

## **THE VALUE OF COMMUNICATING TO JOE AND JOAN “CITIZEN”**

Michael Kelly, the columnist for *The Washington Post* who was tragically killed during the Iraq war, had many good lines, one of which is relevant to improving political communication. He started his career as a television journalist and was doing quite well. But one day he quit. He was later asked, “Why did you leave? It seemed like such a promising career.” He replied, “Well, yeah, but one of my co-hosts said to me one day, ‘Michael, you just don’t get it. In television journalism a hair dryer is every bit as important as a pad and pencil.’” While that comment prompted Michael to leave broadcast journalism, his story brings up an important point: The way we present ourselves is as important as the content of our messages.

CEI and National Media work very closely with many businesses, trying to persuade them not to apologize for being capitalists. That work is important because industry is a significant channel of political communications.

Corporations spend more than half a trillion dollars a year selling products. Their messages and ads are trying to reach Joan and Joe “Consumer,” and yet they are also reaching Joan and Joe “Citizen.” In other words, business not only reaches its customers in the private competitive world, but also communicates (sometimes unwittingly) in the political policy world.

This raises the question: When you talk to Joan Consumer, what are you also saying to Joan Citizen? Business doesn’t ask this question

very often. Why not? Because the people who handle product sales are in the marketing division, while the people who handle policy concerns and monitor political threats to the industry are in the government relations division.

Business has not yet integrated these two separate worlds into a consistent strategy. This situation exists for a couple of reasons. First, the two divisions are far apart within the organization of the company, and second, many CEOs don't like politics. They want it to go away.

If we could find ways of encouraging companies to think of a dual message, to sell not only products but also the moral legitimacy of a free enterprise way of producing, distributing, and pricing, I believe that would make our policy work much, much easier. At CEI, we're conducting research to understand the way people go about making decisions, to find new methods to create and distribute free-market messages, and then convince the business leaders of the need to legitimize both their products and their industry.

Business generally uses two institutional advertising strategies. CEI has labeled those "apologetic" ad strategies and "legitimizing" ad strategies. The apologetic ads say, "Yes, I know we did horrible things. We're very sorry about that, but you don't understand. It was a different time, technology wasn't developed and we're really sorry. We're going to do better. We're really going to do better in the future."

An example of this type of ad can be found in Figure 1.1. The chemical industry spent over \$ 10 million producing and distributing this ad year after year after year. But what message did this ad convey? You heard

nothing about why chemicals might be useful things to have. All you heard was that we got rid of 93 percent of the toxic ones. Meanwhile, the 7 percent seems to be indestructible and obviously very dangerous because they're trying to get rid of it. The ad ends with a new slogan for the industry's approach—"Responsible Care."

Responsible Care? Imagine this scenario: You're sitting at home and your teenage daughter or son walks into the room. You look up from reading the paper, and your child says, "Dad, Mom, I want you to know, from now on I'm going to be responsible." Then your teenager walks out of the room. You're all relieved at this point, right? Think again. The whole concept that from now on you're going to be responsible suggests that up to now you have been irresponsible. That is a typical apologetic ad.



Legitimizing ads, the ads that we think have value and occasionally are done by industry, discuss the benefits derived from a product. This type of approach is important because people are "rationally ignorant." They have real lives and no real reason to spend lots of time reading

policy reports or learning about issues that have no apparent impact on their lives. So, we are all “rationally ignorant” about most things.

If people are going to understand that a world without chemicals might be a scarier world, you’re going to have to give them some reason to believe it. Industry equates profitability with legitimacy, because that is the standard by which businesses judge each other. But if profitability were the only moral yardstick, cocaine dealers, prostitution rings, and other similar “businesses” would all be legitimate. Evidently, some nonbusiness people are applying different standards to business than business applies to itself.

Figure 1.2 is almost the epitome of a legitimizing ad. The plastics industry has several others like this. Some of you have probably seen the one in which a mother is warming a baby bottle. The mother looks down at her

*If people are  
going to  
understand  
that a world  
without  
chemicals might  
be a scarier  
world, you’re  
going to have  
to give them  
some reason  
to believe it.*

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**Voiceover:** Three minutes from now, a heart attack victim will be rushed into this emergency room. Medication will be injected. I.V. fluids will be needed. The patient will be protected from infection. Breathing will be assisted. And one more life will be saved. ...Thanks to advanced medical techniques and a material we call plastic.

**FIG. 1.2:** American Plastics Council Ad

child, and the bottle slips from her hands. Then, in slow motion, it falls toward the tile floor where the baby is lying. When the bottle bounces off the floor instead of shattering, you think, “Thank God it’s plastic.”

This ad came about because the plastics industry was getting hammered. Those of you who know the movie *The Graduate* may remember the scene at Dustin Hoffman’s graduation party in which this particularly irritating neighbor, a businessman, looks down at Dustin’s character and says, “I just want to say one word to you ... plastics.” That phrase quickly came to symbolize a faddish contempt for the modern world. What soon followed was a whole array of anti-plastic policies.

After a while, the plastics companies decided to go on the counterattack. Their initial ads featured downhill skiers who talked about the benefits of high-tech plastic skis. This prompted us to say, “Well, that’s good, but if you can go skiing in Aspen and drive Corvettes, you’re probably already aware that capitalism is a good idea.” These companies really needed to reach out to people with the egalitarian value that plastics are not only good for society at large, but they’re particularly good for the individual—in this case, a heart attack victim, and in the case of the plastic baby bottle, mothers and children. In many ways, it’s not just a benefits message, it’s a benefits message that carries the fairness value, the egalitarian value.

CEI has done focus group research on legitimizing versus apologetic ads, and made some interesting findings. Apologetic ads tend to make a rationally ignorant public more likely to support greater regulation than legitimizing ads. The former tend to create new doubts in the mind of the audience, leading to exactly the sort of government intervention

we seek to avoid. We need ads that drive home the point that a world with more regulation, more taxes, and more restrictions is a world that is not only less free and less rich, but also less fair.

In our focus groups, the ad on chemicals, for example, raised all kinds of questions. What is this stuff? Why is it so hard to get rid of? Why are they pretending that they've done a good job when the hard part of the problem lies ahead of them? And so on. The participants in the focus group were concerned that toxic waste was an insurmountable problem, that companies may not be "following the rules, and that maybe the 7 percent of waste not yet cleaned up was created by those bad actors who are never going to do it on their own. Furthermore, they did not find the information presented in the ad credible.

Apologetic ads not only don't work, they also exacerbate the very problems they seek to address. Legitimizing ads, by contrast, can be very effective. Another example of a legitimizing ad is one CEI developed regarding the pharmaceutical industry during the debate over reforming the Food and Drug Administration.

The ad in Figure 1.3 delivers a general message about the value of drugs: People die if drugs are delayed by regulation. This message is not one that industry would feel comfortable delivering directly. If the FDA regulates you, you can't be overly critical of it in public. Our ad essentially took the benefit message, the egalitarian message, and targeted a particular policy group—FDA reformers.

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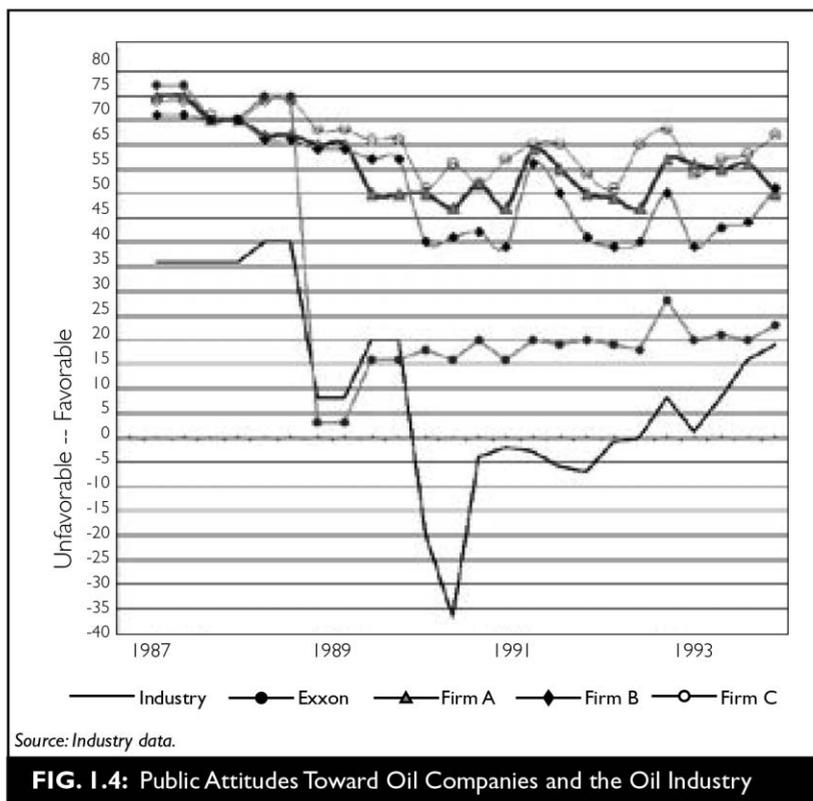


So far, I've talked about the importance of a company legitimizing its products. As, or more, important is the need for ads that legitimize the entire industry. The graph in Figure 1.4 shows the reputations of various firms in the oil industry. The bottom set of curves shows the reputation of the oil industry in general.

The graph indicates that some companies have better reputations than others. Branding is one way by which a company can raise its reputation, but the industry overall always has a lower reputation than specific companies do. It's the industry that gets regulated, not individual companies. The only way you can protect your company ultimately is to protect your industry.

Another example of that same point is the March 1989 Exxon Valdez oil spill. As you can expect, when this happened, Exxon's credibility

dropped dramatically with the public. The credibility of other companies, however, dropped a lot less, demonstrating that there is value in maintaining the reputation of your company. But while certain individual companies suffered less than Exxon, the oil industry's reputation suffered almost as much as Exxon did. Politically, this meant the oil industry as a whole was damaged in the end, not just Exxon. If you want to defend yourself against the regulating regime, you have to defend your industry and not just your particular company.



Companies have not always been so slow in defending their industries. In his wonderful book, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business*, Roland Marchand suggests that industry in the early 1900s was aware that the world was moving into a socialist period. When governments nationalized many sectors of American industry in World War I, companies were terrified that they might have no future in America and responded over a period of decades by developing a moral defense of themselves. Industry did that reasonably well by disseminating messages that created a corporate soul. But, after World War II, when industry could make money by doing almost anything, it went to sleep again. In a sense, industry needs to wake up and revitalize its understanding that companies are always operating in a hostile environment, and if these companies can't make a moral defense of themselves and their industry, they won't have a future.

A current example of creating a corporate soul comes from a popular ad for cell phones (See Figure 1.5). The interesting thing about the ad is that, according to *Creating the Corporate Soul*, AT&T has had it right for a long time. The first AT&T institutional ads in the early part of the 20<sup>th</sup> century were filled with information about how marginal costs operate for public utilities. The idea was that if the public only knew as much as AT&T did, it would be much more sympathetic to AT&T's pricing and network structures. That didn't work. AT&T then went quickly to egalitarian themes and to reach out—"Reach out and touch someone." Ads like this one show how the cell phone becomes a solution to a problem for working mothers. It captures an element that the cell phone is not only an instrument of freedom, not only an



instrument of wealth creation, but also an instrument that makes it a little easier to have fairness in a world with a lot of stress.

AT&T has some advantages. It was a very large part of the telephone industry, so the value to the industry was captured by the company. It also was a company very much in touch with consumers, so it had to communicate. It did, and arguably, as a result, it resisted some rather strong regulatory attempts in the 1920s and 1930s. At the same time, the company was spending tens of millions of dollars to legitimize itself. Virtually no company is spending anything like that today, and it shows.

The free-market community can learn much from the successes and failures of industries. If we apologize for who we are and what we stand for, people will find faults with our ideas. If we legitimize what we do and demonstrate how people can benefit from our proposals, however, then we might start winning some skirmishes in the ongoing battle of ideas.

*Originally published as Chapter 1 in Field Guide for Effective Communications.*