Public Relations
As Perceived and Practiced by Commercial Banks

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Acknowledgements

After intensive work during fall 2005, we are proud to finally present our Master’s thesis. Working with this thesis has been an interesting period of life, which has given us a valuable insight in how Swedish commercial banks utilize PR activities in communicating with their publics.

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Abstract

The increasing competition in the business world has forced firms to become innovative as well as effective in their promotion activities. PR is a promotion tool that has gained increasing importance in recent times, since it is perceived as both cost effective and highly credible. PR is a set of communications techniques which are designed to create and maintain favourable relations between an organization and its publics.

This study aims to provide a better understanding of how banks utilize PR in communicating with their publics. The role of corporate reputation and trust development is also examined within this study. To this end, case studies were conducted of two large Swedish banks, SEB and Handelsbanken. The cases explain the roles, objectives, functions and tools of PR at the banks.

Findings show that banks do not define their communication activities as PR, but still utilize it to a high degree. While objectives are different in the banks, one common priority is the building and maintaining of relationships with the publics. Banks utilize many different tools to reach PR objectives; many of these are used at the local branch level. Similarly, banks consider corporate reputation and trust as vital for the organization’s capability to sell financial services, and therefore manage this with high priority.


Sammanfattning

Den ökande konkurrensen i dagens affärsvärld har tvingat företag att bli allt mer innovativa och effektiva i sina marknadsaktiviteter. Public relations (PR) är ett verktyg i marknadsmixen som har fått ökad betydelse den senaste tiden eftersom den är upplevd som både kostnadseffektiv och mycket trovärdig i jämförelse med traditionell marknadsföring. PR är en uppsättning kommunikationstekniker som är utformade för att skapa och underhålla förhållandet mellan företaget och dess målgrupp.

Den här studien försöker skapa en bättre förståelse för hur banker nyttjar PR i kommunikationen med sin målgrupp. Även den roll PR har som ett verktyg i utvecklingen av förtroende och anseende hos målgrupperna undersöks i studien. För att nå detta syfte har fallstudier genomförts på två svenska storbanker; SEB och Handelsbanken. Fallstudierna förklarar rollen, målen, funktionerna och verktygen som nyttjas i PR-arbetet hos banken.

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1 Introduction

In this initial chapter the thesis will be presented with a background in promotion and public relations. This will lead to the problem discussion, which will be the base for stating an overall purpose and research questions.

1.1 Background

In recent time, increasing competition in the business world has forced firms to become more aware of price and costs, which has resulted in a shift in the promotion mix to a greater use of promotion tools that are cost effective in reaching the customer (Boyd et.al. 1998). The increasing media clutter and altering competition has also forced companies to take new stands when planning promotion activities, to be able to reach and keep the customer. To do this, a company needs to get and maintain a high amount of credibility in front of its customers. At the same time, modern marketing has been accused to be spending increasing amounts of resources in their promotion activities, which has resulted in products and services with higher prices for the customer. One promotion tool that has gained importance in recent times is public relations, with its feature to lower promotion costs and to increase promotion credibility. It is also perceived as both cost effective and highly credible (Williams, 1988; Kitchen & Papasolomou, 1997).

The communication between a company and its customer, also known as promotion, is a mix of tools that can be utilized in the marketing communication. Public relation activities are an important part of this mix (Kotler & Armstrong, 1994). Promotion is used by organizations to communicate with customers regarding their product offerings, and also to ensure that customers are aware of the available products (Rowley, 1998). Promotion is defined by Kotler (1999) as communication activities used to inform, persuade, or remind the target market about the availability and benefits of a product. Promotion covers all communication tools that can deliver a message to a target audience. According to Rossiter & Percy (1987), promotion aims to stimulate a purchase. It is seen as a direct form of persuasion based on external incentives rather than inherent product benefits. Boyd et.al. (1998), describe the promotion strategy as a controlled and integrated programme of communication methods and materials designed to present the organization and its products to customers, and to contribute to long run profit. The promotion programmes are developed through the use of four broad components; advertising, sales promotion, personal selling and public relations.

- **Advertising** is any paid form of non-personal presentation and promotions of ideas, goods or services. It is an effective tool when building awareness since many people is reached with the message. Examples of possible tools are print ads, radio, television, billboard, posters, catalogues and signs. (Boyd et al, 1998; Kotler, 1999).

- **Sales promotion** is used to create incentives to stimulate purchase or sale of a product, usually in the short term. The method can be used to stimulate for a trial of your product. Examples of tools are coupons, product samples, contests and demonstrations. (ibid.).

- **Personal selling** is the process of helping and persuading the prospects to make the purchase of goods or services. The communication is often done orally and involves personal interaction that can build up to a long-term relationship. Tools used are presentations, meetings and samples. (Boyd et.al. 1998; Kotler & Armstrong 1994).
• **Public relations** is non-paid stimulation of demand for a product or service. It is a communication between the organization and the public to maintain good relations. Usual public relation tools are web sites, publications, speeches, publicity in newspapers, radio and television. (Boyd et al. 1998; Hutton, 1999).

An appropriate promotion mix is created from the above mentioned tools and channels, depending on what is to be achieved. Company objectives can include; increased sales, improvement of market shares, improvement of brand recognition, informing, educating and to create competitive advantage. Depending on the objectives, different combinations of the tools can be utilized. (Rowley, 1998).

**Public relations**

Public relations, also known as PR, is defined as a set of communications techniques which are designed to create and maintain favourable relations between an organization and its publics (Jefkins, 1978). Beavers-Moss (2001) argues that PR is a form of communication that well supports and adapts to a company’s various advertising components. As much as it works to strengthen these components, there is also one obvious difference between advertising and PR. Advertising controls the overall message of the organization and builds visibility, while public relations reaches in and provides the advertising message with credibility and trust (ibid.). While marketing builds brand, PR amplifies brand awareness. The trouble is that while PR and marketing are two sides of the same coin, in many companies the disciplines fail to cooperate. There is often also a failure to distinguish where marketing ends and PR starts. If people in the community are asked to mention five competitors in the same business and they do not mention yours, probably the competitors use PR more effectively (Lynn, 1999).

PR is arguably the broadest of the marketing communication disciplines, involving a wide range of activities and specializations used to deliver corporate and brand messages. PR has developed from efforts focused on selling products to a corporate advisory role. As a result, PR activities can be classified as long-term, brand building options. (Barnes & Schultz, 1999).

Over the last decade communication with audiences considered important to an organization has developed into a central focus of corporate strategy (Dolphin, 2004). Companies want to build good relations with their shareholders, with suppliers, distribution channels and customers. External operators such as trade and professional associations, and local chambers of commerce are other organizations that companies might wish to influence. Also journalists and representatives from various publishers are groups with which the organization must maintain good relations (Holloway & Robinson, 1995). According to Wells et al. (2003) public relations is a management function practiced by a wide range of organizations: companies, governments, non-profit organizations, the educational system, labour unions, politicians, organized sports, and the media. Their goal is to achieve positive relationships with various publics in order to effectively manage the organization’s image and reputation. Its publics may be externals like customers, news media, investment communities, the general public, and governments, or internals like shareholders and employees (ibid.).

**Characteristics and tools of public relations**

PR can be divided into a proactive and a reactive category. Proactive PR is concerning the company’s marketing objectives. It is offensive, opportunity seeking, and a method to communicate brand merits typically used in combination with other promotion tools. Reactive PR is used in response to outside influences. It is undertaken as a result of external pressures.
and challenges brought by for example competitive actions, shift in consumer attitudes or changes in government policies. With reactive PR a company typically deals with changes that have negative consequences, for example trying to repair a damaged reputation or regain lost sales. (Shimp, 2000).

Kotler et.al. (2005) state that although public relations still captures only a small portion of the overall marketing budgets of most firms, public relations is an increasingly important brand building tool. Research has found that advertising does not build brands, but public relation does (ibid.). The practitioner of PR has many tools, which can be divided into two categories: controlled media and uncontrolled media. Controlled media include various activities such as, speeches, corporate advertising, in-house publications, and visual presentations that create product and company publicity. The sponsoring organizations pay for the media and in return, get total control over how and when the message is delivered. Uncontrolled media include press releases, press conferences, and media tours. These are the primary channels to deliver public relation messages to various Medias. Organizations control the original form and content of the release and content on media tours. However it is the media which decide what to present and how to do it. What the audience finally sees is not necessary what is stated by the organization. The most recent electronic media is categorized as semi-controlled. Corporate websites are controlled by the company, but other web sites like chat rooms and forums set up by critics are not controlled. Special events and sponsorships are initiated by the companies, but participation by the press and other important publics is not under control of the sponsoring company. Another important semi-controlled media is word of mouth, where the initial message often can be designed by the organization (Wells et.al. 2003, Kotler et.al. 2005).

As with other promotion tools and marketing activities, objective have to be set, messages and media vehicles have to be selected, and implementation of the PR plan with a follow up evaluation of the activities have to be done (Kotler et.al. 2005). To gain a competitive advantage, an ability to monitor and evaluate the activities becomes critical for most PR practitioners (Phillips 2001). Tracking of the outputs; how many news releases lead to stories in media, and outcome; attitude or behaviour change, is necessary to prove the effectiveness of the PR program to be able to learn and fine-tune future campaigns (Wells et.al. 2003).

1.2 Problem discussion

Lages & Simkin (2003) present PR as an emerging science discipline and argue that PR research is in need of developing concrete measurement tools which will allow empirical evaluation and clearly identify its driving forces. The on-going conceptualisation is also moving PR more to a management discipline instead of its earlier label as a communication activity. According to Broom et.al. (1997) PR is still clearly lacking in definition and conceptualization. Without clearly explained concepts, researchers have a tough work to conduct empirical observations and construct meaningful theory. Presumably for this reason, the majority of past research in the area of PR is descriptive leaving a gap in explaining the actual activities observed in the business world.

Broom et.al. (1989) argue that journals in PR are not responsive to the interest of practicing professionals and that publications provide little help to students, teachers, practitioners and managers to understand and utilize research in PR. There is relatively little cross-situational, theory building research to be found. More recent research has shown some improvement but the problem in the area of PR seems to remain.

PR in service firms
When marketing services that are both intangible and hard to differentiate, establishing trusting relationships is one key objective. According to Merenda (2004), nothing will establish trust more than credibility. This is done by enhancing demand for the organizations services. The ultimate way to market a service is to promote it by advertising, and then support the arguments by PR to build credibility (Beavers-Moss, 2001). Building credibility and trustworthiness are main issues in PR.

The existing research in the area of PR as a trust enhancer is based on data from different industries. Studies can be seen in service organizations in various markets. But there is still shortage of research in many specific industries. For example Saparito et.al. (2004) have investigated customer orientation and manager interface in trust building between banks and its customers. They recommend future researchers to look into other banking activities important for developing trust, such as PR. This research recommendation explains the significance of conducting research in the specific industry of banking, and further states the importance of this thesis direction.

PR in banks
Earlier research shows that PR is one of the most important parts when considering the promotion mix in the banking industry. The nature of the business with a need of high levels of trust, explains the importance of public opinion to be successful. The bank’s most effective tool to monitor and manage this opinion is through extensive use of PR activities. Recent research also shows that the banking industry has been caught in a negative trend regarding reputation, which could have been avoided through PR activities.

In the banking industry services provided are to a high degree similar, which makes it hard to make a comparison between banks and their offerings. Therefore in banking, credibility and value is mainly gained from the organization’s reputation. It is also argued that reputation is the most valuable asset of a bank (Beavers-Moss, 2001). As stated by Dolphin (2004), corporate reputation is a fast developing area clearly gaining in importance for management and scholars.

Due to the obvious importance of PR activities in the banking industry, and because existing research does not fully describe the PR aspects continuously handled by banks to build upon their reputation, our aim in this study is to shed more light over the PR activities handled by banks. Some PR activities in banking have been studied internationally in different countries, but preliminary investigations showed that no one has researched the various aspects of PR in Swedish banks. The purpose and research questions are presented below.

1.3 Purpose
In view of the above problem discussion the purpose of this study is:

*To gain a better understanding of how banks utilize PR in communicating with their publics.*

1.4 Research questions
To be able to answer the purpose of the study we shall address the following research questions;
1. How can roles and objectives of PR in banks’ promotion mix be described?

2. How can PR’s functions and tools utilized by banks be described?

3. How can corporate reputation and trust as viewed by banks be described?

To explain the connection between the three research questions, and to be able to understand the entire picture of this study, the following can be stated; the first research question is approaching the area of PR in an overall strategic meaning. The second research question is handling the functions and tools that can be utilized to reach the roles and objectives within the banks. The third research question is concerning reputation and trust, which can be a result of the functions and tools utilized to reach the roles and objectives.

1.5 Demarcations

Since PR is such a vast area, it is not possible to cover all of its aspects in this study. The concept of PR as discussed in this study includes the elements possible to observe in the banking industry, and will follow the definition that; PR is a set of communications techniques designed to create and maintain favourable relations between an organization and its publics. The study is also limited to a corporate perspective with a focus on Swedish banks.
2 Literature review

In this chapter literature relevant in the area of PR is reviewed and presented. The theories connected to the research area will be reviewed and presented in a conceptual framework, which will clarify the main topic to be studied and aid data collection.

The existing literature in the area of PR is vast and numerous. To be able to answer the research questions and reach our purpose, we have been selective in the search of relevant theory and models. Some of the selected theories approach PR in general terms, while other theories handle more specific aspects within the area of PR. By selecting theories that fit into the focus of this thesis, we are able to create a conceptual framework, which is necessary to conduct this research.

2.1 Role and objectives of PR

2.1.1 PR: Definitions

The research area of PR is vast and wide with numbers of definitions regarding the term PR and what it actually involves. People working with PR tend to view their activities as having a strategic impact, while many marketers views PR as only a tactical ingredient of the promotion mix. This confusion has hindered the development of the PR profession and added to the blurring of what exactly includes in the area of PR. (Lages & Simkin, 2003)

A review of modern PR history gives a number of definitions, metaphors, and approaches to the field (Hutton, 1999). In the first two decades of this century the dominant theme in PR was “using communications to build and hold goodwill”. The term has evolved and a review of recent PR definitions in literature and academic journals suggests a number of common themes, but there is still no true convergence. The most common components in the definition of PR appear to be “management”, “organization”, and “publics”.

An example of a widely quoted definition is:

“Public relations is the management function which evaluates public attitudes, identifies the policies and procedures of an organization with the public interest, and executes a program of action to earn public understanding and acceptance” (Hutton, 1999).

Lages and Simkin (2003) propose that PR scholars conceptualize PR as a management discipline, which is a change form the traditional view of PR as mainly a communication activity. Other authors referred by Lages and Simkin (2003) agree with Hutton (1999) and defines PR as the “management of communication between an organization and its publics”; and emphasize: “this definition equates public relations and communication management”. PR is also defined as “the management function that identifies, establishes and maintains mutually beneficial relationships between an organization and the various publics on whom its success or failure depends”. Further, Lages and Simkin (2003) define PR as “relationship management”, which implies that the focus of public relations is the management of an organization’s relationships with its publics through the four step management process of analysis, planning, implementation and evaluation. In this context PR is used to communicate strategically (ibid.).

Frank Jefkins (1978) define PR as:
“Public relations consist of all forms of planned communication, outwards and inwards, between an organization and its publics for the purpose of achieving specific objectives concerning mutual understanding”.

This definition points out that PR should be planned and organized similarly as production, sales and advertising programmes. The principal objective, mutual understanding means that the PR practitioner seeks to understand other people and their attitudes, as well as to create an understanding of his organization and its people, policies, products, or services. Such interaction is the essence of communication. By the term objective, the author means that the system of management by objectives is implemented to deliberately planned and sustained PR. Also a separate PR strategy can and should be planned, budgeted and executed alongside marketing. Ideally this should be part of a complete management system, using PR to achieve company objectives (ibid.).

2.1.2 PR: Objectives and Strategies

Dolphin & Fan (2000) discuss if PR is seen as a strategic function by corporate management. Their research indicates that a communication strategy is essential for any organization. It needs to be managed and formulated by the information director in close cooperation with the executive team. When shaping PR strategy, considerations must be given to the nature of the organization; to its vision, mission and to its key audiences. The role of the information director is to act as a bridge between his organization and its audiences, and in this way create or sustain the corporate image or reputation. Obviously, PR has a key role to play in the strategic planning of an organization, and should therefore be closely linked to the organizations board room through an information director (ibid.). Nakra (2000) agrees with this view, and states that PR activities must be involved early in the process when developing strategies for building and maintaining the corporate image and reputation. Reserving a seat at the corporate boardroom tables for PR executives, and involving them in strategy development, would be a logical first step. Jefkins (2000) describes the ideal organization structure with the PR department as independent, directly responsible in front of the CEO. However if the PR executive is positioned in the marketing, advertising or sales promotion department instead, the use of PR can get strictly limited.

According to Lages & Simkin (2003), the positioning of PR as a management discipline implies, that the PR activities are broader than communication techniques and broader than specialized PR programs, such as media relations. There are also arguments that PR is not efficient when practitioners master the technical skills without the understanding of when and why to use PR to make communication more competent for organizations (ibid.).

Wells & Spinks (1999) describe community relations as some of the most important activities of an organization. Establishment of ongoing, reliable and respected external communication processes should be a priority. Since public opinion is dynamic, the PR response also should be actively managed. This should also involve customer relations, since thousands of satisfied customers never will make an argument, but one unsatisfied customer probably will. Worcester (1997) also explains the attributes of the bank image in the eyes of the public as highly dynamic and never static. Even if it looks static, it is hardly ever so.

Most organizations realize the necessity for effective communication with many audiences, such as its customers, clients and employees. However, many organizations fail to notice the importance of good communication with the community (Wells & Spink, 1999). Lynn (1999)
argues that PR activities can clearly increase economic value for banks because it creates trademark and brand awareness in the community.

Hon (1998) points out that there is tremendous variability in organizations explanation of PR’s goals and objectives, perhaps reflecting the diversity of organizations represented. Each organization divides its responsibilities differently, and not surprisingly, priorities tend to reflect the mission of the organization. Some practitioners mention communication goals that increase sales and revenue, and also bring in new business. Others talk more about PR’s role in enhancing the image of the organization and disseminating positive messages. Hon (1998) discusses further that most of the companies in her research said that their PR department does have written, quantifiable goals and objectives, although several acknowledged that this systemization happened somewhat recently. Other statements were that PR goals and objectives have to be “strategic”, meaning that public relations goals and objectives must be tied directly to organizational goals and objectives. The findings by Hutton et.al (2001) is in line with Hon (1998) and identifies widely disparate views of the purposes of PR, and also confirms that the diversity of PR strategy continues to be a major issue. Different objectives and philosophies may be appropriate for different companies, industries or business environments (Hutton et.al. 2001).

According to Wells et.al. (2003) PR objectives are designed to make changes in the public’s knowledge, attitudes, and behaviours related to a company, brand, or organization. Usually these objectives focus on creating credibility, delivering information, and building positive images. Typical PR objectives include:

- Creating a corporate brand
- Shaping or redefining a corporate reputation
- Positioning or repositioning a company or brand
- Disseminating news about a brand, company, or organization
- Providing product or brand information
- Changing stakeholders attitudes, opinions, or behaviours about a brand or company
- Creating buzz - word of mouth
- Involving people with the brand (ibid.)

2.1.3 Defining publics

Worcester (1997) emphasizes the importance of identifying the organizations important publics. Every bank should undertake careful evaluation of the audiences it must deal with in order of priority. In many financial institutions for example the customers often hold this position. Knowing accurately who to target first means that expenditure decisions can be based on relevance. Beavers-Moss (2001) states that after identifying the various publics of a bank, relationships should be established according to every group’s needs and wants.

Organizations are recommended by Wells & Spinks (1999) to establish ongoing communications with the public community in whole. Schultz & Barnes (1999) suggest instead that the relationship with specific publics should be emphasized. After deciding if the organizations publics are going to be defined wide or narrow, companies can utilize traditional segmentation bases such as Geographic’s, demographics and psychographics. Other tools can also be used such as covert power segmentation, which involves identifying persons within a community who exert influence on a variety of issues or decisions. Reputation segmentation deals with identifying people who are influential within social networks.
2.1.4 Proactive PR versus reactive PR

PR can be characterized either as proactive or reactive. Proactive PR is dictated by a company’s objectives. It is oriented offensively rather than defensively, and opportunity seeking rather than problem solving. The major role of proactive PR is to promote the organizations products and services. Integrated with other promotional activities, proactive PR give a product or service additional exposure, newsworthiness, and credibility. The last factor, credibility, largely accounts for the effectiveness of proactive PR. By comparison, reactive PR describes the conduct of public relations in response to outside influences. It is undertaken as a result of external pressures and challenges brought by competitive actions, shifts in consumer attitudes, changes in government policy, or other external influences. Reactive PR typically deals with change that has negative consequences for the organization, and attempts to repair a company’s reputation, prevent market erosion, or regain lost sales. (Shimp, 2000).

2.1.5 Hutton’s framework for defining public relations

Hutton (1999) has developed a three dimensional cube (figure 2.1) to provide a framework by which to analyze PR roles. There are three dimensions that explain the substantive differences among the various orientations or definitions of PR; interest, initiative and image.

*Interest*

The “interest” dimension can be described as the “balance of intended effects”. It describes to what degree PR functions are focused on client interest versus public interest. In other words, is the focus mainly on the organizations direct customers or is the focus on the public in general?

*Initiative*

The “initiative” dimension explains to what extent the PR function is reactive versus proactive. This can be measured by PR activities designed to predict and help to shape up emerging organizational issues.

*Image*

The “image” dimension describes to what extent the organization is focused on perception versus reality, or image versus substance. This dimension represents the general focus of an organization’s philosophy, thoughts and actions.

When PR activities are analyzed in the context of this framework, there appear to be six relatively distinct orientations of PR practice: persuasion, advocacy, public information, cause-related public relations, image-reputation management, and relationship management.
Persuasion
Persuasion includes the philosophies of PR that are proactive and oriented toward persuading audiences to think or act in the way that benefit the organization. PR programs or campaigns that focus on promotion or to create consent fall in this category, distinguished from each other primarily by their strategic choice of tactics rather than their basic purpose. For example a promotion campaign that utilizes media publicity might be using an agenda-setting style of persuasion by attempting to place the client-organization’s product on consumers’ mental agendas, with the goal of increasing awareness and sales of the product. (ibid.)

Advocacy
This category is similar to persuasion in its intention, persuading audiences to think or act in ways that benefit the organization, but different in its level of initiative and in the fact that it arises out of controversy or active opposition. The function is to serve the role of defending
the organisation in the court of public opinion, rather than a court of law. The presence of controversy or active opposition usually dictates the type of strategy and tactics used, and the reactive nature of advocacy public relations means that a PR counsel or function may not exist until triggered by a crisis or other catalyst. In addition to that, the focus of advocacy is often on persuading relevant audiences to think or act in certain ways. (ibid.)

Public information
Public information refers to the style of PR in which an organization serves primarily as an educator and information provider. Examples include industry trade associations and other member service organizations, along with some government agencies that perform similar functions. (ibid.).

Cause related public relations
Cause related PR is similar to persuasion in its intention, to persuade the audience to think or act in specific ways. It is similar in its level of initiative, usually proactive. It is similar to advocacy, in the way that it may be reactive and nonexistent until triggered by a public event. In other ways it is the complement of advocacy, as long as it tends to serve a broader public interest rather than any special-interest group or individual. Cause related PR is often distinguished by its need to highlight strong but unorganized publics and media, through lobbying and publicity. Examples of groups or organizations that practice cause related PR include for example the Red Cross organization and Amnesty International. The corresponding metaphor for cause-related PR is generally crusader. (ibid.)

Image/reputation management
This role focuses on the image or reputation of the organization, as measured by its popularity or value as a supplier, buyer, partner, employer, lender, citizen or investment. Image/reputation management looks primarily to publicity, spin control and the creation and manipulation of symbols as its primary tactics. It has grown in importance recently, and has deep roots in the practices of early PR pioneers. A distinction might be made between image and reputation management to the extent that reputation could be considered less superficial than image, with a correspondingly greater emphasis on reputable behaviour as the foundation of a good reputation. (ibid.)

Relationship management
Relationship management refers to the practice of PR as an exercise in identifying mutual interests, values and benefit between a client-organization and its publics. While acting primarily on the client’s behalf, such an approach to PR seeks to operate in behalf of the client in a responsible manner, in line with the public interest, in belief that public support and consent are vital to achieving the organizations long-term objectives. The emphasis is on mutual trust, compromise, cooperation, and whenever possible, a win-win situation between the organization and the customer. (ibid.).

2.1.6 Hutton’s hierarchy of public relations
Hutton (1999) has suggested a hierarchy framework for primary roles, functions and tactics/tools of PR (figure 2.2 on next page). The benefit of such hierarchy is that it encourages scholars and practitioners to distinguish between the umbrella definition of PR and the primary purpose and objectives of PR in a given context. It also encourages a distinction between PR’s roles, and the functions of PR, which are not end goals in themselves but means by which a given object is achieved.
2.2 Functions and tools in PR

2.2.1 Types of PR
In PR there are specific types of relations which all refer to relationships with various stakeholders.

Media relations
Focuses on developing a relationship with media and find out who might be interested in the organization's story. The term “public relations” is by most people associated with publicity, which indicates the importance of this media function. The organization initiates publicity and provides appropriate information to media. A successful relationship between a PR person and the editor is built on a PR person’s reputation for honesty, accuracy and professionalism. If this reputation is tarnished or lost, the PR person cannot function effectively as a liaison between a company and the media. (Wells et.al. 2003)

Employee relations
Employee relation programmes communicate information to employees. The function of employee relations belongs both to PR and human resource management. These kinds of programmes are often called internal marketing. (ibid.).

Financial relations
Financial relations includes all communication efforts aimed at the financial community, such as press releases sent to business publications, meetings with investors and analysts, and annual reports which the government require of public held companies. (ibid.)
Corporate relations
Corporate relation programmes focuses on organization’s image and reputation. The goal is to persuade the public to perceive the company in a positive light. According to Wells et.al. (2003) the public relation expert Fraser Seitel has stated that “it takes a great deal of time to build a favourable image for a corporation but only one slip to create a negative public impression.” The goal of reputation management in a corporate relations program is to strengthen the trust that stakeholders have in an organization. Since corporate reputation is a perception, it is earned through deeds, not created by advertising. (ibid.)

Public affairs
Focuses on corporate communication with governments and with the public on issues related to government and regulations. Issue management is another term for this function. In addition to government relations, public affair programs also monitor public opinion about issues central to the organization’s interest and develop programs for communicating to, and with the public about these issues. (ibid.)

2.2.2 PR tools
Wells et al (2003) describes three categories that divide the tools of PR, depending on the amount of control the company has in its communication. Since the tools which can be utilized in PR, are well known tactics in organizations, they are not described in further terms.

Controlled PR
When a company can control the use and placement of their PR tools they are utilizing controlled channels. Examples of tools in this category are:

- Publications: Brochures, flyers, newsmagazines
- Annual reports
- Displays, exhibits
- Product placements
- Speakers
- Photographs
- Staged events (open houses, anniversary celebration)

Uncontrolled PR
When companies relies the use and placement of their PR to media, they are using uncontrolled channels. Examples of tools in this category are:

- Publicity (radio, TV and print media)
- News releases (print, audio, video, e-mail)
- Press conferences and media advisory (media kits, fact sheets, background information)
- By-lined articles
- Talk and interview shows

Semi-controlled PR
When some aspects of the PR activities are controlled and initiated by the company, but other aspects remain uncontrolled, they are utilizing semi-controlled channels. Examples of tools in this category are:

- Special events and sponsorship
• Interpersonal communication
• Electronic communication (web sites, chat rooms)
• Word of mouth

When utilizing above mentioned tools, PR teams needs to work closely with the marketing department. PR tends to complement advertising activities. While advertising is pushing a bank’s desired message to its markets, PR is there to sprinkle the message with credibility. Banks often realize the importance of PR activities, but may differ in the way they are utilized in the marketing mix. (Beavers-Moss, 2001).

2.2.3 The PR toolkit
Phillips (2001) provides a framework developed to set up and evaluate PR activities. The author proposes a five-step approach to research and evaluation. The steps are:

1. Audit research about the organization, products and services, and an audit of communications with audiences. Research can help identifying these as well as track the progress of the campaign and its outcome. Looking into existing research saves time and money. Involving senior management at this stage demonstrates the strategic role that PR can play.

2. Objectives. These must reflect the strategic business goals of an organization. PR should be co-ordinated with advertising, direct marketing, and sponsorship. The target audience, the medium, the desired response and the timing should be identified.

3. Strategy and plan. Decide on level of measurement. Output measures how the message went out and who it reached. Out-take measures to what extent the message was remembered and understood. Outcome measures to what degree PR activity changed opinions, behaviour or attitudes.

4. Measurement and evaluation. Measures the direction of activities. Are we getting there, and if so, do we stay on course? If not, should we adjust tactics, strategy or objectives?

5. Result. A review of result against the previously stated objectives: what did we learn that can be fed back into the planning loop? What worked and what did not? What can we re-use next time?

Lages & Simkin (2003) further support the importance of utilizing overall planning, execution and evaluation of an organization’s PR communication with both external and internal publics.

2.2.4 PR: Effectiveness and evaluation
As in advertising, PR effectiveness and evaluation is based on setting measurable objectives in the beginning of the planning (Wells et.al. 2003). The ability to monitor, measure, evaluate and plan content in its relevant context thereafter becomes critical for most PR practice as a ground of competitive advantage (Phillips, 2001). Schmitz (2004) states that it is as important to follow-up measure and evaluate PR activities as in fact to implement them. Xavier et.al (2005) put forward that there is no general method for measuring effectiveness, instead practitioners select among an array of different methods and models to demonstrate the effectiveness of PR activities. Evaluation models can be categorized into those focusing on a specific process of PR or those accommodating an integrated planning approach (ibid.).
According to Wells (2003) PR practitioners must track the impact of a campaign in terms of output, how many news releases lead to stories or mentions in news, and outcome like attitude or behaviour change. Such tracking is done to prove the effectiveness of PR programs and to learn from it to be able to fine-tune further PR activities (ibid.). Evidently there is a lack of knowledge on how much evaluation techniques there are, and how much it is worth to utilize them in order to provide the organization with good evaluative information (Phillips, 2001).

To measure and evaluate PR activities initiated by the organization, Schmitz (2004) provides two general ways to do it: Do it yourself by reading newspapers and magazines, relevant websites, check out what is mentioned about your organization in radio and TV. This is a very time consuming activity and therefore it can be more effective to outsource this activity to a media-monitoring agency. Further, it is recommended to mix own monitoring, and media-monitoring agencies to get out as much valuable information as possible (ibid.).

Following is a guideline provided by Wells et.al (2003) with common types of evaluation measures used in PR:

- **Output Production.** Numbers of PR products, such as news releases or event activities generated.
- **Distribution.** Number of media outlets (TV stations, newspapers) receiving PR products.
- **Coverage.** Number and size of clips, column inches, seconds, or minutes of time or space.
- **Impressions.** Media placements multiplied by circulation or broadcast reach.
- **Advertising value.** Equivalent ad cost for time or space.
- **Systematic Content Analysis.** Positive or valence (whether the story or mention seems to be more positive or negative), key messages (the idea in the story), sources, and prominence.

Outcome Objectives achieved:

- **Awareness.** Aided and unaided to recall the target audience.
- **Attitudes.** Perceptions and preference or intent to buy.
- **Behaviour.** Did they do what you wanted them to?

According to Beavers-Moss (2001) it is important for the bank to identify what gain is expected from the PR activities. If the goals are defined explicitly and measurably, they are easier to achieve.

**The Effectiveness Yardstick model**

To simplify the process of measuring effectiveness in PR activities Lindenmann (1993) has developed a straightforward set of guidelines or standards that PR practitioners can follow to measure PR effectiveness. The guideline is called the “Public Relations Effectiveness Yardstick” (figure 2.3) and involves a two-step process: first, setting PR objectives, and then determining at what levels to measure PR effectiveness.
Step one: setting objectives
What are the goals or objectives of your PR program? What is your PR program or activity seeking to accomplish?

In PR, what you try to accomplish usually falls into one of these four categories:
1. You, or your organization, are trying to get out certain messages, themes or ideas.
2. You would like these messages or ideas distributed to certain key or target audience groups.
3. Your envision distributing these messages to your target audiences via certain pre-selected or specific communications channels.
4. For what you say, for how you say it, and to whom, there are certain short-term or long-term “ends” or objectives you are interested in accomplishing. Based on how and what you say and do, you would like those you reach to respond in a certain way.

Step two: determining levels of PR measurement
After setting the PR objectives, then you have to decide what exactly you want to measure. In this guideline there are three different measures of PR effectiveness.

Level 1: Basic Level
It measures PR “outputs”. It examines how well PR people present themselves, how they handle given activities or events. At this level, PR practitioners measure the amount of exposure their organization received in media, the total number of placements, the total number of impressions, and/or the likelihood of having reached specific target audience groups. To measure "outputs," PR practitioners often use content analysis techniques to track or measure publicity placements. Or, conduct simple public opinion polls to find out if targeted groups have been exposed to certain messages.

Level 2: Intermediate Level
This level is more sophisticated. At this level, PR practitioners measure whether or not target audience groups actually received the messages directed at them: whether or not they paid attention to the messages, whether or not they understood the messages, and whether or not they have retained those messages in any shape or form. To measure "outgrowths," practitioners usually rely on a mix of qualitative and quantitative data collection techniques, using such methodologies as focus groups, depth interviews with opinion-leader groups, and extensive polling of key target audience groups either by telephone, face-to-face, or through mail.

Level 3: Advanced Level
This level is the most advanced PR measurement level. When one reaches this higher end of the Effectiveness Yardstick, the "outcomes", such as opinion, attitude, and behaviour change are measured. To measure "outcomes", the PR practitioner needs to rely on: techniques such as before-and-after polls; the development and use of experimental and quasi-experimental research designs; use of unobtrusive data collection methods such as observation, participation, and role-playing; the use of advanced data analysis techniques (such as perceptual mapping, psychographic analysis, factor and cluster analysis, and conjoint analysis); or the conducting of comprehensive, multi-faceted communications audits. (ibid.).
2.3 Corporate reputation and PR

When reviewing the existing literature in the areas of trust, credibility, and corporate reputation gained by PR, it can be found that the area is not thoroughly researched. Therefore models and theories from existing literature are hard to find. Provided below are theories relevant to answer our research questions.

2.3.1 Trust and credibility

Seal (1998) suggests that trust is based on personal knowledge of the other part in a relationship. However trust goes beyond possessing information about each other. Possession of information about someone does not directly correspond to trust. Trust needs history as a reliable background and is therefore enacted in dependent relationships. Saparito et.al. (2004) describe the concept of trust as; the trusting party must perceive the trusted party to be acting out of a commitment to the relationship that goes beyond instrumental motive of advancing self-interest.

Seal (1998) describes three types of trust in the organizational setting;

- Contractual trust means that partners keep their promises whether or not they are based on written agreements.
- Competence trust is when you have the business ability to fulfil obligations. If you for example are unable to fulfil your promises to repay loans because you lack in funding, you break the competence trust.
- Goodwill trust is when the company can act on the behalf of its clients without detailed instructions.
Credibility is defined as the capability to influence because of the perceived knowledge or skills one has or is presumed to have (Budd, 1995). The collective outcome of building trust and gaining credibility is reputation (Budd, 2001). According to Beavers-Moss (2001) PR serve to enhance demand for products and services through building credibility.

Managers in service industries that are not well-differentiated in terms of basic services should recognize that well-structured and valuable communication has a strong effect on consumer perceptions. It leads to trust, satisfaction, and loyalty. These communications should be used as relationship-enhancers, offering the customer useful and needed advice and information, packaged in such a way that the customer finds it easy to understand and pleasant to absorb. (Ball et.al. 2004).

2.3.2 Corporate reputation

According to Budd (2001) the managing of corporate reputation is a very delicate and sensitive process. You are not dealing with a tangible product but with a judgement, an attitude, a sense, a feeling rooted in a persons mind. Good reputation is hard to build and cannot be bought. It is also very fragile, and easy to lose. Hutton et.al. (2001) argue that companies with extensive corporate communication strategies were more likely to have strong reputations. Specifically, the more companies focused on “managing relationships” with non-customer publics or “reputation management” as their guiding communication philosophy, the more likely they were to have a strong reputation.

Dolphin (2004) argues that any communication that makes an organization more transparent enables stakeholders to appreciate its operations more clearly, facilitating a better reputation. The intangible equity in a corporate reputation is an organization’s most enduring and lasting asset. The reputation also wins a competitive advantage for the organization in an increasingly crowded marketplace. Therefore a good corporate reputation is an asset of immense value. However, it is intangible and both difficult to measure and difficult to replicate by other companies. The reputation is a highly visible signal of an organization’s capabilities and reliability providing information about future performance (ibid.).

Research has shown that a positive reputation does contribute to corporate success. This has been recognized and utilized by senior managers since the mid-1980s, to build and sustain favourable corporate reputation. The management of reputation has also developed into a major tool for the communication strategist, with the focus on the role of gaining the support and approval of important audiences. This is a value creating strategy in one way or another. Today there is no doubt that corporate reputation is given more attention than ever before since marketers and communicators are concerned about their companies’ reputations and advantages brought by good reputation (Dolphin, 2004). The loss of reputation is also seen as a larger problem than loosing money for an organization (Hutton et.al. 2001).

Dolphin (2004) states some clear differences between corporate reputation and corporate identity that is often used interchangeably by both management and scholars, which causes confusion. Reputation is gained over time and may not be that open for rapid manipulation, an image can, unlike from reputation, clearly be created and manipulated in a short period of time. Budd (1995) also confirms that corporate reputation may not be easy to change within a short period of time even though extensive communications with the public is utilized.
Hutton et.al. (2001) define reputation management as an emerging business function, resting on the foundations of what traditionally is termed as “public relations”, clearly relating the two activities to each other. Advocates of reputation management state that the new term will act as a galvanizing concept that will enhance public relations’ stature, perceived value and centrality within organizations.

Reputation management is a general phenomenon that does not need to occur in response to a reputation problem. Organizations with poor reputations may engage in actions that enhance its reputation, but also organizations with a favorable reputation may engage in actions designed to sustain or enhance its reputational standing (Weiss et.al. 1999). According to Nakra (2000) public relations practitioners must develop the ability to manage corporate reputation by taking a "360 degree" view and communicate well with all stakeholders with a unified message.

With today’s ongoing globalization and increasing competition, bank marketers must know how to protect and uphold their reputation. Considering the intangible nature of bank products and services, credibility and value are gained mainly from the organization’s established reputation. Good PR can enhance a banks marketing and improve the institutions overall competitiveness (Beavers-Moss, 2001). The corporate reputation is especially important when acting on a market where the products and pricing is highly similar and hard to differentiate. A sound reputation must be the foundation on which to position an undifferentiated product. An international bank comments that, “banking is a reputation business”, which indicates the importance of reputation in the specific industry. The communicator at this bank had clearly understood his role as one of guarding the reputation of the organization (Dolphin, 2004). Dolphin (2004) also describes a case from a large international bank, which was identified as using a hard-nosed strategy, when not writing of third world debts, with bad reputation for the bank as a direct result. The management of the bank instead utilized PR activities with extensive sponsorship programmes to repair damages in the corporate reputation.

Image and reputation is described as one of the most important factors when analysing customer perception of service quality in the banking industry. Trustworthiness, tradition and reliability can build a favourable image that can positively influence the perception of quality, value and satisfaction (Kangis & Voukelatos, 1997). These factors helps to influence customer loyalty, which is critical to banks and service firms because customer defections can have more to do with a service company’s profits than scale, market share, and many other factors usually associated with competitive advantage (Saparito et.al. 2004). Beavers-Moss (2001) also discusses the importance of public relations when managing customer loyalty aspects.

2.4 Conceptual framework
The purpose of this section is to display a conceptualization for this thesis in order to assist answering the research questions. This conceptual framework is founded on a selection of models and theories that best fit to address the research topic.

The conceptualization will serve as the basis for the interview guide which is developed in order to collect relevant data for this thesis.
2.4.1 Role and objectives of PR

Definitions
The area of PR is vast with numbers of definitions; therefore it is hard to give a concrete definition of PR. We will not narrow it down just using one definition. Instead this study will compare the collected data against different definitions, provided by Hutton (1999), Lages & Simkin (2003) and Jefkins (1978), to find out if there are similarities or differences between the collected data and selected definitions.

Objectives and strategies
Research has found that there is a tremendous variability in organizations explanation of goals and objectives of PR (Hon, 1998). According to Wells et.al. (2003) there are numerous objectives with the PR-strategies. Usually these objectives focus on creating credibility, delivering information, and building positive images.

According to Dolphin & Fan (2000) a communication strategy is essential for any organization. It needs to be managed and formulated by the information director in close cooperation with the executive team (Dolphin & Fan, 2000; Nakra, 2000). Many organizations have written quantifiable goals and objectives that are tied directly to the organizations overall goals and objectives (Hon, 1998). Different philosophies are often appropriate for different companies or industries (Hutton et.al. 2001).

Jefkins (2000) describes the ideal organizational structure with the PR department as independent, directly responsible in front of the CEO. However if the PR executive instead is positioned in the marketing, advertising or sales promotion department, the use of PR is strictly limited.

According to Lages & Simkin (2003) PR as a management discipline is much wider than a communication technique or an specialized program, such as media relations. Most organizations realize the importance of effective communications with its publics (Wells & Spinks, 1999). This communication can increase value through creating brand awareness in the community (Lynn, 1999).

The public opinion is highly dynamic and therefore the PR responses utilized by companies should be actively managed. (Wells & Spinks, 1999; Worcester, 1997).

Defining publics
The importance of identifying the organizations publics is emphasized by Worcester (1997). Schultz & Barnes (1999) point out that specific publics should be targeted. Thereafter segmentation with traditional methods can be conducted. Wells & Spinks (1999) recommend establishment of PR activities with the community in hole.

Proactive PR versus reactive PR
Public relations can be characterized either as proactive or reactive. Proactive PR is offensive and opportunity seeking, mainly used to promote products and services. Reactive PR is defensively oriented and problem solving. It is undertaken as a result of external pressure. (Shimp, 2000).

Huttons framework for defining public relations
The framework of Hutton (1999) is going to be used to analyze PR practices of organizations. In this way it is possible to identify the organizations role in PR, as one of the following:
Hutton’s hierarchy of public relations
The hierarchy of PR, a framework constructed by Hutton (1999), is a helpful instrument when defining primary purposes and objectives of PR in a given context. It provides an overall picture of PR from the definition to the actual tools utilized. It also merges into other theories and models in the area and supports the overall view of the topic.

2.4.2 Functions and tools in PR

Types of PR
In PR there are different types of relations which all refer to relationships with various stakeholders. We will use the types provided by Wells et.al. (2003) to describe the different types of PR:

- Media relations
- Employee relations
- Financial relations
- Corporate relations
- Public affairs

The PR toolkit
We will use the five step framework developed by Phillips (2001) on how to set up PR activities and how to evaluate them. The five steps involved are:

- Audit research
- Objectives
- Strategy and plan
- Measurement and evaluation
- Result

PR tools
To be able to differentiate the tools used within PR we will utilize the model stated by Wells et.al. (2003). There are three types, controlled, uncontrolled and, semi-controlled types of PR tools.

Effectiveness and evaluation of PR
To be able to measure the effectiveness of the PR activities initiated by the organization, evaluation have to be done. According to Schmitz (2004) it is as important to follow up, measure, and evaluate the PR activities as in fact to implement them. There is also evidence of a lack in knowledge on how much evaluation techniques there are, and what can be worth to evaluate (Phillips, 2001). There is no general evaluation method, instead a variety of methods are used to measure effectiveness (Xavier et.al. 2005). A framework by Wells et.al. (2003) with common types of evaluation measures will help to answer how awareness, attitudes, and behaviours have been affected by the PR activities. The “Public Relations
Effectiveness Yardstick” framework by Lindenmann (1993) will help to explain how effectiveness is measured.

2.4.3 Corporate reputation and trust

Trust and credibility
The trusting party must perceive that the trusted party is acting out of commitment that is going beyond motives of self-interest. (Saparito et.al. 2004).

Well structured communications has strong effect on consumer perception, and leads to trust, satisfaction and loyalty. Corporate communications should be used as relationship-enhancers offering the customers advice and information. (Ball et.al. 2004).

Corporate reputation
Corporate reputation can win competitive advantages for an organization in a crowded marketplace. It is a visible signal of an organization’s capabilities and information about future performance (Dolphin, 2000). Management of reputation has developed into an important tool for communication strategists (Dolphin, 2004). The loss of organizational reputation is seen as a larger problem than a short term loss of money (Hutton et.al. 2001).

Corporate identity and corporate reputation should not be mixed up and used interchangeably (Dolphin, 2004). Reputation is gained over time and not easily changed. An image is unlike from reputation easy to create and manipulate in short time (Budd, 1995).

Reputation management, resting on the foundations of PR, is an emerging business function that gains importance in organizations (Hutton et.al. 2001). It does not need to occur in response to a reputation problem, it can be both reactive and proactive (Weiss et.al. 1999).

Bank marketers must know how to protect and uphold their reputation, since credibility and value is to a high degree gained from it (Beavers-Moss, 2001). Trustworthiness can positively influence the perception of quality, and influence loyalty (Kangis & Voukelatos, 1997).
2.4.4 Visual form of the conceptual framework

Bank's PR

**PR Roles & Objectives**

- How PR is defined (a): *various definitions of PR.*
- Objectives & Strategies (b): *Importance of communication strategies.*
- Hutton’s 3D model (c): *to define an organizations orientation in PR.*
- Hutton’s hierarchy of PR (d): *overall picture of PR.*
- Defining publics (e): *target group of the organization*
- Proactive PR vs. reactive PR (f): *offensive versus defensive orientation.*

**PR Tools & Functions**

- Types of PR (g): *relationships with various stakeholders.*
- The PR toolkit (h): *framework for setting up PR activities.*
- PR tools (i): *controlled-, uncontrolled-, semi controlled- tools.*
- Effectiveness and evaluation of PR (j): *importance of evaluation.*
- The effectiveness yardstick model (k): *two-step model for evaluation.*

**PR for Corporate Reputation & Trust**

- Trust and credibility (l): *communication leading to trust.*
- Corporate reputation (m): *reputation as competitive advantage; importance aspects of reputation in communication.*

*Figure 2.4* Visual form of the conceptual framework

**SOURCE:** Author’s construction

3 Methodology

In this chapter the methodology of the thesis is presented. The selections and implications of the research methods are explained together with justifications of the choices. The chapter ends with a conceptualized summary of the methodology process.

3.1 Research purpose

Yin (2003) distinguishes three types of research: Exploratory, descriptive, and explanatory.

Exploratory research is applied when a problem is difficult and you have little knowledge about the area you are studying (Eriksson & Wiedesheim-Paul, 2001). It can be seen as a pilot study, in which the researcher creates a base of understanding to formulate more precise questions or a testable hypothesis (Gummesson, 1991). According to Wallén (1996) it gives a basic understanding of the problem and its context. According to Patel & Davidson (1994) the purpose of exploratory research is to collect as much information as possible about a specific subject. It is suitable as a base, when formulating interesting questions for future research.

Descriptive studies are focusing on illustrating characteristics for the research object and are consisting of gathering and systemizing existing data (Wallén, 1996). Description is compared to prediction and prescription; which grants possibilities to deduce and recommend (Gummesson, 1991). The descriptive research is used when the goal is to develop a careful description of different patterns that were expected during the exploratory stage. The objective is to describe how something is without explaining why (Yin, 2003).

Explanatory research is used when the researcher is searching for a cause and effect relationship, to be able to create theory that can be used to explain empirical generalizations (Eriksson & Wiedesheim-Paul, 2001). Explanation is the superlative of understanding in a learning environment (Gomm et.al. 2000).

The previously stated problem discussion and the formulation of our research questions, combined with the above definitions of research purposes will help us to decide what methodology structure is appropriate. The conclusion is that this study could be classified as descriptive and to some extent exploratory.

3.2 Research approach

A basic distinction can be made between a quantitative and a qualitative research method. In most situations, numbers describe the quantitative data, and words describe the qualitative data (Blaxter et.al. 2001). Qualitative research tends to offer more detail about the subject, with data in large scale, which is often perceived as “facts”. On the other hand quantitative research is concerned with collecting and analyzing information in many forms. It tends to focus on exploring in detail, which provides more precision (ibid).

The purpose of this thesis is to describe the various aspects of PR in organizations. Since these factors need to be studied in detail to be able to gain a better understanding, it is appropriate to use a qualitative research method.

There are two ways of drawing conclusions, inductive and deductive. The inductive way to draw conclusions is founded on empirical data. The researcher establishes theories and models that are based on different phenomena in reality. The deductive approach means that
the researcher is using existing theories and investigates these empirically with different methods. (Eriksson & Wiedeshem-Paul, 2001). The frame of reference in this study is based on existing theories and therefore the approach is deductive.

3.3 Research strategy

According to Yin (2003) there are five different strategies for research. These research strategies are; Experiments, surveys, Archival analysis, history and case studies. Some of these strategies are better suited than others for dealing with specific issues, and a crucial thing for good research is that strategy choices are done rationally.

The case study is ideally suited to the needs and resources of a small-scale researcher, because it allows for a focus on one or few examples. Data in case studies are drawn from people’s experiences, which allow the researcher to show the complexity of real life circumstances. (Blaxter et.al. 2001). Relationships and processes within a social setting tend to connect and relate. To understand one factor, it is important to understand many others, to be able to see how different parts are linked together. The case study approach offers a good chance to review the complexities of a given situation. When concentrating efforts on one case rather than many, there can be insights gained from the individual situation, which had not been discovered through the use of a broader research strategy (Denscombe, 2003).

Since the research approach chosen in this thesis is qualitative, and the focus lays on providing a better understanding of processes and relations within a specific company utilizing PR, the best suited research strategy is the case study. As above stated by Denscombe (2003), the case study is the best way to penetrate and investigate a single or few complex situations, which is the purpose of this study. According to Yin (2003) evidence from multiple cases is more convincing since you get a larger amount of data to support the solidity of the study. Therefore we have conducted case studies at two Swedish banks, SEB and Handelsbanken.

3.4 Data collection method

According to Yin (2003) the field of qualitative research has six forms of sources of evidence for collecting data. These six forms are: documentation, archival records, interviews, direct observations, participant observations and physical artifacts.

Documentation is important for almost every case study. Documents can be letters, memoranda, agendas, newspapers clippings or other articles in mass media or community newsletters. In case studies documentation is best used to confirm and argument evidence from other sources (Yin, 2003). General information about the companies has been found at their web pages and in printed material such as annual reports.

Interviews are a narrative method of collecting data. The interview consists of two or more participants that engage in a conversation that constitutes a learning process (Blaxter et.al. 2001). To better grasp the research purpose, interviews provides a more in-depth insight into the research area. By interviewing the research is limited to fewer informants with rich information sharing (Denscombe, 2003). According to Yin (2003) the interview is the most important source when it comes to obtaining information within a case study.

There are three different kinds of interviews: open-ended interviews, focused interviews and survey interviews. The most common interview is the open-ended, where the researcher asks questions about a certain issue as well as letting the respondent to propose his or her own
insights and opinions about the matter. A focused interview can be open-ended but the interview is often done faster. The researcher is also most likely following pre-made questions. A survey interview is structured in the way that the researcher is following a more strict form of questions, similar to formal survey. It is focused on collecting quantitative data. (Yin, 2003).

Due to the nature of the research we have used a mix of open-ended and focused interviews. With an interview guide as a foundation, the respondents were able to talk freely about the aspects surrounding the questions.

According to Eriksson & Wiedersheim-Paul (2001) there are two kinds of data, primary and secondary data. Primary data is gathered directly by the researcher with a specific purpose in mind. Secondary data is what past researchers already have gathered for their own various purposes. The interview is our primary data and the documentation is our secondary data.

### 3.5 Sample selection

After selecting a suitable research strategy, we chose companies to take part in our study. After initial phone-calls to organizations in the banking industry, we found two nation-wide banks that where interested to participate and also could provide interesting cases for our research. Those were Handelsbanken and SEB. The particular banks where chosen due to the understanding that large organizations, especially in the banking industry, were most likely to have researchable PR-activities. A problem when conducting research on larger organizations is to get access to right persons and departments. During the preliminary phone-calls we were able to book interviews with the right respondents at the banks information and communication departments. We interviewed Mr Sten Törnsten, Head of communications at SEB, and Mrs Elisa Saarinen, corporate communications director at Handelsbanken. To get insight in the local activities at the banks, we met for an interview with Mr Jan Persson, branch office manager at Handelsbanken in Luleå. We also had a telephone interview with Mr Markus Isaksson, branch manager at SEB in Piteå. Since all persons interviewed are directly involved in communication and information issues at key level, they could provide relevant data for our research.

The interviews with Sten Törnsten and Elisa Saarinen were conducted by telephone since they were stationed at the bank headquarters in Stockholm. Our research was conducted from Luleå University of Technology. Also Markus Isaksson in Piteå was interviewed by telephone. The interviews were recorded after approval from the respondents to complement our own notes taken during the interview. In this way we could return to the recorded material at any time if needed. The interview with Jan Persson was conducted face to face at Handelsbanken’s office in Luleå.

### 3.6 Analysis of data

A case study should start with a general analytical strategy that provides the basis for what to analyze and why. There are three different general analytical methods: Relying on theoretical propositions, thinking about rival explanations, or developing a case description. Yin (2003) says that without a general analytic strategy, a case study analysis will be difficult to carry out.

According to Yin (2003) the first strategy, relying on theoretical propositions, is the most preferred. It means that you are following the theoretical propositions that led to your case study. The original objectives and design of the case study presumably were based on such
propositions, which in return reflected a set of research questions, review of the literature, and new hypotheses or propositions. Thinking about rival explanations tries to define and test rival explanations; this can also be related to the first strategy. The final strategy is developing a case description; this is according to Yin the least preferred, but it can be used when you have problems making either of the other approaches work.

In this thesis we have used the method of relying on theoretical propositions. The research questions are developed and built on the basis of previous studies, and the findings are compared to the previous research conclusion. We started to analyze the collected data using within-case analysis, comparing existing theories to our empirical findings. After the single cases where analyzed, a cross-case analysis was made to distinguish similarities and differences and to draw conclusions based on the analysis between the banks (Yin, 2003).

3.7 Validity & Reliability
In all research, the methods and conclusions need to be justified. This justification has to demonstrate the nature of the decisions taken during the research, and on which ground the decisions are reasonable for the reader (Denscombe, 2003).

Reliability
Reliability is concerned with how reliable and accurate the research methods and techniques for collecting data are. The reliability is a way of measuring how well a method provides a researcher with the same results, if the method were to be repeated under the same circumstances. If a method is not reliable, it also lacks validity, but high reliability does not automatically mean high validity. It is possible to use a method that would provide the researcher with the exact same results under different occasions, without actually measuring what was intended to measure (Yin, 2003). According to Denscombe (2003) the meaning of reliability is whether research instruments are neutral, and if doing a similar study, same results will be achieved.

We have tried to be as objective as possible when handling and evaluating the collected data. A digital-recorder was used during the telephone interviews. By using a digital-recorder others can review the interview answers, and we can also double-check the material afterwards. We also tried to avoid biasing the respondents’ answers by asking leading questions. The interviews where conducted in Swedish and thereafter translated into English, therefore some minor translation errors can have occurred, which can affect the reliability.

Validity
The meaning of validity is whether your methods, approaches and techniques actually measure and relate to the problem that has been explored (Blaxter et.al. 2001). Validity is defined as an instrument’s ability to measure exactly what it is supposed to measure (Eriksson & Wiedesheim-Paul, 2001). There are according to Yin (2003) three forms of validity, construct-, internal-, and external validity. When establishing construct validity the researcher makes sure that the correct operational measures are utilized for the concepts being studied, and that objective judgment is used to collect data. Internal validity is only of relevance if conducting an explanatory study, and since we are not conducting an explanatory study this is of no relevance. Finally, external validity refers to establishing of the domain to which the findings to a study can be generalized. Since our sample is small, and the study qualitative, we are not aiming to generalize (Yin, 2003).
Two or more methods are used in order to complement each other. Combined they can produce differing but supporting ways of collecting data with increased validity as a result (Denscombe, 2003). By using interviews and documentation, the construct validity of this study was increased. To further increase the validity, a simplified outline of the interview guide was sent to the respondents in advance. This gave our respondents the possibility to prepare for the interview and to obtain the correct information. After the interviews were documented, they were sent to the respondents for corrective reading.

According to Denscombe (2003) direct contact at the interview enables that data can be checked for accuracy and relevance, as it is collected. When interviewing by telephone we were not able to see the facial reactions of the respondents, but were are able to get back to any issues and ask them directly if there was anything left unclear.
3.8 **Summary**
Figure 3.1 shows how our research is structured and what strategies and methods we will use to conduct the research.
4 Empirical Data

This chapter will present the empirical data which consist of case studies of two banks, namely SEB and Handelsbanken. First we will present a background of the companies followed by the data collected through the interviews. The data for the case of SEB is based on the interview with Sten Törnsten, head of communications, and Markus Isaksson, local branch manager in Piteå. In the case of Handelsbanken, the data is based on the interview conducted with Elisa Saarinen, head of corporate communications, and Jan Persson, local branch manager in Luleå.

4.1 Case One: SEB

Introduction
The SEB Group is a North European financial group for corporate customers, institutions and private individuals with ten home markets in the Nordic and Baltic countries, Germany, Poland and Ukraine. As a financial partner for companies, institutions and private individuals, SEB Group operates within retail and private banking, merchant banking, investment banking, asset management and life insurance. SEB Group has 680 branch offices and five million customers, of whom about 2 million use the Internet for their banking transactions. The SEB Group is represented in 20 countries around the world with about 20,000 employees and an annual net income of SEK 28 billion. The main competitors of SEB are large national banks with similar products and services: Föreningssparbanken, Handelsbanken, Länsförsäkringar Bank, Nordea, and Skandiabanken.

The SEB Group is noted at Stockholm Stock Exchange with about 300 000 shareholders such as institutions, mutual funds and private individuals. Foreign shareholders count for 25 percent of the shares, and Swedish owners for 75 percent. The two largest Swedish shareholders are Investor and Trygg-foundation, with 28 percent of the total shares.

In Sweden the SEB Group has about 200 branches all over the country which serves both private individuals and company customers. This division is called Nordic Retail & Private Banking with about 4700 employees and an annual net income of SEK 8.5 billions. From now on SEB Nordic Retail & Private Banking is named just as SEB, while SEB Group with all divisions is named SEB Group.

For private individuals SEB offers solutions regarding everything from paying bills to share-trading and financing for accommodation. As far as your savings are concerned, SEB has both expertise and solutions, regardless of whether you want to save for a summerhouse or for your pension. Through Internet services, telephone banking and mobile banking services, SEB is available to the customers regardless of time and place. With in-depth knowledge of the Swedish corporate market and a range of services for all types of companies and businesses, SEB has the ability to support companies with the services needed.

Roles and Objectives at SEB
In late 70s and early 80s PR started to have a more active role within SEB. Back then, the first employees with PR competence were hired to the company and were given resources from top management to actively start working with PR activities. During the recent ten years, much has happened regarding communication both within SEB, and in the banking industry in general.
There is no general definition of the term PR that is utilized within the SEB Group. PR is used in a structured way in the whole organization and the definition can vary between top management level at headquarters and local level at some of the 200 branches. The definition of PR varies depending on what is involved in it. From an overall perspective at central level SEB defines PR as:

“All contacts with media initiated by the bank itself, and media publicity as a result of other activities initiated by the bank”.

According to Sten Törnsten:

“Everything that is a result of direct or indirect activities by the bank that leads to publicity is defined as PR”.

At SEB there is a view of PR as the activities that lead to publicity in media. The company works with communication towards other target groups than public media, but this is not by SEB defined as PR as it is in general theories. Communication directed to internal target groups falls under the definition “internal communication” and the communication process with existing and potential customers goes into the field of marketing. From now on in the case when mentioning the term of PR, it involves all of SEBs communication activities that falls into a broader definition of PR.

SEB has a broad definition of its “publics”, in other words which groups are included in the target group. These are: customers, potential customers, employees, the rest of the community including citizens and companies that today are not customers of SEB, public media, authorities and other decision makers. In principle, all of the groups mentioned above are involved in the target group of the company. SEB works differently with the various target groups, depending on the ambition and importance of the relation.

The overall objectives with PR activities at SEB are to confirm existing customers that they have chosen the “right” bank, and that SEB wants to keep them as customers. The objectives are also to reach out to new and potential customers with offers, and to reinforce the brand and the image of the organization. These objectives are then split up into the different target groups for further development. The SEB Group has formulated an overall objective in the communication policy at top management level. The policy has no end in it self, it is stated to secure that SEB Group in its daily business can reach the goals that are set, which are; to have satisfied customers, good result, profitability from the business, and to get employees motivated. The overall communication policy is a steering document which is revised annually. Based on the overall communication policy, strategies and goals of different target groups are set and further developed into goals of specific PR activities. The top management is highly involved in the communication strategies of the SEB Group. The overall communication policy, which controls the image, and how to behave and act within the organization, comes to decision in the group executive committee. The communication policy has a long time perspective but is readjusted annually. An annual operative communication plan is also developed by the group executive committee which controls more in detail how different activities will be held and managed. Separate plans are created for the information departments and marketing departments. These operative plans act as frameworks at divisional level on how to operate, and are implemented down to branch level to coordinate how to communicate in sales and customer activities.
At the division of Nordic Retail & Private Banking, there is an information department and a marketing department, both highly involved in PR activities. This type of structure is the same through the entire organization, from highest group level to underlying divisional level, with the main focus and the “engine” of PR activities at the information department. Most of the employees involved in PR activities are located at the information departments, and often also the marketing department is involved in different projects in cooperation with the information department. The PR activities are included both in the information and marketing plan, with an overlap between the areas. When designing media activities, SEB cooperates with advertising agencies and media agencies to get professional assistance. When designing PR activities, PR agencies are used at rare occasions in specific projects. Mostly SEB rely on its internal PR resources within the information and marketing departments.

The policy documents initiated by top management are not measurable; in fact they should be seen as frameworks for the entire organization. On the other hand, in yearly operative plans, SEB tries to set measurable goals to be able to follow up the results of specific activities such as projects, advertisements, press releases and channels like the intranet and the Internet website. At lower level, SEB always tries to set up measurable goals for the PR activities.

According to SEB, PR activities are important because they create value for the organization, through keeping the customers satisfied and loyal. By the nature of the intangible bank services and the fact that increasing amounts of customers do their bank transactions on the Internet, PR is an important tool for the organization when communicating and maintaining relations with the customers.

SEB knows a great deal of the public opinion about their organization, and what customers feel and think about the bank. This is done by regular and careful measurements by the bank itself, and also by external surveys done by research agencies which examine how customers perceive their bank. Today SEB can observe a positive trend in how customers perceive trust toward the bank. The amount of trust is about the same as before the Swedish bank crisis during early 1990. In general, Swedish bank customers are loyal to their banks and the opinions of the banks are positively increasing. The public opinion of banks is dynamic, especially connected to some products or services during a quick raise or fall at the capital market. This often leads to a question; if the service or advice given by the bank was correct. It is relatively easy to switch bank in Sweden, even though most of the customers are loyal.

By utilizing PR activities, SEB believe that they can change the view and opinion about themselves in the mind of the publics. It is important to really stand up for what you say, and to deliver high quality services, attractive offers, and have competent employees. By doing the right things at the right time, one can improve the picture of the provided message with PR. SEB has flexibility in the PR activities to be able to encounter changes in the public opinion, and the bank has been fairly quick to adapt their PR activities to public opinion overtime. Even though, the time of adapting to a change can be improved.

Within SEB, PR activities are used both to build an image of the organization and to inform and educate about products and services. The recent years, SEB have put extra effort in PR activities that informs and educates about advice services provided by the bank. This is done because bank advice services are becoming increasingly important for the customers. Therefore specialists and experts in different areas inside the bank have been highlighted in the communication to provide their view and recommendations about specific issues of interest to the customers. This is done to give the high competence inside the bank a face in
front of the publics. SEB consider that until a couple of years ago, not enough image building activities had been done. Today, SEB have improved with more focus on image building activities.

In PR activities, SEB consider them self as not so proactive as they want to be. Often SEB is more reactive than proactive in their actions. The ambition is to be more proactive and actively shape the image of the organization, instead of using PR to act when questions arise from outside.

*Functions and tools used by SEB*

When communicating with different target groups, SEB use PR to reach out and build a relation with customers and publics. The most important relation is between SEB and their customers, followed by media relations. Media publicity is not a goal in itself; instead it should be seen as a medium to reach customers or potential customers. Employee relations called “Internal information” is also an important relation, where PR is utilized actively to inform and stimulate employees. In financial relations PR is also used to get editorial space in the media to influence and inform potential investors and stakeholders. The least dominant, but still important relation in SEB’s communication strategy is the public affairs, the communication with various governmental institutions and decision makers. It is least important since the Swedish Bankers’ Association usually manages this relation commissioned by the member banks of the association.

The most common PR tools used by SEB are image building activities like press releases, regular reports and speeches. SEB puts great focus on the personal contact with the customers. Therefore at branch level, the personal contact is an important tool. The company website is another important PR tool which SEB put much effort on. Almost fifty per cent of the customers use Internet services to do their bank transactions. Therefore this channel is useful to inform, educate and build relations with the customers. The least important tool used by SEB is publications. They have a great amount of printed publications and brochures, but today more effort is instead put on e-activities such as the website and the Internet bank.

On local level, the branch manager is responsible of marketing activities such as advertising and PR. Regarding advertising, the branches are highly regulated through a common graphical profile and platform of messages on how to act in media. There are clear guidelines on what to do or not. When dealing with PR activities the freedom of action is higher. It is the branch manager’s responsibility to take care of the in-house resources available at local level, and to utilize the resources from central level in best way with activities suited at branch level. Tools are utilized both to maintain existing customers and obtain new customers. These tools include for example; local events, editorial space about savings and transactions in local magazines and customized product packages at local festivals or events. The intention to act at local level is to provide genuine knowledge held within SEB to develop a relationship between the bank and its customers. There is a plan at SEB to create extended guidelines for PR to help the branch managers to act more effectively. Today the branch manager must act both as a marketing and information manager when dealing with local activities concerning advertising and PR.

When working with media activities at the Information department, SEB have no structured framework for planning, implementation and follow-up of activities that generate publicity. They work on a daily basis in a structured way, but with no documented strategies. When dealing with other PR tools, SEB have a well-structured framework and strategy for planning,
implementing and follow-up to secure the results of the activities. There is no general framework for all activities; instead every activity has its own framework or model developed for its specific function. For the executives there is an evaluation toolbox available for measuring of PR activities.

SEB’s bank services contains intensive customer relations through face to face meetings at branches, by regular phone calls, self-service phones, the webpage, internet banking transactions and ATMs. Over time, the non-personal contacts have become increasingly important. In the marketing mix, SEB believes that PR, and especially personal relationships are the most important parts, followed by other components such as advertising.

Evaluation of PR activities is done at different levels at SEB. There is an intention to measure what is measurable, how many have seen the activity, and what the public think about it. This is done through interviews and surveys. SEB also measure the customers’ opinion and the public opinion to see how the bank is perceived. This is done by regular weekly surveys performed by a research agency. Together with other infrequent external reports regarding customers and target groups, this gives a comprehensive picture of the penetration of the initiated activities, the public opinion about the bank and how the opinion changes over time. Today, these activities are important to get a complete knowledge base for decision making. Media tracking is done on a daily basis by internal resources. External reports are also purchased quarterly from Observer, a tracking agency, which measure how SEB have figured in media and the characteristics of the publicity, if it is positive or negative. SEB also purchase annual reports that provide information about the view and opinion expressed by journalists about SEB including top management. At SEB, measuring, follow-ups and evaluation, has been improved and made more effective the recent ten years.

*Trust and Reputation at SEB*

In SEB the most important trust building activity is the contact with customers whenever it is physical, by phone or at Internet. One of the greatest advantages with good PR, if used in right way, is that it can strengthen positive values and trends amongst the publics. It is harder to handle and manage negative issues with PR. The effects of negative issues can be toned down but not eliminated by using PR. Activities regarding PR should first of all be used to handle positive issues, but can also if needed be used to fend of negative issues.

External reports have said that PR activities initiated by SEB develop trust with their customers. There is a positive development in the customers’ attitudes towards trusting the bank. Even though, SEB can be more effective in the communication and PR activities with their customers. If more emphasis is put on pro-activity and higher integration with the target groups, trust and reputation would be easier to develop. The trust and reputation developed by PR activities can be seen as a complement to the concrete face-to-face customer relation when creating loyalty and customer satisfaction. SEB also believes that active initiative with PR activities can change corporate reputation in a short period of time.

It is few industries where reputation and trust is of such high importance as it is in the banking industry. It is a result of the banks intangible products and services, which includes managing of the entire economy of private and corporate customers. By developing trust and reputation, SEB can achieve competitive advantages against their competitors, which can help generating new customers. Already existing loyal customers can be seen as a receipt of appreciation of the activities in the bank, and the developed trust and reputation influences this appreciation positively. Managed correctly, trust and reputation developed between SEB and their
customers, mediate signals about the bank as a trustable and credible partner also in the future.

The importance of protecting and upholding corporate reputation will be increasing in importance for years ahead. Seen over time, corporate reputation at SEB has become more important and has involved the group executive committee in higher degree. Another development seen over time, past ten to fifteen years, is the integration of communication strategies throughout the entire organization, and the integration of communication strategies in the daily work at all levels within the SEB Group.

4.2 Case Two: Handelsbanken

Introduction
Handelsbanken is one of the major Swedish banks with approximately 9 400 employees and an annual net income 2004 of SEK 13.1 billion. With 455 branches in Sweden, they have a strong position on the Swedish bank market. Over the past 15 years, banking operations has been developed in the Nordic countries, making Handelsbanken to one of the largest Nordic banks. In addition Handelsbanken also operates in Great Britain and 13 other countries. Handelsbanken’s competitors are all the major banks in Sweden and the Nordic countries; SEB, Föreningssparbanken, Nordea, Länsförsäkringar Bank and Skandiabanken.

Handelsbanken is noted at the Stockholm Stock Exchange, with approximately 115 000 shareholders, most of them private individuals. About 50 percent of the shares are owned by Swedish institutional holders, such as insurance and investment companies.

Handelsbanken is delivering complete universal banking services, in other words they provide services in the whole banking sector. Their goal is to do so with better service and lower costs than their competitors. In general, the profitability should be kept higher than the industry average. Handelsbanken’s cost effective strategy have shown results; the past 33 years they have had higher profitability than their average competitors, they have been the most cost effective bank in Europe for many years, and they have been ranked having constantly high levels of customer satisfaction for the past 15 years.

To be able to understand Handelsbanken’s corporate philosophy one has to review the history of the bank. In the 1970s the bank did undergo a large change moving towards a strong decentralized strategy, where the local branches got plenty of responsibility. It is the local branches that decide what to communicate and market to the customers, leaving no room for a central marketing department. This is a unique concept in the bank market where organizations generally are strongly centralized. The decentralized way of thinking results in the organizations lead philosophy; the branch office is the bank, and the bank is the branch office.

Roles and Objectives at Handelsbanken
At Handelsbanken there is a strong belief that the local offices, working close to local market, have the best knowledge of what products and services are needed, and in what way it is proper to encounter the important publics of that area. This is a unique way of working that cannot be seen in many companies. Working in this way, there is no central control over what is to be communicated, it is the local branches that have total responsibility to decide how and when to communicate, and market their services to the publics. The local managers decide what actions to take when contacting local press, local authorities and other local organizations. The local manager also plans the future of the branch office. At Handelsbanken
there is no requirement for a homogenous design of the local offices as demanded in many other organizations. Instead it is encouraged to be different and find new ways to reach the overall objectives. The branch office is supposed to resemble the branch manager and his employees.

At central level contacts with central authorities, interest groups, organizations and nation wide media are handled. International PR contacts are also handled at central level. The central communication department is working as a supporting function for local branches, handling general issues. But all local events and happenings are handled by local managers, even if it would be national TV, looking into the activities of a local branch office. Handelsbanken’s objectives with PR are to market the bank in best possible way, and to develop a strong and lasting long-term relationship with the publics.

The way of organizing utilized by Handelsbanken, leaves little work for the central communications department at the local field where products and services actually are sold. One of the main tasks of the communication department is actually to keep on encouraging decentralization and preventing things from being centralized. Responsibility is in this way pushed out to branch level of the organization. It is a task that has taken 35 years to establish in the organization, but can according to Handelsbanken be ruined during a coffee-break.

At Handelsbanken it is believed that the names or the structure of the departments does not decide how important PR is for an organization. The important part is that you reach out to the publics with your message in one way or another. This is a unique concept regarding the PR activities. Therefore at central level of Handelsbanken, there is no particular department or person responsible for PR activities. Instead it is seen as an unwritten responsibility of the entire head of management. The closest department, handling issues nearly related to PR is the corporate communication department. The group executive managers are highly involved in national level and international PR activities, especially regarding national authority contacts. To some extent all of the departments are involved in different PR situations when meeting and working with people outside the bank. When developing Handelsbanken’s PR and communication strategies, the board of directors is not involved. The strategies are created by top management in close cooperation with the CEO. The communication strategies provide general communication guidelines that are passed down in the organization. These describe how to act, and explain what parts are important to handle regarding internal and external communication. There are no written objectives for PR at central level. Instead there is what is very closely related, communication guidelines. Every local branch office is free to develop their own written objectives for PR activities, within the general guidelines.

Handelsbanken has no centrally managed marketing or advertising. There is a belief that a central management cannot have knowledge of an entire market, and therefore there is no purpose of having any central marketing or marketing department. It is the local offices working closely to the customers, that knows how, and when to market, and therefore marketing has become entirely their responsibility. Customers in different geographical areas has interest in diverse services and products during different times, which encourages that all marketing efforts should be carried out locally.

According to Handelsbanken PR activities are bringing value by resulting in strong and good relationships with various publics. These relationships are important to maintain, but does not always result in the outcome that Handelsbanken wish for. For example relations with media can be fine, but does not stop the newspaper from writing an article with negative bias if they
have the possibility to do so. The newspaper is also doing their job, filling their pages with
exciting news. Therefore bad publicity does not necessary need to be the result of a poorly
maintained relationship with the media.

Handelsbanken believes that the view and attitude of the organization can be changed with
PR, and since Handelsbanken is perceived by the publics as very local, this is best done
locally. Since there is no top-down management in Handelsbanken’s organization, there is a
large flexibility at local level to adjust PR activities to meet the publics’ opinions in best
possible way.

Handelsbanken defines their publics as very broad; it contains existing customers, future
customers and everyone that could be interested in the banks’ services in the future. The most
important of these groups is existing customers. The relationship with them is mainly
maintained with PR activities, such as personal relations.

Handelsbanken experience benefits from other banks TV-advertising campaigns. Internal
investigations show that customers of Handelsbanken mix up the names of large banks that
conducts TV-advertising, and believes that they have seen Handelsbanken in TV-advertising
even though they have none. According to Handelsbanken the large banks are to such a high
degree similar, that customers do not always register the differences. This is a strong
motivation to not use national advertising.

Handelsbanken does not utilize PR image campaigns in general aspect, but the central PR is
to a large degree an image building activity towards different national interest groups. The
central activities are aiming towards building an image in the central community. The local
PR-activities are to a larger degree related to informing and educating about products and
services. But also image building elements can be found locally with speeches, special events,
and meetings with local decision makers.

In the aspect of being proactive versus reactive in PR activities, Handelsbanken is to a high
degree utilizing a proactive strategy. Even though the bank acts reactively when needed for
example to fend of rumours in a publicity situation, the majority of their activities are
proactive in their nature, such as informing and building relationships at local level.

Functions and tools used by Handelsbanken
All relations that involve the organizations customers are very important for Handelsbanken.
Also internal relations are described as very important when considering the fact that
Handelsbanken is a large organization with approximately 9 400 employees. Extensive effort
is spent in internal employee relations, to be able to build shared values inside the
organization. In opposite, public affair relations are not given as much time and energy as
customer and internal relations. This reveals that not all of the interest groups are as important
in the PR activities. And naturally the same energy is not put in all of them.

Handelsbanken emphasize the importance of utilizing every possible tool in their PR
activities. If there is a tool that can provide value in the PR activities, it should be utilized.
This is with exception of corporate image campaigns, which are not frequently utilized by
Handelsbanken. It can generally not be said that any of the tools are more usual than the other.
What tools are used at what time varies between different branch offices, since most decisions
are taken at local level to best meet the local customers’ needs. At central level,
Handelsbanken has an in-house advertising department, which help the branches to carry out
locally planned marketing and PR activities. This function is seen as a support for the local branches that not always hold advertising knowledge and competence locally.

At Handelsbanken there is no framework at central level used for planning and implementing the overall PR activities. It is the local branches that are working with the actual activities that can utilize these kinds of structures if it is found necessary. At central level there is no evaluation framework that is used to evaluate PR efforts. It is once again the responsibility of the local branches to evaluate their own PR-activities if it is a priority. In other hand revenue and efficiency of the local offices are evaluated centrally. There is an idea that the economic figures can give good signals of how well the branch offices are managed. With good economic results and high efficiency, local managers are also probably managing PR activities successfully, and therefore no further evaluation is necessary. The PR activities are seen as one of the means of delivering a good result. But there is no interest of evaluation the PR or communication itself. According to Jan Persson, local activities are evaluated only from an efficiency perspective. The outcome of effective PR-activities can according to Handelsbanken be seen in the increasing amount of customers, or in an increased amount of services that existing customers are utilizing. Therefore there is no specific evaluation of PR at local level.

Jan Persson at the local branch in Luleå describes their PR activities as highly customer focused. The most important part in PR, where Jan Persson has laid main focus, is in building and maintaining personal relationships. The staff is organized in small units and thereafter stimulated and encouraged to establish customer contacts. There is an intentional strategy with events and personal relations as the most important parts. These categories include for example; breakfast meetings, share and investment information meetings, real estate displays, and local events such as industry trade shows or special event days at the university. PR activities are utilized both to maintain existing customer relations and to interest new customers from the publics. To acquire new corporate customers, the branch office in Luleå is utilizing an ambassador program. In this program existing corporate customers are chosen to be ambassadors and promote Handelsbanken to other companies in various settings. Even though the local office is not utilizing publicity as a frequent tool, it is very important to maintain good relations with local media. Jan Persson further explains that PR through the local website is gaining more importance for the bank. This area is under constant improvement since a large and constantly increasing amount of customers integrates with the bank through the website. At local level all the branches have their own websites that they can utilize in the communication with local customers.

As a part of the marketing mix, PR is a very important element for Handelsbanken. The importance of the PR function is pointed out, when saying that it is something utilized by all branch managers at more than 600 offices, all the time. Only because Handelsbanken does not put emphasize at central management of PR, it does not get less important. The PR function can also be seen as more important since Handelsbanken does not have any traditional marketing department. The traditional marketing tasks are instead handled locally. The importance for Handelsbanken to be visible and to constantly communicate in the local society is imposed with great importance. The focus of the entire organizations activities actually lays on personal relations and communication with the local publics. The entire concept and success of Handelsbanken builds on the belief of importance in local relations.

Handelsbanken has a model of how to work with publicity. At occasions PR agencies can be hired to do some PR work. Handelsbanken is also using tracking services from external
agencies to track publicity in traditional newspapers, on-line newspapers, Television and radio. Handelsbanken sees no further need for having in-house personnel for working with evaluation of the publicity since the bank’s efficiency is measured through economic results. After the publicity has been tracked it is reviewed by the corporate communication department, and the head of corporate communications, mainly to build a knowledge base of where publicity of Handelsbanken has appeared, and in what purpose. In rare occasions there is need for taking further actions after receiving publicity.

Trust and Reputation at Handelsbanken
Handelsbanken believes that the most central part of PR, when developing a base of trust with the publics, is the personal relationship. To have a person representing the organization in a confidence-inspiring way in different situations and settings is very important. At Handelsbanken there is a belief that trust is not always developed buy how much you are seen in public occasions, but how you are appearing when doing so. When trust is developed with customers, their loyalty and satisfaction is also increased. Handelsbanken has seen support of the relation of trust and loyalty in different opinion polls since 1989. In these opinion polls, Handelsbanken has been ranked at a constantly high level, confirming their success in communicating at local level.

When considering the building of corporate reputation, Handelsbanken believes that a large part of it lies within the PR activities. Some importance also lies in the concept of not being visible in all situations. To not be the most modern and active organization can be a PR goal in itself. Since many people and stakeholders understand the concept of Handelsbanken, they also know what is delivering value in the bank’s services and products. The customers expect that Handelsbanken continues to act locally in a small scale. The continuity and recognition of the concept in the communication and PR, is what develops trust. There is actually an objective at Handelsbanken to create as little news publicity as possible, since news creation is not seen as a trust developing tool. Handelsbanken views trust as something that can be created during a relatively short period of time. Especially when managing new customers that does not know that much about the organizations way of working.

Good reputation is extremely important when selling financial products and services. A bank needs to develop trust when selling their products and services since money, loans and savings, is a sensitive matter for private customers and companies. A good reputation is not possible to build if not top management works towards the same objectives and avoid scandals. Good reputation can only be developed if no scandals have occurred for many years. According to Handelsbanken organizations often have a belief that PR can make everything right again, no matter what scandal have occurred, but this is not always the case.

The importance of managing an organizations reputation has according to Handelsbanken had a constant and stable importance over the long-run. Corporate reputation is not seen as something that has gained in importance since past time, or will probably not gain further importance in the future. There can possibly be some differences in the importance of corporate reputation during a business cycle, affecting people’s behaviour. During good times, reputation is not that important, but when turning into a recession, the reputation gains in importance.

According to Handelsbanken there is a risk with being a stable company. During calm times one can get accused for being a boring organization. Elisa Saarinen says that “Stable can be boring, but a bank should not be such an adventure either.” Since Handelsbanken is not
changing extensively, and stays stable in the long-run, it is believed that they are succeeding to send signals to the publics, that they are going to be a reliable supplier also in the future. The reputation of an organization is measured during a long period of time, and since Handelsbanken works with a long-term perspective in mind, they succeed with doing this. Since succeeding in building a strong and stable corporate reputation, Handelsbanken definitely believes that they get advantages against their competitors.
5 Data Analysis

In this chapter the empirical data presented in chapter four will be analysed and compared to the theories brought up in the conceptual framework based on the literature review. First a within-case analysis will be conducted of the two cases. Further a cross-case analysis will be made to compare the two cases with each other.

5.1 Within case analysis of SEB

5.1.1 Roles and Objectives

Definitions

At SEB top management level PR is defined as: “All contacts with media initiated by the bank itself, and media publicity as a result of other activities initiated by the bank.” In other words: “Everything that is a result of direct or indirect activities by the bank that leads to publicity is defined as PR”. This definition is not direct in line with definitions stated in theory, but not that far away either. Partly, it is in line with the statement “using communications to build and hold goodwill” provided by Hutton (1999).

Lages & Simkin (2003) state that it is hard to define the content of PR, and what it actually involves. At SEB PR is viewed as activities that lead to publicity in media. The company works also with communication toward other target groups than public media, but this is not by SEB defined as PR as it is in general theories. This supports the theories that PR is hard to define.

Objectives and strategies

According to Dolphin & Fan (2000) a communication strategy is essential for any organization. It needs to be managed and formulated by the information director in close cooperation with the executive team. The role of the information director is to act as a bridge between his organization and its audiences, and in this way help to create or sustain the corporate image or reputation. The SEB Group have formulated an overall goal in their communication policy at top management level. The policy is developed by the head of the communication department in cooperation with top management. The policy is used as a framework to reach the goals of the organization in the daily operations. SEB is therefore partly in line with theory.

Dolphin & Fan (2000) and Nakra (2000) state that when shaping the PR strategy, considerations must be given to the nature of the organization; to its vision, mission and to its key audiences. PR activities must also be involved early in developing strategies for building and maintaining the corporate image and reputation. Within SEB this can be seen through the development of the communication policy which regulates the PR activities at lower levels in the organization. Consideration is given to the vision and key audiences when developing the policy documents, and therefore SEB support theory.

PR has a key role in the strategic planning of an organization, and should therefore be closely linked to the organizations board room through an information director (Dolphin & Fan, 2001). In line with theory, at SEB, the top management and the board of directors are to a great extent involved in the strategic communication decisions.

Jefkins (2000) describes the ideal structure of the PR department as independent and directly responsible to the CEO. However if the PR executive instead is positioned in the marketing,
advertising or sales promotion department, the use of PR is strictly limited. At SEB the information (PR) department is located directly under top management. Mainly, the PR functions are located at the information department, but some of the functions are located at the marketing department that is in close cooperation with the information department. SEB disagrees with theory since cooperation between the departments does not strictly limit the PR activities.

According to Lages & Simkin (2003) PR as a management discipline is much wider than a communication technique or a specialized program, such as media relations. It is also important if you master the technical skill to know why and when to use them. SEB is developing and implementing the strategic goals at different levels making PR to a management discipline. From top management down to branch level it is secured that the right tool or activity is used at right time and place. Therefore it can be found that SEB is in line with theory.

Most organizations realize the importance of effective communications with its publics. Establishment of ongoing, reliable and respected external communication processes should be a priority (Wells & Spinks, 1999). SEB agrees with theory, and believe that PR is an important tool when building and maintaining communications. It also creates value to the organization, because it generates satisfied and loyal customers. Further SEB agrees with Lynn (1999) that communication can increase value through creating brand awareness in the community.

Hon (1998) points out that there is a tremendous variability in organizations explanations of public relations goals and objectives, perhaps reflecting the diversity of organizations represented. Each department divides its responsibilities differently, and not surprisingly, priorities tend to reflect the mission of the organization. This is in line with SEB where strategies and goals with PR activities change dependent on organizational level and function within the organization.

Hon (1998) discusses further that PR goals and objectives have to be “strategic”, meaning that PR goals and objectives must be tied directly to organizational goals and objectives. This is in line with how SEB strategically work with PR. At lower levels the communication guidelines and policy documents helps to develop written, quantifiable goals and objectives for the PR activities. By using these guidelines and policy documents SEB can secure that the PR activities are tied directly to the organizational goals.

According to Wells et.al. (2003) there are numerous objectives with PR strategies. Usually these objectives focus on creating credibility, delivering information, and building positive images. SEBs objectives of building relationships, find new customers, and to build a positive image fits into this theory.

Worcester (1997) describes the attributes of the bank image in the eyes of the public as highly dynamic and never static. Even if it looks static, it is hardly ever so. Wells & Spinks (1999) state that the public opinion is highly dynamic and therefore the PR responses utilized by companies should be actively managed. By using PR activities SEB think that they can change the view and opinion about themselves in the mind of the publics. By utilizing right PR activities at the right moment, SEB is flexible when meeting changes in the public opinion. When looking backwards, great changes have been made within the organization.
SEB have been fairly quick to adapt their PR activities to the public opinion over time, it can therefore be said that they are in line with theory.

Defining publics
Schultz & Barnes (1999) and Worcester (1997) emphasize that specific publics should be targeted. Thereafter segmentation with traditional methods can be conducted. SEB has a broad definition of their publics, but specific publics are segmented and targeted in order of importance, with the customer segment as priority, therefore SEB's strategy is partly in line with theory.

Wells & Spinks (1999) recommend establishment of PR activities with the community in whole. SEB partly agrees with this theory. Even though the community is not the most important target group, some PR activities are directed to the entire community.

Proactive PR versus reactive PR
Public relations can be characterized either as proactive or reactive. Proactive PR is offensive and opportunity seeking to promote products and services. Reactive PR is defensively oriented and problem solving. It is undertaken as a result of external pressure (Shimp, 2000). In the tactics and strategies utilized by SEB, it can be observed that they are somewhere between proactive and reactive with more emphasizing on pro-activity. SEB consider themselves not as proactive as they want to. And they are focusing on being more proactive in their future approach.

Hutton’s framework for defining public relations
To be able to define SEB's role in PR, and to be able to plot the bank in Hutton’s three dimensional cube (figure 5.1 on the next page) we identified where the bank was located in the three dimensions of; initiative, image and interest.

- Initiative
SEB is somewhere between proactive and reactive with more emphasis on pro-activity in their PR activities. Therefore SEB can be placed in the middle of the scale between proactive and reactive a little closer to the proactive side.

- Image
At SEB the PR activities are used both to build an image of the organization and to inform and educate about products and services. Since the focus today is to inform and educate about the genuine knowledge within the bank, SEB can be placed at the reality side in the image category.

- Interest
When examining SEB's main interest as public or client focused, it can be seen that both existing customers and the general publics with future potential customers are in focus. The main emphasis is on existing customers, and therefore SEB can be seen with a slightly stronger focus on the clients than the publics in the interest category.

When plotting the characteristics of SEB into the three dimensional cube (figure 5.1), it can be observed that that the nearest role in the framework is role number six, the relationship management role. Hutton (1999) describes the relationship management role as seeking conformance with the clients and publics. The publics support is vital for the organization in its long-term objectives. Emphasize is on mutual trust, cooperation and whenever possible, a
win-win situation between the client-organization and the customer. This matches to a great extent the objectives and way of working at SEB.

**Figure 5.1** SEB in Huttons 3D framework

SOURCE: Authors own construction adapted from Hutton (1998)

**Hutton’s hierarchy of PR**
When roles, functions and tools of SEB are put into Hutton’s hierarchy of PR (figure 5.2 on next page) the following can be observed as an overview of the organization to distinguish different characteristics. Issues concerning SEB are highlighted, italic and underlined in the figure.
5.1.2 Functions and tools

Types of PR
Wells et.al. (2003) has developed a framework to describe the five different types of PR that refer to relationships with various stakeholders;

- Media relations
- Employee relations
- Financial relations
- Corporate relations
- Public affairs

When observing the relationships of SEB it can be seen that the most important relation is the one between SEB and their customers. This category can be found in media relations, financial relations and corporate relations. Secondly by priority, SEB place media relations. This is not a goal in itself; instead it is a medium to reach their customers and stakeholders. Employee relations are also of high importance within SEB where it is used to stimulate and motivate employees. The least important relation is public affairs, since the Swedish Banker’s Association manages this issue for its members. It can be seen that SEB identifies the same relation categories as described in theory.

The PR toolkit
The PR toolkit is a five step framework by Phillips (2001) on how to set up PR activities and how to evaluate them. The five steps involved are:

- Audit research
- Objectives
When observing the methods utilized by SEB in setting up PR activities, one can see that some of the steps can be identified in the framework by Phillips (2001). According to Phillips (2001) the objectives must reflect the business goals of an organization. This is observed within SEB through their communication policy and marketing policy at top management level. The policies go further down to develop objectives on local level. PR activities should also be coordinated with the marketing function, which also is the case within SEB. Decisions on levels of measurements must be done to develop a strategy and plan. This is also done by SEB in their planning of PR activities, especially at lower level where the PR activities will be utilized. At SEB things that are measurable are measured and evaluated through surveys and polls, both by internal resources and external agencies to follow up the results of the initiated PR activities.

Disagreeing with theory, SEB state that there is no general toolkit or framework for how to plan, implement and follow up PR activities. Instead every activity has its own framework, quite similar to the PR toolkit by Phillips (2001), developed for its specific function.

**PR tools**
Wells et.al. (2003) state that there are three types of PR tools; controlled, uncontrolled and, semi-controlled. SEB explains that they are utilizing most of the tools from the categories. The most common tool for image building activities at SEB are press releases, regular reports and speeches. Interpersonal communication is of high importance at SEB, especially at branch level. This can be seen through the daily personal communication with customers, through events and through customized product packages. Editorial space in local magazines is also used at branch levels. Another important tool is the webpage and foremost the internet bank office where SEB inform, educate and build relations with their customers during their bank transaction visits. The least important tool used by SEB is publications. SEB utilize most of the tools provided in theory.

**Effectiveness and evaluation of PR**
To be able to measure the effectiveness of PR activities initiated by the organization, evaluation have to be done. According to Schmitz (2004) it is as important to follow up, measure, and evaluate the PR activities as in fact to implement them. At SEB, evaluation is done at different levels with an intention to measure what is measurable.

It is also stated in theory (Xavier et.al. 2005) and strengthened by SEB that there is no general evaluation method applicable in all situations, instead a variety of methods are used to measure effectiveness within the organization.

A framework developed by Wells et.al. (2003) with common types of evaluation measures helps to answer how awareness, attitudes, and behaviours of the publics have been affected by the PR activities. Most of the evaluation measures in the framework are utilized by SEB and therefore partly in line with theory. Output production, distribution and coverage are measured by interviews, polls and surveys by the bank itself and also by external reports. Systematic content analysis, measures whether articles are positive or negative in their content. These are measured annually by external agents. Regular measuring of awareness, attitudes and behaviours is done both by the bank itself and by external research agencies.
According to Beavers-Moss (2001) it is important for the bank to identify what gain is expected from the PR activities. If the goals are defined explicitly and measurably, they are easier to achieve. The trend today at SEB is to develop extended guidelines for PR to help branch managers to act more effectively to reach the objectives and goals set on higher levels, and therefore SEB support this theory.

The PR effectiveness measurements initiated by banks can be analyzed by using the “Public Relations Effectiveness Yardstick” framework by Lindenmann (1993). This model involves a two-step framework when setting objectives and determining at what level to measure PR effectiveness. The effectiveness is then measured on a three level basis. SEB utilizes frameworks for follow-up and evaluation of the PR activities. SEB has no general model that fits into the theory by Lindenmann (1993). Instead a variety of internally developed methods are used dependent on the PR tool and what is to be measured.

5.1.3 Trust and Reputation

Trust and credibility

Saparito et.al. (2004) state that the trusting party must perceive the trusted party as acting out of commitment, which is going beyond the motive of self-interest. To achieve such trust, SEB see the contact with the customers as an important possibility for showing dedication, whether it is in person, by telephone or by the Internet, and therefore SEB is partly in line with theory.

According to Kangis & Voukelatos (1997) trustworthiness can positively influence perception of quality, and influence loyalty. Ball et.al. (2004) explain that well structured communications has a strong effect on consumer perception, and leads to trust, satisfaction and loyalty. At SEB the trust developed by PR activities can be seen as a complement to the meetings with customers in various settings when creating customer loyalty and satisfaction. SEB has also recently developed their advice and information services for their customers. The bank has realized that when selling financial services, professional advice and information can enhance the relationship with the customer. SEB has understood the importance of trustworthiness, and is therefore consistent with theory.

Corporate reputation

Dolphin (2000) explains that corporate reputation can win competitive advantages for an organization in a crowded marketplace. It is a visible signal of an organization’s capabilities. SEB explains that there are few industries where reputation is of such importance as in the banking industry. By managing the organization reputation, SEB can achieve competitive advantages against their competitors. This is in line with the theory.

Bank marketers must know how to protect and uphold their reputation, since credibility and value is to a high degree gained from it (Beavers-Moss, 2001). According to Hutton et.al. (2001) the loss of organizational reputation is seen as a large problem. SEB agrees in these statements and emphasizes the importance of reputation when selling such intangible products as financial services.

Budd (1995) explains that corporate reputation is gained over time and is not easily changed. SEB does not support this theory and believes that the corporate reputation can be changed in the view of the publics in a relatively short period of time with active PR management.
According to Hutton et.al. (2001) reputation management is an emerging business function that gains importance in organizations. According to Dolphin (2004) the management of reputation has developed into an important tool for communication strategists. According to Weiss et.al. (1999) it does not need to occur in response to a reputation problem, it can be both reactive and proactive. According to SEB, the importance of reputation management has increased in the present time and it is involving the group executive committee in higher degree. The focus has moved more into a proactive strategy even though also reactive responses still are important. The last ten to fifteen years there can also bee observed an evolvement at SEB, where the importance of integration of the PR activities in reputation management throughout the entire organization has increased, and therefore it can be said that SEB agrees with theory.

5.2 Within case analysis of Handelsbanken

5.2.1 Roles and Objectives

Definition
Lages & Simkin (2003) explain the difficulty of defining PR since organizations often describes it differently. This theory is supported by Handelsbanken where PR is not defined. Handelsbanken has not stated any overall definition of their PR activities. This can probably be the result of the bank not putting any significant importance in the term PR. Even though the bank does not actively define PR, they put great importance in the actual activities within the area. The activities at Handelsbanken traditionally known as PR are mainly called corporate communication.

Objectives and strategies
Dolphin & Fan (2000) explain that a communication strategy is essential for any organization. It needs to be managed and formulated by the information director in close cooperation with the executive team and the board (Dolphin & Fan, 2000; Nakra, 2000). In this point Handelsbanken has understood the importance of creating and managing a communication strategy, and is therefore in line with theory. At Handelsbanken the strategy is formulated by the information director and top management in close cooperation with the CEO, though the organization board is not involved in the communication strategy development.

Hon (1998) states that organization should have written, strategic, quantifiable goals and objectives tied directly to the organizations overall goals and objectives. Handelsbanken is in line with theory and has written overall communication goals and guidelines that are tied directly to the organizations overall objectives. These are no direct PR goals but can be seen as a closely related guideline for PR activities.

Hutton et.al. (2001) explain that different philosophies are often appropriate for different companies. This way of thinking leaves room for Handelsbanken’s decentralized strategy when managing PR.

According to Lages & Simkin (2003) PR as a management discipline is wider than a communication technique or a specialized program, such as media relations. This is in line with Handelsbanken’s broad view of PR as something utilized throughout the entire organization.
Most organizations realize the importance of effective communications with its publics (Wells & Spinks (1999). This statement matches well with the concept of the bank. Handelsbanken describe effective communication and building relationships with the publics as vital.

Lynn (1999) states that effective communication can create brand awareness in the community. Handelsbanken agrees with this theory, and since they do not utilize nation wide marketing in the same way as competitors, their PR activities get more important when building awareness.

The public opinion is highly dynamic, and therefore PR responses utilized by companies should be actively managed (Wells & Spinks, 1999; Worcester, 1997). Handelsbanken has understood the importance of being flexible in their PR activities that are managed close to the customers at local markets. Large flexibility in PR activities is possible since there is no traditional centralized top-down management at Handelsbanken. As observed, Handelsbanken is in line with this theory.

According to Wells et.al. (2003) there are numerous objectives with the PR strategies. Usually these objectives focus on creating credibility, delivering information, and building positive images. Handelsbanken’s objectives with PR is to market the bank in best possible way to develop lasting long-term relationships with the customers and other publics, and therefore Handelsbanken’s objectives are in line with this theory.

Defining publics
Schultz & Barnes (1999) and Worcester (1997) emphasize that specific publics should be targeted. Thereafter segmentation with traditional methods can be conducted. Handelsbanken’s strategy is in line with this theory. Specific publics are targeted and segmented into groups in order of importance. The target publics are defined broadly with existing customers as priority.

Wells & Spinks (1999) recommend establishment of PR activities with the community in whole. Handelsbanken’s activities are to some degree consistent with this theory. Even though the community in whole is not the most important target, some PR activities aim at the entire community.

Proactive PR versus reactive PR
PR can be characterized either as proactive or reactive. Proactive PR is offensive and opportunity seeking, mainly used to promote products and services. Reactive PR is defensively oriented and problem solving. It is undertaken as a result of external pressure (Shimp, 2000). As observed from the tactics of PR at Handelsbanken, the bank is obviously to a higher degree proactive than reactive in their activities. The main focus is laid on building strong relationships.

Hutton’s framework for defining public relations
To be able to define the role of PR at Handelsbanken, and to be able to plot the bank in Hutton’s framework (figure 5.3), we identified where the bank should be located in the three dimensions of; initiative, image and interest.
-Initiative
Handelsbanken is mainly proactive in their PR activities, even though the bank acts reactively when needed. Therefore the bank can be placed as fairly proactive in the initiative category in Hutton’s framework.

-Image
At Handelsbanken the central PR activities are more focused on image building than the local activities, which have more focus on informing and educating. Since focus in the organization is put on the local activities, and the central tasks are only a supportive function for the local activities, Handelsbanken can be placed at the reality side in the category of image.

-Interest
When examining Handelsbanken’s main interest as public or client focused, a clear emphasis at the existing clients of the organization can be observed. Also the general publics with future potential customers are important, but not with the same significance. Therefore Handelsbanken can be seen as more client focused in the category of interest.

Figure 5.3 Handelsbanken in Hutton’s 3D framework
SOURCE: Authors own construction adapted from Hutton (1998)
With the characteristics of Handelsbanken plotted into Hutton’s framework (figure 5.3), it can be observed that the bank is very close to role number six, relationship management, in all the dimension categories. Therefore Handelsbanken can be described as having relationship management as the main role in their PR activities. Hutton (1999) describes the relationship management approach as seeking conformance with the clients and publics. The publics support is vital for the organization in achieving its long-term objectives. Emphasize is on mutual trust, cooperation and if possible, win-win situations. This view of PR, match to a great deal with the objectives and concept of Handelsbanken.

**Hutton’s hierarchy of public relations**

When the aspects of Handelsbanken’s PR activities are placed into Hutton’s (1999) hierarchy framework of PR (figure 5.4), the various characteristics of PR in the bank can be observed. Issues concerning Handelsbanken are highlighted, italic and underlined in the figure.

![Diagram of Hutton's hierarchy of PR](image)

**Figure 5.4** Handelsbanken in Hutton’s hierarchy of PR

SOURCE: Authors own construction adapted from Hutton (1998)

### 5.2.2 Functions and tools

#### Types of PR

Wells et.al. (2003) describe the different types of PR that refer to relationships with various stakeholders;

- Media relations
- Employee relations
- Financial relations
- Corporate relations
- Public affairs
From the case of Handelsbanken it can be seen that relations involving existing and future customers is of priority in the PR activities, customer contact relations can be found in media, financial and corporate relations categories. Also employee relations are of very high importance in such a large organization. The relation given least importance in Handelsbanken is public affairs. All the relations described in theory can be found in the PR activities of Handelsbanken.

The PR toolkit
Phillips (2001) has developed a framework on how to set up and evaluate PR activities. Since Handelsbanken does not utilize any specific framework of this kind when developing their PR activities the bank cannot be measured against this theory.

PR tools
Wells et.al. (2003) has presented a model with three types of PR tools, controlled, uncontrolled and, semi-controlled. Handelsbanken stated that they are utilizing all possible tools from the categories with the purpose of building relationships and trust with customers and potential customers. Not all the tools are used at all branches; local managers have the ability to utilize the tools they best believe will reach the public. For example the local manager at the Luleå branch explained that focus of their PR activities is to build personal relations. Therefore personal contacts and events where the bank is meeting people were of great importance. Also the local web-site had gained in importance the past time. The only tool that hardly ever is used is general image campaigns.

Effectiveness and evaluation of PR
According to Schmitz (2004) it is as important to follow up, measure, and evaluate the PR activities as in fact to implement them. Handelsbanken is not measuring or evaluating their PR activities at all. There is a belief that there is no value in itself to evaluate communication and PR activities. Instead all the evaluation is done on economic results and outcomes. If the branch is delivering good results, it is believed at central level that also the communication and PR activities are handled with success. The communication and PR is only seen as tools to reach the objective; profitability, and is therefore not evaluated if the final results are satisfying. One tool at Handelsbanken that in some way is evaluated is publicity. The publicity is tracked down by external agents, and then reviewed by the corporate communication department, mainly for the knowledge of when, and in what purpose the organization has gained publicity. Regarding follow up, measuring and evaluation, Handelsbanken is not in line with theory.

5.2.3 Trust and Reputation

Trust and credibility
The trusting party must perceive that the trusted party is acting out of commitment that is going beyond the motive of self-interest (Saparito et.al. 2004). With this fact in mind, Handelsbanken agrees with theory and tries to build a base of trust with the publics, mainly through utilizing personal relations at local level. Handelsbanken believes that personal relations is the main tool when developing trust with the publics. At the bank, trust is viewed as something that can be developed in a relatively short period of time, especially if handling new customers that does not know much about the organization.

Ball et.al. (2004) state that well structured communications has a strong effect on consumer perception, and leads to trust, satisfaction and loyalty. Corporate communications should be used as relationship-enhancers offering the customers advice and information. Handelsbanken
is in line with theory, and has understood the importance of communication when establishing and maintaining relationships with customers and other publics. The bank has been able to observe a strong customer satisfaction and high customer loyalty as a direct result of their relationship-building in PR and communication activities.

Kangis & Voukelatos (1997) state that trustworthiness can be positively influencing the perception of service quality, and therefore also increase customer loyalty. Handelsbanken agree with theory, and understand the importance of trustworthiness and explains that the organization’s reputation is extremely important when selling financial products and services. Since the bank is handling such a sensitive matter as private individuals and entire economies of companies, a large part of the impression is mediated through trustworthiness. Handelsbanken points out that when succeeding to develop trustworthiness, the customer loyalty can be kept high.

Corporate reputation
According to Dolphin & Fan (2000) the corporate reputation can win a competitive advantage for an organization in a crowded marketplace. It is a visible signal of an organization’s capability and information about future performance. Handelsbanken agree with theory, and believe that a large part of their reputation is a result of their stable communication and PR concept. The stability and recognition that can be perceived by the customers as a result of the concept, gives Handelsbanken competitive advantages and informs customers about their future performance capability.

According to Dolphin (2004) management of reputation has developed into an important tool for communication strategists. Beavers-Moss (2001) argues that bank marketers must know how to protect and uphold their reputation, since credibility and value is to a high degree gained from it. Hutton et.al. (2001) describe the loss of organizational reputation as a large problem. Budd (1995) explains that reputation is gained over time and is not easily changed. At Handelsbanken the reputation is seen as extremely important and the preserving of it is a priority. The reputation development is emphasized in the entire organization and especially at top management and board level. Scandals at top level are seen as a great threat to the organizations reputation. A ruined reputation is according to Handelsbanken not possible to repair only with PR, and therefore the important part is to avoid the loss of reputation from the beginning. Handelsbanken is in line with the theories about reputation management.

Reputation management, resting on the foundations of PR, is an emerging business function that gains importance in organizations (Hutton et.al. 2001). This theory is not supported by Handelsbanken. The bank has not seen any movement in the past to a greater importance of reputation management. It is also not believed that it will become increasingly important in the near future. Handelsbanken instead believes that the importance of an organizations reputation is dependent of the business cycle. During good times corporate reputation gets less important than during recession.

5.3 Cross-case analysis
In this part of the analysis the two cases of SEB and Handelsbanken are compared with each other. The cross-case analysis of the banks is going to be conducted one research questions at a time.
5.3.1 Roles and objectives of PR

Table 5.1 is cross-analyzing the roles and objectives in PR between the cases of Handelsbanken and SEB.

Table 5.1 Roles and objectives

<table>
<thead>
<tr>
<th>Definition of PR</th>
<th>SEB</th>
<th>Handelsbanken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing its own definition of PR.</td>
<td>Partly</td>
<td>No</td>
</tr>
<tr>
<td>Definition is in line with the theory.</td>
<td>Partly</td>
<td>-</td>
</tr>
</tbody>
</table>

**Objectives and Strategies**

<table>
<thead>
<tr>
<th>Main objective with PR.</th>
<th>SEB</th>
<th>Handelsbanken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understands the importance of an overall communication strategy.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Top management is formulating the communication strategy.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Board is involved in developing the communication strategy.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Communication objectives are written and tied to the banks overall objectives.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Overall communication objectives are measurable.</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall PR responsibility falls under the departments;</th>
<th>SEB</th>
<th>Handelsbanken</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR strategies are centralized versus decentralized.</td>
<td>Marketing &amp; Information</td>
<td>Corporate Communications</td>
</tr>
<tr>
<td>Responsibility of PR is mainly at local level.</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Understands PR as something to be utilized in the entire organization.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Communication and PR is understood as vital for the organization.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PR is believed to build brand awareness for the bank.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Believes that the public opinion can be changed with PR.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>There is flexibility in PR-activities.</td>
<td>Partly flexible</td>
<td>Highly flexible</td>
</tr>
</tbody>
</table>

From the cross-case analysis (table 5.1) it can be observed that both banks are quite similar in the objectives and management of overall communication strategies. The point where the organizations differ in high degree is in the centralization versus decentralization of PR strategies. When most PR activities are utilized and controlled at local level at Handelsbanken, SEB has to a higher degree control over the PR activities at central level. The cases make it obvious that both of the organizations put great importance in corporate communication and PR strategies. The main objectives of PR at both organizations are quite similar. The relationship building function can be identified as a common ground, with priority at both of the banks. In addition to the relationship objectives, both banks have other goals that differ slightly from each other.

_Hutton’s framework for defining PR_

When comparing Handelsbanken and SEB in Hutton’s framework (figure 5.5 on next page) it is easy to observe the strong similarities between them. Both banks have a reality orientation
in image building activities. The banks are more focused in their clients than the general publics, in the interest dimension. Finally both organizations have a stronger orientation towards pro-activity than reactivity in their PR initiative. With these characteristics, both organizations can to a high degree be identified with role number six, relationship management.

![Diagram of SEB and Handelsbanken in Hutton’s three dimensional framework](image)

**Figure 5.5** Position of SEB and Handelsbanken in Hutton’s three dimensional framework

**SOURCE:** Authors own construction adapted from Hutton (1998)

**Hutton’s hierarchy of PR**

Also in Hutton’s hierarchy of PR it is easy to observe the similarities between the banks when analyzing them toward each other. It can be seen that both of the organizations have similar situational roles, and also similar primary functions performed. Many of the PR tools utilized are also to a high degree similar.

**Table 5.2** Roles and objectives

<table>
<thead>
<tr>
<th>Defining publics</th>
<th>SEB</th>
<th>Handelsbanken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publics are defined broad versus narrow.</td>
<td>Broad</td>
<td>Broad</td>
</tr>
<tr>
<td>The community in hole is emphasized.</td>
<td>Occasionally</td>
<td>Occasionally</td>
</tr>
</tbody>
</table>

**Proactive versus Reactive**

| Orientation in PR is proactive or reactive. | Partly Proactive | Highly Proactive |
Both organizations define their publics broadly and see the community in hole as having some importance when directing PR efforts. There are some differences between the banks considering their orientation as proactive or reactive. Handelsbanken is today already a highly proactive bank. At the moment, SEB is fairly proactive with the intention to work further with their pro-activity.

5.3.2 Functions and tools utilized in PR

Table 3 is cross-analyzing the functions and tools utilized in PR between the cases of Handelsbanken and SEB.

<table>
<thead>
<tr>
<th>Types of PR</th>
<th>SEB</th>
<th>Handelsbanken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Considers relation with customers, involving media-, financial-, and corporate relations as the most important.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Considers employee relations as important.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Least important relation is public affairs.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**The PR toolkit**

| Uses a framework to set up and evaluate PR activities.                   | Yes  | No            |
| Uses the same framework for setting up and evaluating all PR activities. | No   | -             |

**PR tools**

| Use all of the three categories; controlled uncontrolled and, semi-controlled PR tools. | Yes  | Yes           |
| Most important PR tools.                                                      | Press releases, reports, speeches | Personal contacts, events |
| Other important PR tools.                                                     | Personal contacts, website, events | Website |
| Least utilized tool.                                                          | Publications | Image campaigns |
| Tools are used frequently at branch level.                                    | Yes  | Yes           |
| Tools are used primarily at branch level.                                     | No   | Yes           |
| There is freedom of utilizing local activities.                               | Partly | Yes           |

**Effectiveness and evaluation of PR**

| Evaluate PR activities.                                                      | Yes  | Only publicity |
| There is a general method of evaluation.                                     | No   | -             |
| Sets measurable goals with PR activities.                                    | Yes  | -             |
| Use external agents to measure publicity.                                    | Yes  | Yes           |
| There are guidelines to increase the effectiveness of PR activities.        | Yes  | No            |

In the cross-case analysis between SEB and Handelsbanken it can be seen that both banks consider the relation with their customers as most important. The banks are quite similar in their PR regarding importance of relations. Great differences can be found in how PR activities are set up and evaluated. Handelsbanken has no framework for set-up and evaluation, while SEB have frameworks developed. At SEB, there are specific frameworks
developed for each PR tool instead of a general framework. It is clear that both banks utilize most of the available PR tools, but difference can be found in how the banks rank them in importance. The freedom of utilizing PR activities at local level also differs between the banks, as result of centralization versus decentralization in the bank strategy. Handelsbanken only evaluates the publicity in media. No other measurements are done, except from economical results and outcomes on branch level. On other hand, SEB measure what is measurable and evaluate almost all PR activities. Both Handelsbanken and SEB use external agents to measure publicity in media.

### 5.3.3 Corporate reputation and trust

Table 5.4 is cross-analyzing aspects of corporate reputation and trust in the cases of Handelsbanken and SEB.

<table>
<thead>
<tr>
<th>Trust</th>
<th>SEB</th>
<th>Handelsbanken</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR develops trust with the customers.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Trust can increase customer satisfaction and customer loyalty.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Personal relationships are the most important part when developing trust.</td>
<td>Partly</td>
<td>Yes</td>
</tr>
<tr>
<td>Professional advice and information to the customer is utilized to develop trust.</td>
<td>Yes</td>
<td>Partly</td>
</tr>
<tr>
<td>The bank perceives that they succeed in keeping customer loyalty and satisfaction high as a result of developed trust.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>The bank realizes the importance of being trustworthy.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Corporate reputation**

| Corporate reputation is believed to be a result of the PR and communication efforts. | Yes | Yes |
| Corporate reputation can give competitive advantages to the bank. | Yes | Yes |
| Corporate reputation can be seen as a signal of future performance. | Yes | Yes |
| Corporate reputation, if actively managed with PR, can be changed in a short period of time. | Yes | No |
| Preserving of corporate reputation is of great importance when considering the industry. | Yes | Yes |
| Importance of corporate reputation is emphasized in the entire organization. | Partly | Yes |
| Reputation management is proactive. | Partly | Yes |
| Reputation management is an emerging business function. | Yes | No |

When analyzing the data concerning trust, it can be seen that the banks are highly similar in the way that trust is understood in the organization. The matter of trust is emphasized and managed fairly similar by the banks.

Also when analyzing corporate reputation, the banks are to a high degree similar. Both organizations understand the importance, value, and impact of corporate reputation management. SEB though differs in two matters from Handelsbanken. SEB sees reputation
management as an emerging business function, and also believes that corporate reputation, if managed correctly can be changed in a short period of time. Handelsbanken believes that corporate reputation is developed in a long-term perspective, and is not that easily repaired or changed with PR. Handelsbanken also believes that the management of corporate reputation has been important for long time, and is not an emerging business function.
6 Conclusions and Implications

In this chapter the research questions stated in chapter one are going to be answered, based on the data and analysis conducted in chapter four and five. Further, implications of this study for management, theory, and future research will be provided.

6.1 Conclusions

6.1.1 How can roles and objectives of PR in banks’ promotion mix be described?

It can be concluded from the two cases that roles and objectives of the banks are quite similar. It is understood by both banks that setting up general corporate communication strategies at top management level is of great importance. PR and corporate communications are also understood as important to utilize in the entire organization by both banks.

When reviewing the definitions of PR activities it can be concluded, that the two banks differ. SEB defines PR internally as a very narrow media activity. Theory explains that publicity is often called PR on a regular basis at companies, and this is also the case at SEB. On other hand Handelsbanken does not define PR as anything specific; in fact they do not use the terminology PR. Conclusions drawn from the cases are that there is an obvious problem in defining PR and the work that falls under it.

When concluding the overall objectives with PR there are similarities, as well as differences between the banks. Handelsbanken’s main objective is to build strong relationships with the various publics with priority given to existing customers. A second objective is to market the bank in best possible way toward the publics. With this marketing objective, PR seems to gain further importance for Handelsbanken since they do not utilize marketing in traditional ways. The objectives of SEB are to build relationships with existing customers, to reach new customers, and to strengthen the bank image. The relationship focus is similar between the banks, but the other objectives differ.

When observing the results from Hutton’s framework for defining PR, it can be concluded that both banks position themselves quite close to each other in the role of relationship management. It is no surprise, since the market of financial services is characterized as strict with little room for failure, and organizations involved need to adapt and adjust to the specific conditions. Since the customers, both private individuals and companies often trust the bank with all their assets; the customer relationship is getting into focus. It is also important to establish relationships with other publics, to be able to build a trustworthy impression in the society as a whole.

When looking at Hutton’s hierarchy of PR, the overall PR characteristics of the banks can be identified. When analyzing the outcomes from the model, the similarities of PR’s role in banks get even more obvious.

From the two cases of SEB and Handelsbanken it may be concluded that the banking industry has a specific way when handling PR matters. It appears that the reputation management role, with personal relations as priority, is the most important issue for Swedish banks. With such a small sample selection it is hard to generalize, nevertheless the banking industry’s tendencies seen in this study are obvious.
It can be concluded that:

- There is a relationship objective at both banks that is quite similar. Other objectives differ between the banks.
- Banks aim at reputation management as their role in PR.
- Banks are highly similar in the overall PR and communication aspect with a few exceptions.

In addition:

- The overall corporate philosophy influence to a high degree in what way PR activities are conducted. But organizational differences in structuring PR do not conflict with the results of the activities.
- Banks set up general guidelines for PR at top level, and understand the importance of active communication with the publics.
- PR is very actively utilized in banks, but it may not necessarily be called and defined PR, as it is referred to in theory. There is an obvious problem when defining PR and what falls into the area.

6.1.2 How can PR’s functions and tools utilized by banks’ be described?

Based on the two cases of SEB and Handelsbanken it can be concluded that relationships are utilized quite similarly by the banks. Both banks define their target groups broadly, and to a large degree see members of the community in hole as their target group. It can be concluded that the most important relation is the customer relations, which include media-, financial-, and corporate relations.

Another conclusion that can be drawn is that there are differences in how banks set up and evaluate their PR activities. Findings show that the nature of the organizational structure, if it is centralized or decentralized, can affect the implementation of guidelines and frameworks for PR activities. It can be concluded that it is easier for a centralized organisation to implement such guidelines and frameworks, compared to a decentralized organization. In a decentralized organization, extensive effort is needed to be able to implement guidelines and frameworks.

Both SEB and Handelsbanken utilize most of the PR tools described in theory, even though there are differences in the importance of the tools. The importance of local activities at branch level is high at both banks, even though it is of higher priority at Handelsbanken, where PR activities primarily are utilized at local level. Another conclusion that can be drawn is that both banks utilize local PR activities, to be able to encounter the demand of local markets. It can also be seen that a decentralized strategy makes it easier for the bank when adapting to local markets.

At SEB, PR mainly falls under the corporate information department, marketing department and it is to some extent performed at local branch level. At Handelsbanken the central PR falls
under the corporate communication department, but much focus is laid on the local branches, where the main PR activities are conducted.

When evaluating the effectiveness of PR activities initiated by the banks, there are some differences. Based on this research it can be concluded that no evaluation except measuring publicity is done at Handelsbanken. Instead the bank relies on evaluation of economical results and outputs from the business itself. In opposite, SEB heavily rely on evaluation, and therefore practice various types of measurements for their PR. Finally, we can conclude that there is no general PR evaluation theory or framework that directly fits into the banking industry. Frameworks and guidelines have to be developed for specific organizational settings and purposes. By the fact that both organizations are successful and profitable, but only one utilize thorough evaluation; we can conclude that evaluation of PR activities is not necessarily needed for success.

Further, it can be concluded that Handelsbanken’s highly decentralized organization pushes the PR responsibility out to branch level where branch managers have great responsibility and large freedom when planning and conducting PR activities. This make the bank’s PR highly flexible. In contrast, SEB has a more centralized organization which is built to control PR activities in a different way from central level. The branch managers have not the same freedom to decide how to utilize PR at the local market. This way of working makes PR fairly flexible, but SEB is not as flexible as Handelsbanken. Even though the organizational overall strategies differ in such a high degree, it can be observed that it does not conflict with the quality of the PR activities considerably. The two banks structure their PR work in different ways, but both achieve desired results. The major difference in the management of PR between the two banks comes from their overall corporate strategies.

After discussing the second research question, the following are concluded:

- Local PR activities at branch level are important for banks.
- Personal relations as a PR tool is emphasized quite similarly in the banking industry.
- Most important PR relation is the customer relations.
- The banks have no PR department. Instead PR work is divided under different departments and sections of the organization.
- Evaluation of PR activities is not necessary for success, and there is no general evaluation theory or framework suited for the banking industry

In addition:

- The nature of the organizational structure is affecting implementation of guidelines and frameworks. It can be seen that implementation of frameworks and guidelines is easier in centralized organizations.
- A decentralized organizational structure leads to increased importance of local PR activities.
6.1.3 How can corporate reputation and trust as viewed by banks be described?

When looking at the importance of trust and reputation at the two banks, similar priorities can be found. Trust and reputation seems to be the most important characteristics in the financial service industry. It can be concluded that a bank, managing private individuals and companies’ entire assets, is highly dependent in the ability to develop trust with various publics, and needs to maintain the corporate reputation.

Even though banks realize the importance of managing trustworthiness and reputation, there are differences in how it actually is done. The variation is mainly a result of the organizations overall strategy.

Handelsbanken can be seen as a very local bank and is to high degree emphasizing personal relations with their publics, as a result of the organizations decentralized philosophy. Since Handelsbanken has no marketing in traditional meaning, it can be concluded that their PR and personal relations gets of vital importance when developing trust and reputation. Since reputation is seen as something that is easily ruined, the reputation management is highly proactive, and emphasized throughout the entire organization. At Handelsbanken reputation management is not seen as an emerging business function.

SEB also relies in personal relations, however not with same priority as Handelsbanken. Instead more focus is put in professional advice and information services at the bank. It is believed at SEB, that corporate reputation can be managed fairly quickly with active use of PR. Therefore the bank puts more importance in the reactive management of the reputation. At SEB reputation management is seen as an emerging business function that already is emphasized in large parts of the organization.

Therefore it can be concluded that:

- Trust and reputation has very high priority at banks.
- There are differences in how banks manage corporate reputation in the aspect of proactivity versus reactivity, and also to what level PR is utilized in the entire organization when developing trust and reputation.
- Reputation management is not seen as an emerging business function by both banks.

6.2 Implications and Recommendations

Conclusions that have been drawn in the previous section finally bring this thesis to an end. In this section implications for various fields where this study can be useful will be presented. These are implications for practitioners and management, as well as ideas for theory and future research.

6.2.1 Implications for practitioners and management

This thesis has investigated how commercial banks utilize PR. There are several issues’ that can be given as implications for management. Our implications for management are listed below:

- When setting up communication and PR objectives, large organizations have to realize the importance of setting the strategies at top management level.
• Whatever the organization is calling their PR activities, it is important that some kind of structure is describing and navigating the communication strategy.

• The effects of conducted PR should in some way be measured and evaluated so that the organization can get an understanding of the impact of the utilized activity. Otherwise the company can continue using PR tools that are not fully effective.

• Flexibility in PR strategies and activities is highly desirable since the public opinion is constantly changing. In this way the corporate communications can be constantly up to date, meeting the requirements of the publics. Therefore PR activities should be planned to be highly flexible.

• Organizations in the banking industry should define their publics broadly, and utilize image building PR campaigns in the community as hole.

• The PR strategies should mainly be planned as proactive so that the organization can build a positive consciousness in the mind of the publics.

• With consideration of the evolvement of Internet the past decade, PR tools such as the company website should be seen as very important when communicating with the publics.

• The corporate reputation and trustworthiness of the organization in front of the publics should be one of the main priorities. If utilizing PR in the right way, a positive outcome can be observed also in these areas.

6.2.2 Implications for theory
The purpose of this study was to gain a better understanding of how banks’ utilize PR in communicating with their publics. This study has to some extent been exploratory since we have gained a better understanding of the area of research through gathering information.

This thesis has contributed to theory in terms of a broader understanding of PR activities within the Swedish bank sector. When looking at existing theories and compare these to the collected empirical data, some deviations can be found. This has contributed to theory and strengthens the fact that the term PR is vast, and hard to define due to its various definitions and roles. The general understanding of PR is “publicity in media”, instead of the broader definitions stated by theories. Therefore it could be better to define PR in general as corporate communication; this could reduce the problem with defining PR. This thesis also contributes to theory, and confirms that there is no general method of evaluating effectiveness in PR activities in the banking industry; instead it is obvious that different ways can be successful.

6.2.3 Implications for further research
The empirical findings from two case studies can be a basis for further research within the area of PR. During the work with this thesis, issues and questions related to the research questions have arisen. Time limitation prevented us to answer all the questions and issues. Therefore we recommend further research within the area of PR in the following lines.
• Due to time limitations, only two cases could be conducted, it would be interesting to perform the same study with a larger sample. In this way it could be possible to generalize the outcomes in a different way.

• It would also be interesting to conduct the same study in other industries. The specific characteristics of different industries would give varying data in the same research area. It would be interesting to observe how Hutton’s framework for defining PR, would describe the roles of PR in other industries.

• Specific parts of this study could be looked into with further depth with a wider sample selection. For example explanatory research could be conducted to examine cause and effect of the different PR activities.

• It would also be interesting to conduct the same research internationally; in other countries internally, or in comparing across borders, to be able to identify differences that are brought up by cultural diversity.

• Research on how specific publics perceive the banks PR efforts would also be interesting to do. The study could be conducted from the publics’ point of view.
7 List of References


**Interviews**


Jan Persson, branch manager at Handelsbanken Luleå, Luleå, Sweden, 2005-12-09.

Elisa Saarinen, director of information at Handelsbanken, Stockholm, Sweden, 2005-12-05.

Sten Törnsten, head of communications at SEB, Stockholm, Sweden, 2005-12-05.
Documentation

*Websites*


*Printed material*

Annual report, 2004, SEB.

Interview guide - English version

Basic facts and company background

- Which industry?
- What products?
- Which target market?
- Company organization?
- Company ownership?
- Annual turnover?
- Number of Employees?
- Main competitors?
- Respondent’s name?
- Respondent’s position (role, department)?

Roles & objectives

1. How does your bank define PR?

2. How does your bank define the ”publics”?
   - Do you define broad or narrow?
   - How does your bank segment the ”publics”?

3. What is the overall purpose with your PR activities?

4. How do you organize the PR activities?
   - Own department or part of many other departments?
   - How is the function of the PR-manager organized within the organization?
   - What type of cooperation has the PR-manager with the top management and board of directors?

5. What written goals and objectives does your organization have for the PR activities?
   - Are these goals measurable?

6. In what way do the PR-activities provide value in your organization?

7. What is the public opinion about your organization?
   - Are you able to change the view and opinion through utilizing PR activities?
   - Can your PR activities easily be changed to meet changes in the public opinion?
   - Do you believe that the publics’ opinion is dynamic in general?

8. Who do you mainly aim at with your PR activities; Existing customers or the general public?

9. To what degree is your organization utilizing reactive versus proactive PR?

10. What interest does your organization have in the PR activities; to build an image versus to inform and educate?
Functions & tools

11. What types of relations are you using in your PR activities?
   - Media relations
   - Employee relations
   - Financial relations
   - Corporate relations
   - Public affairs

12. Which of these relations is the most/least dominant within your organization?

13. What types of PR tools do you use?
   - Which tools are most common?

14. Do you have any model/framework for structuring the PR-activities?
   - Planning, implementation and follow-up?

15. Within your organization, how close to the marketing function is the PR function operating?

16. How important is PR in the composition of the marketing mix?

Evaluation of effectiveness

17. How do you evaluate your PR activities?

18. Do you use any model/framework in the evaluation process?

19. What do you want to measure with the evaluation of the PR activities?

20. How important do you consider the evaluation of the PR activities?

21. How do you follow-up publicity in media?

Trust & reputation

22. How do you consider your PR activities to build trust with your publics?
   - To what degree do you consider your PR activities to be successful when building trust with the publics?
   - Do you experience that the trust can lead to increased customer loyalty and satisfaction?

23. How do you believe that your PR activities build corporate reputation?
   - Do you believe that the corporate reputation can be built and changed in a short period of time utilizing PR-activities?

24. Describe the importance of corporate reputation for your organization?

25. Do you believe that your corporate reputation gives you advantages compared to your competitors?
- Do you believe that the corporate reputation gives your publics signals of your future performance?

26. How do you describe the importance of protecting and upholding the corporate reputation regarding your specific market?
- Do you believe that the importance of protecting and upholding the corporate reputation has changed or will come to change in the future?
**Intervjuguide - Svensk version**

**Grundläggande fakta och företagsinformation**

- Vilken bransch?
- Vilka produkter?
- Vilka målgrupper?
- Hur ser organisationen ut?
- Ägarbild?
- Omsättning?
- Antal anställda?
- Konkurrenter?
- Respondentens namn?
- Respondentens position (roll, avdelning)?

**Roll och mål med PR**

1. Hur definierar er bank PR?
2. Hur definierar er bank ”målgruppen”?
   a. Brett eller smalt?
   b. Hur segmenterar ni gruppen?
3. Vad är det övergripniga målet med era PR-aktiviteter?
4. Hur är er PR-funktion organiserad?
   a. Egen avdelning eller delar i flera avdelningar?
   b. Hur är den PR-ansvarigas arbete organiserat i organisationsstrukturen?
   c. Vilket samarbete har denna med organisationens ledning/styrelse?
5. Vilka nedskrivna mål har er organisation för PR-verksamhet?
   a. Är dessa mål mätbara?
6. Vilket värde ger PR-aktiviteterna för er organisation?
7. Hur tror ni att allmänheten upplever er organisation?
   a. Anser ni er kunna påverka åsikter och attityder med hjälp av PR?
   b. Har ni flexibilitet i era PR-aktiviteter, så att de kan ändras för att bemöta en ändrad åsikt hos allmänheten?
   c. Anser ni att allmänhetens åsikter generellt ändras dynamiskt?
8. Är er inriktning med PR-aktiviteter inriktad främst mot befintliga kunder, eller mot samhället i allmänhet?
9. Till vilken grad är er organisation; reaktiv kontra proaktiv angående PR-aktiviteter?
10. Vilket intresse har er organisation i PR-aktiviteterna; att bygga en bild hos publiken, kontra att informera och utbilda?
**Funktioner och verktyg i PR**

27. I vilka typer av relationer använder ni er av PR?
   - Media
   - Anställda
   - Finansiella
   - Företag
   - Offentlig organisation

28. Vilken av dessa relationer är den mest/minst dominerande inom er verksamhet?

29. Vilka typer av PR verktyg använder ni er av?
   - Vilken/vilka av ovanstående är vanligast?

30. Har ni någon modell/ramverk för att strukturera ert PR-arbete?
   - Planering, implementering, uppföljning?

31. Hur nära jobbar PR-funktionen med marknadsföringsfunktionen i organisationen?

32. Hur viktig är PR som en del av er marknadsmix?

**Utvärdering av effektivitet**

33. Hur utvärderar ni era PR aktiviteter?

34. Använder ni er av någon speciell modell/ramverk för utvärdering?

35. Vad vill ni mäta med er utvärderingsprocess?

36. Hur viktig anser ni att utvärderingen av PR aktiviteter är?

37. Hur följer ni upp er publicitet i media?

**Vikten av anseende och förtroende**

11. I relationen med er målgrupp, hur anser ni att er PR-aktiviteter bygger förtroende?
   - Hur upplever ni att ni lyckas med att bygga ett förtroende med er målgrupp?
   - Upplever ni att förtroendet leder till ökad lojalitet och tillfredsställelse hos era kunder?

12. Hur tror ni att er PR-aktiviteter bygger ett anseende/rykte för er organisation?
   - Ser ni anseendet/ryktet som något som kan byggas upp och förändras under en kort tid med hjälp av PR-aktiviteter?

13. Beskriv vikten av ett gott anseende för er organisation?

14. Tror ni att er organisations anseende ger er konkurrensfördelar?
   - Tror ni att er organisations anseende ger er målgrupp signaler om att ni är en trygg och säker leverantör även i framtiden?
15. Vad är vikten av att skydda och upprätthålla er organisationens anseende med tanke på er marknad?
   - Anser ni att vikten att skydda och upprätthålla organisationens anseende har förändrats eller kommer att förändras?