

PR News

Building the bridge between PR and the bottom line.

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Contents

Branding

Influencer Relations

PR's Role in Shaping Brand Perception Is Illustrated in Revival of Twinkies

When Twinkies parent company **Hostess** went out of business late last year there was an outpouring of sentiment from millions of people for the spongy cake with the creamy filling, which dates back to 1930.

Saying goodbye to such an iconic brand was hard to, er,

swallow for a lot of older consumers, who equate Twinkies with their childhood.

So it came as little surprise when it was announced in March that Hostess would have new owners. In June, new management announced that Twinkies (and other Hostess brands such as CupCakes and Zingers) would return to stores nationwide starting in mid July.

"It was clear that America wanted this product back

on the shelf and that set the stage for a fully integrated advertising/PR/guerilla marketing campaign," said Hannah Arnold, a principal at **LAK Public Relations**, who worked closely with ad agency **Bernstein-Rein** on the relaunch. "We had every one of those elements in play."

The relaunch campaign, dubbed "The Sweetest Comeback in the History of Ever," featured pre-launch

PR and marketing programs, including a new website with a countdown to the launch and street teams that hit some major markets (Chicago, Los Angeles and New York) to drive engagement. There also was social sharing of self-made **Vine** videos around the theme of "Prepare Your Cakeface."

The campaign was significantly expanded the day of the launch (July 15), with a

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(DID YOU KNOW?)

Seven Things You Will Learn in This Week's Issue of PR News

1. In order to revive a once-dormant brand, PR pros have to take pains to contemporize the product or service. (p. 1)
2. PR departments and agencies need to take a much more granular approach to tracking how they perform as a business. (p. 1)
3. The more you indulge a hobby or passion the better storyteller you will become. (p.4)
4. Social media "vacations" may be on the rise. (p. 5)
5. The Academy of Country Music held its first ever digital press conference to plug its 2012 awards program. (p. 6)
6. Now that the Twinkies brand has had a successful relaunch, the communication challenge is to sustain the goodwill and pass it on to new generations. (p. 9)
7. Getting a story out to the media should be the beginning of the PR mission, not the end. (p. 8).

▶ Professional Growth

By Ken Jacobs

Treating PR Like a Business: It's the Primary Way to Land More Business



Midsummer is the perfect time for public relations and communications-agency owners and leaders to evaluate their companies' achievements over the past six months. Many will review work product, staff performance, and new business wins, as well as client results and satisfaction. Some will ask, "Are we doing enough to keep up with and get ahead of the rapid changes affecting communications?" But not enough firms take a long, hard look at how they're doing as a business. Big mistake.

This is the ideal juncture to analyze business performance. That's because there's still time to end the year having met the

agency's business-related goals, if one is disciplined enough to make the tough changes required.

To that end, I've developed a 12-point checklist owners should review to increase the chances they'll be smiling on December 31.

1. You should be about halfway to reaching your 2013 income and profit goals. If not, what critical steps will you take to achieve them? If you never stated those two key measures at the beginning of the year, there's no way to know.

2. Get you salary/overhead/profit ratios in line.

Look at your January 1 to June 30 numbers. Do they break down as Salaries/Benefits 55%, and Expenses 25% (of net fee income)? If not, how can you possibly achieve an operating profit of 20% or more?

3. See if your firm is generating its full income potential by using the simplest formula. An easy first step is noting how much fee income you're generating per PR professional. The most recent **StevensGouldPincus** (SGP) study found that for agencies generating \$3 million and less, the average was \$199,000 per professional. But that's just the

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Client Services:

Phone: 888.707.5814 • Fax: 301.309.3847
e-mail: clientservices@accessintel.com

New York Editorial Office:

88 Pine Street, Suite 510, New York, NY 10005
Phone: 212.621.4890 • Fax: 212.621.4879

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PR Agency Elite Awards Finalists Announced

Whatever the discipline, PR agencies are increasingly expected to help their clients not only develop the message, but follow it through to what clients hope will be solid returns. *PR News'* inaugural PR Agency Elite Awards encompasses a potpourri of PR categories. The awards feature 24 categories, ranging from B2B to nonprofit to reputation management. Here we present our Agency Elite finalists. Congratulations to all of them. The winners will be announced at the PR Agency Elite Awards luncheon on September 10 at the Grand Hyatt in New York. For event information, visit prnewsonline.com/awards. For sponsorship opportunities, please contact Diane Schwartz at dschwartz@accessintel.com.

Agency Awe Professional

- Ilene Adler, Vantage PR • Stephen Bonsignore, Cohn & Wolfe
- Huma Gruaz, Alpaytac Marketing Communications/Public Relations • Michael Kempner, MWW
- Marian Salzman, Havas PR • Daniel Simon, Cognito

Advocacy

- Beekeeper Group • Fraser Communications

Branding

- Alpaytac Marketing Communications/Public Relations
- Henson Consulting • Matter Communications for Tyco Integrated Security

Business to Business

- Bhava Communications • Finn Partners • Grayling
- Infinite PR • Miller PR • Stein IAS
- Trainer Communications

Cause/CSR

- Cone Communications • Finn Partners
- Havas PR • Hunter PR • Inkhouse Media + Marketing
- MSLGROUP • RFIBinder

Community Relations

- Direct Impact • Edelman • Frause
- Hill+Knowlton Strategies • Stratacomm

Community Relations / Volunteer Programs

- Waggener EdstromWorldwide • Weber Shandwick

Consumer Marketing

- Airfoil Group • MWW • Peppercomm

Crisis Management

- APCO • Singer Associates

Digital/Social Media

- APCO • Finn Partners
- Matter Communications for Lexar • MWW



Advocacy finalist — Fraser Communications.

Integrated Communications

- ABI Marketing Public Relations
- Colangelo & Partners Public Relations • Eastwick
- JSH&A Communications • Peppercomm
- Tanis Communications • Waggener Edstrom Worldwide
- Wellington Group

Internal Communications

- Fahlgren Mortine • Weber Shandwick

Marketing Communications

- Azione PR • Porter Novelli
- Waggener Edstrom Worldwide

Marketing to Latinos

- Biosector 2 • Esparza+ Business Communications and Latino NW Communications • Formulatin

Marketing to Women

- JSH&A Communications • Marina Maher Communications

Media Relations

- Brandware Public Relations • Formula PR • Frank PR
- Fuse • Lewis PR • Lippe Taylor • Murphy O'Brien Public Relations • Porter Novelli • Rasky Baerlein Strategic Communications • Singer Associates Public Affairs/PR

Editor's Note: Are you eager to learn more about how to boost your social media measurement? Register for the *PR News*/CARMA Webinar, titled "Social Media Measurement at a Crossroads," set for Tuesday, August 6 (<http://bit.ly/15BNlir>).

PR Agency Elite Finalists

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Multicultural

- elemento L2 • rbb PR

Nonprofit/Association

- Finn Partners • Momentum Communications Group
- Pollock Communications • PRR

Product Launch

- Azione PR • BLAZE PR • Cohn & Wolfe
- Formula PR • INK • Lippe Taylor
- Porter Novelli

Promotion of Firm

- 11mark • Makovsky • MWW
- ReviveHealth • Trainer Communications
- Weber Shandwick



Multicultural finalist — rbb PR.



Finalist in the branding category: Henson Consulting.

Publicity

- Fifth Ring • Gutenberg Communications
- H30 Communications • The Marcus Group

Reputation Management

- iMiller Public Relations • The Marcus Group • MWW

Training/Education Program

- CSUF/ PRACTICAL ADvantage Communications
- Havas PR • Momentum Communications • MSLGROUP

Web Site

- Henson Consulting • INK • Makovsky • ReviveHealth

PRNews | August 5, 2013

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8:30 a.m. to 4:15 p.m. | The Westin, San Francisco

You'll get the how-to's from expert trainers in writing optimized and shareable press releases, crafting email pitches, applying storytelling concepts to your PR writing and much more.



Questions? Call Laura Snitkovskiy at 301-354-1610 | Register online at www.prnewsonline.com/writingbootcamp-aug2013



Tell A Good Story and Inspire Your Audiences

Not long ago I returned from three weeks traveling through India by myself. While planning this eight-city adventure, a voice inside my head kept telling me I was nuts: India? Three weeks? Alone? It had a point. India is far away—and faraway one of the most challenging places on earth.

Three weeks is a long time. As for going alone, I don't even like to venture to **Trader Joe's** by myself.

But I want to think of myself as the kind of person who would go to India on his own. And I'm just shallow enough to want my friends, family and colleagues to think of me that way, too.

The day I was scheduled to depart was dark and stormy. I wasn't leaving for the airport until 4 in the afternoon, and throughout the day I became increasingly agitated.

What had I gotten myself into? And how could I get out of it? I checked my traveler's insurance to see what percentage of my money I'd get back if I canceled, but that was a nonstarter.

I paced, my dog empathizing with my anxiety by mewing as he unhelpfully followed me around.

My partner refused to indulge my crazy by locking himself in the den to watch a "Chopped" marathon on the **Food Network**.

The afternoon wore on until I finally fell into the seat of a cab and sped off to the unknown.

LIVE AND LEARN

I'm often asked how to be a better storyteller, and my response is always the same: Practice telling stories. Your

own. Your client's.

There's no better way to learn what works, what doesn't, how to build suspense, include pathos when appropriate and humor when possible, edit the boring and amplify the surprising, and get comfortable with your audience.

Since I like to follow my own advice, I thought I'd start this column on storytelling by telling this story.

I'm also asked, why stories? Can't we just give people the facts about our clients, their products and services, and let them act on the information? We can't because facts don't compel people to feel anything—let alone to do anything.

Stories are what move us, what attract us, what we remember. We start out in life hearing stories from our parents, watching "Mary Poppins" and "The Wizard of Oz" and listening to ghost stories around the campfire.

Stories help us understand the world and our place in it; they open our eyes to its wonders and woes; they inspire greatness within us; they make us feel loved and understood, a part of history and humanity.

The Bible, Shakespeare and Jane Austen remain compelling today because they speak to the human condition, and no amount of technology will change that.

NEW HORIZONS

Because of this, our clients have ever-higher expectations. To meet them (or, better yet, to exceed them), we must:

- Become fantastic storytellers so we can guide our clients to identify, expand,

sharpen and tell their own stories.

- Recognize that content—the story itself—is more important than the messenger. If the vehicle through which we are telling our stories—that is, **Twitter**, **Pinterest** and **Facebook**, et al.—is getting more attention and buzz than the stories themselves, something is not working and we are failing our clients.

- Champion people. People inspire empathy, sympathy, love, hate, creativity and action; raw data, buildings, corporations, cans of food, financial disclosures, drugs and gigabytes do not.

- Remember that stories are about transformation—if, at the end of the journey, nothing has changed, then who cares?

At this point, I could remind you why the following things are integral to great storytelling:

- Authenticity and transparency
- Relevance and resonance
- Inclusion and diversity

But if you're in this business, you already know how important these attributes are to storytelling. It's time to put what you know into practice—and practice.

JUST DO IT

Tell stories. Write them down. Stand on a soapbox. Draw. Mime. Cook an incredible meal that tells a great story. Do an interpretive dance. (I've seen a client's story come to life through dance and it was inspiring.)

I promise, the more you practice, the better, more

comfortable, more compelling, more natural, more trusted, more creative, more articulate and more powerful storyteller you will become.

A TRIP TO BOUNTIFUL

My trip to India turned out to be awesome. I took a cooking lesson in a private home in Jaipur. I was almost killed in Delhi when my rickshaw driver took a wide turn and just missed an oncoming elephant. I crashed a wedding in Varanasi.

I almost cried at the elusive beauty of the sun rising over the Taj Mahal. I stepped in lots of cow dung. (I was looking up all the time and there really are a lot of cows around.) I ate mutton.

More than anything else, I learned that I am, in fact, the kind of guy who goes to India for three weeks alone. I'm more fearless than I thought (just wait till my next trip to Trader Joe's; anything could happen). And I've got a lifetime of new stories to tell.

As a result, I'm becoming a better storyteller. For myself. For my clients. That's all any of us can ask of ourselves—that we do our best, act with integrity and help our clients tell their stories.

Practice may not actually make perfect, but without it, practically nothing will be possible. If nothing else, PR is the art of the possible. **PRN**

CONTACT:

Dan Santow is senior VP and director of editorial services for Edelman Chicago. He can be reached at dan.santow@edelman.com.

Social Networking Services Overwhelm Consumers; Sponsored Content Causing a ‘Storm of Disruption’

► **Living in the Age of Information (Overload): MyLife.com** recently concluded its second annual survey that looked into social media behavior.

“Connecting and Communicating Online: State of Social Media,” which took the pulse of 2,084 adults, found that social media users are becoming increasingly overwhelmed by both the volume of information within each network as well as the growing number of networks themselves.

The increasing amount of networks is causing anxiety among 56% of the respondents; that is, people who have a “fear of missing out” online.

The study also revealed the following:

- The average adult manages 3.1 email addresses, which is up by .5, compared with 2012.
- More than half of adults 18-34 years old (61%) manage more than one social network, versus 42% of the entire respondent population.
- More than one-quarter (27%) of respondents check their social networks immediately after waking up.
- More than half (52%) of the respondents said they have taken “social media vacations.”
- Men are more likely to use **Twitter**, with 28% of respondents stating they are on the network, versus only 21% of women.
- The opposite is true of **Pinterest**, with 13% of women signed on versus 3% of men.

Source: MyLife.com

► **Sponsored Content Gets Back to Basics: Edelman** recently released a white paper titled, “Sponsored Content: A Broader Relationship with the U.S. News Media.” The study examined why news media are embracing sponsored content, what the emerging formats are and the ethics that PR professionals must balance as they embrace content marketing.

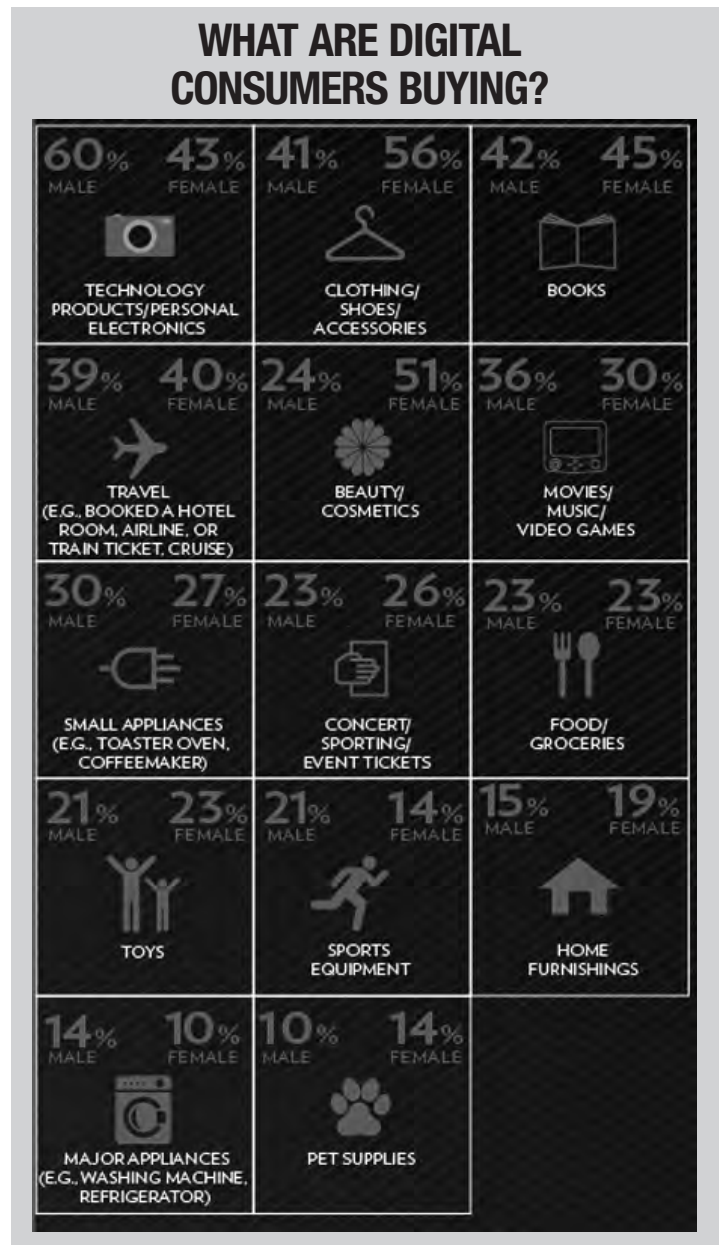
Some key takeaways from the study included:

- There are three disruptive factors that have led to the growing popularity of sponsored content.

1. Classic revenue streams are eroding. Supply is outpacing demand in digital media; banners are no longer relevant or effective methods of reaching audiences and publishers are embracing programmatic buying.
2. The rise of the live feed has changed the way content is pushed to consumers.
3. Brands are “doubling down” on content, meaning they are telling their own stories in addition to seeking help from agencies.

- Three forms of sponsored content seem to have emerged as an industry standard; paid syndication, which is promoted content that appears in news-feeds; paid integration, similar to product placement and integration and paid co-creation, in which a brand pays for a product that doesn’t exist in order to align itself as a sponsor (similar to naming rights of a stadium).

Source: Edelman



Consumers Buying? According to a new study by Havas Worldwide, 60% of male e-shoppers are primarily buying tech gadgets while 56% of women are primarily buying clothes, shoes and accessories. Havas surveyed 10,219 adults in 31 countries, representing a combined population of more than 5 billion. While there are some gender gaps in other buying segments, most other products see only about a 4% to 6% male versus female differential.

Academy of Country Music Generates New Engagement For its Awards With Multifaceted Twitter PR Campaign

Organization: Academy of Country Music
Timeframe: January 2012 - April 2012

Country music fans are considered some of the most loyal among all the musical genres. There's an emotional bond between fans and country music artists that is generally lacking among jazz aficionados and rock connoisseurs. In 2012, the **Academy of Country Music** was able to test that loyalty through a multifaceted **Twitter** PR campaign supporting the 2012 Academy of Country Music (ACM) Awards.

"It allowed the academy to connect with the fans and gave them the opportunity to understand and experience our brand in a new way," said Jenny Driessen, social-media manager of the academy, referring to the Twitter PR campaign. "We've been fortunate to build ongoing relationships and friendships with country music fans through our campaign, which ultimately generated brand advocates for the

academy. Having a voice on Twitter lets the fans know we're more than just a brand."

Indeed, the Academy's embrace of the Twitterverse raised the social-media bar for the music organization, which was recognized by *PR News* in the 2013 Social Media Icon Awards for the Twitter PR campaign.

The campaign had two main objectives:

- Increase the social-media awareness of the brand and boost the comments about the Academy of Country Music Awards that are made during the awards and posted on social channels.
- Establish a solid social-media presence for the Academy's brand. Prior to 2012, there wasn't a dedicated position to focus on social media. That changed early in 2012 when the Academy rolled out its brand's social presence in an innovative way.

A CHANGE IN TUNE

The Academy of Country Music also wanted to enhance its annual awards show so that

social platforms were on a par with the television broadcast, which was done on **CBS**.

"The awards show is still the main piece" of the brand, Driessen said. "But we wanted to integrate our fans as much as possible and get the conversation going online and on TV."

To kick things off for the PR campaign—and drum up interest in the 2012 awards program—the academy in January 2012 hosted its first digital press conference to help plug the nominations.

Instead of a traditional press conference at a physical loca-



The most retweeted items from the Academy of Country Music's first-ever digital press conference, which announced the 2012 nominees for the annual ACM Awards show.

Photo courtesy: Academy of Country Music

3 Ways Brands Can Leverage Twitter

► Develop a unique experience for fans.

We expanded our nominations announcement by using Twitter to create a new way to deliver the nominations to fans. Instead of inviting a small group of press to an in-person press conference, we invited fans and media to participate wherever they were—a first for an Awards show. Allowing fans to participate in the process from the beginning of the campaign gave them the opportunity to join our community and experience our brand in a new way.



Jenny Driessen

► Take advantage of access to key influencers on Twitter.

As an entertainment brand, we have unique access to a high level of talent to support our efforts. We were able to target influencers in music, television and entertainment in general to broaden our reach and disperse into niche audiences. Digital media enables talent and influencers to participate in opportunities generated online because participation does not require travel on the talent's behalf.

► Create a personality for your brand that fits your company and audience.

It's important to understand how and why your audience uses Twitter. Our audience wants to be entertained, informed and connected to artists and other fans. We're fortunate to have some latitude with the voice of our brand—we inject humor and are colorful in tone. We established ourselves as an approachable and quick-witted brand that engages our fans at all times of the day.

Jenny Driessen is social media manager at the Academy of Country Music.

tion, every awards category was delivered to fans and media reps via the academy's Twitter handle and Facebook page. That was immediately followed by a full press release featuring all of the nominations.

"The digital press conference in 2012 was a novel way for us to signify to fans and media that we were intensifying the content we deliver through our social channels," said Brooke Primero, senior VP, PR and marketing, for the academy.

The digital press conference reached 14.2 million Twitter accounts.

"We wanted to generate a renewed level of excitement online that would carry through the telecast of our award show, and not only increase the social media discussions, but increase viewership as well," Primero added.

FANS PLUG IN

But the academy was eager to enable fans to immerse themselves in the awards process, so consumers were encouraged to submit videos of themselves announcing the name of the artist(s) they would like to see get an Entertainer of the Year nomination. Fans were invited to visit the ACM YouTube channel to learn how to post their videos.

More than 300 video submissions were received from fans to potentially announce the ACM Entertainer of the Year nominees.

The academy then packaged the most creative videos

into the nomination video for "Entertainer of the Year," which was the final category of the digital press conference.

To give the digital press conference some celebrity oomph, singer Lionel Richie and Entertainment Tonight's Nancy O'Dell also delivered videos announcing various categories.

AMPLE FEEDBACK

Another hook for the Twitter campaign: launching a hashtag that would resonate with fans. The academy chose #ACMs because "most people within the industry and fans like to use acronyms," Driessen said. "With a limit of 140 characters on Twitter, we wanted to keep it simple so more fans would be likely to comment using our official hashtag."

As part of its Twitter PR campaign, the academy was also able to connect with some of the major institutions in the country-music field, including the **Country Music Hall of Fame** and **The Grand Ole Opry**, as well as some of the

major bloggers covering the country music.

In addition to all these PR efforts, the academy created a "Social Splash" page on its main website in the days leading up to the awards program, a one-stop shop for fans to participate in online chats, follow their favorite country music artists and track updates about the awards show and events hosted by the academy.

Driessen amplified Primero's comments that the digital press conference helped to fuel the rest of the campaign and engage the academy's audience.

"It's hard to put into numbers," Driessen said, "but when you're talking with your fans and creating relationships, people become your advocates."

And for the academy, the advocacy translated into some significant numbers via Twitter.

Specific results included:

- Tweets per minute during the 2012 telecast grew by 863% (1,320 Tweets per

minute in 2012 versus 153 tweets per minute in 2011).

- A 330% increase in social media comments during the CBS telecast (676,000 in 2012 versus 157,000 in 2011).

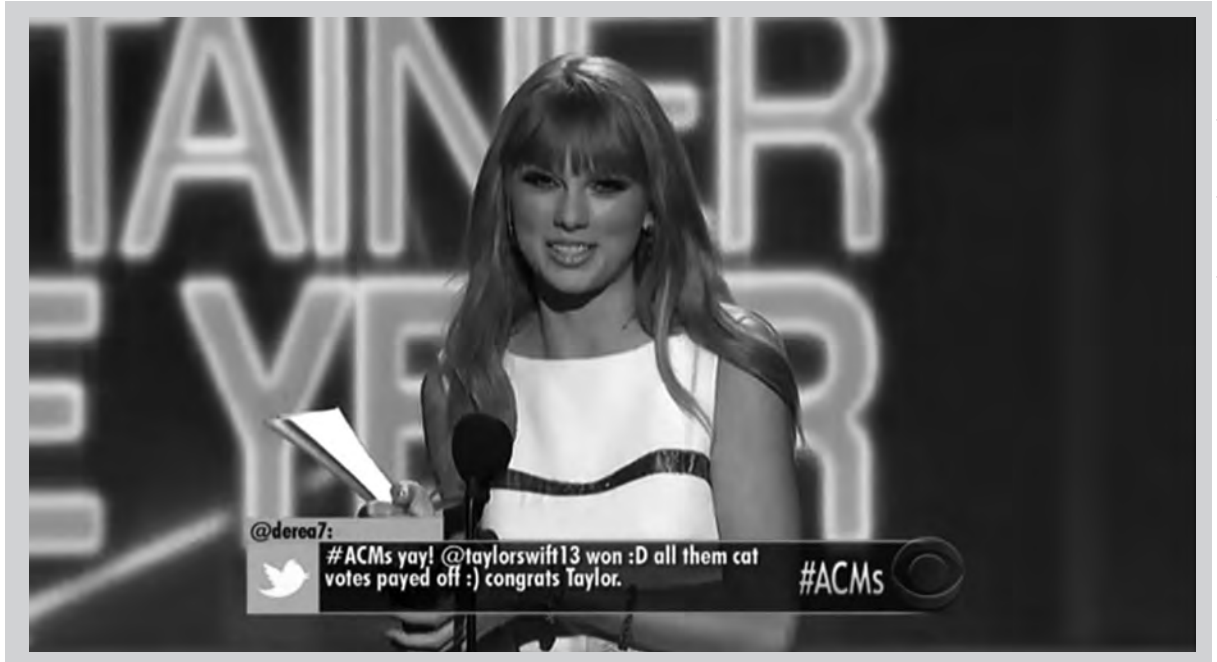
- ACM Awards Twitter followers increased by 62%, from the PR kickoff for the awards program in mid January through April 2, one day after the 2012 awards show was broadcast on CBS.

- More than 30-plus trending topics during the broadcast, including #ACMs and #ACMwedding.

"Twitter is huge for your brand overall," Driessen said. "It's the place where people go to find out information about your brand and where people are interacting with your brand. If you don't create ways to interact with them and enable them to talk about your brand, you're going to fall to the back of the line." PRN

CONTACT:

Jenny Driessen, jenny@acmcountry.com; Brooke Primero, brooke@acmcountry.com.



The ACM Awards displayed live tweets from fans and celebrities during the telecast, seen here with Taylor Swift winning ACM Entertainer of the Year (2012).

Brand Revival

► Page 1

Hostess food truck manned by “Twinkie the Kid.”

The “Twinkie” truck initially drove to Midtown Manhattan to pick up NBC’s Al Roker and then drop him off at Rockefeller Center, where Roker and his “Today Show” co-hosts tossed Twinkies into the crowd.

The campaign had solid returns: From late June through mid July Hostess generated 372 million total **Twitter** impressions and a 2,100% increase in **Instagram** followers.

It also garnered 500,000 new **Facebook** fans. What’s more, just three days after the snacks returned to shelves, Hostess received orders for an additional 100 million units of Twinkies and CupCakes.

HIT THE RESET BUTTON

“The most important thing was to make sure it was relevant and fresh,” Arnold said. “It was a once-in-a-lifetime opportunity to relaunch a brand with tremendous nostalgia. But at the same time, you can’t rest on your laurels.”

Nutritional value aside, the

return of Hostess brands raises some key questions about what PR pros can do to help revive once-popular brands that, for whatever reason, went away for a certain period but then came back. It’s a delicate needle to thread: Communicators must harness the nostalgia that’s inherent in traditional brands but, at the same time, contemporize the product and/or service.

Tara Naughton, senior VP of consumer marketing at **MWW**, recommended three tips for communicators who are assigned to give a brand a second life:

1. Work collaboratively across marketing disciplines, rather than in silos.
2. Develop strategies that help to personalize the brand among consumers.
3. Practice creative storytelling that can cut through the clutter and be relevant for any media platform.

GREAT EXPECTATIONS

“It’s about knowing the brand and having the right brand



Photo courtesy: Hostess

As part of the relaunch of Twinkies, parent company Hostess sent this food truck across New York City to plug the brand and hand out free samples of the spongy delight.

platform,” Naughton said. “The expectation of consumers today is that brands listen, so you need to think about the next five years of Twinkies and what role they will play in consumers’ lives.”

Lisa Rosenberg, chief creative officer at **Allison + Partners**, stressed that the challenge for PR executives in reviving brands is to build on the momentum afforded by consumers.

“Today’s consumers just aren’t inheriting brands like

they used to do,” she said. “As Twinkies moves forward, [Hostess] needs a long-term view for building strong relationships between the brand and new consumers.” She added, “People love a comeback and consumers love to feel like they are being heard.” **PRN**

CONTACT:

Hannah Arnold, harnold@lakpr.com; Tara Naughton, [tนาughton@mww.com](mailto:tnaughton@mww.com); Lisa Rosenberg, lisa.rosenberg@allisonpr.com.

3 Tips on Reimagining a Brand

As the Twinkies brand is reintroduced to the American diet, here are my three absolute truths for resurrecting once-proud brands.

► Discover the emotional equity of a heritage brand.

Having been part of the resurrection of the Harley-Davidson brand over our agency’s 31-year history, from 1979 to 2010, experience says that rebirth begins with intimately understanding the equity of that brand from a loyalist or enthusiast point of view. Like Harley, Twinkies has lasting and tangible brand equity with its consumers. It’s not the rational features and benefits, though. Nobody can rationalize the nutritional benefits of devouring a box of Twinkies. It’s the emotional equity that matters. Identifying, understanding and relating to that emotional resonance is step one in reimagining a heritage brand like Twinkies.

► Rekindle the love affair between a once-dominant brand and its base of enthusiasts.

Ignoring the rational trends of healthy snacking and avoiding hollow carbs, the Twinkies brand appeals to that frequent dose of indulgence we all crave. Americans love to reward themselves several times a

day in small ways. One reward may be scarfing down a Twinkies snack and the accompanying rush of “I know it’s not good, but it feels so good.”

► Don’t look back; the future is ahead of you.

Finally, rekindling that love affair with an iconic brand like Twinkies that lost its way over the years requires more time and effort helping consumers bask in the glory of the moment versus sharing memories and good times of the past. There’s nothing more pathetic to consumers than dead and dying brands that roll out long-dead mascots, air old TV commercials and play off ideas from yesteryear in the name of nostalgia. A successful rebirth of the Twinkies brand requires new ideas that are implemented in fun ways that create relevance for the brand among new generations of cream-filled sponge cake enthusiasts.



Doug Spang

Doug Spang is the founder and president of Carmichael Lynch Spang. He can be reached at Doug.Spang@clynch.com.

Business Class

► Page 1

average, not best practice. I believe agencies this size must generate at least \$215,000 per PR professional to generate the aforementioned profit margin.

4. Your firm should generate its maximum fee income potential using the following formula. While more complex, this formula is quite easy to set up in Excel and use. For each PR professional, calculate Total Billable Hours/Year x Billable Rate x Desired Utilization %. When you use this approach, and add the dollar amount for each PR pro, you'll likely find your agency has greater income potential than when you use the simpler formula.

5. Use appropriate billing rates per staffer. You can use a sophisticated formula, which factors in salaries, benefits, overhead and profitability targets for each employee, but there's an easier way. Simply compare your rates with the aforementioned SGP study, or ask leaders of other agencies in your geographic market and practice areas with whom you regularly share business information. **The Council of Public Relations Firms** makes such data available to its membership, and those in PRSA's Counselors Academy readily share this information with one another. This area is worth your focus; it's extremely tough to reach your profitability goals if you're charging too little for your staffers' time.

6. Monitor how long projects actually take versus what you budgeted. While becoming profitable is a science, budgeting is an art. Comparing what you thought a program, project or task would take to what it actually took will make you better at

it with each budget. It will pay considerable dividends.

7. Make your team log their hours accurately. You can't know what your firm really spent on various initiatives if staffers don't consistently and accurately record their hours. To encourage compliance, explain that completing a timesheet doesn't generate a client invoice, so they shouldn't be concerned there'll be consequences if their hours contribute to an account going over-budget.

8. Be disciplined when creating new client budgets. Many use blended rates, or say, "That project feels like it would cost \$20k/\$50k/\$100k," when determining budgets. But both choices can have potentially large and long-term negative implications. Instead, take the time to project how many hours per month each staffer will likely take to complete each task, using their appropriate billing rate. Then, review what it actually took in man-hours on the last three similar projects. Not what you budgeted, but what you actually spent.

9. Create detailed budgets and written scopes-of-work for every client. The more detailed they are, the more protection you and your team have when a client calls and innocently asks, "This activity is covered by our program budget, right?" Your Scope-Of-Work allows you to point out why it's not covered, without negatively affecting client relations. And if you mutually agree to change the work's scope, it's critical to change the written Scope-Of-Work, get it signed and circulate it on both agency and client sides.

10. Apply strict rules regarding clients whose activ-

Maximizing Your Resources

Here are three additional points to help you run your agency more like a business, specific to how you use staff resources.

► **Make sure you don't have staffers regularly doing work below their levels.** As an agency vet, I know that occasionally we must have team member doing work below their title and experience levels. But does this happen more than rarely? If so, you need to consider how this affects agency profitability, as well as the professional growth of staffers regularly doing work below their levels and your ability to retain those staffers. Remember, both the economy and our industry are in solid recovery mode, which means your best staffers are getting called by recruiters.

► **Limit your dependence on freelancers.** Sometimes you must use freelancers who provide a unique skill. However, overdependence on freelancers, and not billing them correctly, can have a negative impact on profitability. Make sure freelance use is no more than 3% to 4% of fee income.

► **Pay freelancers a rate tied to what you're paid for their time.** Pay freelancers half of what your clients pay you for their time. If your project budget only allows you to bill your clients \$250 per hour staffer, pay your freelancer \$125 per hour. If you pay freelancers more, the account will be less profitable. Worse, the fees you charge clients for those hours won't be making the same contributions to overhead and profit that regular staff hours do. Throughout the long term, this can make it harder to achieve your agency profitability goal.

ities consistently exceed their monthly budgets. It's fine to have clients you regularly over-service, so long as you have a strategic reason for doing so, such as helping you break into a new category or giving you the chance to work for a corporation that might ultimately assign you a larger, more profitable project.

But it's critical that you apply three strict rules: 1) Determine how much time over the budget you'll provide each month; 2) Monitor carefully; and 3) Decide in advance what actions you'll take if you consistently exceed your investment.

11. Meet frequently with clients whose accounts typically exceed their monthly budgets. Per my last point, there's nothing wrong with strategically over-servicing certain clients. But if you regularly over-service clients who

don't meet your criteria, meet with them to discuss the situation. Frame the discussion around: 1) The gaps between budgets and time actually spent; 2) How this interferes with your ability to generate a fair profit; and 3) Your recommendations on how to reduce or eliminate the overage, such as activities that might be jettisoned, or utilizing agency resources differently.

12. Do you have clients who'll never pay you near what you expend on their behalf? If so, and they don't match the descriptors outlined in point 10, I've got one question for you moving forward: "Why?" PRN

CONTACT:

Ken Jacobs is the principal of Jacobs Communications Consulting. He can be reached at ken@jacobscomm.

Avoiding Chronic Mistakes in PR Measurement



There was a time when PR professionals tried to demonstrate the value of their contributions by counting clips and calculating the cost of the placements, as if that space had been bought as advertising. That time was, sadly, now. I'm saddened to hear that that's still the method some agencies and their clients use. Too many people are still measuring outputs instead of outcomes; what they do, as opposed to what happens because of what they do.

The root of the problem, of course, is naivete compounded by an absence of strategic integrated-communications planning.

What you measure is what you get. If you measure clips and pickups, that's what you'll get—clips and pickups. Was that really the purpose of the public relations effort? Of course not.

We used to measure advertising using readership scoring systems, such as Starch. Smart people knew how to “win” those reports, how to create advertising that would rate high across the board—noted, seen/associated, read most. We bragged when our ads scored higher than the competitor's ads, as if that had been the objective of the advertising. But was it? Of course not.

Similarly, too many PR professionals and their clients still

think getting some story out is the end-all and be-all of their mission. It's not, or at least it shouldn't be.

Everyone's short-term mission ought to be the accomplishment of a specific assigned task related to a company's sales goals or a strategic objective. Their long-term mission should be to build and reinforce a relationship that facilitates future sales or forestalls future crises.

In the 1960s, when marketing was just beginning to be codified, McGraw-Hill put established a concept called “The Seven Steps to a Sale.”

The thesis was that the selling process implied an escalation during which the potential customer went from no awareness of a product or a company to the state of understanding and commitment that undergirds a mutually profitable, long-term relationship.

Here are the steps, reading from bottom to top:

- ▶ **Keep the customer sold**
- ▶ **Close the sale**
- ▶ **Gain preference**
- ▶ **Communicate information**
- ▶ **Establish need**
- ▶ **Arouse interest**
- ▶ **Create awareness**

A potential customer obviously won't ever be anything else until he or she knows that you and your product or ser-

vice exist. Made aware of your existence, his or her next question will be, “So what? Why should I care?”

Beyond answering that question, the marketer needs to use the communication process to get the target to where he or she thinks, “Hey, I could use one of these.”

Once this level is reached, the customer will be more proactive and start to gather information, which needs to be made available faster, easier, more fully and better tuned to that customer's specific interests than competitors do.

Understanding a customer's needs—and positioning your product or service to uniquely satisfy those needs—is how one gains preference. At last a sale is consummated, but McGraw-Hill was very smart very early to recognize that that shouldn't be the end of the process.

So, at every step along the way, the question for PR professionals is this: How, exactly, can the tools and talents we employ be used to accelerate success?

GE used the McGraw-Hill framework to optimize the allocation of resources among various media, including public relations.

Arranging marketing-communications tactics by cost-per-contact, GE assigned tasks to different media on a cost/benefit basis. It deemed personal sales as the most

expensive. On the McGraw-Hill scale, a salesperson is most necessary at the close, so the objective is to make sure that by the time a salesperson is with a customer, the customer is nearly ready to buy.

IBM calculated that if it could use tools like PR to cut the number of calls it took to close a sale on a particular server from five to three, the bottom-line difference would be tens of millions of dollars. That's an excellent way to measure ROI on an integrated marketing-communication program.

At the awareness level, where there is the most potential for waste, GE assigned the least expensive medium on a cost-per-contact basis—public relations.

The primary job of PR early in the process was to make contact, elicit a response and initiate a dialogue with the customer. But, in the current climate, PR professionals recognize that the discipline has a potential role at virtually every step of the process. **PRN**

CONTACT:

Robert F. Lauterborn is the James L. Knight Professor of Advertising Emeritus UNC-Chapel Hill. He can be reached at lauterprof@aol.com.



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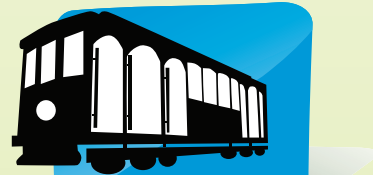
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