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Companies must take China's government-controlled media into account when implementing public relations campaigns.

Effective Public Relations in China

Communications strategists must consider China's media, market forces, and government structure to get their message across effectively.

Gregory P. Gilligan

Communicating a message effectively in China requires understanding the subtly moving parts of the country's complex operating environment. Government-controlled media, the Chinese Communist Party's (CCP) interests, economic reforms, and rapidly expanding Internet use all affect corporate communications strategies in China. To maintain effective public relations (PR) in China, foreign executives should be open to challenges, and understand that engagement in China is much more complex than in almost any other business environment. This complexity exists in the number of stakeholders companies must influence and in the relationships and motivations that exist between and among those stakeholders. An effective PR professional in China must understand, accept, navigate, and continually reevaluate those complexities to identify threats and opportunities. Government affairs and PR are intertwined in China, and effective PR strategies must acknowledge this fact. Many foreign companies separate their PR and government affairs functions in China as they would in their home markets, but PRC government control of the media requires companies to treat PR as they would treat government relations.

Quick Glance

- To get their message across in China, companies should treat public relations (PR) as they would treat government relations.
- Companies should factor recent trends into their PR strategies, including PRC government and industry consolidation, social media, and the "marketization" of the media.
- Effective PR strategies require that companies clearly and effectively demonstrate their contribution to Chinese society.

Corporate communications challenges in China

Corporate affairs professionals must deal with many government-controlled communications channels when trying to get a message across in China. A company's target audience could be government agencies, the media, public, or consumers, but it could also include the CCP, state-owned enterprises (SOEs), or quasi-independent nongovernmental organizations (NGOs). In addition, China has many organizations that hold no obvious connection to authority but take cues from a ministry or other formal government body. Companies should engage with these organizations in much the same way as they would a government agency.

China's economic reform and opening policies have led to a significant but partial commercialization of some communication channels, such as media outlets that cover commerce and the economy. Knowing which media outlet is influenced by which precise mix of government authorities and commercial market forces is more art than science, however. It is thus quite possible for a foreign or domestic company's perfectly legal commercial objectives to run afoul of a social or political interest or a more politically connected competitor's interests.

Companies typically use communications strategies, such as marketing a product or promoting corporate social responsibility (CSR), to inspire customers to buy or sup-

port a product or service. The trick is to take these universal communication functions and integrate them in a way that effectively navigates China's unique market forces, government structure, and trends. For example, companies could integrate CSR initiatives into consumer, government, and employee communications. Companies should factor some recent trends into their communications strategies.

"Marketization" of Chinese media

Though officially controlled by the CCP, some state media outlets have latitude to report without the strict controls imposed in the past. Though the CCP's official media outlets, such as Xinhua News Agency and the *People's Daily*, remain subsidized and tightly controlled, the commercial and lifestyle media now have significant freedom and receive limited guidance from the CCP. The government has also eliminated media subsidies, increasing media outlets' emphasis on sustainability and profits. Market forces, coupled with an environment where journalists are accountable for safe political views more than for factual reporting, make effectively navigating China's commercial media landscape difficult. Foreign companies' interests can suffer if they are the subject of inaccurate reporting.

Internet and social media influences

China's Internet community is among the fastest growing in the world. China had roughly 420 million Internet users, or netizens, in June 2010, and the number is increasing rapidly. The rising popularity of the Internet has resulted in significant social and commercial changes that businesses have yet to fully understand. This is particularly true because the usage behavior of Chinese netizens differs significantly from that of Internet users abroad (see p.22). In the United States, Internet users are much more driven by practical needs, using the Internet as a tool to send e-mail, buy and sell goods, conduct research, plan trips, and pay bills. Chinese netizens use the Internet more for social reasons, with significantly higher use of forums and blogs, Internet chatrooms, and video, music, and entertainment sites.

Government restructuring and consolidation

The PRC government is consolidating ministries into fewer regulatory bodies and moving toward a "super-ministry system." China now has 27 ministries, down from 41 in 1988, and restructured its government five times between 1988 and 2009. The number of ministries is expected to drop further to 20.

Though restructuring improves cost and work efficiencies, simplifying the chain of command is another motivating factor. Businesses planning effective government outreach must understand previous and future government restructuring and how it affects key regulators' scopes of authority, work processes, and personnel decisions. For example, companies that worked in recent years with the PRC State Food and Drug Administration (SFDA) needed to anticipate what personnel and regulatory authority shifts would occur when SFDA was absorbed by the PRC Ministry of Health in 2008.

Industry and SOE consolidation

The PRC government recently began to emphasize "key strategic industries" deemed vital to the country's economic development and national security. In 2003, at the beginning of PRC President Hu Jintao's leadership, China had 196 SOEs, compared to 122 today. Government officials and academics expect this number to shrink to about 80 to 100 enterprises. The PRC government's influence over and protection of subsidized SOEs has far-reaching effects on businesses that intersect with SOEs and operate in an SOE-dominated communications environment.

PR strategies in practice

Events surrounding the 2008 Beijing Olympics and the earthquake in Wenchuan, Sichuan, show crisis situations where communications strategies took unexpected turns. These events also demonstrate the type of broad stakeholder outreach that can garner good results. If applied in a proactive setting, the reactive measures discussed below are a solid way to secure good return on PR efforts.

2008 Olympics

The 2008 Beijing Olympic Games highlight the complexity faced by PR professionals in China. The PRC government worked hard to maintain an open investment environment before the Olympic Games to highlight the progress of China's reform and opening policies. As a result, foreign com-

panies benefitted from a simplified route to their business objectives. These businesses were often also a conduit for information on China to the outside world.

The 2008 Olympic Games provided a platform for China to stage its reemergence as a global power, but also gave an opportunity for many groups outside of China to advance their messages. This was particularly true for international NGOs that took issue with the PRC government's stances on numerous topics, including human rights, the environment, Taiwan, Tibet, and relations with Sudan. These groups saw the 2008 games as an opportunity to draw attention to issues that might not have gained the same international media attention otherwise. What the international NGOs did not count on, however, was the PRC government's ability to silence dissenting voices within China's borders. The government's control of media outlets, including the Internet, caused these NGOs' efforts to fall short. Instead, the CCP and PRC government communicated to China's populace the idea that international NGOs were attacking China in its time of glory, which aroused nationalism and resentment toward forces described as seeking to limit China's peaceful rise and development.

Sichuan earthquake

Three months before the Olympics, a massive earthquake struck Wenchuan, Sichuan. The tragedy sparked PR problems for several large multinational corporations (MNCs). The underlying circumstances of the ensuing controversy demonstrate the complexity of PR efforts.

When the earthquake hit, international NGO voices—which were critical of China in the lead up to the Olympics—stopped their pressure campaigns because it was unthinkable to continue criticizing China during a time of national crisis and mourning. Nationalist sentiment, previously focused on international NGOs, mixed with an overwhelming sense of anguish and grief for victims of the earthquake and refocused on foreign companies. Chinese netizens, most of whom did not have full command of the facts,

Public Relations in China: Dos and Don'ts

Do

- Understand China's vertically integrated and complex power structure and all stakeholders;
- Create public relations (PR) messaging that demonstrates commercial goals aligned with the objectives of Chinese government and society;
- Determine whether a behind-the-scenes influencer may be driving issues in unexpected ways;
- Map the complex web of stakeholders needed to address each issue;

- Engage proactively before critical need emerges;
- Train PR and government relations employees to work together closely; and
- Track and evaluate PR performance and adjust strategies accordingly.

Don't

- Don't simply follow a Western model for PR strategy. Organizational structure and employee function should reflect local conditions.

- Don't shy away from engagement—PR is a contact sport.
- Don't wait for challenges to go away by themselves. The stakeholder environment in China is too complex and the rise of Internet use and social media guarantees challenges will spin out of control.
- Don't forget to consider capitalist and socialist approaches when assessing a situation.

—Gregory P. Gilligan

swarmed the Internet and mobile text networks to deride foreign companies that allegedly enjoyed great business success in China while ignoring the plight of the suffering. Critics called these companies “iron roosters,” a Chinese euphemism for “cheapskate.” Dozens of text messages, blogs, and news portals criticized the iron roosters’ callous profiteering.

After gaining an understanding of the objective facts, media and government observers said that MNCs in China contributed to the controversy because they did not do enough early on to communicate their significant earthquake relief efforts. Most of the MNCs labeled as “iron roosters” actually donated goods, services, and cash immediately after the earthquake but, not wanting to appear opportunistic, they took a distinctly low-key approach to downplay their efforts.

The charges of careless profiteering could have caused irreparable damage overnight to brands that took decades to build in China. A few companies, however, realized their problem was deeply political. To address the challenge, companies needed to reach out to the CCP, PRC government agencies, domestic NGOs and trade associations, the media, and directly to netizens. Though only a few companies reacted effectively to the crisis, all of the alleged iron roosters eventually benefited from those more effective efforts to convince the PRC government that they had mutual interest in setting the record straight. For example, one US retail company, though initially labeled an “iron rooster,” reacted effectively by canvassing Internet bulletin boards, talking to prominent bloggers, speaking to the traditional media, imploring the government for help, and even reaching out to the CCP. After the iron rooster incident, the company was willing to try anything to communicate its true earthquake relief efforts to the public and counter the criticism brought on by unsubstantiated but harmful accusations that spread virally through social media.

China’s international reputation would have suffered had things gone badly for companies that reacted responsibly to the crisis. The CCP and PRC government got the message out that foreign enterprises indeed were active participants in

earthquake relief efforts. The credibility that endorsement lent was critical for those brands to escape nearly irreparable damage to their image in China. The PRC government and state-controlled media it controls are critical stakeholders in foreign companies’ PR strategies, and companies should engage government officials as part of their PR efforts.

Develop a strategic and integrated approach

Context and experience in many markets, including the United States, suggests the need for a different approach to engagement in China. Effective PR in China requires taking into account the full context, embracing complex issues, and engaging stakeholders at various levels. The iron rooster incident is a dramatic example of the need for skilled PR professionals in China, and demonstrates the importance of a broad strategic and highly integrated approach to a complex stakeholder landscape.

Foreign companies can learn from the iron rooster incident, including by developing PR strategies in China that factor in local market conditions. The understated approach taken by many of these companies after the Wenchuan earthquake may have been effective in Western countries; in China, during a time of national crisis, companies must clearly and effectively demonstrate their contribution to Chinese society. In addition, new media and social networks in China have unique characteristics that require engagement on their own terms. When faced with crisis, foreign companies operating in China must also focus on the complex web of stakeholders: the CCP, PRC government, media, NGOs, netizens, and consumers. Each stakeholder influences the others in critical ways. 完

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