engagement:** The focus of employee engagement is on people who deliver services within an organisation. Supervisors in human resources and other leadership positions can exert influence to mould employee behaviours, attitudes, and goals to fit the organization's service culture. When staff members are not engaged, a corporation cannot successfully provide services. They might not deliver excellent service or even be there for work. Employee involvement is crucial because of this. They feel involved in their work because of the relationship they have with the organisation. When workers are motivated, they see their work as more than merely a means of support. The customer's experience of the excellence model and the service delivery design process are connected by this.
3. **Service quality:** When clients use your services, they should feel satisfied with the level of service you provide. It directly affects consumer loyalty, which is essential to a company's success.

All plans, performance management programmes, and service delivery procedures fall under the category of service quality. These factors assist in defining the management strategy



that aids the client in achieving their objectives throughout the service delivery process. But providing great services goes beyond just making a customer happy at the end of a procedure. It also involves how well-trained your staff is and how they deal with client encounters throughout the process. The partnership between the service provider and the client is built on this component.

4. **Customer service:** Customer service is centred on giving the client the tools and information they need to understand the service delivery product. Account management, client knowledge, and continual improvement are some of its components. In order to learn how customers evaluate the organization's service delivery and what you can do to improve it, this phase includes a continual evaluation and collaboration approach. The customer should be involved in the creation and delivery processes for this to be most successful. Customer experience refers to how a client feels generally after using your services. It's what people say about you to their friends and relatives. Customers are more inclined to recommend your company to others when they have a good experience. When you have negative encounters, news gets around more quickly. A service delivery system's focus on the customer experience is essential. It may significantly affect the revenue and reputation of your company.

The foundation for how a business offers services to its customers is called a service delivery system. It is a collection of organisational frameworks, rules, and practises that serve as the cornerstone for how a business delivers services to customers. In other words, it serves as a service strategy's cornerstone.

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### **9.2.2 IMPORTANCE OF SERVICE DELIVERY**

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By connecting individuals with a company that has the means to provide the services they want or need, service delivery helps people get the facilities they want or need. Businesses might adjust service delivery through function or cost to match the unique needs of their clients. By offering better service, attentive, customer-focused service delivery may also help a firm stand out from its rivals.

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### **9.2.3 TYPES OF SERVICE DELIVERY**

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There are numerous industries that offer various service delivery models for a range of products. Some of them include:

**1. ITIL Services, or Information Technology Infrastructure Library:** The main aim of ITIL service providers is to give their clients with technological and communication resources including cable, internet, mobile phone service, streaming services, and other relevant hardware, software, systems, or infrastructures. To establish quality standards and availability benchmarks, providers outline the services, roles, and duties of the business and its customers in this framework. To supply services and monitor their efficacy, ITIL businesses may utilise tools like help desks, service catalogues, configuration management, databases, and performance logs.

One of the most typical for many provider firms is this type. As a result, ITIL has developed its own set of best practises for standard delivery that corporations across the nation and the globe can utilise, including:

**Service level Management (SLM):** Establishes objectives for providing services and makes it simple to assess their success.

**Financial Management:** Establishes the price of services and assists consumers with their accounts.

**capacity management (CM):** Concerning the description of services that a business can provide with a service level agreement (SLA) is capacity management (CM).

**Availability management:** Monitors things like unanticipated service outages to make sure a corporation regularly provides the resources promised in the SLA.

**Continuity management:** Extends the planning stage of availability management by developing backup plans for unexpected service interruptions brought on by events like natural disasters.

**2. Local Services:** States, cities, and municipalities frequently provide people and business owners within their jurisdictions with a variety of service delivery options. Healthcare, education, the control of administrative proceedings, garbage collection, and other relevant facilities may be among these



choices. In the case of local service delivery, the people or company owners are the client and the government agency is the provider. In this case, the consumers use the provider's data to manage their personal or professional responsibilities.

**3. Health Services:** In order to ensure that patients receive the medical care and supplies they deserve and need under their individual insurance coverage, health service providers employ service delivery. In a situation involving health services, the patients are the clients, while the doctors, hospitals, and insurance companies are the suppliers.

**4. Legal Services:** Legal service providers assist organisations and individuals in comprehending the jargon and procedures associated with specific situations under local, state, and federal law. Customers or clients in this category are those looking for legal counsel or aid, and providers in this type include law firms or other businesses. Law firms and alternative legal service providers (ALSP) are two of the most popular categories of legal service providers. Anyone connected to the legal industry can run an ALSP that focuses on functions or duties. Attorneys often own, manage, and focus on law firms that specialise on legal procedures. ALSPs might focus on tasks like contract administration, legal research, and document evaluations. In addition to performing numerous services offered by ALSPs, law firms can offer legal counsel and defend clients in court.

**5. Real Estate Services:** Real estate services can involve things like assisting clients in their search for a home to purchase, locating buyers for a home that is on the market, arranging for inspections and appraisals, and collaborating with legal service providers to draught contracts. Customers in this type are individuals who are purchasing or selling real estate, while suppliers in this type are the intermediary agents or businesses.

**6. Consulting Services:** Any consulting company that provides a solution that an organisation lacks the manpower or expertise to finish internally may fall under the broad definition of consulting service delivery. Nearly every aspect of company, including writing, content development, human resources, and finance, can be the focus of consulting firms.





A service delivery system is a collection of frameworks, guidelines, and practises that serve as the cornerstone for how a business offers services to customers. In other words, it serves as a service strategy's cornerstone.

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#### 9.2.4 STEPS TO IMPROVE CUSTOMER SERVICE

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Companies are aware of the value of positive client experiences: A excellent customer experience is one of their top strategic concerns, according to 93% of respondents, and 75% of them say they aim to use it to differentiate themselves from competitors. However, businesses find it difficult to provide clients with satisfying customer experiences, particularly in the area of service, at prices that are reasonable for them.

The final result for businesses is significant: rising service expenses, extremely low customer satisfaction ratings, and brand-eroding stories of bad service experiences reinforced on social media.

There is no doubting the difficulty in mastering the customer service experience, yet customer service organisations may improve. This is how:

**1. Understand Your Customers:** Customers deserve excellent service from every connection they have, whether it is over the phone, over digital channels like e-mail and chat, or through social networks like Facebook and Twitter. The younger generation is more at ease with peer-to-peer communication and quick service channels like chat, according to Forrester's data, which demonstrates how consumer demographics affect channel preference. And channel preference is shifting quickly: Over the past three years, utilisation of chat, online Web self-help, and online groups for customer assistance has increased by a combined 43 percent.

Customer service leaders also have a responsibility to understand their consumers in order to use the most effective communication methods that meet their needs. Marketing departments are not the only ones that have this responsibility.

**2. Avoid providing silos of communication options:** Customers also want to be able to start a conversation with a customer care organisation on one channel and carry it on another without having to



restart the conversation, in addition to using the communication channel of their choice. In order for agents to have a complete view of previous customer contacts, customer service management must make sure that channels are connected rather than distributed in silos. Multichannel integration is one of the current top goals for only 35% of businesses, making it harder than it sounds.

**3. Empower Agents With Accurate Information:** Systems for providing customer support ought to be more than just the face of a customer data and case database. Additionally, they must be integrated with back office software so that agents can respond to inquiries like "when did my purchase ship?"

An athletic gear wholesaler named High 5 Sportswear emphasises the advantages of integrating customer service systems with a larger IT environment. Their customer service representatives previously had a difficult time locating past customer interactions, putting together client claims, and validating discounts, all of which may take up to 48 hours. Agents can now access customer sales data, orders, and discount levels rapidly thanks to an integrated sales and customer support solution. Higher-quality customer interactions, more productivity, and quicker order turnaround time are the end results.

**4. Focus on the Agent Experience:** Inconsistent service results from agents using more than 20 distinct applications throughout their workday and not always using the same discovery method via them. Utilizing the capabilities of business process management inside their arsenal of customer service tools is one approach. Visual modelling tools can be used by service managers to design repeatable process flows. Agents are guided through a series of screens, each of which displays the data they require at a certain stage of the process in order to finish it in a repeatable manner. An international bank adopted this tactic after realising that the 23 contact centres' dissimilar operational procedures were to blame for the poor customer satisfaction rankings. First-contact resolution increased by 30% as a result of the implementation of a process-driven agent desktop, while call transfers decreased by 20%.

**5. Focus on Your Knowledge Management Plan:** According to 71% of customers, the most crucial thing a business can do to give them good service is to value their time. A solid knowledge base that gives customers pertinent responses to their inquiries is the foundation of successful service. Consistent and accurate responses are ensured by agent knowledge that is consistent across communication channels.



The effort of keeping information current is ongoing. Using automatic methods to push the most popular content to the top of FAQ lists is one strategy. This is something that Intuit TurboTax excels at, making sure that the most pertinent tax code information is easily accessible.

**6. Harness Your Customer Community:** Peer-to-peer networks are used as yet another popular tactic to enable client interaction and divert enquiries away from the contact centre. Unanswered queries can be escalated to customer service representatives, and discussion thread additions to the knowledge base can be suggested, ensuring that the information changes to meet consumer demand.

**7. Pay Attention to Your Clients:** After each engagement, customer service organisations should collect customer feedback and link it to the consumer and the person who provided it. With the use of this data, agents can be coached and future interactions can offer more individualised service. Organizations that provide customer service should also pay attention to client feedback shared on social media, assess views on goods, services, and business procedures, and support the implementation of workflows for continuous development.

You can engage in successful customer service interactions with your clients by using these strategies. However, creating a positive customer experience is a never-ending task. Keep track of your progress, pay attention to how your clients' needs change, and be prepared to adapt your offering to meet those needs.

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## 9.3 METHODS OF SERVICE DELIVERY

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The manner in which clients receive goods or services is known as service delivery. It usually refers to the general process by which a company or brand offers the goods or services it sells.

There are numerous ways to deliver services. We will examine the most common techniques for providing services in this section:

**1. Individualized Care:** This is the most fundamental approach of service delivery. Typically, it is used for private or personalised services. You will notice it, for instance, in the following situations: Visit a business location for one-on-one consultation or appointments helped by staff at the counter or by



professionals in person, whether it is an office, hospital, school, factory, etc. phone to enquire about the business, send emails or fill out contact forms on the website.

Providing services directly to consumers is another name for it. Additionally, it attempts to give each consumer a customised experience. It is typically carried out by staff members or experts tasked with helping the clients.

Take going to a restaurant for lunch as an illustration. A waiter or waitress serves you and provides your food and beverages. This way of providing services on an individual basis. To assist customers with questions and other concerns over the phone or email, some businesses employ a customer service representative. This is often referred to as individualised care.

**2. Group Treatment:** The offering of indirect consumer services is another name for this. It is always carried out by staff members or experts. They typically do not provide the customer with direct service, though. Instead, they are tasked with serving huge consumer groups. Restaurants and hotels are the typical settings for this technique. Customers who are seated at tables place their orders with the waiters and waitresses. Other employees or experts assigned to the assignment will carry out the directives. These staff members or experts may prepare, serve, or clean up after consumers have finished eating the cuisine. It is also typical in establishments where clients self-serve. For instance, you visit a grocery store to purchase what you need.

**3. Co-Treatment:** This is the result of combining individual and group therapy. It occurs when experts serving clients in teams do so. For instance, you might go to a hospital to receive medical care or to consult a professional. Medical professionals who are attending to you will evaluate your condition and choose the best course of treatment for you. Other medical personnel will collaborate with you to provide the most comfortable services for you in the interim. While you wait for your turn in the operating room or recovery room, they might tend to your needs.

We may sum up by saying that the individual treatment method is for one-on-one customer service. Direct customer service delivery is another name for it. The group treatment approach is used when



serving consumers in groups. Indirect consumer service delivery is another name for it. Employees or professionals that operate in teams typically conduct it.

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### 9.3.1 DESIGNING THE SYSTEM FOR SERVICE DELIVERY

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Businesses can work toward the objective of service excellence with the aid of an efficient and successful service design. By saying "Designing the Service" backwards, it is easier to comprehend and define. It entails the planning and coordination of numerous internal elements that together make up the provision of service to the final client. Building up a systematic mechanism that not only ensures a better experience for the customer but also enables organisations to understand what is working for them and what is not in terms of their service delivery allows those in the service industry to establish a baseline in order to provide consistent service to the customer.

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### 9.3.2 PROCESSES INVOLVED IN SERVICE DESIGN AND DELIVERY

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Processes in a restaurant could include taking orders, entering orders, serving meals, and Processes in a retail setting could involve helping a customer, billing, inventory, and product stacking. Processes at a bank would involve checking information, transferring money, and other things. Actions happen either during the performance of a service or to support the service. The customer and the staff may both be involved in a process. In other words, some procedures take place in the background while others are the main attraction. How we provide services to our clients is determined by the procedure. The following sections give an overview of each stage of the service delivery process:

**1) Needs Analysis:** It's critical to thoroughly comprehend the needs of our clients in order to give a service. The experts use tried-and-true methods to ascertain their clients' needs. This process of acquiring information can include formal surveys as well as interviews with important employees. Identifying the direction the organisation wants its programme to travel in is the goal.

**2) Course of Action:** A plan of action can be created using the knowledge discovered during the needs analysis. Both short-term and long-term initiatives could be part of the plan of action. For instance, achieving short-term goals can include creating a project plan that details the approach,



steps, and resources required. Defining the level of commitment for the long-term action could involve professionals to assist in preserving and enhancing the current management systems. At the conclusion of the needs analysis, a course of action is anticipated to be put forth and formally documented (e.g., plan, outline, etc.).

**3) Performance:** The chosen course of action will affect performance. Performance can, for instance, involve regular consultation meetings when problems are discussed and advice is given. Coaching or mentoring a candidate for a position on issues relating to standards, legal compliance, or process improvement may be part of performance. Performance may also include additional consulting and training tasks, such as creating a measuring programme, reviewing documents for compliance and improvement, taking part in management reviews, carrying out internal audits, or providing training that will help a business achieve its goals.

**4) Results:** The results the business can produce are what determines whether a relationship with a consumer is successful. Whether the results are measurable process improvements, certification of conformity with a standard or legislation, or efficient training, Theseus Professionals are results-driven. Other outcomes could develop throughout the course of the relationship and could include internal audits that result in changes and business-related suggestions that are thorough, objective, and give management enough data to make judgments.

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#### 9.4 IMPORTANT FACTORS IN DESIGNING SERVICE PROCESS

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A lot of issues linked to services must be carefully taken into account while designing a service process system. When creating a service process, a number of factors should be considered, including the location, facility design, and layout for efficient work flow processes and job descriptions for service providers, customer involvement, equipment selection, etc. In addition to this, the following elements should be taken into account when designing and implementing the process.

1. The actual service
2. Customer involvement in the procedure,



3. Service delivery location

4. Customer contact intensity

5. Standardization Level

6. Service's level of complexity

**1. The actual service:** Recently, the value of the service delivery process itself has come to be understood. The service and delivery process can be planned, put into action, and monitored by applying a few concepts. The process of the service affects it directly. Even intangible services are reliant on their procedure, such as legal representation and equipment-based services (services provided by vending machines and ATMs). The process that the service is depending on must be completely understood by the service provider before the service can be designed.

**2. Customer involvement in the procedure:** When some services are being provided, the client's attendance is required. The consumer participates in the production process, and the service provider and the customer have frequent interactions. Services in self-service restaurants, hair salons, beauty salons, etc., for instance, require that clients participate in the manufacturing process. When necessary, the client may provide constructive labour rather than remaining a passive witness. Customer input raises the degree of personalization.

For instance, the quality of student engagement in the programmes that the college offers will determine the quality of the educational service that the college provides. Through customer engagement, the service provider identifies the influence the receiver of the benefit has on the service.

**3. Service delivery location:** Accessibility and service availability issues are very important. Priority must be considered while choosing a site for a facility and how to distribute services. Both the service provider's location and the customer's residence may be used for service delivery.



For instance, plumbing and air conditioning services should be offered at the customer's home, whereas dry cleaning is done at the service provider's location.

Public services like the phone, banking, insurance, etc., should be simple for customers to access. In general, the service provider should pick a spot that is handy for the clients.

4. **Customer contact intensity:** Customer contact refers to the customer's actual physical presence within the system. The ratio of the time a customer spends in the system to the total system time can be used to determine the extent of client contact. The sort of service received has a significant impact on how much contact employees have with consumers. A service can either be high-contact or low-contact from this perspective. When a service is entirely dependent on equipment (such as automatic weighing machines, ATMs, and public telephones), there is zero interaction between the customer and the service provider. Professional and medical services involve a great deal of contact. To ensure overall service quality, the service system should be planned based on high contact and low contact operations.
5. **Standardization Level:** The services could be either standardised or specially made. Services are supplied in a relatively consistent format when they are standardised. A standardised service typically has a targeted offering and is built for huge numbers. For instance, telephone providers may offer pre-recorded messages. Standardized services demand a workforce with only a minimal level of technical competence to perform the duties involved. Service providers stray from the norm to accommodate various clients' needs. Divergence is the term for this. Customized services have a high degree of divergence, necessitating flexibility and discretion on the side of the service provider. He engages in conversation with clients to learn about their needs.

Customers and service providers may interact in terms of facility resources like knowledge, skill, attention, attitudes, staff, space, cleanliness, etc. In other words, interactions tend to be higher between customers and service provider staff. High levels of technical skill are necessary for the provision of bespoke services. Customized services are typically unprogrammed and poorly specified before they are offered. For instance, student counselling, interior design, tailoring, etc.





6. **Service's level of complexity:** The number of steps needed to supply services to customers is referred to as complexity. Therefore, the number of activities that contribute to the supply of services can be used to gauge the level of complexity. Some services have high levels of both complexity and divergence.

A doctor's service, for instance, is very intricate and very varied. Despite the fact that every patient's case history is unique, they consistently make the right diagnosis. However, there is little diversity and tremendous complexity in the catering industry.

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## 9.5 CHECK YOUR PROGRESS

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- a) Service delivery is a business framework that supplies services from .....to a client.
- b) Customer service is centered on giving the client the .....they need to understand the service delivery product.
- c) ITIL service providers, provide their clients technological and .....resources.
- d) .....establishes the price of services and assists consumers with their accounts.
- e) Description of services that a business can provide with a .....is capacity management (CM).
- f) In local services the consumers use the provider's data to manage their personal or professional.....
- g) Customers in .....are individuals who are purchasing or selling real estate, while suppliers in this type are the intermediary agents or businesses.
- h) The offering of indirect consumer services is called .....method of service delivery.

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## 9.6 SUMMARY

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Service delivery is a business framework that supplies services from a provider to a client. It also includes the constant interaction between the two parties during the duration of the time in which the provider supplies the service and the customer purchases it. It is the collection of actions taken



to provide a service. Performance entails coordinated actions from both the service provider and the client (consumer). There may be several user kinds and an increase in performers in industrial settings. Essentially, a service delivery company provides something to a customer they can't create on their own.

The leadership philosophies, vision, mission, work practises, and values of a service provider organisation are all related to service culture. These things are under management's control, and they serve as the foundation for all organisational operations. The corporate culture affects how customers and workers interact with one another. It takes into account factors like worker motivation, trustworthiness, and responsibility for outcomes.

The focus of employee engagement is on people who deliver services within an organization. Supervisors in human resources and other leadership positions can exert influence to mold employee behaviors, attitudes, and goals to fit the organization's service culture. When staff members are not engaged, a corporation cannot successfully provide services. They might not deliver excellent service or even be there for work.

Customer service is centred on giving the client the tools and information they need to understand the service delivery product. Account management, client knowledge, and continual improvement are some of its components. In order to learn how customers, evaluate the organization's service delivery and what you can do to improve it, this phase includes a continual evaluation and collaboration approach. The customer should be involved in the creation and delivery processes for this to be most successful. Customer experience refers to how a client feels generally after using your services.

States, cities, and municipalities frequently provide people and business owners within their jurisdictions with a variety of service delivery options. Healthcare, education, the control of administrative proceedings, garbage collection, and other relevant facilities may be among these choices. In the case of local service delivery, the people or company owners are the client and the government agency is the provider.



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## 9.7 KEYWORDS

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- **Service culture:** The leadership philosophies, vision, mission, work practises, and values of a service provider organisation are all related to service culture. These are within management's authority, and they serve as the foundation for all organisational operations.
- **ITIL services:** Information Technology Infrastructure Library, or ITIL, is a well-known collection of IT best practices created to help organizations match their IT services with client and organizational requirements. IT-related resources, assets, and accessibility are all examples of services that offer clients value and advantages.
- **Individual care:** The individual treatment approach is used when serving consumers one-on-one. Direct customer service delivery is another name for it.
- **Group treatment:** The group treatment approach is used when serving consumers in groups. Indirect consumer service delivery is another name for it.
- **Standardization:** Services are supplied in a relatively consistent format when they are standardized. A standardized service typically has a targeted offering and is built for huge numbers.

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## 9.8 SELF-ASSESSMENT TEST

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- 1) Define Service Delivery and explain the Components of Service Delivery.
- 2) What is the various Types of Service Delivery?
- 3) Write the Importance of Service Delivery. What are the Steps to Improve Customer Service?
- 4) Write different Methods of Service Delivery in detail.
- 5) Explain the Processes Involved in Service Design and Delivery.
- 6) What are the Important Factors In Designing Service Process?

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## 9.9 ANSWERS TO CHECK YOUR PROGRESS

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- a) a provider
- b) tools and information
- c) communication
- d) Financial management
- e) service level agreement (SLA)
- f) responsibilities
- g) real estate services
- h) group treatment

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**9.10 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
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<b>LESSON NO.: 10</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>CONSUMER BEHAVIOR IN SERVICE MARKETING</b>	

## **STRUCTURE**

### 10.0 Learning Objectives

#### 10.1 Introduction

#### 10.2 Consumer Behaviour

10.2.1 Role of consumer while making a buying decision

10.2.2 Factors affecting consumer behaviour

10.2.3 Segmentation of Services

10.2.4 Benefits of market segmentation

10.2.5 Steps in the Segmentation Process

10.2.6 Bases of segmentation (Factors of service market segmentation)

#### 10.3 Customers Need and Expectations

10.3.1 Types of Customers Expectations

10.3.2 Factors affecting Customers expectations

10.3.3 Managing Customers Service Expectations

#### 10.4 Perception in Consumer Behaviour

10.4.1 Factors affecting the perception of consumers

10.4.2 Perceptual process/ mechanisms

10.4.3 Elements of Perception

10.4.4 Evaluating Service Performances

10.4.5 The Purchase Process For Services

#### 10.5 Check Your Progress

#### 10.6 Summary



10.7 Keywords

10.8 Self-Assessment Test

10.9 Answers to Check Your Progress

10.10 References/ Suggested Readings

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## **10.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Define consumer behaviour
- Learn the role of consumer while making a buying decision
- Explain factors affecting consumer behaviour
- Understand the customers' needs and expectations
- Define perception in consumer behaviour
- Understand factors affecting the perception of consumers
- Explain various types of customers' expectations
- Learn the purchase process for services

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## **10.1 INTRODUCTION**

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For service marketers, understanding consumer's buying behaviour is crucial because it allows them to better comprehend what consumers expect from them. It is helpful to comprehend what leads a customer to buy a product. It is essential to ascertain the kind of services that consumers desire before introducing a service or product to the market. Marketers are able to understand what consumers like and dislike so they can tailor their marketing efforts to those preferences. In this chapter, we will understand the different role of consumers, factors affecting consumers and various stages of purchase process etc.

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## **10.2 CONSUMER BEHAVIOUR**

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According to Engel, Blackwell, and Mansard, "Consumer behaviour is the actions and the decision processes of people who acquire products and services for personal consumption. " This relates to the



study of customers and how they behave while deciding to buy a product that satisfies their wants. It is an investigation into how customers behave and what motivates them to purchase and use particular services.

We all purchase various services for a variety of reasons. While one individual might choose a restaurant for the delicious food, the other might choose an elite restaurant for status. One person might enjoy reading "The Times of India" first thing in the morning, while another person would enjoy doing it when they get home from work. Some women never visit beauty salons, while others frequent them on a regular basis. Similar to this, there are other examples that demonstrate how people behave differently when using and purchasing various goods and services.

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### 10.2.1 ROLE OF CONSUMER WHILE MAKING A BUYING DECISION

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Six different roles of consumers are played when a given service is purchased. Which are:

- i) **Initiator:** The person who expresses a desire for a certain service and offers to purchase it.
- ii) **Influencer:** The one or group of individuals to whom or whos advice the decision maker refers. These could be primary or secondary reference groups. Even secondary reference groups like word-of-mouth or the media have the power to sway the decision-maker.
- iii) **Gatekeepers:** The individual, group, or marketing material that filters the selection of services that are presented to the decision-maker.
- iv) **Decider:** Anyone decides to buy something, regardless or whether they actually consume it themselves. He could give commands to others. It has been noted that occasionally, more frequently in home, family, or individual-related services, one family member may predominate in the purchasing choice.
- v) **Buyer:** The person who actually pays for a service, like as travel, a hotel room, a hospital, a diagnostic lab, etc., or who makes reservations for it.





vi) **User:** The individual who utilises or consumes the service in question. It can be other than the buyer. It has been noted that consumers often act as influencers in a variety of services.

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### 10.2.2 FACTORS AFFECTING CONSUMER BEHAVIOUR

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Numerous elements or circumstances have an impact on consumers' purchasing decisions. For instance, vacations become a variable when people take vacations during the vacation period. A person might go to a posh restaurant during "happy hours" that he wouldn't typically go to. Here, the organization's marketing activities (including the salesperson and the plan) play a role in encouraging consumers to make a purchase. Similar to this, there are additional elements that influence the decision to purchase. These variables can be divided into four main groups, namely:

1. **Situational Factors:** The environment of the retail store, the occasion of the purchase, etc. are just a few examples of situational factors influencing the purchasing behaviour. For instance, there will undoubtedly be a demand for hotel and boarding if you are travelling.
2. **Socio Cultural Factors:** Consumers do not make decisions about whether to buy or not to buy in a vacuum. Rather, sociocultural influences have a big impact on them.
  - a) **Cultural Factors:** Children pick up the cultural beliefs, attitudes, and practises that make up their environment. As a person matures, their beliefs, values, and customs become more deeply ingrained. Because of this, it is sometimes said that culture is acquired through social experience. A culture's numerous subgroups can be distinguished based on factors including religion, age, gender, occupation, social class, and geographic location. From the perspective of customer behaviour, this categorisation is quite pertinent.
  - b) **Reference Groups:** People look to particular groups to set the tone for their behaviour. Although they might not be the brand, these reference groups might help consumers choose a product. Generally speaking, social groups and peer pressure have been seen to play a significant part in the acquisition of credit cards, cell phones, etc. Understanding reference group behaviour is helpful when providing alternatives as well as when pricing and positioning them. It is significant to



remember that there are "bad" reference groups as well, and some people don't wish to identify with them. The behaviour is dictated by the negative reference groups in terms of "what not to do."

**c) Family:** Another significant factor influencing consumer behaviour is the family. The family life cycle has a significant impact on the consumption patterns of families. Bachelorhood, newlywed hood, parenthood with developing or mature children, post-parenthood, and dissolution are among the stages of family life. Understanding these phases considerably aids in understanding the purchasing process. Family members frequently have a big impact on what a person decides to buy. For instance, parents often let their teenagers choose a destination, and older people tend to spend more on insurance than younger people.

### 3. Psychological Factors

- a) Perceptions:** Buyers choose, arrange, and interpret information to generate a meaningful impression in their minds through this process. Additionally, perception is selective in that it only picks out a portion of what is actually perceivable. The way a customer feels about a certain product has a big impact on their purchasing decisions. For instance, it takes significantly more work from the marketing or sales person to persuade the customer about the benefits of the product and then recommend that he buy it if the customer's perception of the product is negative.
- b) Attitude:** An attitude is a predisposition to repeatedly respond favourably or unfavourably to a market offer that is taught (i.e. a brand, a particular shop or retail outlet, an advertisement, etc.). A dispositional phrase, attitude denotes that attitudes only show up in behaviour under specific circumstances. Knowing a customer's attitude toward a product without knowing his or her own objectives is unlikely to provide a precise forecast of that customer's behaviour.
- c) Motivation:** The internal power that propels people to do action is called motivation. This unconscious driving force is the result of a specific unmet need. There are two main categories of needs. First, there are the so-called "innate wants," which are mostly physiological and present at birth. They consist of everything needed to maintain physical existence, such as food, water, shelter, clothing, etc. Second, there are what are known as "acquired wants," which are those that



a person develops as they mature and are primarily psychological in nature, such as love, fear, esteem, acceptance, etc. There may be several goals for every given need.

#### 4. Personal Factors

- a) **Personality:** The psychological traits that affect a person's personality are what define how they will respond to their environment. An understanding of a person's personality can be formed in relation to a variety of dimensions (personality traits). A person's personality traits can be located halfway between the two absolute points that each personality feature implies, showing the proximity to either of the two.
- b) **Life Style:** A person's pattern of living, as opposed to their socioeconomic status or personality, is simply shown by their activities, interests, and opinions. Life styles imply that people choose to spend differently on various items. A company can determine the "Inner Consumer" or the feelings of the consumer about their products that should be emphasised in advertising campaigns by using life style characteristics (psychographic variables).
- c) **Demographic Factors:** Age, gender, education level, occupation, and other demographic characteristics of the buyer also affect their purchasing behaviour. These elements play a major role in the investigation of consumer behaviour. As an illustration of how age and occupation play a role, younger people are more likely than older people to frequent fast food restaurants, and CEOs fly more frequently than manufacturing employees.

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#### 10.2.3 SEGMENTATION OF SERVICES

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The act of segmenting a market involves dividing it into uniform subgroups of consumers, and any one of these subgroups might theoretically be chosen as a market target to be addressed with a particular market mix. The marketer must determine who his intended customers are (segments). For instance, a manufacturer of motorcycles must choose its target markets, such as female police, adolescent college students, and middle-aged clients. The marketer (maker) must first grasp the segments' tastes and expectations. In regard to female consumers, they do not require very powerful vehicles, unlike youth



who desire the most powerful and fashionable vehicles and middle-aged customers who require more fuel-efficient vehicles.

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#### **10.2.4 BENEFITS OF MARKET SEGMENTATION**

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No one can ever completely, partially, or temporarily please everyone. This market segmentation process reflects this idea:

1. Encourages appropriate target market selection
2. Helps in differentiating one consumer group from another in a certain market
3. Enables efficient market penetration and target-specific offer customization
4. The idea of "divide and rule" as a method of segmenting markets in order to subjugate them
5. Helps in the development of marketing programmes on a more predictable foundation and aids in the creation of marketing offerings that are best suited to each group by helping to crystallise the demands of the target customers and eliciting more predictable responses from them.
6. Helps in the specialisation needed in goods and services, distribution, marketing, and pricing to match client groups and create marketing offers and appeals that cater to their demands.
7. Increases the effectiveness and efficiency of marketing efforts, enables the identification of less satisfied segments and the focus on them to raise levels of satisfaction.
8. Encourages focus on the segments that are most productive and profitable rather than wasting effort on unimportant, unproductive, or unprofitable portions.
9. Offers numerous advantages to the client as well
10. When segmentation reaches a high level of sophistication, customers and businesses can select and stick with one another.

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#### **10.2.5 STEPS IN THE SEGMENTATION PROCESS**

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Market segmentation involves five main processes, albeit the exact steps and how they are described will vary depending on the situation:-

- a. Define and analyse the market**— Establish market parameters in line with the organization's mission, business description, and strategic intent (based on traits that may include or exclude clients from a group).
- b. Identify and describe potential segments**— Select the most helpful criteria or parameters for determining the composition of possible market segments; classify customers into homogeneous groups; create a profile of each group's features; etc.
- c. Select the segment(s) to be served**— Segments are chosen by comparing them to preset standards, then ranked based on how well the business can satisfy customers while serving the market profitably.
- d. Determine the product positioning strategy**— Determine the optimum "fit" between a product and a market based on the features that customers are most interested in; take into account rivals' positioning tactics, organisational objectives, and the market environment.
- e. Design and implement the marketing program**— Establish goals for the marketing programme and create a tactical plan (marketing mix); each component of the marketing mix must be in line with the chosen positioning approach.

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### 10.2.6 VARIOUS FACTORS OF SERVICE MARKET SEGMENTATION

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The service market is segmented into homogeneous sub-units from a heterogeneous market. Mass marketing is heterogeneous, which refers to people collectively. Homogeneous refers to segmenting the market into various subgroups in accordance with consumer tastes and preferences. The most common bases for dividing service markets are as follows:

- a) Geographic Segmentation:** It is the simplest method of market segmentation. The market will be segmented into numerous geographic units under this strategy. In order to take advantage of previously existing database resources at a relatively minimal cost, businesses typically employ



the indicated divisions such as nations, states, regions, cities, and towns. The identification of cultural groupings, climate variations, resource combinations, demand supply gaps, religion, and race are all reflected in geographic segmentation. It gives the service providers the chance to investigate unique options for both product development and product differentiation.

- b) Demographic Segmentation:** Population is the subject of demography. This strategy divides the market into categories depending on a variety of demographic factors, including age, family size, gender, family life cycle, income, occupation, education, religion, race, nationality, and social class. Demographic disparities in consumer responses are examined, and a segmentation strategy is developed as a result. The most common basis for separating client groups is based on demographic factors. Most associations between wants, preferences, user status, and usage rates are based on demographic factors. Demographic factors are also simpler to measure.
- c) Psychographic Segmentation:** This strategy has a narrower emphasis than approaches based on geography and demographics. According to this strategy, consumers are separated into groups depending on their values, personalities, and way of life. The same geographic and demographic group's consumers frequently have various psychographic profiles. Even among members of the same demographic group, there might be differences in their interests, activities, opinions, and sense of values. To apply this segmentation methodology, service providers must build a solid database on the psychographics of the target market in order to narrow the scope of their service offering.
- d) Behavioural Segmentation:** In this method, groups of consumers are created based on their knowledge, attitudes, and use of or reactions to a service. Occasions, advantages, user status, usage frequency, loyalty status, buyer readiness stage, and attitude toward the service are the variables employed in this segmentation.
- e) Technographic Segmentation:** Over the past fifteen years, there has been a sharp increase in the market for services related to technology. Marketers are attempting to pinpoint the consumer demographics that are both able and willing to employ cutting-edge technologies. A ten-category segmentation technique known as "technogrality" was created by Forester Research Corporation.



The interaction of three variables served as the foundation for segment identification. These three factors include customer financial situation, technology application, and technological mindset.

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### 10.3 CUSTOMERS' NEED AND EXPECTATIONS

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The demands, wants, and preconceived notions of a customer about a good or service are known as customer expectations. Customer impression of the good or service, which is influenced by prior exposure, advertising, word-of-mouth, familiarity with competitors, and brand perception, will determine what the customer expects. The quality of customer service is another consideration, and a client may anticipate encountering effectiveness, helpfulness, dependability, staff confidence, and a personal interest in his or her patronage. Probably the most important step in providing high-quality service is understanding what the customer expects. Client happiness can be readily obtained if a company is able to comprehend and meet customer expectations.

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#### 10.3.1 TYPES OF CUSTOMERS EXPECTATIONS

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Consumers' expectations for service are greatly influenced by their own personal reference points, which explains why at a single point of service, several customers may have expectations that differ. Service expectations can be categorised into several levels or categories, including the following:

- a) **Ideal service level:** A "dream service" can be used to describe a service's ideal level. In an ideal world, a customer would expect this level of service, which will result in a wonderful customer experience.
- b) **Desired service level:** The "wished for" degree of service quality is the level of service that a customer thinks can and should be provided. In typical conditions, a customer would anticipate this level of service.
- c) **Adequate service level:** It is the bare minimum of service that a client will take without objecting. The very minimum that a customer might take may not be the greatest.



- d) **Predicted service level:** This is the expected standard of customer service that a company will provide.

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### 10.3.2 FACTORS AFFECTING CUSTOMERS' EXPECTATIONS

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- 1) **Internal Factors:** Individual demands, amount of involvement, prior experience, and service philosophy are internal elements that have an impact on consumer expectations. The consumption values a consumer will anticipate from a service are influenced by their individual demands. For instance, someone who is hungry will demand more food than a person who is eating with a significant other in terms of the amount and functional value. In the latter scenario, aesthetics and service quality will be more crucial. He or she can be seeking the advantages of social or even emotional consumption. Consumer expectations will be impacted by level of involvement.
- 2) **Situational factors:** Individual demands, amount of involvement, prior experience, and service philosophy are internal elements that have an impact on consumer expectations. The consumption values a consumer will anticipate from a service are influenced by their individual demands. For instance, someone who is hungry will demand more food than a person who is eating with a significant other in terms of the amount and functional value. In the latter scenario, aesthetics and service quality will be more crucial. He or she can be seeking the advantages of social or even emotional consumption. Consumer expectations will be impacted by level of involvement. Individual demands, amount of involvement, prior experience, and service philosophy are internal elements that have an impact on consumer expectations. The consumption values a consumer will anticipate from a service are influenced by their individual demands. For instance, someone who is hungry will demand more food than a person who is eating with a significant other in terms of the amount and functional value. In the latter scenario, aesthetics and service quality will be more crucial. He or she can be seeking the advantages of social or even emotional consumption. Consumer expectations will be impacted by level of involvement. Individual demands, amount of involvement, prior experience, and service philosophy are internal elements that have an impact on consumer expectations. The





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- 3) Firm produced factors:** Promotions, price, distribution, service staff, observable cues, other clients, company image, and pre-service waiting are examples of Firm produced factors. Here



are some examples of how expectations could typically be affected. The expected level of expectations will be impacted by promotions within a service company. Although it rarely does, it might have an effect on the target level. If customers are promised a specific level of service by commercials or salespeople, then expectations may be increased appropriately. Expectations are typically directly impacted by pricing. Expectations rise in tandem with price rises. Distribution will have an impact on the anticipated service level and sometimes the adequate, but rarely the ideal or desired. Service staff may have an impact on all four. Any expectations may be modified upwards or downwards by promises or communications from service workers. Normally, tangible cues only influence the expected. Other customers typically just affect the expected, yet depending on what they say or do, they might also affect the other level of expectations.

- 4) Competition Factors:** The consumers' desired and appropriate degree of expectations will be influenced by the competing options accessible to them. The ideal and projected values are typically unaffected. In general, a business firm with ten qualified accounting firms to pick from will have higher expectations than a business firm with only four options. Because there are alternatives accessible that can deliver the service, the desired level will change. The fact that there are other capable companies that can provide the service at a better level will lead the minimal level of expectations to rise. Thus, expectations typically rise as a result of competition.

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### 10.3.3 MANAGING CUSTOMERS SERVICE EXPECTATIONS

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- 1) By Calculating:** Customer expectations can be very difficult for service providers to meet. This is due to the amazing characteristics of expectations, which include their ability to change size, shape, and direction. Customer expectations are continuously changing. These expectations and the service providers' capacity to meet them decide whether clients are satisfied or dissatisfied.
- 2) Watch for changes:** If customers' levels of satisfaction are fluctuating, the service provider must determine if the customers' expectations or perceptions have changed or if something on the side of the service provider has changed. It is necessary to assess what is happening regardless of whether the shift in satisfaction level is upward or downward. If customer satisfaction is



increasing, the service provider should keep up their current performance; if it is declining, they should find a way to turn things around before they go off the charts.

**3) Managing Promises:** The external marketing messages greatly influence customer expectations. Through marketing and promotional initiatives that influence expectations, a business makes promises to its clients that it will fulfil. Consumers will be satisfied and loyal to a business if it is able to fulfil on its promises to them. However, if a business makes bold claims, it will raise customers' expectations and risk losing their trust if it is unable to deliver on those promises. When making promises, the service provider should be highly grounded in reality.

**4) Getting It Right the First Time:** To provide the service correctly the first time, best efforts must be taken. A corporation must undoubtedly develop a strong service plan in the event that a service failure happens, but it is also abundantly clear that a service that has degraded cannot always be restored. Therefore, to deliver a positive service experience, effective internal marketing programmes, strong procedures and systems, and the correct kind of environment must be created.

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## 10.4 PERCEPTION IN CONSUMER BEHAVIOUR

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The capacity to infer meaning can be used to define the term "perception." Originating from the term "perceive," it describes our capacity to interpret all our senses register. It refers to the process by which a person gives meaning to their sensory inputs. It is "the process through which a person chooses, arranges, and interprets stimuli into a meaningful and cohesive picture of the world," according to Schiffman.

Selecting, structuring, and interpreting information inputs to construct meaning is the process of perception. Information is gathered by a person using their five senses: sight, taste, hearing, smell, and touch. Consumer behaviour toward goods, services, prices, package designs, salespeople, retailers, marketing, and manufacturers are significantly influenced by how and what they perceive. Following are a few explained **nature of perception:**



1. Perception is a complex process: Following the detection of a signal by the senses, the perception process, which involves the interaction of three processes—selection, organisation, and interpretation—comes into play. This is a dynamic procedure.
2. **It is also an intellectual process;** It demands a lot of mental effort. After sensation occurs, the perception process entails the selection, structuring, and interpretation of information.
3. **The concept of perception is broad;** it encompasses sociological, psychological, and physiological components (through sensation).
4. Perception is a subjective process: The same stimuli may be seen differently by two persons. Even if two people may be exposed to the identical stimuli, their selection, organisation, and interpretation of those inputs will differ. This is because the two are affected in various ways by their backgrounds, education, life experiences, motivation, personalities, cultures, values, and lifestyles, among other factors.

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#### 10.4.1 FACTORS AFFECTING THE PERCEPTION OF CONSUMERS

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Perception of a consumer is affected by the following factors

1. **Motivations and needs:** Our motivations and needs will unquestionably affect how we perceive things. For instance, a person who is hungry is motivated to focus primarily on the food items among other stuff. Until his motive is met, he cannot turn his attention to anything else.
2. **Cognitive styles:** It is believed that people differ in the manner in which they naturally handle information. Every person will interpret the scenario in his or her own unique way. It is believed that flexible people pay good attention, are less influenced by other forces, and are less controlled by their own desires and goals than persons who are more constrained.
3. **Mental set:** Mental set describes being ready or willing to receive sensory information. With such anticipation, the person is prepared and pays close attention. For instance, even when there is a lot of background noise, we pay attention to the horn or sound of the approaching train.



4. **Selectivity:** This refers to how much the brain chooses from the surrounding environment. It depends on both how much is going on around the person and how selective (concentrated) they are on the work at hand. Selectivity is likewise arbitrary. Some individuals are far more picky than others.
5. **Expectations:** Expectations have an impact on how people are perceived. The state of anticipating a specific behaviour from a person is related to expectations. For instance, a technical manager will anticipate that non-technical staff members won't be familiar with the technical aspects of the services.
6. **Situation:** A person's perception is influenced by factors in his immediate surroundings, such as time, place, light, heat, etc. It's crucial to consider the context in which a person views the things or things happen.
7. **Cultural Upbringing:** A person's ethics, values, and cultural background all have an impact on how he perceives other people. Because our evaluations are founded on our own values, it might be challenging to understand the mentality of someone who was reared in a different culture.
8. **Past experience:** Because of what we already know, we interpret future experiences in light of that knowledge. The law of primacy, as it is known in psychology, states that occasionally, sights, sounds, or smells from our past will cause us to react inappropriately. For example, the smell of baking bread may cause you to think of a village bakery from twenty years ago, but it could have actually been caused by an aerosol spray placed close to the supermarket's bread counter.

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#### 10.4.2 PERCEPTUAL PROCESS/ MECHANISMS

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The perceptual process begins when an individual is exposed to a stimuli and their sensory receptors communicate that stimulus to their bodies. Although the senses may be subjected to a variety of stimuli, only some of these are ultimately chosen by human senses. This is due to the limited capacity that the sense organs have at any given time. Following a few stimuli reported by the sense organs, the perceptual process takes control. Few of the observed stimuli are chosen, arranged, and given meaning by humans. Perception is what is meant here.



The four parts of the perception process are input, perceptual mechanism, output, and behaviour, albeit our individual perceptual processes may vary. Let's have a conversation about these.

- I. **Input:** The different stimuli that surround a person and are present in his surroundings are referred to as the input to the perceptual process. It could appear in a variety of ways, such as another person, thing, or circumstance. The sensory receptors' detection of an environmental stimulus, which serves as an input to the perceptual mechanism, initiates the perceptual process.
- II. **Perceptual mechanism:** The three sub-processes of selection, organisation, and interpretation make up the perceptual mechanism. A person picks, organises, and interprets an environmental stimuli when their sense organs pick it up by using perceptual selectivity, perceptual organisation, and perceptual interpretation. These are often referred to as perceptual mechanisms.
- III. **Perceptual selection:** It is also known as perceptual selectivity, is the tendency for an individual to choose one or a small number of the various environmental stimuli; this selectivity is based on the individual's demographic, sociocultural, and psychographic characteristics. People have a tendency to choose stimuli that are interesting and relevant to them.
- IV. **Perceptual Organisation:** The act of arranging numerous inputs with nearby clues so that a complete picture can be formed is known as perceptual organisation. To put it another way, the different stimuli are arranged and given a form. It involves grouping inputs into a clear, understandable framework.
- V. **Perceptual Interpretation :** The process of generating conclusions from the structured totality (of stimuli) and giving it meaning is referred to as perceptual interpretation.
- VI. **Output:** After the input has been analysed, an output is produced. This response to the stimulus manifests itself in a variety of ways, including the development of attitudes and beliefs, moods, sensations, and views.
- VII. **Behaviour:** The output results in a particular behaviour. A person would act out behaviour based on his emotions and moods, sentiments and thoughts, as well as attitudes and beliefs. These emotions and moods, sentiments and thoughts, as well as attitudes and beliefs, all influence and reflect in this behaviour.



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### 10.4.3 ELEMENTS OF PERCEPTION

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Elements of Perception are given below :

**1) Sensation:** A sensation is the body's immediate and direct reaction to a stimulus. Any unit of input to one of these senses can be considered a stimulus. Services, packages, brand names, advertisements, and commercials are a few examples of stimulus. The human organs that take in sensory information are known as sensory receptors. They can see, hear, smell, taste, and feel through their sensory organs. When evaluating and utilising the majority of consumer services, each of these roles—individually or in combination—comes into play.

**2) The Absolute Threshold:** The absolute threshold is the lowest point at which a person can feel a sensation. A person's absolute threshold for the stimulus is the level at which they can distinguish between "something" and "nothing." Many advertisers frequently alter their advertising strategies due to the issue of sensory adaptation. In order to cut through the daily congestion that consumers face when consuming advertising, marketers attempt to increase sensory input. In an effort to cut through the advertising "clutter," some people enhance sensory input. Other marketers use a reduction in sensory input to draw attention.

**3) The Differential Threshold:** The difference threshold, also known as the JND, is the smallest change that can be recognised between two stimuli (just noticeable difference). Ernst Weber, a German scientist who lived in the 19th century, found that the JND between two stimuli was not an absolute value but rather a value that was proportional to the intensity of the first stimulus. According to Weber's law, the additional intensity required for the second stimulus to be seen as different is directly proportional to how powerful the initial stimulus was.

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### 10.4.4 EVALUATING SERVICE PERFORMANCES

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Customers may find it challenging to assess service performances, particularly those that offer few obvious cues. As a result, there is a higher chance that you will make a purchase that you regret. The ability to return or replace a physical good that a client purchases and finds to be unsatisfactory is typically available, but it may involve additional customer effort. Despite the fact that some services can



be repeated, these possibilities are not as easily accessible with services. The four process-based service categories that are listed below:

**1. Possession-Processing Services:** Repetition of the performance can be a viable choice. For instance, if a client complains about the calibre of the work, a cleaning agency may redo the cleaning of an office.

**2. People-Processing Services:** Procedures carried out on human beings may be challenging to undo. A terrible haircut must be grown out, but the effects of a botched surgery or sloppy tattoo application could endure a lifetime.

**3. Mental Stimulus-Processing Services :** If quality does not exceed client expectations, mental stimulus-processing services such as education, live entertainment, or sporting events may also be challenging to "replace." If actors don't do their parts well or the writing is awful, theatregoers can't really ask for their money back. If their favourite team performs poorly, sports fans cannot expect reimbursements. (However, they do find ways to express their displeasure to the players! When the home team was performing poorly, one university recently instituted a ban against booing.) In a similar vein, universities rarely offer financial aid to students who have subpar learning experiences. Dissatisfied students would still have to spend a lot more time and money, even if a college allowed them to repeat classes for free with a different teacher.

**4. Information-based services:** When service quality is subpar, these services put clients at risk. Errors in banking or accounting may not be discovered right away, and by the time they are, reputational harm to a consumer may have already been done (e.g., a check was returned rather than paid, or a faulty tax return was filed). Customers have the option of getting a second opinion if they receive a dubious consultation recommendation or medical opinion, but doing so will cost more money, time, and even psychological resources.

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#### **10.4.5 THE PURCHASE PROCESS FOR SERVICES**

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Customers go through what is typically a difficult purchasing process when they choose to acquire a service in order to fulfil an unmet need. There are three distinct phases to this process:

- 1) The Prepurchase Stage,
- 2) The Service Encounter Stage
- 3) The Post-purchase Stage

1) **Prepurchase Stage:** In the prepurchase phase, the choice to purchase and utilise a service is made. Individual requirements and expectations are crucial in this context because they affect the alternatives that customers will weigh. Customers might choose and use a particular service provider rapidly if the transaction is routine and low risk. However, people might carry out a thorough information search when there is more at stake or when a service is about to be used for the first time (contrast how you approached the process of applying to college versus buying a pizza or a hamburger). Finding potential suppliers is the next step, followed by weighing the advantages and disadvantages of each choice to reach a decision. This aspect of perceived risk is particularly important for services that have a high level of experience or credibility attributes and are therefore challenging to evaluate before being purchased and used. Particularly likely to experience increased uncertainty are first-time consumers. Customers' assessments of the likelihood of a negative outcome are reflected in their perceptions of risk. During the prepurchase stage, buyers can employ a number of techniques to lower risks if they feel uneasy about them. Before choosing to purchase a service, one can employ some of the following risk-reduction techniques: -

- Looking for information from reliable personal sources (family, friends, peers)
- Putting your trust in a reputable company
- Seeking out warranties and guarantees
- Visiting service locations or experimenting with a service prior to purchase
- Inquiring about alternative options from informed staff
- Examining tangible clues or other physical proof
- Using the Internet to contrast service options

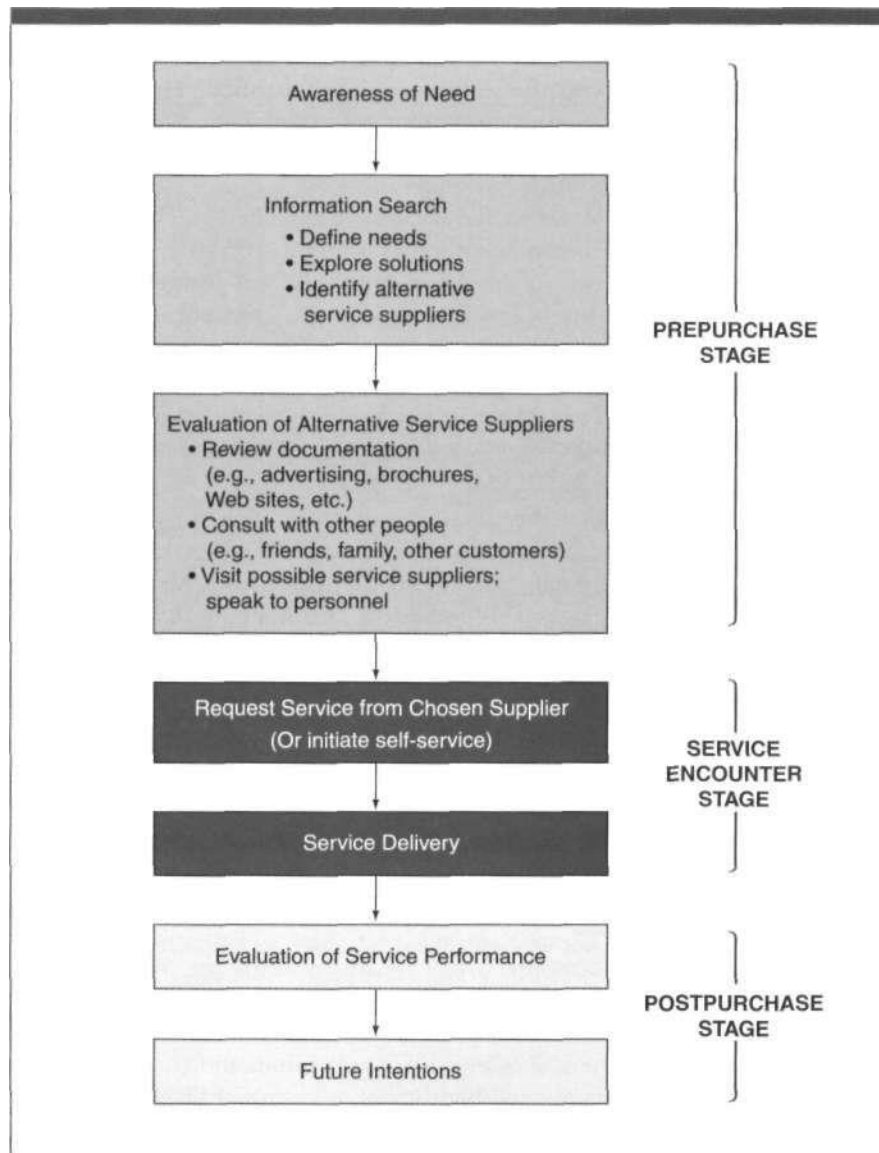


Figure 10.1 The three stage modal of the purchase process for services

- 2) **Service Encounter Stage** : Customers make one or more encounters with the service provider they've chosen after deciding to buy a certain good or service. A reservation request, an order, or the submission of an application are frequent entry points into the service encounter stage. Contacts might take the shape of cordial conversations between clients and service representatives or impersonal dealings with equipment or computers. Customers may actively participate in one or more service processes in high-contact services including



restaurants, healthcare, hotels, and public transit. They frequently encounter a range of factors during service delivery, each of which may offer information about service quality. These components are as follows:

- **Service environments** : All of the observable traits to which clients are exposed are included in service environments. Expectations and perceptions of service quality can be influenced by a variety of factors, including the appearance of a building's front and interior, the type of furniture and equipment, the presence or absence of filth, stench, or noise, and the appearance and behaviour of other customers.
- **Service personnel:** • In the majority of high-contact service encounters, where employees interact with consumers directly on a face-to-face basis, service workers are the most crucial element. However, they can also have an impact on low-contact scenarios like service delivery over the phone. Customers that are knowledgeable frequently demand that staff adhere to predetermined scripts during service interactions; frequent violations from these scripts might result in consumer displeasure. Effective customer service interactions on the side of the employee typically combine taught skills with the correct personality type.
- **Support services** : • Support services are made up of the supplies and machinery as well as all the backstage operations that enable front-stage staff to perform their duties effectively. This component is essential since many employees who work with customers cannot do their tasks effectively unless they receive internal services from support staff. If you aren't serving the customer, you're serving someone who is, according to an ancient adage in the service industry.
- **Other Customers:** Consumers frequently find themselves near other customers when using people-processing or mental stimulus processing services. Medical clinic waiting rooms may be crowded with other patients; trains, buses, and aeroplanes frequently transport a large number of people at once, forcing travellers to sit next to strangers. Similar to how restaurants serve many customers at once, a good play or movie will draw a sizable crowd (the lack of an audience is actually a bad sign!). Unfortunately, some of these other clients occasionally exhibit poor behaviour,



which lessens the quality of the service. Such situations must be anticipated by managers, who must also have procedures in place for dealing with various potential problems.

- 3) **Post purchase Stage:** Customers evaluate service quality and their happiness or discontent with the service experience at the post purchase stage, continuing a process they started in the service encounter stage. The outcome of this procedure will influence their future decisions, including whether or not they will continue to use the service provider that provided it and whether or not they will suggest them to friends, family, and other colleagues.

Customers assess the quality of a service by contrasting what they anticipated with what they feel they received. They consider they have received high-quality service if their expectations are met or surpassed. These clients are likely to be happy if the price/quality ratio is appropriate and other contextual and individual factors are favourable. They are therefore more likely to make subsequent purchases and develop into devoted clients. However, if the customer service experience falls short of their expectations, they might switch service providers later on, whine about the poor treatment, or suffer in silence.

We can infer from this that it is crucial to study consumer behaviour since doing so enables marketers to better understand the factors that affect consumers' purchasing decisions. They can eliminate the market gap, discover the items that are required and the products and services that are no longer in demand by studying how consumers choose a product. Marketing professionals can promote their products in a way that has the greatest impact on consumers by researching consumer behaviour. Understanding consumer purchasing behaviour is the key to connecting with, involving, and convincing customers to make a purchase from you.

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## 10.5 CHECK YOUR PROGRESS

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- a) Consumer behavior is the .....and .....processes of people who acquire products and services for personal consumption.
- b) The person who expresses a desire for a certain service and offers to purchase it is known as .....



- c) The individual who utilizes or consumes the service in question is a ..... It can be other than the buyer.
- d) The environment of the retail store, the occasion of the purchase, etc. are just a few examples of .....influencing the purchasing behaviour.
- e) A ten-category segmentation technique known as .....was created by Forester Research Corporation.
- f) .....is selective in that it only picks out a portion of what is actually perceivable.
- g) .....refers to the process through which a person chooses, arranges, and interprets stimuli into a meaningful and cohesive picture of the world.
- h) .....refers to how much the brain chooses from the surrounding environment.

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## 10.6 SUMMARY

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We all purchase various services for a variety of reasons. While one individual might choose a restaurant for the delicious food, the other might choose an elite restaurant for status. One person might enjoy reading "The Times of India" first thing in the morning, while another person would enjoy doing it when they get home from work. Some women never visit beauty salons, while others frequent them on a regular basis. Similar to this, there are other examples that demonstrate how people behave differently when using and purchasing various goods and services.

Numerous elements or circumstances have an impact on consumers' purchasing decisions. For instance, vacations become a variable when people take vacations during the vacation period. A person might go to a posh restaurant during "happy hours" that he wouldn't typically go to. Here, the organization's marketing activities (including the salesperson and the plan) play a role in encouraging consumers to make a purchase. Similar to this, there are additional elements that influence the decision to purchase.

Market segmentation is the process of breaking down a market into uniform subgroups of consumers, where any subgroup might theoretically be chosen as a market target to be addressed with a certain market mix. The marketer must determine who his intended customers are (segments). For



instance, a manufacturer of motorcycles must choose its target markets, such as female police, adolescent college students, and middle-aged clients. The marketer (maker) must first grasp the segments' tastes and expectations.

Buyers choose, arrange, and interpret information to generate a meaningful impression in their minds through this process. Additionally, perception is selective in that it only picks out a portion of what is actually perceivable. The way a customer feels about a certain product has a big impact on their purchasing decisions. For instance, it takes significantly more work from the marketing or sales person to persuade the customer about the benefits of the product and then recommend that he buy it if the customer's perception of the product is negative.

The service market is segmented into homogeneous sub-units from a heterogeneous market. Mass marketing is heterogeneous, which refers to people collectively. Homogeneous refers to segmenting the market into various subgroups in accordance with consumer tastes and preferences.

The perceptual process begins when an individual is exposed to a stimuli and their sensory receptors communicate that stimulus to their bodies. Although the senses may be subjected to a variety of stimuli, only some of these are ultimately chosen by human senses. This is due to the limited capacity that the sense organs have at any given time. Following a few stimuli reported by the sense organs, the perceptual process takes control.

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## 10.8 KEYWORDS

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- **Influencer:** The one or group of individuals to whom or whose advice the decision maker refers. These could be primary or secondary reference groups. Even secondary reference groups like word-of-mouth or the media have the power to sway the decision-maker.
- **Gatekeepers:** The individual, group, or marketing material that filters the selection of services that are presented to the decision-maker.
- **Decider:** Anyone decides to buy something, regardless or whether they actually consume it themselves. He could give commands to others. It has been noted that occasionally, more frequently in home, family, or individual-related services, one family member may predominate in the purchasing choice.



- **Socio Cultural Factors:** The society's culture, which includes norms, traditions, and rituals, as well as religion, holidays, social classes, lifestyles, and other subcultures, affects how consumers buy and utilise things on an individual level and explains how consumers act in groups.
- **Techno graphic Segmentation:** A colloquial name for "technographic segmentation" is "technographics". It's a method for examining statistical data that a population or group has generated depending on who owns and uses what technology. It belongs to the same category of market segmentation as firmographics and demographics.
- **Perceptual mechanism:** Based on sensory data and associated schemata, a person uses the expecting perceptual process to predict what will occur or what an item will be. In essence, individuals call up the essential schema to link to a certain experience during this anticipation process.

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## 10.9 SELF-ASSESSMENT TEST

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1. What do you understand by consumer behaviour ? Explain the role of consumer while making a buying decision.
2. Define segmentation of services. What are the benefits of market segmentation ?
3. what are the various Steps in the Segmentation Process ? Explain in detail.
4. What are the types of customers' expectations? Write the factors affecting customers' expectations in detail.
5. What are the various phases of purchase process for services? Write in detail .

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## 10.9 ANSWERS TO CHECK YOUR PROGRESS

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- a) actions, the decision
- b) initiator
- c) user
- d) situational factors
- e) Perception



- f) " technogrality"
- g) Perception
- h) Selectivity

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**10.10 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SANDHYA</b>
<b>LESSON NO.: 11</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>PUBLIC RELATIONS IN PRIVATE SECTOR</b>	

## **STRUCTURE**

### 11.0 Learning Objectives

#### 11.1 Introduction

#### 11.2 The Industrial Settings

##### 11.2.1 Industry Growth and Development in India

##### 11.2.2 The Modern Industrial Environment

##### 11.2.3 Private Industry and Liberalization

##### 11.2.4 Government and The Private Sector

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#### 11.5 Check Your Progress



11.6 Summary

11.7 Keywords

11.8 Self-Assessment Test

11.9 Answers to Check Your Progress

11.10 References/ Suggested Readings

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## **11.0 LEARNING OBJECTIVES**

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After reading this lesson you will be able to:

- Understand the growth of industry and development in India
- Explain the modern industrial environment
- Understand the concept of private industry and liberalization
- Understand the relation between government and the private sector
- Explain various roles of public relations in the private sector
- Explain the public relations with other external relations

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## **11.1 INTRODUCTION**

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In the context of democracy, the Indian economy has developed along the lines of a mixed economy, which is a blend of the public and private sectors. The state owns, controls, and operates the businesses that make up the public sector. The entrepreneurial entities that are owned and managed by private businesses make up the private sector. In addition to these, the State and private businesses both jointly own units in the joint sector.

Since independence, the private sector has expanded dramatically thanks to factors including political stability and government support in the form of technical partnerships, cheap financing, infrastructure, subsidies, incentives, and special programs.

The new structural reforms, which aim to do away with administrative constraints, are anticipated to boost productivity and hasten the privatisation process. The chapter will provide you an insight into the responsibilities of a PRO in the private sector and the difficulties that must be overcome, such as



fostering a sense of harmony among all its publics—consumers, shareholders, the government, and above all, its employees—for the long-term development of the company.

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## **11.2 THE INDUSTRIAL SETTINGS**

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Nation-building is a continuous ongoing process that involves modifications occasionally. Without any doubt, numerous issues exist; some among them are persistent e.g. poverty, unemployment, overpopulation, etc. Some other issues like recent terrorism and labour upheaval have harmed the business climate adversely.

Despite all of this, analysts predict that good reason are there to be optimistic because of availability of resources like infrastructure, labour, land resources and generally supportive social and political environment for industrial expansion. In order to understand how these jointly affect industrial growth, it is important to know the connection of these elements in connection to state policy. In the framework of the new economic changes, it is crucial to comprehend the role played by the corporate/private sector in particular.

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### **11.2.1 INDUSTRY GROWTH AND DEVELOPMENT IN INDIA**

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Socialism was viewed by our architects as the ideal way to address many of the nation's problems. Thus, the necessity for its planning was realized. Planning was done to make the best use of limited resources and control growth imbalances. The Planning Commission was established according to the Directive Principles of State Policy, for the general good. On the basis of the mixed economy model, several industrial policy resolutions were established, with the leadership positions designated for public sector organisations. One must attempt to grasp the Industrial Policy from the perspective of the broader economic policy because a country's Industrial Policy discloses the interaction between the government and industry. The earlier Industrial Policy Resolutions in the previous unit, gave the public sector units a bigger role. The Industrial Policy of 1977 promised to reserve space for small businesses and called for the creation of District Industries Centres to give support to business start-up. It also outlined how to regulate environmental pollution and provide selective support for unhealthy businesses. Liberalization began during the rule of Rajiv and Indira Gandhi, when the private sector was given more authority



through unique programs like the Jawahar Rozgar Yojana, among others. The Seventh Plan featured measures to raise output, enhance infrastructure, upgrade technology, and expand rat exports.

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### **11.2.2 THE MODERN INDUSTRIAL ENVIRONMENT**

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The government's general Industrial Policy is based on the Industrial Policy resolution from 1956, although the New Industrial Policy from 1990 makes many changes to speed up industrial growth. These adjustments have been made in order to:

- i. Enhance production
- ii. Advancing technologies
- iii. Maximum capacity utilisation
- iv. Increasing export
- v. Increasing effectiveness
- vi. Enhancing the standard
- vii. Encouraging an environment of competition

The key elements of the new policy include:

- a. Small-scale sector licencing
- b. Simplification of legal processes controlling rules like MRTP and FERA in an effort to draw foreign investment proposals and technology
- c. Enhancing the credit flow
- d. Access to the import market for goods
- e. Import tariff reductions and import regulation easing
- f. Establishing export development centres and technology development cells
- g. Particular incentives for underdeveloped areas

The liberalisation of all these measures demonstrates a paradigm shift in favour of a free market economy and integration with the global economy.

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### **11.2.3 PRIVATE INDUSTRY AND LIBERALIZATION**

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Businesses must prepare themselves for change and seize their chances from time to time. With the new economic policy, significant changes have occurred. Banking, foreign investments, capital market reforms and exchange rate regulation have all undergone extensive upheaval. This has been done in an effort to foster an environment which will support rapid industrial growth. With these moves toward privatisation, numerous industries those were previously only accessible to the public sector, such as energy and petrochemicals, have been made available to private business owners. The powerful Ambani, Birla, Goenka, and Singhanian families have previously entered these markets.

For Indian businesspeople, the advent of private international investors and foreign brands of commodities like Levi's Jeans and Le Sancy Soaps presents an unaccustomed challenge. As a result, there will be more competition, which will increase quality and need more aggressive marketing tactics.

It is anticipated that Indian businesses will enter the global marketplace of trade rivalry and commercial cooperation as a result of increased equipment modernization, increased partnerships and export of services like consulting. A few industrialists from India have already issued capital offerings abroad. Indian commercial houses will soon become global participants and have their shares traded on the Tokyo or New York stock exchanges.

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#### **11.2.4 GOVERNMENT AND THE PRIVATE SECTOR**

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It is obvious that political, social, and economic issues are closely related to the development and evolution of the industrial sector. Laws framed by the government may have an impact on businesses. These are economic choices that are based on state adopted policies. The distribution of power in society is decided by these choices. There are many levels of government involvement ranging from licencing to price regulation to takeovers. As a welfare state, the government is concerned with the welfare of all of its citizens and as such bestows upon them both rights and obligations. The following justifies government intervention:

- i. Reducing the wealth concentration
- ii. Support for small-scale businesses
- iii. Directing limited national resources



- iv. Enhancing foreign exchange reserves
- v. Providing for the necessities of weaker sections
- vi. Safeguarding the environment
- vii. Safeguarding consumers

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### 11.3 ROLE OF PUBLIC RELATIONS IN THE PRIVATE SECTOR

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The responsibilities of every PRO's are essentially the same in almost every business, varying only in degree or scope according to the demands. Private sector businesses use aggressive marketing techniques to operate profitably in a cutthroat market. For the production and promotion of their products, they also depend on a wide range of consumers. A sound PR campaign prioritises the interests of its audience when making decisions that will affect how its firm is run. This is predicated on the idea that the support and cooperation of each individual including owner, employees, clients and community, is what allows the business to function.

The management must maintain a fair ratio of advantages to all of these groups even when their interests may conflict in order to maintain the trust of the general public. Various roles and responsibilities of Public Relations in any sector are enlisted as below:

- i. **Coordination and Counselling:** The PRO's job is to work with management to develop and carry out effective management strategies for each of these distinct publics, such as evolving marketing strategies for better relationships with customers, dealers and distributors, personnel policies for fostering positive workplace cultures, purchasing strategies to maintain the goodwill of suppliers, etc. PRO also plays a key role in preserving interdepartmental coordination.
- ii. **Planning Communication Activities:** PR has a crucial role to play in executing each of these duties in order to foster the positive public perception of the organisation. This is accomplished by strategically utilising a variety of media and techniques, including institutional advertising, publicity, business journals, public speaking, exhibitions, meetings with open houses, special events, etc. Therefore, PR is head in charge of all corporate communications.



iii. **Branding:** Every business, even those that are privately held, are subject to public scrutiny and over time people start to acquire opinions about them that may or may not be accurate. The entire perception of the company in the eyes of its many audiences, such as its credit worthiness, the calibre of its products, its consideration for its employees and its willingness to uphold social obligations, all contribute to the overall impression or the corporate brand. As a result, businesses go out of their way to promote themselves and present themselves as dependable, powerful, knowledgeable, responsible and dynamic identity. A corporation utilises its corporate name as an emblem or slogan to promote its brand in all of its communications. Corporate personalities are frequently communicated through interpersonal interactions, verbal communication, audio-visual aids, exhibitions, publicity and institutional advertising. Building a company's reputation requires a sustained, long-term effort made by PRO.

iv. **Public Relations and Marketing:** Companies need to be adaptable to remain in the global market, or they risk becoming extinct like the mythical dinosaurs. PR must therefore assist in long-term strategic planning and help the management team get ready for new initiatives. PR needs to be aware of business trends and work to close the communication gap between different organisational levels. The sales department must coordinate with all other divisions and view the company as a whole. Since employee and customer happiness are both essential for marketing success, PR's function can have a significant impact on sales.

For instance, in the case of Asian Paints, a business which is carefully thought out marketing techniques combined with PR initiatives allowed them to successfully capture and hold onto a sizeable portion of the market. This was accomplished using creative methods, such as emphasising corporate image rather than brand advertising, speaking in regional languages, gathering regular customer feedback, hosting seminars with decision-makers like interior decorators and architects, and taking into account regional variations in consumer perception by focusing on diverse festivals like Diwali in the North, Pongal in Tamil Nadu, Onam in Kerala, Durgapuja in Bengal.

v. **Crisis Management:** Public relations are not a stand-alone emergency response activity. This service does not provide "fire alarms." However, PR now plays a bigger part in crisis



management, such as during a labour strike or a product recall. Even while it is preferable to be vigilant for indications of dissonance, it might not always be possible to foresee a crisis. Continual observation and feedback may aid in the early detection of warning signs. However, long-term implications must be considered. To combat rumours, communication channels should be improved for negotiations and for presenting the company's version of events. Therefore, PR's job in the private sector includes informational, promotional, preventative and therapeutic functions.

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### **11.3.1 EMPLOYEE RELATIONS**

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The rapid changes in the Indian industrial landscape go beyond simple economic reforms. The more recent management policies also reflect the same. It was also recognised that employee satisfaction up to reasonable level is essential aspect for organisation success; merely good pay alone is insufficient. Hence an emphasis was also given to employee satisfaction. Better working conditions, challenges, acknowledgment and opinion in decision-making are all things that employees expect. As a result, corporate personnel policies have become more focused on HRD (Human Resources and Development). Over and above that is permitted by law protection received by employees.

The organization's structure is being changed; the vertical is making way for a horizontal, flat structure with fewer supervisors, allowing for greater employee involvement that is team-oriented. Companies are eager to develop a reputation as a good place to work. In order to get rich rewards, the PRO must play a significant part in developing an employee-friendly management strategy. A variety of strategies are used to try to establish mutual trust.

For instance, at TISCO, new employees are immediately educated on the terms of employment, including pay, benefits, vacation time, training opportunities, and rights and obligations. Some businesses place a high priority on developing and enhancing their employees' abilities. TISCO trains its employees at the Training Institute in Jamshedpur. Many employees are motivated to attend training





sessions and seminars at organisations like the Hyderabad's Administrative Staff College, Tata Management Center, Pune or perhaps to international training workshops.

Similar to this financial incentives are also utilised to inspire employees. For instance, at TELCO, employees who suggest ideas to save time, money or man-hours are given hefty monetary awards. This recommendation programme is well-liked and raises staff morale. The Open Promotion System at TELCO, which enables an employee to apply directly for higher positions within the organisation, is also applicable.

Imagine a company hosting a celebration for a newlywed employee and his spouse, along with the chairman. One can consider it to be unrealistic? But, Kirloskar is where this occurs. Here, the management shows an interest in significant occurrences in its employees' personal lives. Holding Safety-Week Celebrations, as done at TELCO, is another way to demonstrate concern for others while demonstrating solidarity with the employee and boosting job satisfaction. These and countless such tiny gestures help to foster positive working relationships.

Because employees are the finest people to contribute to a company's image, having good employee relations is crucial for any organisation. The way that employees feel about the company can have a significant impact on its interpersonal relationships. People who come in contact with employee are more likely to believe what they have to say about the organisation.

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### **11.3.2 INTERNAL COMMUNICATION**

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Earlier, an organization's contact with its employees was one-way communication. Specifically, top to bottom, but only in a limited way. Since then, trends have come a long way. Today, effective communication is a two-way or multi-way process that takes place through a number of channels. Organizational communication could include:

- i. Horizontal and Vertical
- ii. Upwards and Downwards
- iii. Formal and Informal



This is because management understands that in order to prosper any firm, people must be equipped with information. Employees must be fully informed of all new policies, any modifications to existing ones and the reasoning behind any significant decisions. It is crucial to take this action in order to prevent doubt, worry, rumours and other factors that could lead to labour unrest resulting in low credibility of its organization.

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### **11.3.3 CORPORATE DISCLOSURE**

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"Corporate Disclosure" refers to the dissemination of information about the company to the intended audience both inside and outside the organisation. Some people prefer the term "transparency" because the information is provided voluntarily. Being open and honest helps the business face less criticism. The performance of the Board of Directors must be supported. This is accomplished using the financial records, yearly reports, and balance sheets that display profit and loss, the type of assets, the overall value of assets and the total amount of liabilities.

The board and shareholders rely on these reports as a vital communication channel. The latter has a right to be fully informed about the business they are investing in. Employees also have a right to financial information in the long run, in addition to shareholders. The corporate disclosures are also of interest to consumers, suppliers, local and regional government authorities, customers and the general public. The company's publications, internal journals, policy manuals, reports, mailings, etc. are used to accomplish this. However, decisions on when and how much to disclose depend on a variety of variables, including the external environment and overarching business objectives.

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### **11.3.4 FINANCIAL RELATIONS**

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A business can borrow money from banks or from the general public by "coming public," or by selling shares to the general public. The PR specialist plays a crucial part in the difficult task of getting share investment from the general public. Through planned and structured communication with potential shareholders prior to, during and even after the public issue, the financial PR must be carried out in such a way as to win public acceptability for the firm and its policies. Therefore, the act of image-building is crucial. Actual shareholders and financial opinion leaders, brokers and credit rating services like



"CRISIL (Credit Rating Investment Services India Limited) and ICRA (Investment Information and Credit Rating India Limited) and other financial analyses which assist investors can be divided into two categories within the investment community. In view of this, the PR campaign must target not just the shareholders but also financial advisors, banks, insurance providers, brokers, and business periodicals.

Quality performance is just as important as adequate disclosure of corporate information. The private sector may need to increase the number of shareholders on the Board of Directors and promote employee ownership of firm shares in light of the growing interest in privatisation. As a result, these organisations' goodwill and support are essential for the company's success. The financial community should be informed through reports, newsletters, speech reprints, publicity, financial advertising, personal connections, and plant tours in addition to setting up the statutory meetings and annual general meetings. The presentation's theme should convey the organization's entire character and image.

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## **11.4 OTHER EXTERNAL RELATIONS**

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This chapter emphasised on the nature of PR and its relationship to shareholders and the public sector. Now some other aspects are elaborated that any private industrial organisation may have to deal with like the media, local community, dealers, suppliers and customers.

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### **11.4.1 MEDIA RELATIONS**

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It is suggested to develop positive relationships with both print and electronic media. An effective working connection with reporters, editors, editorial writers, columnists, cameramen, and broadcasters is essential for a professional PRO. Media can be planned by producing pertinent, newsworthy, and timely succinct press releases and feature articles to portray the image of the company in order to gain positive publicity coverage. For news releases, the corporation may employ significant adjustments, additions, diversifications, new products, foreign visits, production data, unique community activities, or even remarkable human interest situations.

Business feature articles created by the PRO to support marketing goals can be an effective tool for gaining exposure, speeches, interviews, and pictures. All of the research findings can be advantageously employed in specialised sections or newspapers. Financial news releases can be utilised



in business pages of newspapers or financial periodicals to improve branding and draw in more investors. Newspapers may also receive background information to help them write enlightening editorials. Similar issues may arise in the event of any emergency, such as a labour strike or crisis involving an accident. Negative news shouldn't be kept quiet. Media inquiries should be immediately addressed and the public should be made aware of the company's position. The media should be thanked for its coverage and cooperation after the crisis has passed. A courteous attitude, respecting the constraints of the editors, avoiding favouritism, and refraining from merging advertising and publicity are all ways to establish good media relations.

Mutual trust can be developed by timely responses to media inquiries, one-on-one interactions, press conferences, lunch invites, plant tours, and media kits.

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#### **11.4.2 SUPPLIER-DEALER RELATIONS**

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A dealer is a crucial link in the promotion of a product. The marketing department must identify dealers carefully to avoid irresponsible individuals and dishonest business practises that could damage the company's reputation. Dealers must be informed about the company's policies and the development plan after they have been appointed. For marketing to be successful, it's critical to have high-quality items that are warrantied, well-designed, reasonably priced, and inventively packaged, as well as quick after-sales service, proper presentation, etc. Dealers might receive assistance from training programmes, banners, promotional tools and showroom modernization, among other things. Marketing is boosted by effective communication tools like posters, banners, dealer publications, PR, exhibitions, and sales material. Dealer recognition can serve as a powerful motivator.

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#### **11.4.3 SUPPLIER RELATIONS**

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For continuous operations, manufacturers must rely on suppliers of tools, accessories and raw materials. A long-term collaboration with an honest and dependable supplier is necessary if one wants to guarantee the quality of their products. Supplier relationships must be properly managed by manufacturers because they themselves can serve as a source of word-of-mouth promotion. Local businesses should ideally serve as suppliers. The business should handle suppliers fairly and have a



strong purchasing policy. In collaboration with the buying department, good supplier relationships can be built. Establishing friendship and mutual trust can be facilitated via personal contact, meetings that are open to the public, communication, company publications, publicity, and site visits to suppliers' facilities.

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#### **11.4.4 CLIENT RELATIONS**

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The excessive use of print and audio visual media with advertising messages has made Indian customers pickier about the products they buy. Every business depends on its customers and several consumer groups are now clearly emerging as possible targets, such as young people, women shoppers and others. A noticeable consumer movement has emerged as a result of increased consumer knowledge of adulteration, fake products, unethical advertising, incorrect weights and measures. In order to avoid the issues related to consumers, following apex bodies contribute in a particular domain:

- a. ISI, which upholds quality standards
- b. Advertising Standard Council of India, which created a code to ensure that advertising make truthful promises.
- c. Consumer forums for dispute resolution that are available at the district, state and national levels and
- d. Formal and informal consumer education

Manufacturers now place a high focus on customer satisfaction and building long-term goodwill. The majority of businesses are eager to project the impression of having a customer-oriented attitude and even have a cell for consumer complaints that is supported by quick action. Products need to have unique characteristics, good performance, high quality, fairly priced, accessibility, adequate and friendly service, accurate information, etc. in order to develop a trustworthy relationship and good consumer policy. Advertising, PR, sales literature, consumer gatherings, exhibitions and sponsored programs across audio-visual media can all be used to strengthen customer relationships e.g. direct letter response to inquiries publications for customers.

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#### **11.4.5 RELATIONS WITH OTHER BUSINESSES**

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No business can be operated and run successfully in isolation. So it becomes necessary to maintain positive business relationships, even with competitors. An organisation can seek to solve common issues facing the industry more quickly and gain the respect of others by joining trade groups and actively participating on behalf of a certain trade. A business can improve its development and reputation in the public by taking the initiative to address issues like new laws, rules, taxes and can be resolved through teamwork.

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#### **11.4.6 RELATIONS WITH ACADEMIC AND RESEARCH INSTITUTIONS**

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In order to contribute any country significantly and increase industrial production, basic technological foundation is necessary. This foundation is may be contributed by many research institutes, universities and colleges like National research organisations with good infrastructure for research include the Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), National Space Research Organization (ISRO), Defense Research and Drawings Organization (DRDO) and University Research Departments. By working with these institutions for its own research requirements, industry may make this research more significant and application-focused. A stronger and more meaningful relationship between industrial and educational institutions could be forged through joint sponsorship of events like workshops, seminars, and other gatherings that aid in the transfer of research results for commercialization. Such sponsorship would also give students a sense of direction and access to opportunities for future employment. The country may ultimately benefit from this. Here, the PRO of the business interests must emphasise to foster relationships with universities.

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#### **11.4.7 COMMUNITY ENGAGEMENT**

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Its community is made up of a collection of residents who live in and around the urea where the firm operates. It is believed that a society's institutions and its residents are dependent on one another. This is true since institutions only exist with the support and collaboration of society. For basic amenities like roads, power, water supply, law and order, etc., it is reliant on society. Additionally, it obtains its labour and staff there. For service and support, it may also be reliant on regional shareholders, suppliers, and customers, among others. In a similar way, since these organisations offer goods and services and local employment, the community also gains from them.



Business is carried out largely for profit. The society is what keeps business alive. By deciding investments and influencing people's lifestyles, business has an ever-increasing impact on society (e.g. inducing to buy consumer durables). Therefore, it is claimed that businesses have a duty towards society that they must uphold by making a positive impact on its welfare. This idea, when taken to its fullest extent, is also referred to as "social responsibility" and "social accountability," and it places on businesses the duty to care for not only their immediate surroundings but also the country as a whole by fostering societal harmony, national integration, and development objectives. By reducing pollution and engaging in preservation efforts, one can also fulfil their obligation to the environment.

Every business wants to project a positive "image," or the idea that it is a desirable place to work. Improving performance, enhancing quality, demonstrating that it is a model employer and being a good corporate citizen by making contributions to the welfare or improvement of the community and the environment are just a few of the ways this image is intended to be fostered. Informing the community of its contributions to local social life is the goal of community relations. Institutional communication with the community to inform them of the welfare activities carried out includes public speaking, annual reports, exhibitions, and open houses. By building local amenities like schools, bus shelters, recreation centres and medical camps, establishing scholarships, taking part in civic initiatives, community health initiatives, or cultural events, social welfare can be fostered. It is well known that the House of Birla builds temples for the welfare of the neighbourhood. Some businesses may even "adopt" nearby villages in order to develop them.

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### **11.5 CHECK YOUR PROGRESS**

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- a) The Indian economy has developed along the lines of a mixed economy, which is a mix of .....and private sectors.
- b) The new structural reforms aims to do away with administrative constraints, are anticipated to boost .....and hasten the privatization process.
- c) The government's general Industrial Policy is based on the Industrial Policy resolution from.....



- d) The Planning Commission was established according to .....of State Policy, for general good.
- e) The Seventh Plan featured measures to raise output, .....upgrade technology, and expand rat exports.
- f) Political, social, and ..... issues are closely related to the development and evolution of the industrial sector.
- g) PR's job in the private sector includes informational, .....preventative, and therapeutic functions.
- h) .....refers to the dissemination of information about the company to the intended audience both inside and outside the organisation.

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## **11.6 SUMMARY**

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The Indian economy has developed along the lines of a mixed economy, which is a mix of the public and private sectors. The state owns, controls, and operates the businesses that make up the public sector. The entrepreneurial entities that are owned and managed by private businesses make up the private sector. In addition to these, the State and private businesses both jointly own units in the joint sector.

The new structural reforms, which aim to do away with administrative constraints, are anticipated to boost productivity and hasten the privatisation process. The chapter will provide you with insight into the responsibilities of a PRO in the private sector and the difficulties that must be overcome, such as fostering a sense of harmony among all its publics—consumers, shareholders, the government, and above all, its employees—for the long-term development of the company.

Nation-building is an ongoing process that occasionally involves modifications. Without a doubt, we face a number of issues, some of which are persistent, such as poverty, unemployment, overpopulation, etc. Other issues, such as recent terrorism and labour upheaval, have harmed the business climate.





Businesses must prepare for change and seize its chances. With the new economic policy, significant changes have occurred. Banking, foreign investments, capital market reforms, and exchange rate regulation have all undergone extensive upheaval. This has been done in an effort to foster an environment that will support rapid industrial growth.

With these moves toward privatisation, numerous industries that were previously only accessible to the public sector—such as energy and petrochemicals—have been made available to private business owners.

As we've seen, political, social, and economic issues are closely related to the development and evolution of the industrial sector. Laws passed by the government may have an impact on businesses. These are economic choices that are based on the state-adopted policies. The distribution of power in society is decided by these choices. There are many levels of government involvement, ranging from licencing to price regulation to takeovers.

The rapid changes in the Indian industrial landscape go beyond simple economic reforms. The more recent management policies also reflect this. A reasonable level of employee satisfaction is being increasingly recognised as being essential to any company's success and that good pay alone is insufficient. Better working conditions, challenges, acknowledgment, and a say in decision-making are all things that employees need.

A dealer is a crucial link in the promotion of a product. The marketing department must identify dealers carefully to avoid irresponsible individuals and dishonest business practises that could damage the company's reputation. Dealers must be informed about the company's policies and the development plan after they have been appointed. For marketing to be successful, it's critical to have high-quality items that are warrantied, well-designed, reasonably priced, and inventively packaged, as well as quick after-sales service. service, proper presentation, etc.

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## 11.7 KEYWORDS

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- **Structural Reforms:** Structural reforms remove barriers to the core drivers of growth by liberalizing the labor, product, and service markets. This promotes investment, employment



growth, and productivity improvement. They are intended to increase an economy's ability for adjustment, growth potential, and competitiveness.

- **The Industrial Policy of 1977:** The 1977 policy gave small-scale and niche sectors top priority. The 1977 Industrial Policy was the first to define a "tiny unit" as a unit with machinery and equipment investment of up to Rs. 1 lakh and located in cities or villages with a population of less than 50,000. (as per 1971 census).
- **Liberalization:** The activity of making laws, systems, or beliefs less strict is known as liberalization. Typically, this refers to the removal of specific government regulations or prohibitions.
- **Corporate Disclosure:** It refers to the dissemination of information about the company to the intended audience both inside and outside the organization.
- **Social Accountability:** The practice of informing specific social interest groups and the general public about the social and environmental impacts of an organization's economic decisions is known as social accounting.

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## 11.8 SELF-ASSESSMENT TEST

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- 1) Explain the Growth and Development of Industry in India in detail.
- 2) Write a detailed note on the modern industrial environment.
- 3) Write a short note on :
  - a) Private Industry and Liberalization
  - b) Government and The Private Sector
- 4) What are the various roles of public relations in the private sector?
- 5) What is the difference between Internal Communication and External Relations. Explain with examples.

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## 11.9 ANSWERS TO CHECK YOUR PROGRESS

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- a) the public
- b) productivity
- c) 1956
- d) The Directive Principles
- e) enhance infrastructure,
- f) economic
- g) promotional,
- h) "Corporate Disclosure"

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**11.10 REFERENCES/ SUGGESTED READINGS**

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<b>SUBJECT: PR PRINCIPLES AND TOOLS</b>	
<b>COURSE CODE: MSM-523 D</b>	<b>AUTHOR: DR. SANDHYA</b>
<b>LESSON NO.: 12</b>	<b>VETTER: DR. MIHIR RANJAN PATRA</b>
<b>PUBLIC RELATIONS IN PUBLIC SECTORS</b>	

## **STRUCTURE**

### 12.0 Learning Objectives

#### 12.1 Introduction

#### 12.2 Public Sector

##### 12.2.1 The goal of the Public Sector

##### 12.2.2 Different types of public sector organizations

##### 12.2.3 Various Levels of Government in the Public Sector

#### 12.3 Functions of Public Relations in Public Sector

##### 12.3.1 Major Roles and Responsibilities of Public Relations

##### 12.3.2 Role of Public Relations in Government

##### 12.3.3 Role of Public relations in the Public Sector for image building

##### 12.3.4 Role of public relations to improve Community relations

#### 12.4 The Public Relations Person in Public Sector

##### 12.4.1 Media and Methods to Disseminate Public Information

##### 12.4.2 PR Event Planning

#### 12.5 Check Your Progress

#### 12.6 Summary

#### 12.7 Keywords

#### 12.8 Self-Assessment Test

#### 12.9 Answers to Check Your Progress

#### 12.10 References/ Suggested Readings



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## **12.0 LEARNING OBJECTIVES**

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After reading this lesson learner will be able to:

- Understand Public Relations
- Define the Public Relations
- Learn types of Public Relations
- Explain the advantages and disadvantages of Public Relations
- Understand the Functions of Public Relations

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## **12.1 INTRODUCTION**

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India's public sector was established to boost the country's economy. It employs two-thirds of the workers in the organized sector. It becomes a tough job for the PR professional in the public sector to combat the negative aspects and public criticism because public sector units exist for the public good and are not run on commercial lines. Instead, one must advocate for the fate of the populace in the public sector as part of its socially responsible responsibility.

There are some unique tasks that demand a more complex role in the public sector, even though the PR activity in an organization stays the same, i.e., projecting a positive image and creating communication relations with diverse publics. This is outcome of the distinct character and mindset of public sector organization. This chapter insight into the concept of PR in the context to the Public Sector which includes organizational structure, unique features, strategies and options are available to a PR professional.

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## **12.2 PUBLIC SECTOR**

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All businesses owned and run by the government are included in the public sector, which is a segment of the economy. This covers everything, from roads and bridges to hospitals and schools. Private businesses, nonprofit organisations, and households are excluded. The provision of services deemed necessary for society's welfare is the primary goal of the public sector. Usually, these services are offered for free or at a reduced cost. These public sector organisations do not aim to turn a profit.



The general definition of the term '*public sector*' goes beyond mere function and includes government ownership or control; as a result, it encompasses activities like the exercise of public power or the execution of public policy. The central and subnational government agencies' primary public services represent the inner circle of the public sector when represented as concentric circles. In this situation, it is quite simple to tell the public sector from the private sector because of employment links and the ability to exercise public power. The following circle contains numerous various quasi-governmental organisations, however they are excluded from the direct line of accountability within government. Examples include regional development organisations and social security funds. State-owned businesses, which are often identified by the government's ownership or its ownership of the majority of the shares, are concentrated in the outer circle. Several developed nations have experienced extensive privatizations of state-owned businesses since the 1980s, whether in full or in part (examples range from airlines to the telecom sector), though public ownership has persisted as a common practice in many sectors, such as local public transportation.

The phrase '*public sector*' is sometimes used analytically, particularly to contrast it with the '*private sector*' and '*third, or voluntary, sector.*' This makes it possible to map the range of governmental activity inside the larger economy (also allowing for comparison across space and time). Additionally, it draws attention to unique operational practises and trends within the public sector.

The challenge of defining the public sector is one that needs to be overcome more and more. Identification of the public sector has become challenging, particularly for comparative analysis purposes due to privatisation, delegation of public power (e.g. in prisons), the joint provision of services by the public and private sectors that are typically regarded as '*public*' and institutional reorganisations.

The PR team should be dedicated to the public sector's mindset in light of this. The PR experts need to understand the fundamental tenets of the government's industrial policy and have direct access to the organization's main information sources.

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### **12.2.1 THE GOAL OF THE PUBLIC SECTOR**

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The public sector is essential to the efficient operation of our society. It offers vital services that are required for our communities' welfare. Additionally, the public sector is crucial in fostering stability and prosperity in the economy. As already discussed, the public sector was established in order to prevent the concentration of wealth in the hands of a small number of capitalists and to preserve a balanced rate of economic growth. Additional goals include:

- i. Achieving organizational excellence in order to be a model employer
- ii. Adopting strategies choices for accomplishing the international goals of establishing a socialistic patron of society
- iii. Adopting current technology to boost output
- iv. Actively participating in employees' distinctive management participation
- v. Developing self-reliance in crucial defence and development areas
- vi. Creating a lot of job opportunities
- vii. Producing resources from inside for reinvestment
- viii. Fulfilling social obligations

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### 12.2.2 DIFFERENT TYPES OF PUBLIC SECTOR ORGANIZATIONS

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There are many different public sector organizations, each with a distinct mission and goal. Some domains of typical public sector organisations include:

- i. **Educational Institutions:** Public schools, universities and colleges are all examples of organizations that fall under the public sector.
- ii. **Healthcare Facilities:** Hospitals, clinics and other health services are typically provided by the public sector.
- iii. **Transportation Infrastructure:** Roads, bridges, airports and mass transit systems are all





typically managed by government agencies.

- iv. **Utilities:** Electricity, water and sewage are all examples of essential services that are typically provided by the public sector.

Some other examples include:

- a. Emergency Services
- b. Fire Service
- c. Gas and Oil
- d. Law Enforcement
- e. Police Services
- f. Postal Service
- g. Social Services
- h. Waste Management
- i. Health and Care
- j. Teaching
- k. Armed Forces
- l. Civil Service
- m. City Councils

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### **12.2.3 VARIOUS LEVELS OF GOVERNMENT IN THE PUBLIC SECTOR**

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There are three tiers of government in the public sector in India: Central, State and Local. Every level of government has various duties and some degree of interaction with one another. The three tiers of government also have a hierarchy of authority.

- **Central or National:** Responsible for national defense, foreign policy, printing money, regulating interstate commerce
- **Regional (State or Provincial):** Responsible for education, transportation, prisons and welfare
- **Local (Municipal or County):** Responsible for police and fire departments, zoning and trash collection

Several levels of government frequently share responsibilities for providing public services, with each level offering some or all of the services. As a result, public services are frequently provided concurrently by a number of distinct inter-governmental bodies.

There are several ways in which the three levels of government interact. State and municipal governments may get grants from the central government as financial support. Compacts are agreements that state governments can make with one another that allow them to work together on subjects of shared interest.

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### **12.3 FUNCTIONS OF PUBLIC RELATIONS IN PUBLIC SECTOR**

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Correct policy and excellent execution are not always rewarded. PR related action is therefore crucial. By receiving credit for one's accomplishments, PR serves as a tool for boosting confidence. The PR specialist is in charge of developing and upholding a mutual understanding between the public and the organisation. This can be accomplished by organizing and carrying out the release of information to the public while also gathering feedback from both internal and external publics. High communication skills, sensitivity to varied audiences, the ability to handle problems and organizational abilities are required of a skilled PR professional. He must possess leadership abilities, integrity, awareness and innovation. The ability of a PR professional to change a negative attitude into a positive one is what



makes them persuasive. According to Frank Jeffkins, effective public relations are ‘*capable of transforming hostility into sympathy, prejudice into acceptance, apathy into interest, and ignorance into knowledge.*’

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### 12.3.1 MAJOR ROLES AND RESPONSIBILITIES OF PUBLIC RELATIONS

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As public relations play a crucial role for maintaining image or brand of an organization and as a result it helps in smooth running of that company/organization. In order to do all these functions effectively PR play some major roles and responsibilities which are described as below:

- i. **Information Service:** The public must be informed about the policies, successes, special events and beneficiaries in order to secure public acceptability. The press and other media can be used for this. In order to raise awareness and counter any misinformation, effective information services are crucial.
- ii. **Image Building:** The PR professional must identify certain publics and ascertain the current audience sentiment. It might also need to conduct an opinion survey to identify any widespread misconceptions.
- iii. **Counseling:** The administration must be involved in the planning of the PR activities and programs after assessing needs and gauging public opinion. Setting up policies and organizing PR campaigns are required.
- iv. **Message Production:** Whether it is a speech, letter, script or news report, the message being conveyed to the public should persuade them in a positive way.
- v. **Co-ordination and Leadership:** The organization's entire operation must be closely monitored by the PR representative. This calls for planning, budgeting, controlling and other activities.
- vi. **Providing Motivation in Training:** In order to grow the organization's membership and inspire volunteers to work for the cause, PR efforts are crucial.
- vii. **Liaisoning:** with the relevant organizations in order to gain their support.



viii.**Fund Raising:** To increase public awareness of the services provided by nonprofit organisations, effective PR is crucial. In order to raise money, it is crucial to establish a positive public perception. Even just raising money takes a lot of effort and talent.

ix.**Evaluation:** Maintaining reports, clipbooks, etc. is essential for tracking the qualitative and quantitative development of media coverage. Another crucial aspect of the role is assessing the success of PR initiatives.

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### **12.3.2 Role of Public Relations in Government**

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Public Relations not only help for the image or brand development of any organization, but also contribute to society in collaboration with government. Some roles of Public Relations in Government are listed as below:

- a. Putting governmental policy into practice
- b. Aiding the media in its coverage of official operations
- c. Informing the public about administrative activity
- d. Strengthening the agency's internal unity
- e. Increasing the organization's sensitivity to its constituents
- f. Organizing assistance for the agency itself

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### **12.3.3 ROLE OF PUBLIC RELATIONS IN THE PUBLIC SECTOR FOR IMAGE BUILDING**

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The country's public sector organisations have a poor reputation. They are viewed as having a long gestation period, excessive staffing, a lack of professionalism and underutilizing their capability. The Public sector units are ineffective producers and loss-making businesses from the perspective of the average person. But nowadays the scenario is changing drastically because the roles of public relations have become very crucial, because it starts from making the foundation of any business to long lasting sustainability. Although, numerous other factors like quality and customer satisfaction are also



associated behind the success of the business, so much more expectations only from PR may results into highly disappointment. Hence PR has a specialized role in the public sector. It has to project that the public sector units are:

- a. Profitable and productive
- b. Contribute to the nation's economy
- c. Be dedicated to the community
- d. Assist in reviving ill units.
- e. Dependable in the key industries

Additionally, the PR also emphasizes the policies, initiatives, accomplishments and benefit plans. These have the power to sway public opinion in PSUs' favour.

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#### **12.3.4 ROLE OF PUBLIC RELATIONS TO IMPROVE COMMUNITY RELATIONS**

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Every business must work to build a positive image that the organisation is socially useful to the community because local public opinion is so crucial. Supporting regional issues is one way to do this. An organisation must be aware of the community's issues, attitudes, economic, political situation, population makeup, facilities for education and recreation, availability of medical aid, local opinion leaders, other business organisations or welfare agencies, etc., in order to foster good community relations. Traffic, food safety, fire prevention, water supply pollution, rubbish disposal, historical site preservation are amongst some common community issues.

Participating in the resolution of these concerns in conjunction with the civic department can promote good community relations. Some industrial buildings adopt nearby villages or communities and offer them full facilities.

To hear the complaints or suggestions from local community leaders through scheduled visits and to promote community service initiatives, a two-way communication program must be developed.



In addition to charity program, organisations host a number of cultural performances or sporting events as part of their Public Relations efforts. The community relations program, which is crucial for a company's prosperity, is given an aura of richness through music shows, dance and theatre which fosters a sense of belonging. Consequently, the community's goodwill can be acquired.

Although some public sector organisations have received criticism for failings, public sector PR professionals can help to defend the organisation by highlighting its advantages. The public sector has taken on a significant role in meeting a societal demand. By funding canteen, school, water, power and other welfare services, it creates jobs and looks after its workers. Additionally, it contributes to social responsibility by preventing the concentration of wealth in just a few individuals. The PR campaign might emphasize the contribution of the public sector to the greater good.

A corporation interacts with several publics. The public, including employees, dealers, suppliers, the media and community leaders, develop a specific impression of the company in the course of its dealings. The corporate image is determined by how different groups of people perceive the firm. Therefore, any company must be concerned with its overall or multifaceted image. This is not a simple task. So it is evident that Success is highly essential, but a company's performance is also evaluated by other variables, such as how it treats its employees, its philanthropic efforts and the overall welfare of the public. Performance is always followed by publicity. As an illustration, *HMT created quartz Braille timepieces for the blind in association with the renowned Japanese watchmaker Citizen*. This significantly enhanced the company's reputation as a socially conscious business rather than just another sector with a narrow focus on profit. Similar to how *Air India's flagging reputation was significantly improved when it made 488 flights in record speed to evacuate over a lakh Indian standard during the Gulf War*, which lasted between August, 1990 and February, 1991.

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## **12.4 THE PUBLIC RELATIONS PERSON IN PUBLIC SECTOR**

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The PR representative at PSUs should be well-versed with government policies affecting the public sector. There must to be an effective speaker and knowledgeable about marketing strategies. This speaker ought to have direct access to the CEO and other top managers. This public person should be present at all meetings and take part in improving relations between the public and the organisation. The



PR professional is responsible for fostering positive connections between the management and the union. Additionally, this person needs to be well-liked by the media and is required to respond to press inquiries. When the business needs to alert the press of something, the person must write press releases and arrange press conferences and serves as the PSU's representative.

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#### 12.4.1 MEDIA AND METHODS TO DISSEMINATE PUBLIC INFORMATION

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Each medium has its own executive department, known as a media unit in Government of India. Similarly, the State governments' Directorate of Information and Public Relations has a wing for each media outlet or group of outlets. The Directorate of Information and Public Relations departments use almost all media to communicate with their target audiences, who are dispersed throughout the entire state. The state government's media wing is broadly divided into many wings, each of which is led by a joint Director. The Directorate is divided into the following media categories:

- i. **Press Wing:** The press is a crucial tool in public relations for influencing the society's educated sectors. The Press Wing's duties include:
  - a. Issuing press releases, features, and backgrounders;
  - b. To schedule media visits, briefings, and press conferences;
  - c. To provide a compendium of media responses to government initiatives and policies;
  - d. To provide images to journalists; and
  - e. To accredit qualified reporters and journalists.
- ii. **Photo Wing:** It is true as they say, '*A picture worth more than a million words.*' As a result, images frequently used in the print media to create readers' interest in the events. This Wing photographs significant news events and VIPs in great detail. In addition to VIP visitors, the Chief Minister also travelled the entire state. It offers photo to Doordashan for greater distribution, as well as to the press, and keeps a collection of negatives.



- iii. Publications Wing:** A powerful tool for influencing the literate people is the printed word, especially when it is supported with images. Therefore, the department publishes an ad hoc publication, posters and the monthly periodicals. Among the publications are books, flyers, folders and brochures that emphasize the state's accomplishments in various fields like culture and the arts.
- iv. Research and Reference Wing:** The Research and Reference Wing serves as the department's '*Think-Tank*.' The following is a list of its main functions:
- a. Maintaining a calendar of significant events
  - b. Creation of backgrounders on several development sectors, including agriculture, power, and irrigation
  - c. Personnel profile notes on state leaders
  - d. Completion of the state's yearbook.
- v. Advertising Wing:** Government advertising's major goal is to improve the public's perception of the government by highlighting its achievements. Additionally, it aims to have its policies and programs accepted. The department's marketing division releases state governments classified and display adverts to various magazines and newspapers.
- vi. Exhibition Wing:** It is relieving to see. Exhibitions that adhere to this concept are significant in the context of public relations and publicity. The fact that both literate and illiterate audiences are drawn to informative exhibitions gives them considerable significance. There is the duty of overseeing the district and planning big shows in the state capital. Public relations representatives plan and organize district-level shows.
- vii. Song and Drama Wing:** Mass communication's reach and impact can be greatly increased through the performing arts. To promote the state's initiatives, this branch coordinates traditional media programs across the entire state in general and specifically its achievements. It offers development scripts.





- viii. **Films Wing:** A powerful form of mass communication is film. In a nation like India with a low literacy rate, this is a particularly effective medium. The films wing coordinates the production of documentaries and newsreels as well.
- ix. **Electronic Media Wing:** This wing features a complete video production unit that handles the recording, production and distribution of video films to district units in addition to providing material for Doordarshan to broadcast. Projectors and other audio-visual devices are maintained by it, public address systems, cassette recorders, generators, etc. There is a video mobile in each district, a publicity van that arranges video programs on development-related subjects. The department also has other divisions, such as Information Centers and Special Cells for Tribal Welfare Publicity, Field Publicity, etc. to carry out the information distribution government-related activities. In supervision of a single leader, each wing collaborates in a seamless manner.
- x. **Development Corporation:** Through the district public relations officer, it also organises the distribution of 16mm films for viewing. This Wing also organizes the Annual Film Awards for the greatest documentaries and features produced in the state.

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#### 12.4.2 PR EVENT PLANNING

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The event creates opportunities to get connected with the people in any particular area for the celebration. It leads to fostering creativity and innovations as well. In business opportunity means the great possibility for exploration of its dimensions. Hence different companies/ organizations plan events in order to excel it. Hence planning an event, especially for brand development is one of the most important aspects of public relations. The famous management proverb, '*Planning the done is half the work done*', justify the importance of planning for PR as it's the brand on which any business carries its long lasting sustainability. Hence the vitality of PR event planning cannot be ignored. There are certain prerequisites for formulating a plan which are presented in bulleted list as below:

- i. Access to information input: Research or fact finding
- ii. Analysis of information data and statistical interpretation of data



- iii. Channel of communication: Selection of media
- iv. Comparison of similar campaign undertaken by the industry, and
- v. Evaluation and feedback: On the basis of SWOT analysis (strength, weakness, opportunities and threads) of the organization a plan is formulated which compromise four elements:
  - a. Reason: why they need four campaigns
  - b. Objective: what is purpose to be achieved
  - c. Means: what channel of communication will be adopted
  - d. Cost: how much money will be spent

Before making any public relations' planning event, the management has to chalk out the following activities:

- **Why:** The management has to be given a concrete the reason for conducting the public relation activity this reason may form the campaign team.
- **What:** Once the management is convinced about the necessary all of the program the specific goals of the campaign are to be spelled out.
- **Who:** These objectives are to be made, keeping in view the different public e.g., conducting tour of an organization's site may involve half a dozen publics with different objectives, but there has to be a definite purpose of the tour known to all.
- **How:** Then it is time to decide how to reach the various public. Since the public is never homogeneous, the right channel of communication must be chosen. Questions like which media will have the best reach for the target audience must be answered. By presenting the facts to the public, a public relations campaign's goal is always to sway public opinion in its favor. Always keep in mind that public relations are never used to promote false information. In actuality, miss information thinks the population is feeling positively.



- **When:** Timing is an essential factor to be considered while launching the public relation campaign. Public relation activity must be scheduled to coincide with public interest e.g. summer is the best time to talk about air cooler or refrigerators.
- **How much:** Last but not the least is the cost factor which determines whether the public relation campaign is feasible and within the limits of the organization.
- **What if:** An organization must also have emergency plans to deal with unexpected, dramatic and disastrous situations like a sudden fire outbreak in an organization unexpected policy changes etc.

After making the decision on the aforesaid aspects next crucial task is to evaluate and feedback. Evaluation and feedback aspect is elaborated as below:

**Evaluation and Feedback:** Evaluation is a different element that is of prime significance in the planning program. Evaluation is crucial to determining whether the PR campaign was successful and how much it affected public perception. The effort and money invested in the public relations campaigns are justified by the evaluation.

Given that public relations focuses on intangibles measuring its successes is not simple. A large volume of press releases does not necessarily indicate effective public relations efforts. The publications that portray the organisation and shape public perception are what count. Similar to this, in a news conference, attendance is less significant than the effect it has on attendees' thoughts, regardless of whether the message was received correctly or not.

A public relations effort always appreciates positive public opinion. However, it is also critical to learn about widespread misconceptions, identify them, and then take steps to dispel any negative perceptions of the business. Since the public sector has a bad reputation as a result of several of the previously described factors, it is even more crucial for public relations professionals to identify potential sources of opinion and address them.



One of the most crucial components of a PR effort to enhance an organization's reputation is institutional advertising. Studies are carried out to assess the public relations program, which consists of:

- **Pretesting of Message:** To prevent disinformation, public relations messages must be truthful, trustworthy, and accurate.
- **Analysis of Data:** the effect of the service provided on the general public.
- **Media Study:** Choice of communication channels should be made after careful consideration of the communication process.
- **Collection and Interpretation:** Gathering feedback from the public and evaluating the impact of PR efforts.
- **Feedback Conclusion:** Ultimate crux of the PR Event Planning

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## 12.5 CHECK YOUR PROGRESS

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- a. The \_\_\_\_\_ was established in order to prevent the concentration of wealth in the hands of a small number of capitalists.
- b. Different Types of Public Sector Organizations include\_\_\_\_\_.
- c. There are \_\_\_\_\_ tiers of government in the public sector in India.
- d. \_\_\_\_\_ not only help for the image or brand development of any organization.
- e. The \_\_\_\_\_ sector is viewed as having a long gestation period, excessive staffing and lack of professionalism.
- f. \_\_\_\_\_ is a crucial tool in public relations for influencing the society's educated sectors.
- g. A picture worth more than a \_\_\_\_\_ words.



- h. The \_\_\_\_\_ coordinates the production of documentaries and newsreels as well.
- i. \_\_\_\_\_ is crucial to determining whether the PR campaign was successful and how much it affected public perception

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## 12.6 SUMMARY

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India's public sector was established to boost the country's economy. It employs two-thirds of the workers in the organized sector. It becomes a tough job for the PR professional in the public sector to combat the negative aspects and public criticism because public sector units exist for the public good and are not run-on commercial lines.

**The phrase ‘*public sector*’ is sometimes used analytically, particularly to contrast it with the ‘*private sector*’ and ‘*third, or voluntary, sector*.’ This makes it possible to map the range of governmental activity inside the larger economy (also allowing for comparison across space and time). Additionally, it draws attention to unique operational practises and trends within the public sector.**

The public sector is essential to the efficient operation of our society. It offers vital services that are required for our communities' welfare. Additionally, the public sector is crucial in fostering stability and prosperity in the economy.

There are three tiers of government in the public sector in India: Central, State and Local. Every level of government has various duties and some degree of interaction with one another. The three tiers of government also have a hierarchy of authority.

**Press Wing:** The press is a crucial tool in public relations for influencing the society's educated sectors. The Press Wing's duties include, issuing press releases, features, and backgrounders, to schedule media visits, briefings, and press conferences and to provide a compendium of media responses to government initiatives and policies.



**Song and Drama Wing:** Mass communication's reach and impact can be greatly increased through the performing arts. To promote the state's initiatives, this branch coordinates traditional media programs across the entire state in general and specifically its achievements. It offers development scripts.

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## 12.7 KEYWORDS

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- **Public Sector in India:** India's public sector was established to boost the country's economy. It employs two-thirds of the workers in the organized sector. It becomes a tough job for the PR professional in the public sector to combat the negative aspects and public criticism because public sector units exist for the public good and are not run-on commercial lines.
- **Information Service:** The public must be informed about the policies, successes, special events and beneficiaries in order to secure public acceptability. The press and other media can be used for this. In order to raise awareness and counter any misinformation, effective information services are crucial.
- **Image Building:** The PR professional must identify certain publics and ascertain the current audience sentiment. It might also need to conduct an opinion survey to identify any widespread misconceptions.
- **Counseling:** The administration must be involved in the planning of the PR activities and programs after assessing needs and gauging public opinion. Setting up policies and organizing PR campaigns are required.
- **Message Production:** Whether it is a speech, letter, script or news report, the message being conveyed to the public should persuade them in a positive way.
- **Evaluation:** Maintaining reports, clipbooks, etc. is essential for tracking the qualitative and quantitative development of media coverage. Another crucial aspect of the role is assessing the success of PR initiatives.
- **Publications Wing:** A powerful tool for influencing the literate people is the printed word,



especially when it is supported with images. Therefore, the department publishes an ad hoc publication, posters and the monthly periodicals. Among the publications are books, flyers, folders and brochures that emphasize the state's accomplishments in various fields like culture and the arts.

- **Electronic Media Wing:** This wing features a complete video production unit that handles the recording, production and distribution of video films to district units in addition to providing material for Doordarshan to broadcast. Projectors and other audio-visual devices are maintained by it, public address systems, cassette recorders, generators, etc.

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## 12.8 SELF-ASSESSMENT TEST

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- 1) Explain the role of public sector in India.
- 2) Enlist the various goals of the Public Sector.
- 3) Delineate various Types of Public Sector Organizations.
- 4) 'A picture worth more than a million words.' Justify this statement.
- 5) What are the various Levels of Government in the Public Sector?
- 6) Explain numerous roles and responsibilities of public relations for society.
- 7) Enumerate different media and methods to disseminate public information.
- 8) Elaborate the concept of PR Event Planning.

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## 12.9 ANSWERS TO CHECK YOUR PROGRESS

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- a. Public Sector
- b. Transportation Infrastructure
- c. Central or National authority



- d. Image Building
- e. Co-ordination and Leadership
- f. Fund Raising
- g. Advertising Wing
- h. Exhibition Wing
- i. Development Corporation
- j. PR Event Planning

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