

Case 7-4 A Classic: Building Media Relationships That Pay

In the late 1970s, the domestic car industry was threatened by the rash of imports that flooded the country. The imports were fuel-efficient and better built than many American cars. These qualities, coupled with the economy that was hard hit by a suffocating recession, served to jeopardize the very existence of the three top U.S. auto makers. Chrysler was one car manufacturer that decided to fight back—but did not expect the media problems that would come along with the fight.

Chrysler Motors¹ had several problems at once. Its cars did not appeal to many buyers, and its sales lagged behind those of the two major competitors in the United States, Ford and General Motors. In 1978, the corporation was listed in *Fortune* as the year's "biggest loser," selling the "wrong kind of cars for the wrong kinds of buyers."

Situation Analysis

Fortune magazine described Chrysler's problems in this way:

1. The demographics of Chrysler product owners showed that they were more conservative, older, blue-collar people less inclined to buy cars loaded with options, and people who got hurt first in an economic downturn.
2. Product engineering dominated the planning and marketing of cars.
3. Auto designs were considered "stodgy."
4. The corporation was on the move to non-automotive ventures around the world, many of which were not profitable.
5. Government regulations on mileage, safety, and emissions were things with which all manufacturers had to contend.²

Just at this downturn, Chrysler executives decided to launch a new product, the Dodge Omni, and its twin, the Plymouth Horizon. They were the company's first venture into the subcompact car line and also the first medium-priced cars with front-wheel drive manufactured in the United States.

The new products were introduced to the news media in two phases: The "long lead" preview for writers and editors of monthly magazines was held at the Chrysler proving grounds in Chelsea, Michigan. The "short lead" preview for daily newspapers, weekly news magazines, and radio and television stations was conducted in San Diego.

News kits timed for simultaneous release with the short lead preview were sent to all major U.S. daily and weekly papers, minority papers, and dealers.

Radio cassette actualities, featuring top sales executives and special feed from the preview site, were offered to all radio stations. Television networks were offered footage with and without sound, and a television crew was available on site for stations requesting special material.

¹In 1998, Chrysler Motors merged with Daimler-Benz of Germany and the company was known as DaimlerChrysler. In 2007, the company was in the process of again separating the two, looking for a buyer for the Chrysler brands.

²*Fortune*, June 19, 1978, p. 55.

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The crucial part of the introduction, however, was the test driving of the Omni and Horizon by the reporters and editors present at the short lead preview. Approximately 43 of them drove the cars from the proving grounds to their home cities.

Chrysler received extensive and glowing coverage from the news media. The News Analysis Institute, a Pittsburgh-based company hired by Chrysler, reported the publication of 904 news stories, totaling 16,646 column inches in newspapers with a combined total circulation of over 137 million. News/Sports Radio Network reported 12,888 radio broadcasts of the story to 136,022,600 potential listeners. About 78 television stations reported that they had aired stories and visuals to an average audience of 18,448,000. Glowing reports came from the automotive publications:

Auto Week: Hell of a nice car. Got a lot of favorable attention on the highway, especially from the foreign car guys. It's just what you need. Well worth waiting for.

Car and Driver: Fine little car.

Automotive News: It's a fine car, beautiful. Even at top speeds I was getting 31 mpg. Car handled fine.

Auto World: I was impressed. At 70, it handled beautifully. We averaged 31 mpg at the higher speeds. It's a beautiful little car.

Motor Trend, a magazine for automobile enthusiasts, gave the car its "Car of the Year" endorsement.

Fortune magazine reported that the cars had "scored well in the marketplace."

Crisis Hits Six Months Later

On a Tuesday, six months after the introduction of the cars, Chrysler was conducting another of its long lead previews at its Chelsea proving grounds. Fifty-four monthly magazine editors and photographers from

such diverse publications as *Hot Rod*, *Medical Economics*, and *Vogue* attended.

The entire public relations department was geared toward building a responsive two-way relationship with the news representatives. They coordinated product seminars, set up interviews, ensured that the writers were involved with ride and drive programs, and arranged models and props for special photographs.

Consumer Reports, a monthly product testing and rating magazine, turned down Chrysler's invitation to the long-lead preview, even though one of its reporters had attended a preview from another automobile manufacturer the week earlier.

Sometime in the afternoon that Tuesday, a reporter from the *Washington Post* called a Chrysler public relations executive: "I would like to get Chrysler's reaction to Consumers Union's finding your Omni/Horizon car unacceptable." (See Figure 7-5.) The question hit like a bombshell. The reporter insisted that the charge was true; having heard it from a reliable source within Consumers Union. He also said Consumers Union would hold press conferences to announce their findings the following day, in New York and Washington D.C. By late that afternoon, Consumers Union confirmed that the press conferences would be held, but refused Chrysler admission.

Consumers Union's Charges Against Chrysler

Consumers Union's charges against Chrysler had been related to a test procedure that the Union said was performed routinely at auto proving grounds to check a car's directional stability: "ability to center itself and return to its original course when it is deflected abruptly from a straight path." The test is made by driving at steady "expressway" speed, turning the steering wheel sharply to one side and then letting go of the steering wheel with both hands.



FIGURE 7-5 Photo from *Consumer Reports*. The new Chrysler cars are branded as “not acceptable,” although earlier the cars had been rated very highly by the persons who had used the car

Source: (Courtesy of Consumer Reports.)

The Union claimed that in such tests, most cars waver from side to side only minimally before returning to a course close to the previous one.

Chrysler Swings into Strategic Action

At their Chelsea proving grounds, Chrysler's engineers immediately swung into action. The recreated the Union's test procedure while a television crew filmed the entire demonstration and made quantities of tapes. Meanwhile, the Consumers Union's press conferences were about to begin in New York and Washington, D.C., the following day. That evening, some news networks had already begun to inform the public of Consumers Union's charges against Chrysler's Omni and Horizon cars. But they balanced their coverage with a discussion of the excellent sales figures for the cars and their being awarded *Motor Trend's* “Car of the Year.”

Wednesday, June 14, 1978; New York: Chrysler's executive was outside the Consumers Union's press conference, allowed admission only on the insistence of the media representatives who had learned of his presence. He was then allowed to share the podium with Consumers Union representatives.

Wednesday, June 14, 1978; Washington, D.C.: Chrysler's representative was denied admission to the press conference. He held his own sidewalk press conference after the Union's press conference.

In the meantime, the public relations staff was busy distributing tapes of the test demonstrations made the previous day to television news departments in New York and Washington, D.C., Chicago, and Detroit. The public relations staff had also been preparing for a barrage of questions, which came soon enough. Chrysler released statements forcefully denying the Union's charges, reminding readers that it had received praise from professionals and consumers alike. The statement

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was distributed to most U.S. news media. A radio actuality (sound bite) of the statement was also released to network radio news syndicates and key stations in the country.

There was more. An information kit on the complex subject of steering and handling was prepared for spokespersons staffing the telephones, so that they could respond intelligently and with One Clear Voice to general and technical media questions.

That same day, after the Consumers Union's press conferences, Chrysler held its own news conference at the Chelsea proving grounds. Detroit and network television and radio reporters, print journalists, and the long lead preview magazine writers were all present. Here again, the Union's test maneuvers were demonstrated. It was crucial to show that the Union's test was extreme and in no way related to real driving situations. In fact, one writer was overheard to say: "That's comparable to jumping out the second floor of your house, breaking a leg, and then accusing the house of being unsafe."

With its sound strategic planning and its immediate response (with proof) to refute the Consumers Union charges, Chrysler was able to garner some positive media reaction, demonstrated by these editorials:

Consumers Union, which issued its report with great public fanfare—simultaneous news conferences in New York and Washington—ought to be darn sure it knows what it's talking about. We're not at all sure it does.³

Anybody dumb enough to do this (the test) is probably certifiable, and anybody dumb enough to believe that it proves anything about a car's road ability or handling deserves to be working for Consumers Union. CU's motives may be squeaky clean, but we think they've soiled their treasured cloak of impartiality. The Omni/Horizon is as safe as the *Consumer Reports'* charges are irresponsible.⁴

The article in *Car and Driver* was given nationwide newspaper distribution through AP and UPI. Various network radio and television newscasts aired the editorial. Numerous national trade publications including *Automotive News* and *Advertising Age* published it.

Not only the national media were informed; public relations staff also made information available to the local media via video tapes and radio actualities distributed to Chrysler's 21 zone offices across the country. This information was also accessible to dealers.

Chrysler left no stone unturned. It petitioned the National Highway Traffic Safety Administration (NHTSA) and its Canadian counterpart, Transport Canada, to conduct their own tests of the Omni/Horizon cars.

Within a few weeks after the Consumers Union's charges, the two government agencies came forth with their own separate conclusions: Transport Canada, represented by a consultant and recognized automotive-handling expert from the International Standards Organization and the director of roads and motor vehicle safety in the Canadian Ministry of Transport, announced that "automotive specialists from Transport Canada had found that they handled in a normal and satisfactory manner in both obstacle avoidance maneuver tests and on the handling track."

NHTSA, after testings at both the Chelsea and Consumers Union proving grounds, concluded: "No evidence of a safety problem in the stability and handling characteristics of Chrysler's subcompact Dodge Omni and Plymouth Horizon."

Chrysler recorded both government agencies' endorsement on videotape and radio actuality statements with the corporation's chief engineer and sent them air

³"Unsafe or Unfair," *Washington Star*.

⁴"God Save Us from Our Protectors," *Car and Driver*.

express to New York, Chicago, and Los Angeles network offices. Radio actualities from interviews with the Canadian expert and the deputy administrator of NHTSA were sent to the *Voice of America*, *Armed Forces Radio*, and Canadian news outlets. These statements were also distributed over newswires throughout the United States. The statements were telegraphed to all 7,500 Chrysler dealers.

When Public Relations Saves the Day

The News Analysis Institute analyzed the news coverage after the storm had blown over. In its finding, a negative story is one in which the greater part of the copy was devoted to criticism of the cars and a positive story has the Chrysler position dominating (see Figure 7-6). The Institute's report stated:

FIGURE 7-6 Summary and analysis by the News Analysis Institute of the coverage of the Omni/Horizon, which helped Chrysler evaluate its counter-media activity

<i>The News Analysis Institute</i>				
955 LIBERTY AVENUE • PITTSBURGH, PA. 15222 • PHONE: (412) 471-9411				
Analysis of Consumers Union Report on Omni / Horizon Handling Problems				
	Stories Published	Space Secured Column Inches	Newspaper Pages	Circulation
Favorable	402	5,132	29.2	35,881,065
Unfavorable	342	4,815	27.4	22,928,866
Totals	744	9,947	56.6	58,809,931
	Pictures Published	Page-One Stories	Articles Running a Full - Page or Longer	
Favorable	61	38	2	
Unfavorable	68	17	-	
Totals	129	55	2	
		Chrysler or Product Name Used in Heading		
		Favorable	294	
		Unfavorable	224	
		Totals	518	

Source: (Reprinted by permission of the News Analysis Institute.)

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The results are unusual in two respects: Despite the negative nature of the event, Chrysler dominated the coverage in stories published, space, and circulation. Further, Chrysler's case was strongly stated in virtually all the unfavorable articles, and a Chrysler comment was usually introduced early in the article. Particularly effective in this respect was the executive's sidewalk conference outside Consumers Union's Washington headquarters and the placements of Chrysler's formal rebuttal. Also notable in positive news were the coverage of Chrysler's press test of Omni/Horizon and its rallying of auto writers to support its claims.

In evaluating how public relations saved the day, Frank Wylie, Chrysler's public relations executive at the time, cited two key "life-savers":

Most of the writers in major cities had already experienced the Omni/Horizon from their preview rides and local test drives. This *firsthand experience* helped to nullify or dampen the negative effects of Consumers Union's charges. This is perhaps succinctly summarized by one free-lance writer who had attended one of Chrysler's previews: "I think your letting people drive the cars away was the smartest thing you folks have done in a long time." [Emphasis added.]

The other vital "life-saver" was the preparation made by the public relations staff to answer all queries with *One Clear Voice*:

We tried to anticipate every question that we could in connection with the breaking news elements of the story and be prepared to handle them quickly and efficiently. We didn't want anybody hanging with overnight or weekend stories with unanswered questions.

The best evaluation tool, however, still is the final results of the public relations strategy during this crisis. Although sales figures plummeted immediately after the Union's charges, Chrysler believes that they would have remained that way if they had not reacted immediately and forcefully to counter the charges.

What's truly revealing happened at the dealers. The total sales of the two cars broke all of Chrysler's previous new car records during their first year on the market. Dealers sold every Omni/Horizon they had and could have sold more, had they had any more to sell. In addition, the two cars were all-time Chrysler leaders in capturing owners of competitive cars by establishing a "conquest rate" of more than 67 percent. Two out of every three buyers traded in another make of car for the Omni or Horizon.

In the final analysis, Chrysler's open and honest rapport and relationship with the news media combined with positive anticipatory action to the charges helped save it from an otherwise major media crisis. ■

QUESTIONS FOR DISCUSSION

1. During the Consumers Union flap, Chrysler dominated the news compared with its competitors. Though the reports contained some dangerous criticisms, is it possible all that this exposure actually helped the company? Explain why or why not.
2. Research has shown that the news media have limited effects on publics. How would you evaluate Chrysler's reaction to Consumers Union's charges in light of this statement?
3. What are some public relations or communications theories that you see in play in Chrysler's handling of the news media? Can you think of some other theories not used in this case that would have helped the sales figures for the Omni/Horizon cars to climb?

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4. If you were in charge of managing this crisis, what are some strategic actions you would keep or abandon? Explain your answer in terms of public relations principles or communications theories, or both.
5. The News Analysis Institute found that the original introductory publicity for

Omni/Horizon generated “the publication of 904 news stories . . . in newspapers with the combined total circulation of over 137 million people.” How many potential customers read about these new cars?