1989

A review of Chevron's corporate advertising after the oil crisis : a case study with content analysis

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DOI: <https://doi.org/10.31979/etd.d6pf-63p5>
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A case study with content analysis**

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San Jose State University, 1989

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300 N. Zeeb Rd.
Ann Arbor, MI 48106

**A REVIEW OF CHEVRON'S CORPORATE ADVERTISING
AFTER THE OIL CRISIS
A CASE STUDY WITH CONTENT ANALYSIS**

A Thesis

Presented to

**The Faculty of the Department of
Journalism and Mass Communications
San Jose State University**

**In Partial Fulfillment
of the Requirements for the Degree
Master of Science**

by

Heidi Taborda

December, 1989

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ABSTRACT

A REVIEW OF CHEVRON'S CORPORATE ADVERTISING AFTER THE OIL CRISIS A CASE STUDY WITH CONTENT ANALYSIS

by Heidi Taborda

This thesis examines the corporate advertising of one of America's leading oil companies--Chevron Corporation, in order to obtain factual descriptive data to foster understanding about this form of mass communication. The study aimed to develop a process to identify and systematically classify the various kinds of corporate advertising as an attempt to standardize the activity. When used in conjunction with an independent assessment of impact, such standards may function as guidelines by which judgments about the nature of corporate ads can be made.

A case study with content analysis was made of Chevron's ads from 1979 to 1989. Two taxonomies pinpointed in the literature were tested to verify the applicability in classifying Chevron's advertising. However, they did not entirely succeed, showing little variation among their categories. A third taxonomy was then suggested by the researcher, where the formulation of more sensitive categories covered the full range of ads run by Chevron.

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CHAPTER I

INTRODUCTION AND PURPOSE OF THE STUDY

Since the late 1960s, the operating environment of business in the U.S. has changed dramatically. Corporations are now forced to deal with a great number of complex international and domestic policy questions in their marketing, administrative and planning activities. The main corporate concerns over the past 15 years have included the increasing cost of energy, record levels of inflation, increasing government regulation of industry and commerce, significant penetration of certain U.S. markets by foreign competitors and the weakening of the dollar overseas.

In addition, the role of business in society has become a point in question itself. Two major forces are involved in an increasing number of issues affecting society: the system and the adversary culture. Companies, who make up the system, now operate under the pressure of consumerists, environmentalists, minority groups and other social and political activists who seek basic changes in the system.

The use of corporate advertising by American institutions and corporations emerged as an attempt to promote goodwill, enhance corporate image and influence social policy. In spite of the billions of dollars spent in

this activity, little research has been conducted to estimate the effectiveness of corporate advertising relative to other forms of mass communication.

In the past 15 years oil companies have been among the leading corporate advertisers. The Arab oil embargo in 1973 marked a new era in terms of mass communication for such companies. From a very low profile before the Oil Crisis, they became trend setters in the use of corporate advertising, gaining national attention in the 1970s and 1980s through prominent campaigns in national mass media.

According to the available literature, the rationale for corporate advertising can be discussed on two levels. The first is through a general assessment of why corporations feel the need to promote their images and views to the public. The second is through an examination of the motivations and objectives underlying individual ad campaigns.

This study attempts to be an historical examination of the corporate advertising of one of the American leading oil companies--Chevron Corporation, from 1979 to the present. The method employed is a case study with content analysis, aimed at developing testable theory. Since there has been little research on corporate advertising, a necessary first step was to obtain factual

descriptive data, that can be used in future studies to generate theory.

The following four chapters will discuss and identify the linkages between present theory and actual corporate advertising behavior of an oil company as an example of a large advertiser. The literature review in chapter two attempts to summarize the divergent concepts about corporate advertising definition and objectives. It also focuses on the few theoretical approaches available in the literature.

The third chapter examines the methodology selected for the study--content analysis. It describes how Chevron's ads were selected and examined over time according to two taxonomies pinpointed in the literature. Chapter four reports the results of the content analysis in terms of percentages and cross tabulations.

Finally, chapter five discusses and interprets the results of the study. As part of the conclusions a new taxonomy emerges, as well as suggestions for further research. The last chapter also presents, as part of the case study, an interview with David M. Soblin, Vice President Accountant Director of J. Walter Thompson, the advertising agency that has been in charge of Chevron's corporate advertising for more than ten years. This

informal "chat" provides an interesting insight about some realities behind Chevron's corporate advertising strategies, as opposed to theoretical explanations unveiled by the research.

CHAPTER II

A REVIEW OF THE LITERATURE

Corporate Advertising:

A Perspective of Practices and Tendencies

Authors and professionals in the field have defined corporate advertising in many different ways. But in general they agree that corporate advertising is designed to build "goodwill." This type of advertising is sometimes aimed at a general audience to explain a company or institution and to suggest its positive attributes. According to Patti and Frazer (1988), corporate advertising is used in one of three different ways: image building, to build consumer awareness and goodwill; to enhance financial relations, aimed at informing and building confidence among stockholders and potential investors; and advocacy, a type of advertising that promotes a firm's viewpoint on a controversial issue. They point out that this last category was extremely important in the early 1980s, but is less used today.

Although corporate advertising amounts to only 2 to 3 percent of the total advertising expenditure (Patti & Frazer, 1988; Garbett, 1985), it appears to be a successful combination of advertising and public relations. From this

combination, a new concept emerges: the corporate umbrella. Aimed at consumers, this new type of corporate advertising is designed to pave the way for sales of the company's brands. The same concept is supported by Garbett (1985), who believes that those large corporations that promote not only the company but the "line" create an "umbrella" or "back-drop" effect providing continuity for a changing array of products and services. This activity works as a "marketing preparation" advertising aiming to reach a specific audience: business executives and important segments of the investment community.

This brief summary of corporate advertising activity is an introduction to a deeper analysis of what has been written and studied about this controversial segment of mass communications.

In Search of a Definition

A precise definition of what corporate advertising is would help to identify its objectives. The advertising research firm called Leading National Advertisers and Publishers Information Bureau (1972) term corporate advertising "general promotion advertising," and define it as advertising devoted primarily to selling the corporate "personality," with its first objective going beyond the

direct sales of a single product or service. To be classified as general promotion, they require an ad to meet one or more of the following criteria:

- * It must educate, inform, or impress the public regarding the company's policies, functions, facilities, objectives, ideals, and standards.

- * It must build favorable opinion about the company by stressing the competence of the company's management, its scientific know-how, manufacturing skills, technological progress and public welfare, counteracting unfavorable publicity or negative attitudes toward the company.

- * It must build up the investment qualities of its securities, or improve the financial structure of the company.

- * It must sell the company as a good place to work (and so is often designed to appeal to college graduates or to people of certain skills).

This broad definition, however, is not enough to permit an agreed-upon term for this kind of advertising. According to Garbett (1981), the lack of definition affects the reliability of statistics and the precision of surveys and reports. He lists the many terms by which nonproduct messages have been called since the end of World War I:

institutional advertising; identity advertising; public relations advertising; public interest advertising; image advertising; strategic advertising; corporate advertising; business-to-business advertising and constituency advertising. Garbett points out a special kind of corporate advertising, that he calls "issue advertising," which is about public issues of importance which the corporation confronts. According to him, this subdivision of corporate advertising has spawned a whole new list of labels such as issue advertising, cause and issue advertising, viewpoint advertising, opinion advertising, advocacy advertising, adversary advertising, controversy advertising, and public interest/affairs/issue advertising.

Stridsberg (1977) classifies corporate advertising according to its objectives, and he proposes two categories: corporate image advertising and corporate advocacy or controversy advertising. He defines corporate image advertising as a kind of communication which, "by the use of signed, paid messages by a company in conventional advertising media, seeks to obtain a desired level of public awareness and a maximum favorable impression among selected audiences" (p. 32). To do so, this kind of advertising communicates a carefully chosen range of facts to create an understanding of the company's activities, moral standards,

policies, management style, and expectations. What he says, in essence, is that corporate advertising treats the company as if it were a product, positioning it with care within its industry or industries, giving it a clear differentiation from others resembling it, and basically "selling" it to the audiences selected. In Stridsberg's opinion, corporate advertising originated from the fact that people did know almost nothing about a company. The concept of "low-profile," where a company preferred to remain unknown to escape interference from external forces, has been replaced by the "high-profile" strategy that involves building and diffusion of a corporate "image." This change was necessary to help companies deal with the demands of a more competitive market.

Garbett (1981) synthesizes the whole idea in few words: corporate advertising is a "catchall term for a type of advertising run for the direct benefits of the corporation rather than for its products or services" (p. 33).

The Times, They Are Changing...

Over the past 20 years, public confidence in business has dropped considerably. According to Liff, O'Connor and Bruno (1980), the results of opinion polls

indicate that the corporate community is perceived as holding too much power, caring little for the environment, having minimal concern for employees and consumers, and acting for the good of society only when it is in its economic interest to do so. The same opinion is pointed out by Manheim and Pratt (1987) when they say that the "overall image of corporations is very low" and that the same is true of the images of "all U.S. institutions " (p. 15). As they state, "the data collected from polls reflect a fundamental crisis in confidence across the board which seems to be traceable first to the Vietnam War and later to Watergate" (p. 15). To exemplify this erosion in credibility, they add that in 1966, some 55 percent of Americans indicated that they had a great deal of confidence in major companies. In 1982, only 18 percent reported such confidence. Chrisman and Carrol (1984) refer to Dun & Bradstreet statistics which indicate that bankruptcies among manufacturers increased 63 percent in the first nine months of 1982, as compared with 1981. What makes things worse is that, according to a Business Week/Harris poll, the public blames business to a large extent for the depressed state of U.S. economy. In this hostile environment, businessmen, and especially corporate executives are seen as "pure villains" (Bander, 1975).

The deteriorating image has altered corporate operating environment. Government interference and the attack from consumer and other interest groups are just some of the problems that are affecting corporations today. In addition, media with "increasing regularity" are quick to sensationalize stories about "questionable business activities," reflecting what many businessmen consider to be an anti-business bias among journalists (Liff et al., 1980). The same point of view is shared by O'Toole (1985) who believes that the press, "by and large, is an advocate for the adversary" (p. 15). In his opinion, what he calls "the voice of the adversary culture" is more dominant in the mass media than that of the "system."

According to Liff et al. (1980), since the late 1960s, corporate leaders agree that the private sector must take "remedial" action to shore up its image and improve its public relations. In their opinion, failure to respond decisively will ultimately lead to greater government involvement in companies' affairs in the form of increased regulation and anti-business legislation. Many executives believe that corporations have to communicate in a positive way with those groups whose support is crucial to the success of their operations. These "key publics" include stockholders, employees, customers, suppliers, distributors

and retailers, government officials, journalists, the financial community, special interest groups, and in most cases, the general public (Quelch & Farris, 1987; Gray & Smeltzer, 1985; Liff et al., 1980).

In addition to products and services, advertising has also been used to sell the corporate "personality." It is regarded as an attractive means of communication because it allows the sponsor to exert maximum control over messages and the environment in which they appear. It permits advertisers to direct their messages to selected audiences and ensures that they have a better chance of being seen and heard the way they were intended.

The Rise in Corporate Advertising

Although many methods are used by companies to reach their "key-publics," corporate image advertising has emerged as the principal medium used by business for disseminating information and expressing opinions. According to Liff, O'Connor and Bruno (1980), the time and resources allocated by major corporations to image advertising has increased considerably since the late 1960s. Present in virtually every mass medium, image ads show a diversity of messages. Nevertheless, a common objective winds through all image-advertising copy: to build support

for the activities and viewpoints of particular companies and industries. The rank and mix of leading corporate advertisers fluctuates from year to year, but the field has been and continues to be dominated by some of the largest corporations in the United States, such as the oil companies, AT&T, General Motors, Ford, General Electric, IBM, Beatrice, Xerox or DuPont (Patti & Frazer, 1988; Garbett, 1985; Liff et al., 1980).

By emphasizing their technological leadership and innovation, demonstrating the utility of their products and services to society, expressing their views on controversial public issues or simply sharing their thoughts on mundane matters unrelated to their business activities, companies hope to build a favorable image in the minds of their key publics or, at minimum, to counteract erosion of goodwill among these group because of unfavorable publicity.

According to Liff et al. (1980) "simple awareness of a company's activities and philosophy can--in and of itself--generate positive public impressions and support for a corporation" (p. 20). The authors quote Opinion Research Corp. when they say that people who know a company well "are five times more likely to have a highly favorable opinion of that company" (p. 20). Supporting the same concept Ramond (1976) says that advertising is least constrained by

"physical attributes" when it deals with ideas. "It capitalizes on the well-known halo effect: if the respondent learns to like a particular aspect of the company, he will probably generalize that liking to the company as a whole" (p. 37).

Complementing this point of view, Garbett (1981) adds that the main objective of corporate advertising is "neither to change society nor secure changes in government regulations or law," but to make companies "better understood among those publics that they think are important to them in the hope that they will be more supportive" (p. S15). The support may take many forms, from buying stock, selling them material or equipment, purchasing products, lending them money, to recommending them as a place to work as well as sometimes, when necessary, supporting them on social issues. A similar approach is suggested by Reeves and Ferguson-DeThorne, quoted by Manheim and Pratt (1987). They have found, "at least under limited experimental conditions, that communicating the image of corporations as good citizens per se does improve audience perceptions of companies" (p. 10).

The question that remains is, how can something so abstract as "image" be communicated? John Riley Jr. (1963) gives an elucidating interpretation: "Much popular thinking

and speech rest upon the age-old tendency to anthropomorphize--to endow inanimate objects with human qualities" (p. 2). Thus, as he says, a department store may be a "young sophisticate," an electronics firm is "imaginative," a public utility is pictured as "an industrious and jolly little old man," and a bank is "friendly." This possibility is confirmed by Johnson (1975), referring to an experiment done by J. Walter Thompson advertising agency in London, in 1974. The hypothesis was that if people think that companies have "personalities," then the average citizen ought to be able to describe companies as though they were people. Based on the results obtained, Johnson concluded that "people can relate to companies as personalities. Companies have rational attributes and human personalities and it probably is better to be liked than disliked" (p. 31). The statements above corroborate Dardenne's (1982) point of view, based on an assumption by Garbett that says that "the less filled out a company's image is, the more subject that image is to wild distortions" (p. 47).

The task of projecting a "sound" corporate image is not that simple. Garbett (1983) noted that companies are frequently in a position of having to get across messages to an audience which has very little interest in what the

company is trying to tell them. Carlson (1963) also mentions the public's indifference when he says that "apparently, familiarity with a product in the home gives rise to some feeling of identification with the company which makes it. Apart from those particular firms whose goods and services loom large in everyday living, survey after survey finds that a vast majority of people have no impression of firms which, from the purely dollars and cents point of view, are important segments of the economic life of the United States" (p. 26). According to Wiebe (1963), "the corporation's messages about itself have only minor saliency in the individual's perception of his relevant world" (p. 20). He points out what research shows: attitudes towards companies are, for many people, "strangely free-floating and seemingly unanchored." It suggests the hypothesis that corporate images are, in part, composites of attitudes borrowed from more meaningful areas of life and attributed to the company as long as the person's thinking and feeling in those more meaningful areas of life are not discommoded by the borrowing. Images are less the determinants of attitudes than their reflection (Hyman, 1963).

Brand Image Versus Corporate Image

Clearly, corporate advertising objectives are directly linked with commercial transactions. Although there are major differences between product/service advertising and corporate advertising (Garbett, 1981), many authors agree that these two types are intrinsically connected, working to motivate sales (Cushman, 1982), and generate profits. Sachs (1981) noted that building sound reputation and maintaining customer goodwill, providing overall marketing support, and enhancing business and profitability are all concerned with revenue generation. These objectives dominate 65 percent of corporate advertising campaigns. As he stated, "corporate advertising differs from product advertising only in the means employed, but not in the ends. Both are meant to accomplish marketing tasks" (p. 16). According to Weissman (1984), a product is easier to sell when its maker is better known. Biederman, quoted by Reed (1984), said that "sometimes the lines between corporate ad and product advertising fade, especially in the case of 'one-product' companies such as Xerox, whose every product ad is inevitably also a corporate ad" (p. M28). Johnson (1975) found that consumers try to determine the "relative value" of the brands they buy in many different ways. One of these ways is appraising how

they feel about the product's manufacturer. Johnson added that "today, in his search for value, the consumer needs to believe that he knows a lot more about the companies that make the brands he chooses among. What he thinks he knows about the parent company can become a tie-breaker between brands that seems to offer about the same value" (p. 31). In his opinion, reputation of the parent company becomes a necessary "brand attribute."

It can also work the other way around as Wichman (1984) suggested when he says that a company's name can become synonymous with product, or become "an anachronism," no longer communicating the new directions a company is taking. Gray and Smeltzer (1985) analyze corporate/product relationships and suggest the following categories:

- * Single entity
- * Brand-dominance
- * Equal-dominance
- * Mixed-dominance
- * Corporate-dominance. (p. 76)

Single entity companies are those that offer one product line or kind of service. The image of the company and the product tend to be one and the same, as, for instance Federal Express Corporation. In the brand-dominated approach, brand and corporate names are not

related, as demonstrated by many consumer product companies, such as Phillip Morris, manufacturer of the well known Marlboro cigarette. General Motors exemplifies an equal-dominance company, where products have separate images (Chevrolet, Cadillac, Pontiac, etc.) but each is also associated with the corporation. In the mixed-dominance companies, both brand name or corporate name can dominate. In some cases, they are used together with equal emphasis. A good example is provided by Bosch when it identifies with the corporate name some of the products it manufactures, but does not endorse others such as Blaupunkt radios. Corporate-dominant strategy is well exemplified by IBM, Xerox or Hewlett-Packard, where corporate image is supreme and all communication is aimed at reinforcing this image. The typology offered by Gray and Smeltzer illustrates the different possibilities that exist in terms of projecting a company's image.

According to research conducted by the Investor Responsibility Research Center Inc., many business officials believe that effective image advertising can have a favorable impact on a company's sales and growth prospects. Liff et al. (1980) mention a 1977 survey sponsored by National Geographic among Fortune 500 companies, with the following results:

* 79 percent of those polled thought corporate advertising could benefit a firm selling high-priced consumer goods.

* 72 percent thought it could aid a firm selling industrial products.

* 61 percent believed it could help a firm selling packaged goods.

Because products and services are frequently used to illustrate or accent a company's image, the study concludes that image advertising can aid a firm's sales force by raising awareness about its operations among potential customers.

A different perspective is provided by Carlson (1963) when he stated that a firm is more than the sum of the several images which people have of its products. As he said, "surveys indicate that some sort of relationship exists between favorable attitudes toward products and favorable attitudes toward the manufacturers of these products. The surveys do not, however, indicate which comes first, only that both attitude constellations occur jointly" (p. 27). Garbett (1981), however, affirms that regardless of how well known a product is, corporate association with it is usually far less strong than management suspects. Besides, the picture conveyed by product advertising may be

inadequate for building the right image before specific publics, such as the financial community. In Garbett's opinion, "as product advertising can enhance profits by its effect on sales, corporate advertising can enhance profits by its effect on other items of the corporate balance sheet" (p. 91).

Impact on Stock Prices

Does corporate advertising impact stock prices? Literature shows some attempts to answer this often asked question. According to Liff et al. (1980), some executives feel that effective image advertising can predispose potential investors toward a company's stock. They quoted Robert Baylis, vice-president for research at First Boston Corp., who said that among the most important criteria for assessing the attractiveness of a given investment is "the quality of the company's name" and its "reputation among consumers and in its markets" (p. 20). Schonfeld and Byrd (1977) analyzed stock prices, financial characteristics, and corporate advertising expenditures of 721 companies in 11 publications over a three-year period. They found that:

- * Corporate advertising sometimes can have a positive, statistically significant effect on stock prices.

- * The impact of advertising on stock prices is

likely to depend upon current stock market trends as well as financial characteristics on the advertiser. In particular, advertising seems to have greater impact in an up market than in a down market.

* Advertisers spent an average of \$90,000 per year in the publications studied. On average, year-end stock prices of advertisers were about \$1 higher than non-advertisers (p. 18).

Quelch and Farris (1987, p. 86) mentioned a survey among professional money managers who are readers of Barron's. The results indicated that 81 managers take financial/corporate advertising seriously and as a result, look into a company's investment qualifications; 78 said their investigations led them to purchase securities. Quelch and Farris also referred to a study conducted by Jaye Niefeld, whose findings indicated that corporate advertising adds about 4 per share to the price of a corporation's stock, and the return on corporate advertising expenditures is about 30 to 1. The studies emphasized, however, that effectiveness of ad campaigns in raising stock prices appears to fluctuate from firm to firm.

Advocacy Advertising: A Controversial Issue

Ads that address public issues in an editorial

style, often using sizable budgets by large corporations to influence public opinion on controversial issues, have stirred considerable debate between advertisers and their critics.

A definition of advocacy corporate advertising is given by Stridsberg (1977). He calls it "controversy advertising," which is, in his words, "any kind of paid public communication or message, from an identified source and in a conventional medium of public advertising, which presents information or a point of view bearing on a publicly recognized controversial issue" (p. 18). Another definition is proposed by Prakash Sethi (1977). He describes advocacy as "part of a genre of advertising known as corporate image, or institutional advertising. It is concerned with the propagation of ideas and the elucidation of controversial social issues of public importance. It does so in such a manner that supports the position and interests of the sponsor while expressly denying the accuracy of facts and down-grading the sponsor's opponents" (p. 7).

The gasoline shortage and the many rumors it inspired about oil company policies and practices made 1974 a watershed year in advocacy advertising (Garbett, 1981; Liff et al., 1980; O'Toole, 1975; Stridsberg, 1977).

Reacting to public pressure, a number of oil companies undertook advertising campaigns discussing divestiture, government regulation and the benefits of corporate profits. Although a number of oil companies have discontinued advocacy begun in the wake of the oil crisis, other companies have followed their lead into this kind of advertising.

In Stridsberg's (1977) opinion, there are three main reasons that justify the use of advocacy advertising:

- * The corporation's constituencies will not tolerate silence.

- * The media are perceived by many companies to fail in their responsibilities--fair, accurate, or complete coverage in a controversy may not be obtained.

- * Advertisers taking part in a public controversy want maximum control over the message delivered and the environment in which it is delivered (p. 20).

In Prakash Sethi's (1977) opinion, this practice makes "otherwise one-sided viewpoints" appear objective and balanced. Contrary to some critics who believe that advocacy advertising is an attempt to control information, O'Toole (1975) believes that advocacy advertising "adds to the supply of fact, opinion and interpretations from which the public shapes its own conclusions" (p. 15).

According to Stridsberg (1977), advocacy advertising is also used to establish a "platform of facts," showing factual advertisements, that do not present demands for action and represent a selection of information intended to put the corporation in a good light. The intent is to create a "platform of facts" in the public mind, to which the corporation can refer in a situation of controversy. As he said, the basic objective is precise--"to implant in the minds of the audiences likely to be concerned a predisposition to listen, when or if the corporation chooses to voice its opinion on a specific subject" (p. 39). To Liff et al. (1980) what makes advocacy different from image advertising is the belief that the corporation has the "right and duty" as a citizen to participate in public debate. Its end purpose is not commercial, but political.

Scholars' Opinions

Scholarly interest in the ethics, utility, regulation, and strategies of advocacy advertising is embryonic, and little research has been conducted to gauge the effectiveness of advocacy advertising relative to other forms of mass communication. Some scholars, however, have identified different categories of advocacy advertising and classified ad campaigns accordingly. These taxonomies not

only described but also fostered understanding of the purpose, design, content and political contexts of such ad campaigns.

Meadow (1981) analyzed the political dimensions of nonproduct ads and proposed a taxonomy for discussing them. He offers a matrix featuring two axes. One axis, which he calls dimensions, attempts to isolate strategies used in nonproduct ads. He is interested in whether they:

- * are explicitly political
- * discuss economic benefits
- * establish an identified position
- * consist of diffuse or specific detail
- * exhort
- * are simple or complex
- * provide several perspectives
- * are testable or
- * take offensive or defensive position.

The second axis consists of ten types of ads based on ends to be achieved:

- * image - ads designed to show a human face of the corporation and promote goodwill
 - * informative - ads that seek to explain or justify a corporation's position on a public issue
 - * public interest - ads that aim to provide public
-

service messages not otherwise available through media

- * ads designed to encourage political or community participation

- * ads that congratulate individuals or groups for patriotic achievement

- * ads that champion free enterprise

- * controversy - ads that urge public understanding of difficult problems

- * ads that seek equal time in replying to news reports

- * ads that take advertorial stands and

- * ads designed to recruit supporters for an explicit policy position (p. 76).

Meadow believes that, according to the limits of American growth, corporate survival may become a political and ideological question. Advocacy advertising would, then, represent a new form of expression for "ideological hegemony."

A different viewpoint is proposed by Heath and Nelson (1983). They believe that information and persuasion are "too closely intertwined to be easily separated," and they propose that issue/advocacy ads should be viewed as "vital forces of information for facts, values, and policies regarding corporate behavior" (p. 117). According to Heath

and Nelson, the worth of information provided by these ads is its impact on public understanding of corporate operations and the ramification of regulation. As they say, "how facts are interpreted and how policies are formulated depend on the values current in public opinion." Heath and Nelson proposed the following typology, based on a measurement of factuality:

- * Issues of facts - ads that provide information about facts of public concern (energy costs, etc.)

- * Issues of value - ads that show how the sponsors comply with good corporate citizenship (animals near extinction, environment)

- * Issues of policy - ads that argue if a policy is reasonable or unreasonable (problems of regulation)

- * Issues of control - questions related to corporate control of public opinion and political policy

Heath and Nelson believe that such an "information methodology" makes it possible for them to "observe" not only "purposes" but also "effects" of this kind of advertising.

Evaluating Effectiveness

In the view of many executives, one of the most difficult aspects of corporate advertising is evaluating its

effectiveness. An attempt was made by Salmon, Reid, Pokrywczynski and Willet (1985) who analyzed the effectiveness of advocacy advertising relative to news coverage. The authors hypothesized that:

- * Public affairs advocacy material presented in the form of a published news release would be more effective than the same information presented in the form of paid-for advertising.

- * Noncommercial sources who do not appear to benefit from their advocacy would be more effective than commercial sources advocating the same position.

- * The effects of message format--published news release versus advertisement--and source attribution would be greater under conditions of low issue importance than under conditions of high issue importance.

For the first hypothesis, the findings indicated that although advertising in general is perceived as more biased than news stories, a message presented in an advertising format may be perceived as more interesting and more informative, and hence, be more persuasive than a message presented in news format.

The second hypothesis was supported in that the main effects for source were significant with regard to trustworthiness and agreement with the position advocated in

the message. However, source effects were not significant with regard to how interesting or how informative the material was, or with respect to behavioral intentions.

In the third hypothesis, the authors' findings on source and format effects substantiated the predictions of the Elaboration Likelihood Model of Persuasion, advanced by Petty and Cacioppo. The model means that under conditions of low involvement, source (peripheral) cues are more salient, and under conditions of high involvement, message arguments (central cues) are more important means of persuasion (p. 564).

In addition to attitudes and awareness surveys, recall tests are commonly used to measure the effectiveness of corporate ads. At least one major study suggests that corporate advertising has a measurable effect in creating favorable attitudes toward a company, its product, and its stock, especially among affluent, well-educated target audiences (Liff et al., 1980; Garbett, 1981). This finding is consistent with McGuire's (1981) "compensatory principle," where education facilitates attention and comprehension, which makes the educated public more vulnerable to persuasion.

The study, conducted by Yankelovich, Skelly and White in 1977 and 1978, sponsored by Time magazine, found

that, on average, high corporate advertisers scored consistently higher in each category than low corporate advertisers. High corporate advertisers also fared better when it came to the target audience's association of a particular company with specific traits, such as quality products, financial strength, honesty and responsiveness to consumers and employees. Finally, in the area companies consider to be the ultimate rationale for corporate advertising--motivating people to act in ways supportive of the sponsor--high corporate advertisers scored better than low corporate advertisers, especially when it came to buying a company's stock.

However, Schonfeld and Byrd (1977) contended that survey research and polls are inadequate to measure corporate advertising effects because they are done on a before-and-after basis and are restricted to awareness, attitudes, and images. They argue that, in spite of an extensive search of published studies, "we could find absolutely no evidence demonstrating that changes in awareness and attitudes relates to the economic gains and losses experienced by the firm. If changes in awareness and attitudes don't translate into economic benefits to shareholders, who cares if the firm is liked by the public?" (p. 19). To measure effects, they suggest test marketing.

This suggestion is consistent with Sachs and Chasin (1977) findings: 90 percent of the 173 largest manufacturing and service-type companies rely most heavily on market research to evaluate corporate advertising.

Grass, Bartges and Piech (1972) measured the effects of Du Pont's corporate image advertising campaign from 1970 to 1972. They used a mail questionnaire, and three different panels. They concluded that corporate image advertising works. As the authors said, "favorability increased in those areas addressed by the advertising campaign. This is the first time causality has been demonstrated to our satisfaction in a study of corporate image advertising" (p. 22). Other conclusions show that high exposure to the television campaign caused significant increases in favorability toward Du Pont. The print campaign during the study period was not effective, and they suggest further research to determine the cause.

Winters (1977, 1983, 1986, 1988) presents the results of pretesting and post testing corporate advertising of another large corporation: Chevron. In Winter's (1983) opinion, there is a need to do more studies comparing pretesting to post testing because "it is very difficult to judge the validity of pretest systems in the face of high noise, such as:

- * limited variance on post measures due to advertiser's decision to scrap a commercial after a poor pretest;

- * a different target audience being measured in the pretest versus the post test;

- * a different time and environment for the post test measure" (p. 32).

In 1986, Winters conducted research designed to measure the effect of brand advertising on Chevron's image. In short, he found that marketing image is an important component of overall attitude toward a company. In his opinion, brand advertising can have a very positive impact on attitudes toward the corporation. Where attitudes toward the corporation are lowest and/or the public affairs problems are greatest, the social conduct image of a company is most important. He suggested that corporate advertising messages should be aimed at improving the social conduct image of the company. The author also established a link between "image" and "product" advertising when he concluded that "corporate advertising can enhance motivation to buy a company's brands" (p. 59).

In his most recent article (1988), Winters described how Chevron succeeded in increasing awareness among a hostile audience - the VALS "Inner-Directeds"

segment. The campaign "People Do" was specially designed and pretested to appeal to this segment. Winters said that among those who proved aware of at least one execution in the "People Do" campaign, there was a positive impact on overall favorability toward Chevron. He added that this campaign also had impact on purchase behavior--Chevron scored as the "last brand of gasoline purchased" (p. 18).

Summary

Most of what has been published emphasizes the importance of corporate advertising and its usage to transmit the corporate message. Very few studies have been theory-based. Findings have been most often conflicting, and conclusions have been incomplete. However, there is little doubt that expenditures for corporate advertising will continue to grow given the increased importance placed upon it.

Many aspects of the corporate advertising activity should be studied under a broader theoretical framework. The taxonomies available in the literature constitute a first step toward this end. However, it is necessary to test the reliability and validity of such taxonomies, in order to verify to what extent these classifications accurately depict what is done in reality by advertisers.

A valid and reliable classification scheme is important because it develops standards that identify the character of corporate ads and classify them, providing a framework for researchers in their attempt to develop theory. A well-grounded taxonomy will define corporate advertising patterns that can be used by communicators to establish common norms of practice between, for example, advertising agencies and advertisers, optimizing efforts, investments and results.

In short, the ultimate goal of this study is to develop a process that successfully identifies and systematically classifies the various kinds of corporate advertising. Used in combination with some independent assessment of impact, the taxonomy can assist corporate advertisers in the selection of effective advertising strategies.

Setting the Stage:

How Chevron Engaged in Corporate Advertising

According to the company's definition, Chevron Corporation is an integrated petroleum company with operations in the United States and 95 other countries. It has more than 51,000 employees worldwide, with headquarters at 225 Bush Street, in San Francisco, CA. Chevron ranks as the fourth largest U.S. petroleum company and one of the 10 largest U.S. industrial companies. In the United States it is the leader in the manufacturing of refined products. Chevron is the largest marketer of jet fuel, diesel fuel, asphalt and natural gas liquids. It is also the second largest marketer of motor gasoline. Chevron's operations include exploring for and producing crude oil and natural gas, manufacturing and marketing petroleum products and industrial chemicals, producing geothermal energy, mining gold, platinum and other minerals, developing land, and researching advanced technologies for oil field application and petroleum products.

Winters (1977) stated that "there was a time when people were mostly favorable" toward Chevron (p. 7). In the 1940s and 1950s, only around 10 to 20 percent stated a dislike for the company. But the oil shortage in 1973

provided a rude shock. All the oil companies were held largely to blame.

Winters also noted that, four months after the oil embargo, attitudes were "polarized," and, for the first time in 30 years more people were unfavorable than favorable towards the company. In the face of such hostility, the author said "it was time to consider a campaign that would explain what we were doing to help solve the energy crisis" (p. 7).

A Crisis in Confidence

In 1966, some 55 percent of Americans indicated that they had a great deal of confidence in major companies. In 1982, only 18 percent reported such confidence. Oil companies were among those institutions with very low confidence rating. In addition to the Vietnam War and the Watergate, one of the major factors responsible for this loss of credibility was the Arab oil embargo in 1973 that mainly affected American oil companies' performance. Oil shortage caused an unexpected rise in gasoline and other fuel prices, intensifying inflation and causing a worldwide energy crisis.

The Oil Embargo and the Iranian Crisis

Since 1947 there had been tension between U.S. petroleum interests in the Middle East and U.S. policy of support for Israel. In the era of ample oil reserves and abundant world production immediately after World War II, the oil-exporting nations of the world had been at the mercy of U.S. oil import policies. To benefit American oil producers, the Eisenhower administration had established stringent import quotas. In response to this decision a protective association of oil-producing states was formed in 1961: the Organization of Petroleum Exporting Countries (OPEC).

In September-October 1973, OPEC unexpectedly raised oil prices by 70 percent. Their dominant Middle Eastern members used succeeding price increases as a political weapon aimed at Western nations in retaliation for their support of Israel against its Arab neighbors in the Yom Kippur War of October 1973. Prices were accordingly raised another 130 percent in December 1973, and a temporary embargo was placed on oil shipments to the United States and The Netherlands at the same time. Other price increases followed in 1975, 1977, 1979, and 1980 which ultimately raised the price of a barrel of crude oil from \$3 in 1973 to more than \$30 in 1980.

Western industrialized countries responded to increased oil prices by exploiting alternative sources of energy, by locating and drilling more of their own oil resources, by turning to other emerging oil-exploiting countries and by encouraging conservation programs to decrease their overall demands for energy. These efforts significantly reduced their dependence on OPEC oil, and by 1982 had forced the OPEC countries to lower prices and cut back on production.

In 1979 another international crisis brought major consequences for the oil industry in the U.S.--the Iranian revolution created a new shortage. With the set up of an Islamic Republic in 1979, Western influence in Iran was suppressed. The United States, once a traditional market of the Iranian oil industry, no longer could rely on Iranian oil exports.

Today the price of crude oil is much cheaper than it was some years ago. However, the overall image of corporate America did not completely recover. According to Manheim and Pratt (1987), it is still very low. Data from public opinion polls reflect a fundamental crisis in confidence not only in large corporations but in all U.S. institutions.

Attitudes Toward the Oil Industry

Supply interruptions and long lines dramatically affect public opinion. According to Winters (1983) unfavorable opinions toward the oil industry nearly doubled after the Arab oil embargo. In 1978 there was a net plus in favorable over unfavorable attitude (5%), but the 1979 Iranian Crisis wiped out the plus and in 1983 about 6 in 10 people were unfavorable once more (see Figure 1).

Attitudes toward oil companies in general are very similar. Individual oil companies fare better than the abstract industry. Since the Arab oil embargo there have been hundreds of millions of dollars spent by oil companies on corporate image and advocacy advertising. In Winters' (1983) opinion there were some improvements in attitudes during this time. He believes that the public moved from "being hostile" to "being sullen," making him wonder if corporate campaigns were a questionable expenditure of funds or, what kind of attitudes the public would have had toward the oil industry, if no advertising were run.

Figure 1: Percentages of favorable and unfavorable public opinion toward the oil industry

Source: Winters (1986, p. 55)

Neutralizing Public Disdain

The action plan started by Chevron in 1973, to close the gap between public perception and the company's role in the energy crisis, has been adapted to new corporate challenges. Besides neutralizing public disdain for the oil industry, the company's goal in public affairs is fighting what it regards as misguided legislation that has little or

no benefit for the public or the industry. According to Roderick Hartung, corporate Vice President for Public Affairs, the environment is and will continue to be the most important political challenge faced by Chevron.

From a reactive role towards the pressure of the environment before the Oil Crisis, Chevron changed into a proactive company in terms of communications. It has systematically been using corporate advertising in an attempt to neutralize in advance the harm that trends in public opinion may cause to the corporation as a whole.

CHAPTER III

METHODOLOGY

Designing the Study

The study is an historical examination of the evolution of Chevron's corporate advertising from 1979 to July 1989. It consists of a longitudinal content analysis of all available printed corporate advertising campaigns and individual ads run by the company in the last eleven years.

The conceptual framework is based on two taxonomies. The first one is a typology proposed in 1981 by Robert Meadow, a scholar from the University of California (San Diego), which classifies corporate ads in ten different categories, based on "ends to be achieved." Across these 10 categories, Robert Meadow arrays 9 "dimensions," where he attempts to isolate the strategies used in nonproduct ads. Chevron's ads classified accordingly constituted "Model I."

"Model II" are Chevron's ads classified according to the second taxonomy used in the study. It was proposed in 1983, by Robert Heath and Richard Nelson, both from the University of Houston. Their methodology classifies corporate advertising according to four categories, based on the kind of "information" conveyed by the ads and how it impacts on public understanding of corporate operations.

Content Analysis

According to Babbie (1986), content analysis refers to the coding or classification of material being observed. In this study, content analysis was used to discover patterns that characterized Chevron's different types of corporate advertising over the years.

Content analysis is the research procedure chosen for this study because, as described by Krippendorf (1980), it consists of a "research technique for making replicable and valid inference from data" (p. 21). It can also be successfully employed to measure overall publicity effectiveness (Lindenmann, 1983).

In content analysis, observations are usually described in numerical terms, through which precision can be gained. Berelson (1971) notes that the requirement of quantification is perhaps the most distinctive feature of content analysis which goes farthest toward distinguishing the procedure from ordinary reading. The same viewpoint is reinforced by Lindenmann (1983) who believes that the basic premise behind the technique is that, "the flow of symbols is a part of the flow of events, and that the communication process is an aspect of the total historical process--with both a meaning and the ability to be quantified" (p. 25).

The present content analysis was aimed at

verifying to what extent the taxonomies selected could successfully be used to classify ads published by a large corporate advertiser such as Chevron. The units of analysis were coded according to the different categories in Models I and II. Frequencies were summarized in tables as percentages, revealing the kind of subject (e.g., image ads) that has been more emphasized by the corporation over time.

The units of analysis were print advertisements: their number and size in terms of square inches.

Starting from Scratch

The period studied starts in 1979, when Chevron Oil Corporation began to work with a new advertising agency, J. Walter Thompson, in San Francisco, CA. At that time Chevron was still heavily engaged in corporate advertising in an attempt to improve its public image. Today, ten years later, J. Walter Thompson still holds Chevron's account.

All the available print advertisements done for Chevron by J. Walter Thompson from January 1979 to July 1989 were content analyzed. Referred by Dr. Lewis C. Winters, Manager of Research in the Public Affairs Planning and Research Department at Chevron Corporation, the researcher contacted Mr. David Soblin, Vice President Account Director at J. Walter Thompson, who provided invaluable help and

advice for the project, assuring access to all the material held by the agency since it began to work for Chevron.

The first step was to collect the ads in J. Walter Thompson files. The criteria used by the researcher to classify an ad as "corporate" was that it should not advertise a product or service. Ads referring to specific marketing promotions (e.g. ads for retailers) were not included. Neither were ads promoting business-to-business services. The researcher selected a total of 186 corporate ads that constituted the census to be content analyzed.

The second step, the content analysis, started with a more precise subject-matter categories definition in order to make the understanding of the taxonomies easier for the researcher and her assistant. For the purpose of the classification, the following statements of the categories meanings were agreed upon:

MODEL I

1. Image advertisements: Ads designed to show a human face of the company. They can present qualities of a good corporate citizen, promote name recognition or describe the company's activities. They do not "sell" any product or service, nor are they political (e.g., "At 3M, we listen to you"). The researcher included in this category ads that

refer to public television sponsorships, and similar contributions

2. Informative: Ads aimed at explaining or justifying corporate positions, finances, profits, or activities, designed to address anticipated criticisms. They usually carry statements about what is being done about a particular problem, and contain references to the economic system (e.g., "Why does gasoline cost so much?" - Gulf).

3. Public interest: The advertiser offers messages to provide or supplement information to the public, not otherwise available through media (e.g., "Why we recycle aluminum" - ALCOA).

4. Participation: Ads designed to encourage political or community participation. Subtle, highly partisan cues may be present (e.g., "Before you vote for someone, find out where he stands. Watch the debate tonight" - ARCO).

5. Patriotic: Ads congratulating individuals or groups for a patriotic achievement (e.g., "Congratulations to the U.S. Olympic Hockey Team" - Smirnoff Vodka).

6. Free enterprise: Government is urged to keep out or restrain itself for the economic well-being of society. Broad issues of government/business relations are discussed. The dominant theme is the need for community involvement and sacrifice to solve economic problems (e.g., "Government used to be the referee, now it is the other team" - Amway).

7. Controversy: Ads that stress the difficulty of resolving certain problems, urge readers to understand the situation, and present more than one side of an issue. These messages may appear as nonpolitical public service ads aiming to encourage discussion on significant issues (e.g., "Solar can do it all. Nuclear power plants are safe. Which do you believe?" - American Power Companies).

8. Equal time: Ads purchased to reply to what the sponsors feel is an erroneous newscast or article (e.g., "How CBS fabricated the news" - Mobil).

9. Advertorial: Ads that function as paid editorials. They are very political and reflect the sponsor's explicit policy position on issues that may affect its business (e.g., "Who's the public in public interest politics?" - Mobil).

10. Recruitment: Ads that seek to encourage supporters to join a movement, take the same position as the sponsor, and make their position known as, for instance, by writing to a public official (e.g., "Make your effort to fight inflation. Join our citizens crusade" - American Council of Life Insurance).

11. Miscellaneous: Any advertisement which is not classified in one of the ten categories described above.

Across these categories, the following dimensions are arrayed:

1. Explicitly political: Ads that identify and address issues or controversies in the political system, including the controversy of the socio-political system itself.

2. Economic benefits: Ads that are expected to bring economic rewards to the advertiser and benefits to society at large. They may seek the enactment (or elimination) of a specific law or creation of a less regulated environment. Long term benefits (e.g., name recognition) are not included.

3. Identifiable position: A particular position on an issue or controversy may be taken explicitly or implicitly in an ad. Example: An advertisement urging people to vote, without suggesting a specific candidate.
 4. Diffuse or specific: When an ad's focus is clearly in support of or opposition to an issue, it is specific. Narrow issue advertisements are classified as specific. Diffuse support is more generally oriented toward a broad range of issues or the system as a whole.
 5. Exhortation: The ad requests the reader to act either generally or specifically in response to the message. Requested actions may include voting, initiating contacts with public officials, or making a decision on the agenda item raised in the ad.
 6. Simple or complex: When the ad's message is well-identified or presents a clear solution to a problem, the issue is simple. It is the opposite when the issue is presented in its full complexity.
 7. Several perspectives: Several sides to the issue may be given, or only the view of the advertiser may be presented.
-

8. Testable: Ads that present assertions which can be empirically verified, or claims rooted in data available only to the corporate sponsor (e.g., claims concerning levels of profits or increases in productivity).

9. Offensive or defensive: Ads are defensive when designed to respond to a particular question that has been raised by other interested parties. They are offensive when the sponsor attempts to initiate a controversy or advocate a policy position.

MODEL II

1. Issues of fact: All advertising used to inform about "facts" relative to the sponsors, such as profit margin, or improved techniques to demonstrate how they spent profits in the public and corporate interest.

2. Issues of value: Ads that discuss value issues and emphasize how companies conform to standards of acceptable corporate behavior. These ads may take stands on values fundamental to corporate operations, often blending images and issues to demonstrate that the sponsors comply with, and ostensibly champion, good corporate citizenship.

3. Issues of policy: Ads that give the public a view of the reasonableness and impact of a policy. Most policy ads deal with problems of regulation.
4. Issues of control: Ads that consider questions relating to corporate control of public opinion and political policy. The messages are subtle and aim to anticipate criticism through lobbying campaigns.
5. Miscellaneous: Any advertisement which is not classified in one of the four categories above described.

Intercoder Reliability and Analysis

The third step was to establish the level of reliability between the coders: the researcher and an assistant. Ten percent of census content was selected through systematic sample with a random start. Sample size was 18, and the number of coding decisions for each coder was 36. The correlation coefficient obtained was 0.94 . The following formula (Holsti, 1969) was used to determine intercoder reliability:

$$\text{Reliability} = \frac{2(C_{1,2})}{C_1 + C_2}$$

where $C_{1,2}$ is the number of coding decisions on which two

coders agree, and $C_1 + C_2$ refers to the total number of coding decisions by the first and second coder respectively.

The fourth step consisted in actually coding all the 186 ads and transforming the obtained results into more manageable data, through the use of percentages tables.

CHAPTER IV

RESULTS

Preliminary Observations

Before describing the results obtained, it is worth mentioning some decisions made by the researcher to deal with the difficulties that were found during the process of classifying the ads according to the two taxonomies selected for the study.

The advertisements collected from J. Walter Thompson's files were first classified according to the year and the medium in which they were published. The media categories specified by the researcher were:

- * magazines
- * newspapers
- * newspapers and magazines
- * other

For the purpose of the analysis no distinction was made in terms of quality or relevance of the medium. For example, an ad published in a Bay Area newspaper was equivalent to an ad placed nationally, in The New York Times.

In the category named other were included ads placed in various publications such as: Onshore China

Directory; Middle East Business Survey Annual; 49ers Program; Journalism and Broadcast Annual; Oil Daily; College Placement Annual and others.

The second classification was by size. All the ads were measured in terms of square inches. However, the researcher believed that no conclusions could be drawn from this data. Without knowing media placements, or in other words, how many times, and exactly in which media an advertisement was published, it would be difficult to accurately infer relevant information from these figures.

The third and fourth classifications followed the categories in the two taxonomies respectively proposed by Meadow and Heath & Nelson. An example is shown in Figure 2.

In Model I, the ads were easily classified according to the 11 different "types of ads." However, the 9 "dimensions" required a special "interpretation" of their meaning when applied to certain ads. It means that, in many cases, the researcher and her assistant were in doubt about the real application of certain "dimensions" to various ads being classified. The reasons behind this result will be considered in Chapter V. No major difficulties were found in classifying ads according to Model II. An analysis of its suitability in terms of precision of the categories will be made in the next chapter.

CODING SHEET A MODEL I

MEDIUM HEADLINE DATE 1985 CODER *Redi*

TYPE OF PAGE	EXPLICITLY IDENTICAL	EXPLICITLY IDENTICAL	IDENTIFIABLE IDENTICAL	DIFFUSE OR SPECIFIC	EXHORTATION	SINGLE OR COMPLEX	SEVERAL PERSPECTIVES	TESTABLE	DEFENSIVE OR OFFENSIVE
INFORMATIVE	N	N	N	D	N	S	N	Y	N
PUBLIC INTEREST									
PARTICIPATION									
PATRIOTIC									
FREE ENTERPRISE									
FINANCIAL									
EQUALITY									
ADVERTORIAL									
RECURRENT									
MISCELLANEOUS									

SIZE 8 1/2 x 11 1/4

CODING SHEET B

MODEL II

MEDIUM HEADLINE

DATE 1985

CODER *Redi*

ISSUES OF FACT	ISSUES OF VALUE	ISSUES OF POLICY	ISSUES OF CONTROL
	✓		

SIZE 8 1/2 x 11 1/4

Figure 2: Chevron's advertisement classified according to Models I and II

Percentages Obtained

The quantity of ads distributed per year varied considerably, as can be seen in Table 1.

Table 1

Total distribution of ads per year			
YEARS	PERIOD	No. OF ADS	PERCENTAGES
1979	Jan-Dec	21	11%
1980	Jan-Dec	19	10%
1981	Jan-Dec	2	1%
1982	Jan-Dec	2	1%
1983	Jan-Dec	24	13%
1984	Jan-Dec	32	17%
1985	Jan-Dec	28	15%
1986	Jan-Dec	19	10%
1987	Jan-Dec	7	4%
1988	Jan-Dec	15	8%
1989	Jan-Jul	17	9%
TOTAL		186	

The years of 1979 and 1980, with 22 percent of the total number of ads, are characterized by a larger number of political ads.

The years of 1981 and 1982, with only 2 percent of the total, hardly contribute to the content analysis. In spite of being a census, only four corporate ads were found in J. Walter Thompson's files. The researcher contacted Dr. Lewis C. Winters, at Chevron's Public Affairs Planning and Research Department, who explained that, during those years,

no major print campaign was run. They were testing the main campaigns of 1979 and 1980, in order to measure the level of awareness achieved, belief and attitude change. The campaigns tested--"Dinosaurs" and "Energy Frontiers" (see Figure 3), provided them with a positive experience with pretest measures.

Chevron energy report:

In 1979, Chevron made a nickel on a sales dollar.

But, most people think we made ten times that much.

A recent independent nationwide survey found that people believe, on the average, that oil company profits are about \$10 on every sales dollar. That just isn't the case. Actually, Chevron 1979 profits on every dollar of petroleum sales was 5¢ -- about a nickel. Worldwide it was 5¢. (The average for a 9 month average of 5¢ for all other major U.S. oil companies.)

Part of Chevron's profits, of course, went back to our shareholders. The remaining profits and other cash flow operations provided the funds for Chevron's expenditures on work spent on exploration and development of oil and gas fields, refineries, and transportation facilities.

In the U.S., these expenditures were equivalent to 30¢ per dollar of U.S. petroleum sales, more than double our U.S. profit.

Thank you for listening.

57¢ The average profit for all major U.S. oil companies.

5¢ Chevron's profit on every dollar of petroleum sales.

5¢ The average profit for all major U.S. oil companies.

Chevron

There's talk about whether the oil shortage is a hoax.

The President of the United States believes the shortage is real...

Experts in Congress, government and industry believe it is real...

Tenety nations are reducing consumption because they believe the shortage is real.

Even before Iran shot down, gasoline supplies were tight. Demand continues to grow. But government has limited the use of octane improvers. So refiners need more crude, and more complex refining facilities, to make the same amount of gasoline.

Since 1975 U.S. oil production including Alaska increased only 3%. But consumption went up 65%. In-

try efforts to add production were impeded by regulations, red tape and price controls. Iran has resumed exports, but at a reduced volume. Free world oil supplies are short of demand by more than a million barrels daily.

For now--we must conserve because the shortage is real! For the future--we must develop all U.S. energy resources--because the shortage is real!

Thank you for listening.

Chevron USA Inc.

Figure 3: Examples of ads from the "Dinosaurs" and "Energy Frontier" campaigns

According to Winters (1983), "pretest procedures at different stages of Chevron's campaigns have proved helpful." As he said, "in some instances, we might have been better off had we done pretesting before embarking on

an all out campaign (e.g., before doing advertising about our profits)" (p. 31). The years of 1983, 1984 and 1985 registered the larger amounts of ads: they sum up to 45 percent of the census. In June 1983, a new campaign was aired.

Based on research recently done to measure the role of marketing image in forming overall attitudes toward a company, Chevron started a new concept where marketing was considered "an important corporate communications tool." They concluded that brand advertising, which reflected a strategy of offering the public "choices," seemed to be a strong public affairs strategy as well.

But in four out of five regions where Chevron had its biggest public affairs corporate communications problems, the concept of "social conduct image" would have the most impact on overall attitude toward the company (see Table 2). In 1984 and 1985 the "Yes" campaign, based on a marketing factor, was aired and tested. However, a separate corporate advertising campaign was created, based on a social conduct image. The "People Do" campaign began airing in California in 1985, and was specifically aimed at the VALS inner-directed types.

Table 2

Importance of corporate image factors				
Region	Chevron attitude	Image factors		
		Marketing	Social Conduct	Contributions
A	4.35*	+.30**	+.59	+.22
B	4.36	+.56	+.78	+.07
C	4.90	+.44	+.54	NA
D	5.00	+.53	+.30	NA
E	5.70	+.40	+.48	NA

* Average on a 7-point scale

** Regression coefficient: Example, a change of 1 unit on agree-disagree scale on marketing factor would result in +.30 unit change on attitude toward Chevron.

Source: Winters (1986, p. 58)

The years of 1986, 1987, and 1988 show a reduction in the number of ads compared to the three previous years. However, although only 9 months of 1989 were analyzed in the study, there is evidence that the number of print ads is once again rising. From January to July 1989 (see Figure 4), 17 ads (9% of the total) were run, representing a larger percentage than that observed in the years of 1987 and 1988.

Figure 4: Distribution of Chevron's ads over the years

Segmentation by Mass Media

As can be seen in Table 3, in terms of the four categories defined as "medium of publication," 44% percent of the distribution is concentrated in "newspapers," followed by "magazines" with 32 percent. Only 15 percent of the ads was published in both media, magazines and newspapers, and the smallest percentage, 9%, was of ads published in other publications.

Table 3

Percentages of ads published in different print media

YEAR	NEWSPAPERS	MAGAZINES	NEWS./MAG.	OTHER	TOTAL
1979	10	7	4	0	21
1980	9	8	1	1	19
1981	1	1	0	0	2
1982	1	0	0	1	2
1983	21	3	0	0	24
1984	16	6	5	5	32
1985	10	7	8	3	28
1986	3	7	4	5	19
1987	2	5	0	0	7
1988	4	8	2	1	15
1989	5	7	5	0	17
TOTAL	82	59	29	16	186
%	44%	32%	15%	9%	100%

A trend in terms of usage of different media has been observed over time. Figure 5 illustrates how "newspapers," mostly used from 1979 to 1985, were replaced by combinations of "magazines and newspapers" or by "magazines" as the main mass media used for printed ads from 1985 to present.

Figure 5: Distribution of ads per print media

Models I and II

Chevron's corporate advertisements were, in their vast majority, classifiable according to Model I, the taxonomy proposed by Meadow. However, as shown in Table 4, the distribution is concentrated on the "image" category, accounting for 73 percent of all ads, followed by the

"informative" category, with 12 percent of the census. The 15 percent remaining is divided among seven other categories: "public interest," "participation," "patriotic," "free enterprise," "controversy," "recruitment," and "miscellaneous." No ads were classified within two categories: "equal time" and "advertorial."

Table 4

Percentage of ads classified according to Model I

TYPE OF AD	No. OF ADS	PERCENTAGE
Image	135	73%
Informative	23	12%
Public Interest	4	2%
Participation	2	1%
Patriotic	6	3%
Free Enterprise	6	3%
Controversy	4	2%
Equal Time	0	0%
Advertorial	0	0%
Recruitment	1	1%
Miscellaneous	5	3%
TOTAL	186	100%

Looking at Model's I distribution over time, a pattern emerges: the most frequent ads immediately after the Iranian crisis in 1979, when long lines and oil shortage increased public unfavorability toward the oil industry, were of a political nature. They are arrayed through four

categories: informative, public interest, participation, patriotic, free enterprise, controversy and recruitment. In 1983, surveys showed that public attitude changed--it became much more favorable toward the oil industry (see Figure 1) compared to the previous years. Simultaneously, the number of Chevron's corporate image ads also rose: 89 percent of the total image ads were run after 1983. Of the total political ads, only 41 percent were run in the same period (see Table 5).

The "dimensions" of Model I proved discrete enough to classify political advertisements. But they are not as effective to identify characteristics of, for example, image ads. Because the majority of Chevron's ads are not issue oriented, the coding entries obtained for the dimensions do not provide information for any major interpretation. Little variation was observed between the dimensions and their respective types of ads. The researcher then decided to array the dimensions separately, making the percentages obtained easier to read.

Analyzing the distribution per year, a tendency is confirmed: the ads ran in 1979 and 1980 obtained higher percentages in the dimensions that attempt to identify advocacy ads. For example, only seven percent of the total ads were classified as "explicitly political." But from

this percentage, 93 percent were ads run from 1979, 1980 and 1981.

Table 5

Distribution of ads according to Model I

Years	79	80	81	82	83	84	85	86	87	88	89	Total
Type of ads												
Image	5	7	1	2	18	24	27	16	6	12	17	135
Informative	6	8	0	0	6	2	0	0	0	1	0	23
Public Int.	2	2	0	0	0	0	0	0	0	0	0	4
Participation	0	0	0	0	0	2	0	0	0	0	0	2
Patriotic	0	0	0	0	0	2	1	2	0	1	0	6
Free Enterpr.	3	1	1	0	0	0	0	0	0	1	0	6
Controversy	4	0	0	0	0	0	0	0	0	0	0	4
Equal Time	0	0	0	0	0	0	0	0	0	0	0	0
Advertorial	0	0	0	0	0	0	0	0	0	0	0	0
Recruitment	0	0	0	0	0	1	0	0	0	0	0	1
Miscellaneous	1	1	0	0	0	1	0	1	1	0	0	5
Total	21	19	2	2	24	32	28	19	7	15	17	186
Total number of image ads: 135 = 100%												
Image ads from 83 to 89: 120 = 89%												
Total number of political ads: 46 = 100%												
Political ads from 83 to 89: 19 = 41%												

What the classification along the "dimensions" generally tells is that only 8 percent of the ads are explicitly political. That 14 percent of the ads seek some

economic benefit for the company. That Chevron established an identifiable position in 13 percent of the total. That in 61 percent of the ads, information conveyed is specific of chosen subjects. That in 49 percent of the ads a request for some kind of exhortation is made. From the total ads, 83 percent are of a simple nature. Several perspectives of an issue are presented in only 10 percent of the ads analyzed. The information contained in 28 percent of the ads could be empirically verified, and finally, that 16 percent of the ads contained an offensive message and only six percent contained a defensive message in terms of responding to a question or advocating a policy position (see Table 6).

Similarly to Model I, all Chevron's ads were classified according to the taxonomy proposed by Heath and Nelson (Model II) as shown in Table 7.

Table 6

Distribution of ads along the "dimensions" of Model I

Dimensions	YES	NO	NEITHER	/	YES	NO	NEITHER
					Percentages		
Explicitly Political	14	172			8%	92%	
Economic Benefit	26	160			14%	86%	
Identifiable Position	25	161			13%	87%	
Diffuse or Specific	73	113			39%	61%	
Exhortation	92	94			49%	51%	
Simple or Complex	155	31			83%	17%	
Several Perspectives	18	168			10%	90%	
Testable	52	134			28%	72%	
Offensive or Defensive	29	11	146		16%	6%	79%

Table 7

Percentage of ads classified according to Model II

CATEGORIES	No. OF ADS	PERCENTAGES
Issues of Fact	18	10%
Issues of Value	142	76%
Issues of Policy	10	5%
Issues of Control	12	7%
Miscellaneous	4	2%
TOTAL	186	100%

Looking at Model II over time, the same pattern observed in Model I emerges: there is a concentration of "issues of value" ads from 1983 to 1989, reaching 89 percent of the total in this category. "Issues of value" ads are seen as sources of information regarding acceptable corporate behavior. These ads take stands on values fundamental to corporate operations, obviously blending "image" and "issues" to demonstrate the sponsor's "good" intentions. Although the classification terminology is different, this category is equivalent to "image ads" of Model I.

Compared to the same period, the total of all the other three categories, where political ads were classified, sum up to 33 percent. Again, 1979 and 1980 are the years that concentrate the "advocacy" ads, with 68 percent, against 11 percent of ads classified as "issues of value"

Years	79	80	81	82	83	84	85	86	87	88	89	Total
Types of Issues												
Issues of Fact	7	10	0	0	0	1	0	0	0	0	0	18
Issues of Value	5	7	1	2	18	26	28	18	7	13	17	142
Issues of Policy	8	1	1	0	0	0	0	0	0	0	0	10
Issues of Control	0	0	0	0	6	4	0	0	0	2	0	12
Miscellaneous	1	1	0	0	0	1	0	1	0	0	0	4
Total	21	19	2	2	24	32	28	19	7	15	17	186
Total issues of value ads: 142 = 100%												
Issues of value ads from 83 to 89: 127 = 89%												
Total number of political issues ads: 40 = 100%												
Political issues ads from 83 to 89: 13 = 33%												

CHAPTER V

DISCUSSION

Analysis of The Results

The main purpose of this study was to test two taxonomies selected from the literature in order to verify if they were applicable in classifying corporate advertising of a major oil company.

The results of the content analysis show that Model I, the first taxonomy tested, was clearly designed for nonproduct ads of a political nature. The "types of ads" that constitute the taxonomy successfully identify variations of advocacy ads. However, as the bulk of Chevron's advertising was not political, only one category was adequate to classify the majority of the ads, and it is overloaded--73 percent of all Chevron's advertising was classified as "imawe ads."

When Meadow's taxonomy was proposed, in 1981, advocacy advertising was still very common. But as the literature stated, this kind of advertising seems to have been abandoned. Such a tendency is confirmed in the content analysis of Chevron's print advertising. Political ads were mainly used between 1979 and 1983, when the effects of the last oil crisis could still be felt. Looking at the

distribution of the following years, it can be noticed that advocacy advertising did not recur. This observation leads to the conclusion that Chevron seems to have abandoned such a trend.

Similarly, some of the "dimensions" that attempt to isolate types of substance and strategies used in advocacy ads, are difficult to use with nonpolitical advertising.

The majority of the census, basically composed of "image ads," did not fit categories such as "explicitly political", "economic benefits", "several perspectives" or "defensive or offensive."

Other categories such as "diffuse or specific" and "simple or complex" proved to be extremely vague when applied to certain ads. Examples include "The eagle and the powerline" (see Figure 2). The ad describes what Chevron is doing to protect an endangered species. It obviously is an image ad, that shows the "human face of the corporation" (Meadow, 1982, p. 77). But the text tells in details each step followed by the company to protect the Golden Eagle. Is this ad diffuse or specific? Is the subject simple or complex? In cases like this, the researcher and her assistant classified the ad as "diffuse," because the end to be achieved was to reinforce good corporate image. What the

company did to protect the Golden Eagle seemed a complex subject, but the content of the ad was classified as "simple" because the ultimate message was clear and easy to understand, favoring the company's reputation.

Model II, the second taxonomy tested, classified advertising according to the kind of information conveyed, trying to take into consideration the effect of ads on the audience as well as the intent of the source. As the first taxonomy, Model II was basically designed for advocacy ads. So, the results show a large concentration of the ads analyzed in one category--"issues of value."

In the researcher's opinion, the four categories that exemplify different kinds of information are mutually exclusive, but they overlook nuances inside those same categories that, once specified, would contribute to a better understanding of the various kinds of corporate ads issued. In other words, once applied in practice, the taxonomy is not discrete enough to cover all the "intents of the sources" or "effects upon audiences," making the classification too indistinct to describe the characteristics of the material collected.

As noticed in the previous chapter, what also emerged from the content analysis is that advocacy ads were concentrated in 1979 and 1980. It coincided with the

Iranian crisis (1979) and the trend at the time, when all oil companies engaged into making public their points of view on controversial issues. However Chevron discontinued that campaign after post tests showed its reduced effectiveness in changing public attitudes towards the company.

The increase in the number of ads observed in 1983, 1984 and 1985 in comparison to previous years, was interpreted as a result of new research techniques used by the company. Pretests, for example, gave Chevron more confidence in the quality of new concepts being advertised. In 1985, Chevron started the "People Do" campaign, which were shown by post tests to increase favorability toward the company.

According to the census, in 1986, 1987 and 1988 Chevron ran fewer advertisements than in the three previous years. However, it obviously does not mean that Chevron gave less emphasis to corporate advertising. The "People Do" campaign continued to be done, and Chevron, based on research, probably opted for quality instead of quantity, focusing on more effective messages and increasing media placements of good ads, instead of producing a larger number of new ones.

In terms of print media selection, Chevron used

more newspapers than magazines from 1979 to 1985. After that, magazines have received more of Chevron's corporate advertising than any other print media. Apparently, research provided Chevron with better information for segmenting its target public more precisely. Using magazines, a vehicle that can easily reach different segments, the company has probably achieved more relevant results with lower costs.

Behind the Scene

How close is reality to the results unveiled by the content analysis? This interview with David M. Soblin, Vice President Accountant Director at J. Walter Thompson, provides a good measure of what has been happening behind the scene of Chevron's corporate advertising in the last decade. Working for J. Walter Thompson since 1981, when he was specifically recruited to be in charge of Chevron's account, Mr. Soblin has been a key person in a process that has placed Chevron ahead of other industries in terms of effective corporate advertising strategy.

A journalist, originally from Kansas City, MO, who started as a CBS newsman on the East Coast, David Soblin now occupies a senior management position at J. Walter Thompson in San Francisco, CA. Although he works on some other accounts, Chevron is the key one. In this interview David Soblin gives a personal account of the most important factors that have characterized Chevron's advertising since 1979 to present.

Recorded on August 22nd, 1989, the content of the following interview is transcribed verbatim. However, some editing was necessary to make this verbal account a faster and clearer reading.

The distribution of print ads varies considerably from one year to another, since 1979 to 1989 (see Figure 4). In your opinion, what factors explain these numbers?

DAVID SOBLIN: There are some realities behind this result. The variation is not necessarily strategic. During those first years, we had recommended, or the client had actually requested, print ads that dealt with advocacy and issue subjects. They basically had to do with the company's desire to speak out or react on attacks against the oil companies, or the so called "obscene profits." The ads were trying to explain that Chevron didn't make that much profit. I also remember another issue oriented campaign in '81 or '82, the "Clean Air Act." We spent a great deal of time on that campaign. It was considered to be extremely good and extremely innovative. After we had spent perhaps even a entire year working on that, at the last minute, the company decided that it was too controversial. They didn't want to do it.

Another factor that I remember very clearly is the use of the media. We developed a number of ads that were supposed to be in certain consumer publications. We didn't do it because the client at that time had a very difficult time in making decisions and actually approving certain

things. With most consumer magazines you need about a two month lead time. Even working with news weeklies, we could not get authorization or approval on ads far enough in advance to actually use them.

Chevron's advertising in 1979 and 1980 was very political. After post testing those campaigns Chevron changed from advocacy to image ads. What reasons caused such a change? How did Chevron engage in image campaigns such as "People Do"?

DAVID SOBLIN: As far as I remember, in the research they found that with those campaigns they actually alienated the public as opposed to doing any good. I think it's true that people didn't believe what the company said about profits. I can even remember when Johnny Carson held up one of those ads on his show and said, "Are they kidding?." We found through that research, and a lot of subsequent ones, that when you're dealing with profits or the amount of money that an oil company makes, particularly at that time, people don't believe what you say. They are not really interested. They are interested in other kinds of issues. I mean, they are interested, but they don't react in any way when they receive communications on those issues.

In terms of effectiveness of advocacy advertising it depends entirely on what you're talking about. I think there is always a place for issue, or advocacy, or controversy. There are some many different labels to this kind of advertising. I certainly think that there is always a place for it. In my opinion, most of it was done very badly. It depends on the company, on the situation and on the issue.

The curve you have here, that shows a large increase in the volume of image advertising after 1983, doesn't necessarily reflect any major strategic decisions. We produced a tremendous amount of ads that were used by regional Public Affairs people. And I actually believe that a lot of this was just the result of J. Walter Thompson's responsiveness. The agency began to be innovative in that time and provided Chevron with new directions and some material to go with it.

The use of print media through the years shows a pattern (see figure 5). There is a clear change after 1983, when magazines replaced newspapers as the medium most used. What characterizes Chevron's selection of print media?

DAVID SOBLIN: The graphic shows that the main medium until

1983 was newspapers, and there is a very simple answer for that. When you see newspapers higher in 1979 and 1980, and then taking the drop again, that coincides with the issue campaigns we were talking about earlier. One of the reasons for selecting newspapers was, of course, deadlines. With newspapers you could have a three day lead time, and therefore decisions did not have to be made very quickly. So, again, realistically speaking, I believe that some of those decisions weren't based as much on true strategic planning, but mainly a function of the organization, its ability to make decisions, its ability to let go of something and finally say: well, let's commit ourselves. Besides that, the selection of newspapers was probably also a function of cost. Newspapers were cheaper then. They were just coming into an era where they were beginning to realize the power and the function of advertising and good communications. The company itself was just beginning to build, even from the standpoint of people in its department that even dealt with this kind of activity. In my opinion, most kinds of oil companies in the seventies were caught off guard. They had gone on for a hundred years as basically large companies that provided cheap fuel, primarily for automobiles. They were left alone. They were fairly non-controversial. They may not have been terribly popular, but

neither were they unpopular. Gasoline was something that you drove in for twenty five cents a gallon. Prior to 1973, when the first oil crisis happened, oil was three dollars a barrel and by 1981 it was close to thirty. So, a lot of things happened. Newspapers were also probably used at that time because of the editorial content. I believe most of those political ads were placed as an "op-ed," opposite to an editorial section of a newspaper. Also Mobil, around that time, ran a new type of advertising which was definitely issue oriented. Mobil started that and everybody was trying to do it. In terms of target audience, the people that you're normally talking to in issue types of things are primarily readers and not television watchers. So, the place to get them is in the environment they pay attention to. But, in spite of all that, I really think that a lot of it was just the inability to make a decision.

In general, which mass medium is most used by Chevron, and why?

DAVID SOBLIN: It depends entirely upon what the company is doing. We are talking about corporate advertising. We are talking specifically about an oil company. Television and print serve two different purposes. Television is a mass

medium. It reaches virtually everyone. You can buy programming and select your programming that will target a certain type of person to a certain extent. But it is a very emotional medium: words, music and pictures. So it touches a different part of a person's brain. On the other hand, print is highly targeted. It is highly selective in the sense that there are certain groups of people that read certain publications, and there are a lot of statistics that will show you indices on who reads what magazines most or who reads what newspapers most. As I said earlier, audiences who are called "influentials," or "opinion leaders", generally tend to read more. Television is also an extraordinarily expensive medium. The inflationary factor on broadcast has increased tremendously, affecting budget allocations.

Chevron, along with a lot of companies, had not been used to spending a great deal of money with advertising. Just the whole effort of advertising or communicating with the public was a very new thing to them. They also had a new CEO that came along and changed the tone of the company saying "it's time for us to go public. It's time for us to change our ways." It was a move in the 20th Century. They began to realize that there was a public out there that they had to deal with. And they began to be more

open even with the news media. Rather than "stonewalling," it became a company policy to be more open and more honest with them.

Also, from a budgetary standpoint, Chevron no longer was advertising its gasoline products. There was no law against trying to get people to buy gasoline in the seventies. But the whole energy situation looked very severe. It wasn't illegal, but certainly it was close to being immoral, even stupid to go out and tell people to buy their gasoline and use it. The morality of the country was to get people to save, to have a conservation ethic. So the budget that was allowed to television advertising then became allocated to a different kind of advertising, and it became more corporate in nature as opposed to product. About 1982, that all changed. Suddenly there was no more energy crisis and suddenly we started talking about the energy or the oil glut. So things began reversing themselves. The market said: now we've got to sell gasoline.

In a an article published in 1983, Dr. Winters referred to a new concept of "marketing as an essential corporate communication tool." How did it affect Chevron's advertising? How is this concept viewed today?

DAVID SOBLIN: When this concept emerged, a number of things were happening at the retail area. A lot of gasoline companies were beginning to have "self-service," which was something new: pump it yourself! The whole idea of service was beginning to decline. Some companies, like ARCO, blew up its credit card, and said: all cash! The whole marketing changed, and, of course, when you're trying to position any company in advertising, you try to find a point of difference. We found that many people still wanted service: they wanted choices. So we came up with a campaign that basically was saying : "whatever you want." If you want cash, or credit card, or self-serve, or full-serve or whatever like that, Chevron says Yes. The campaign was extraordinarily successful.

Then we started the corporate "stuff," with the "People Do" campaign. And the combination of those two was extremely favorable. In fact, it was actually approaching the public with the same tone, the same personality.

Being very honest, there was no intent to combine a marketing approach with corporate advertising. There should have been, but there wasn't a decision to do that. Within the company there were two functions, marketing and public affairs, who were really not that well coordinated. In my opinion, what we did was probably a function of J.

Walter Thompson's work. We were working together here, so that we were able to somehow convey the same tone, the same look, the same feel for both product and corporate campaigns. Whenever people saw that Chevron logo, they were getting almost an emotional message, that said something very good about that company. This message made them feel very favorable towards Chevron, from two different aspects: their products, and the company itself. And that's a very good combination.

In your opinion, how "scientific" is the process of creating new corporate campaigns for Chevron?

DAVID SOBLIN: People like to believe that a lot of things that come out of huge organizations, including governments, or presidents, or cabinets or congresses and things like that, are the result of some kind of great strategic thinking and great minds. It has even been translated into conspiracies where large organizations or large governments somehow get together to manipulate the minds of the public, or the constituencies or the citizens. Often it comes about as an accident. The truth about these campaigns is that there was no true concerted effort to try to meld those things together. There was a marketing effort going on to

sell gasoline. Simultaneously it was determined that there should be corporate advertising. I'm not sure if it was really even strategically based or whether or not it was a matter of competitive factions within a company, each one saying, "we want to have our own advertising."

But the corporate advertising that started out, the "People Do," was strategically a totally separate function. It was not carefully planned to be a concerted coordinated effort. It worked out that way, and many of us knew that it would work out that way. I can't say it was carefully planned. It didn't happen that way. If it had been planned strategically, it could have been even better.

What has been the role of research for determining the content of Chevron's corporate advertising campaign? Did you use research for the "People Do" campaign?

DAVID SOBLIN: We were asked to develop corporate advertising and the reason stated was not clear. It seemed that there was a group of people separate from the marketing people who wanted an advertising campaign. When I say the reason was not clear it's because it was not stated as a clear set of objectives or strategies . There also was a

lot of discussion at a very high level about "why are we doing this?" where the usual answers were "well, we want make people feel better about us. We think we should be liked; we like to be liked more," nothing very specific. But we took it very seriously.

The real objective behind "People Do" was to create or increase favorability toward Chevron. That was a very broad purpose. We then had to define a very basic thing--who we wanted to feel that way. It was finally determined that there were certain special interest groups, political figures, influential people who were the primary "adversary" of oil companies. And what we were trying to do was not make them love oil companies, but basically put them in a frame of mind whereby they would give Chevron the benefit of doubt in future controversial situations.

Does J. Walter Thompson already have any plans for Chevron's campaigns for 1990? Do you believe Chevron is going to invest more in corporate advertising?

DAVID SOBLIN: We believe the "People Do" campaign will continue at least until 1990, and probably beyond. In terms of investments in corporate advertising, I think Chevron will invest more. They have some basic financial goals and

responsibilities, and everything that is done in terms of corporate advertising should be able to be demonstrated in some way, to meet the overall goals of a company which is generally profit and loss-oriented. As we approach a new year, we have already talked about next year's plan, and they refer to it as next year's budget. But the thing is that in any good partnership, you try to work together, and it does become a compromise.

How important do you believe corporate advertising is for Chevron, compared to product advertising? How does management at Chevron see it?

DAVID SOBLIN: Corporate advertising has certainly gained in importance in Chevron's eyes, because there are people such as Dr. Winters. He has been able to show them results through what we may refer to as a report card. That's strictly research. That's numbers. What has been going on is tested and it shows that it does so and so. But I'm not so sure that the concept of corporate advertising, or its value, is really understood. I'm not even sure it is thought about that much. Chevron is an enormous company. The people that run it are not, by nature or by training, advertisers, or marketers. Therefore, when people at the

very top spend their 10 or 12 or 14 hour day, once in a while, in one of those days out of one of those weeks, the idea of advertising might run through their minds over a period of a couple of minutes. Or, if they have a meeting, or they are going to discuss the specific idea of advertising, which may last an hour or something, their attention may be driven to it. But I believe that, in the priority of their minds, they don't stop to consider if corporate advertising is valuable or not. I don't think they really think about it that much. Maybe one time of the year, during the budget process, when people are developing next year's marketing plan and the budget for that, that's when it's focused because somebody is coming to them and saying: we would like to spend X number of dollars next year for corporate advertising. At that point, every year, there is a justification, where a man says: why are we doing this? And then that's when they focus on. Why are we spending this much money? How are you spending it for this? How are you spending it for that? And then people come back and say: we are doing it because of this reason, or because of that reason. And then it is time to say: we should be doing this. And then somebody will say: you really showed me how important it is, but I just can't spend that much money in corporate advertising. So, knock out ten percent

of what you got, see what you can do. And that's the kind of way it works.

In fact, product advertising is more important where the company feels that it is gaining more of its profits, its revenue. If you can conclusively say that corporate advertising is selling more gasoline than product advertising, then you probably need more corporate advertising. In fact that's the kind of thing that's going on now. We found out that the product advertising that was done last year was terrible. It was not only awful in selling products, but because it was so contrary to the image, or to the perception that people had of Chevron from the past, that it even damaged the "People Do" campaign. The advertising that they are doing for gasoline sales now has changed somehow. It is softer, it is quite different, and we are hoping that somehow we will get together because now we have two separate advertising agencies. We no longer, for the last two years, handle Chevron's product advertising. And so, you have two separate departments within the client's organization that are doing advertising. You have two different advertising agencies responding to two totally different clients. So, what you basically have is no overall company personality or company effort. What you have is the effort of two separate entities, and that's

not good.

There are indications, in some cases, that the results of corporate advertising were better. It is just better advertising. It was better thought out. It was better executed. Creatively it is just better. But obviously that's not necessarily true for all corporate advertising.

Corporate advertising can be very well done and it can be extraordinarily valuable to a company if done properly. But it is very difficult to be done for two reasons. One is because budget allocations toward corporate advertising seems to be less, and number two is because most people don't truly understand it. They can even intellectually understand what corporate advertising is supposed to do, but because it becomes so close to them, personally, they can get non objective. When you're talking about a product, the CEO or the president can somehow disassociate himself intellectually from emotionally. When you begin to talk about the company, then you're talking more emotionally to the people that run that company and therefore they begin to have more of a personal input into the problem. And once that input goes in, unless it is very carefully watched, and the people really understand the strategy of this kind of communication, it can interfere.

We're talking about people, not just an audience, but the people who run companies, who have feelings, and emotions, and desires. When they're dealing with something as close to themselves as their company, they can really get non objective. And it does happen. I don't think that this is anything that has ever really been talked about: the emotional state, or the personal feelings that affect advertising, or businesses.

What are Chevron's corporate advertising goals for the future?

DAVID SOBLIN: Our recommendation to the company, made several months ago, strongly urge them to do even more to firmly position themselves as the industry leaders in finding solutions to environmental problems. We recommended that they not only should just do it like they are doing it now, but they should expand it geographically. We believe they should expand it to larger groups of the public because environmentalists are not only just a few people anymore--it is becoming the world.

Chevron is very serious about preserving the environment. They started it in California, and now in a few other places. But environment now is becoming a "in"

thing, and we have Green Parties not only in Europe. The economic situation is different. We are not focused on our jobs at least like we used to. People are having more time to think, and the environment is becoming in fashion. Once things become in fashion, then people start using it for advertising. And I think that is what you're going to see. It has already started. A lot of different companies, as well as oil companies, are using the environment as a trigger to get to people, and we have told Chevron that they should keep doing it and keep doing it more, before somebody comes along and takes it away from them. Because somebody can, and somebody will.

From the standpoint of Chevron's corporate posture, because of the people who are in charge of it, and because of us, I believe there will always be an emphasis on the personality of the company--a personality we think we have helped to establish, which is characterized by a certain caring and responsiveness to the public.

The content of this interview exemplifies the gap that still exists between practice and the use of theory in creating corporate advertising. Nevertheless, the process is definitely evolving. It seems that advertising agencies

and corporations are joining efforts in order to use scientific methods to develop more effective corporate ad campaigns.

As a contribution to this process, the researcher suggests a new taxonomy based on the results of Chevron's advertisements content analysis.

A New Taxonomy

A new taxonomy is suggested to provide a basis by which researchers can examine corporate ads. It also aims to help professionals in the field in their task of defining advertising objectives in order to better design ad campaigns and achieve corporate goals. By discriminating advertisements' character and organizing them into distinct categories, the proposed taxonomy, when used in conjunction with an independent assessment of impact, may provide standards that will function as guidelines by which judgments about corporate ads nature and values can be made.

The large percentages of ads classified as "image ads" or "issues of value" in the census analyzed presented an analytical problem. Neither of the two taxonomies used to classify those ads was entirely satisfactory because they did not provide sufficiently sensitive categories to identify subgroups that certainly exist among "image" or "issues of value" ads. The new taxonomy attempts to formulate more sensitive categories in order to cover the full range of corporate advertising run by Chevron.

The rationale for the taxonomy suggested by the researcher is focused on two points. In an area where few

studies are theory based, and practice often relies on intuition rather than scientific research, a methodology based on an analysis of a real case would not only provide the framework for a better understanding of corporate advertising, but also contribute to establish a basis of comparison to guide the practice of the activity.

If the taxonomy succeeds in identifying and specifying all classes of corporate ads, it can be used, by common consent, as a model to standardize terminology and definitions. Because of the simplification and clarity achieved, this taxonomy would then become a tool for corporate communication management to formulate more specific corporate communication goals and objectives. It would function as a guide for communicators to understand the variety of options, refine their thinking and select the type of ad that presumably will better achieve the communication end.

A better knowledge of corporate advertising structure will also permit the design of better evaluative standards, increasing the confidence in corporate advertising effects.

The new taxonomy, called Model III, is based on objectives of corporate advertising. According to David Ogilvy (1986), "good" corporate advertising hopes to achieve

four objectives: build awareness of the company; make a good impression on the financial community; influence public opinion on specific issues and motivate present employees as well as attract better recruits.

Keeping these four objectives in mind, different types of ads were identified according to their ends to be achieved:

- * Public Relations
- * Institutional
- * Goodwill
- * Corporate identity
- * Advocacy
- * Recruitment

The subject-matter categories for Model III are as follows:

1. Public relations advertising: Advertising related to the community citizenship of an organization. It is used when the company wishes to communicate directly with one of its target publics. Ads attempt to establish company's reputation and change attitudes among specific segments such as constituencies, government, the press, labor, customers, competitors, stockholders and so on. It seeks to enhance a company's relationship with the communities in which it operates, by showing concern and support to these

communities.

2. Institutional advertising: Advertising that seeks to "position" favorably a company in the public's mind; general image campaigns. It usually reports the company's record of accomplishment, or positions the company competitively in the marketing, establishing the corporate name and enhancing the prospects for sales. The purpose of these ads is to have the company considered as a valuable asset to the industrial, social and economic life of the nation. They support the company's role referring, for example, to the importance of new technology.

3. Goodwill advertising: Advertising that tries to build a reservoir of goodwill toward the company. Appears usually under the form of corporate support for non-commercial television (underwriting Public Broadcasting System for instance), or ads that refer to sponsorships of public events, and contributions to charitable or noncontroversial public causes. Usually there is a minimum of corporate identification.

4. Corporate identity advertising: Advertising that helps to "humanize" a company by presenting its "face" in the form

of a symbol, helping to mold the company's image in a positive way. It is used when there is a change in corporate personality. Ads promote name identification, communicate a new name, a new logo, or an ownership change.

5. Advocacy advertising: Advertising that directly or indirectly seeks support for a cause or a company's point of view. Messages claim to show the benefits of a capitalist economic system. They can simply inform or educate audiences on subjects of importance to the company, or refer to controversial or political issues, fostering values of free enterprise. These ads are aimed at correcting misunderstandings, defuse hostility to business or defend a policy. They also try to counterbalance media support of the adversary, overcoming inadequate coverage and perceived media bias.

6. Recruitment advertising: Advertising used to motivate people, employees, and attract better employment applications. It is usually found in classified sections of daily newspapers or, for instance, in college placement annuals.

To test the applicability of the taxonomy proposed, the researcher classified Chevron's advertisements

accordingly. The results, presented in Table 9, reveal that the larger percentage of ads ran by Chevron in the last decade, 33 percent, referred to underwriting PBS, general contributions and charitable sponsorships. The second most published type of ad, 29 percent, were related to Chevron's relationship with its target publics and communities where the company operates. Issue oriented advertisements were 19 percent of the total, and general image, or institutional campaigns, 17 percent. "Corporate identity" and "Recruitment" categories show low scores. Each has only two percent of the total. In spite of the low result the researcher believes in the utility of these categories. They accurately depict two kinds of ads that are not only very specific types of corporate advertising but are also invariably run by any large advertiser.

Table 9

Percentages of ads classified according to Model III		
Type of Ad	No.of Ads	Percentages
Public Relations	53	29%
Institutional	32	17%
Goodwill	61	33%
Corporate Identity	2	1%
Advocacy	36	19%
Recruitment	2	1%
Total	186	100.00%

Ultimately, Model III is mainly composed by sub-categories of "image" or "issues of value" ads. It is an attempt to refine such categories in order to better describe the various types of corporate ads and their functions. Once applied to Chevron's advertising, Model III shows more variation among the categories than the previous two models. However, no reliability test was done to verify if a second coder would gauge the same results obtained by the reseacher.

Conclusions

Looking at the results of the new classification, what immediately emerges is a much more harmonious distribution of Chevron's ads along the six categories. In other words, the "dump" observed in the "image" category of Model I, and the "issues of value" category of Model II, did not reoccur. There were also no unclassified ads when the third taxonomy was applied (see Figure 6).

MODEL I

Note: A = Image
 B = Informative
 C = Public Interest
 D = Participation
 E = Patriotic
 F = Free Enterprise
 G = Controversy
 H = Equal Time
 I = Advertorial
 J = Recruitment
 K = Miscellaneous

MODEL II

Note: A = Issues of Facts
 B = Issues of Value
 C = Issues of Policy
 D = Issues of Control
 E = Miscellaneous

Figure 6: Comparison, in percentages, of Chevron's print ads distributed along different categories of Models I, II and III

The proposition of Model III aims to contribute to a more systematic way of classifying corporate advertising. Among the limitations of this pilot study is the small amount of ads analyzed. This is why the researcher suggests

that the results obtained must be cautiously interpreted, and further reseach needs to be done.

To assess the validity of such a "new" taxonomy, for example, the researcher suggests a content analysis. America's largest oil companies (Exxon, Mobil, Arco, Shell, Texaco) print ads should be content analyzed over a period of six months in two national weeklies (Time and Fortune, for example) and two local newspapers of areas where these companies mainly operate. The ads collected would be classified according to Model's III categories. If the results of the content analysis show variation among the categories and no "dump" is observed in one or more of them, the taxonomy would be considered successful to accurately describe and foster understanding about corporate advertising.

From this study, other suggestions also come forth.

* An analysis of Chevron's use of television for corporate advertising should be conducted. The ascendancy of network television as a primary vehicle for this kind of advertising has been offering opportunities to companies to pinpoint their target audiences more accurately.

Nevertheless, how this mass medium has been influencing corporate advertising form and content needs to be considered.

* A specific study of advocacy advertising among oil companies should be done. Content analysis of news weeklies would confirm or not the tendency pinpointed in this project, that it is a trend that has been abandoned since 1983.

In the researcher's opinion, what makes Model III useful is its simplicity and the precision gained in terms of defining the designed ends to be achieved by an organization's corporate advertising. With its validity assessed, the standards set by Model III will immediately serve as a parameter for advertising agencies and industries define corporate ad strategies.

It is obvious that the researcher's perceptions of intent when classifying Chevron's ads may be incorrect. According to Heath & Nelson (1983) "without access to the proprietary advertising and evaluation programs of companies or other organizations, scholarly studies must avoid the classic fallacy of assigning an apparent purpose to ads" (p.116). However, the researcher is convinced that, if the

purpose of an ad is not "apparent" for the scholarly trained eye, than it may not even be clear for the advertiser.

The traditional problems of validity and reliability were not overlooked, but only future studies will be able to tell if others categorize the ads as the researcher did. Nevertheless, the basic purpose of the present analysis was achieved: to bring about a more systematic discussion of corporate advertising structure.

The researcher hopes that the suggested taxonomy provides enough descriptive power to help open new doors for corporate communications researchers as they continue the process of theory building. This project aims to be a contribution to the development of new concepts that once put in practice, will certainly promote a better interaction of organizations with their publics.

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APPENDIX

CODING SHEET A **MODEL I**

MEDIUM: _____ DATE: _____ CODER: _____

Type of Ad	Dimension	EXPLICITLY POLITICAL	ECONOMIC BENEFIT	IDENTIFIABLE POSITION	DIFFUSE or SPECIFIC	EXHORTATION	SIMPLE or COMPLEX	SEVERAL PERSPECTIVES	TESTABLE	OFFENSIVE or DEFENSIVE
IMAGE										
INFORMATIVE										
PUBLIC INTEREST										
PARTICIPATION										
PATRIOTIC										
FREE ENTERPRISE										
CONTROVERSY										
EQUAL TIME										
ADVERTORIAL										
RECRUITMENT										
MISCELLANEOUS										

SIZE: _____ DURATION: _____

CODING SHEET B

MODEL II

MEDIUM: _____ DATE: _____ CODER: _____

ISSUES OF FACT	ISSUES OF VALUE	ISSUES OF POLICY	ISSUES OF CONTROL	MISCELLANEOUS

SIZE: _____

Chevron Corporation

225 Bush Street, San Francisco, CA 94104

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Public Affairs

March 28, 1989

Ms. Heidi Taborda
443 Clay Street, Apt. #4
Monterey, CA 93940

Dear Ms. Taborda:

I have received your thesis proposal and request for Chevron ads. I do not have the ads so I am referring you to Mr. David Soblin at J. Walter Thompson -- our advertising agency. With a copy of this letter to him I am alerting him to your request.

I understand that you wish copies of ads (commercials as well?) since 1980 so that you can do a content analysis. Also you would like media placement. Would general plans of the media placement suffice?

Mr. Soblin is the person most knowledgeable about our corporate advertising. I suggest that you call him at (415) 955-2000.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lewis C. Winters".

Lewis C. Winters

cc: Mr. David Soblin - JWT