

TITLE OF CASE STUDY: The Backbone of America: The New Steel Inside the Beltway Campaign

Not all great advertising is found in national campaigns for automobiles, cell phones, household appliances, and canned soup. Advertising is also important for less visible industries that are rarely featured in the 60 seconds between TV shows, yet are vital to our economy. For example, a commonplace material such as **steel**, without which none of the above products would be possible. This is the story of how a highly focused and innovative advertising campaign is helping to ensure that the U.S. steel industry continues to make a vital contribution to America.

BUSINESS SITUATION AND CAMPAIGN OBJECTIVES

1998-2003 was a period of crisis for the American steel industry. Cheap foreign steel was being dumped on U.S. shores by China and other countries, leading to many bankruptcies and layoffs. In response, America's steel industry underwent extensive consolidation, new labor-management agreements and technology advances from which a revitalized domestic steel industry emerged.

A research-driven national advertising campaign during this same time period helped improve the image of steel, as a material, among the general public. But the aftermath of the trade imbalance presented the industry with a different kind of perceptual problem. The leaders of the American Iron and Steel Institute (AISI) believed that the crisis period had left lingering negative perceptions of the industry among Washington policymakers, legislators and regulators—those who have the final say on trade laws, energy policies, research subsidies, and other rules by which the steel companies live and die. Confirming these impressions, AISI found at a major meeting that many government officials present were not aware of the American steel industry's tremendous environmental achievements.

AISI's Strategic Communications Council (SCC) directed the Institute to commission research to determine the extent of outdated and unfavorable perceptions about the industry among policymakers. AISI's leadership conjectured that the industry could not expect sound and fair public policy from Congress or from the Administration if government decision makers didn't know the facts that demonstrate the domestic steel industry to be clean, technologically-advanced and globally competitive, and an industry that is strategic to America's future.

Armed with the results of a study conducted by Harris Interactive, AISI's research partner, the SCC advised AISI's Board of Directors to approve an integrated communications campaign that would include advertising and public relations, in order to change the perceptions of policymakers about the domestic steel industry.

Campaign Objectives:

Achieve a public policy environment that is more favorable to the U.S. steel industry, by:

- Improving the substance of what is being seen and heard in Washington, DC about the steel industry.
- Building awareness among policymakers of steel's environmental profile, particularly its leadership in recycling.
- Shifting policymakers' perceptions of the steel industry from *old, dirty, outdated and in need of protection* to *clean, modern, hi-tech and globally competitive*.

RESEARCH

Harris Interactive conducted benchmarking research in March of 2006. Interviews were conducted among 302 “opinion elites” living within the Washington, DC metropolitan region, who served as a surrogate for policymakers. To qualify as an opinion elite, respondents had to rate themselves as both interested and informed on current issues, and active in promoting issues or causes. This research became the basis for the development of all aspects of the campaign, including its main objectives, target audience, strategy and key messages.

The research revealed that the steel industry had powerful perceptual equities on themes of national security and economic impact. However, perceptions regarding the steel industry’s environmental record were less favorable, with limited awareness of the advanced technologies and reduced environmental footprint that characterize today’s globally competitive industry.

Of particular importance was the finding that a plurality of respondents believed the steel industry was better described as “*old, dirty, outdated and needs trade protection to compete*” rather than “*modern, hi-tech, clean and globally competitive.*” The research showed that most people (64%) did not have strong opinions one way or the other on this question, meaning there was room to influence opinions. *Changing opinions on this question became a central objective of the campaign because doing so will position the steel industry more positively in terms of its public policy agenda.*

Fortunately for the industry, telling this story requires no spin—the facts speak for themselves. Today’s American steel industry is one of the country’s most environmentally progressive, characterized by clean, modern, profitable plants run by a highly skilled and technical workforce. The industry has invested billions of dollars in new technologies over the past few decades—long before foreign dumping forced it to do so—to improve productivity, save energy, and protect the environment. U.S. steel industry productivity has more than tripled since the early 1980s, and over the past decade. American steelmakers have reduced the energy required to produce a ton of steel by 28 percent, while reducing emissions to levels well below Kyoto standards. In North America, three-fourths of all steel is recycled, more than all other materials combined.

The benchmark study also included message testing to evaluate copy to be used in advertising. Strong majorities of respondents felt the following messages were “powerful” in communicating that the U.S. steel industry is strategically important:

89%	The U.S. steel industry is an economic job machine. Steel producers in North America generate more than 1.5 million jobs and over \$80 billion in annual sales revenue, generating seven jobs in other economic sectors for every one direct steel industry job.
89%	Nearly three-fourths of all American steels end up recycled, making steel the most recycled material on the planet.
84%	U.S. steel companies are critical to our national security and help arm America's military.
84%	New lightweight advanced high-strength steels are helping automakers produce clean, safe, and more fuel efficient cars.
79%	Every ton of steel bought or imported from foreign manufacturers puts out a ton of pollution into the environment and earth – eight times the amount produced in the U.S.
79%	Steel is the vanguard of manufacturing; every modern, industrialized nation requires a strong and healthy steel industry of its own.

CAMPAIGN DESCRIPTION

AISI's *New Steel Campaign* focuses on a theme of global competitiveness, emphasizing that:

1. America's steel industry is the backbone of U.S. manufacturing,
2. the steel industry is progressive and innovative,
3. the steel industry is reducing its environmental footprint, and
4. the steel industry is vital to America's economic and national security.

Target Audience

The target audience for the New Steel Campaign is Washington policymakers, including, but not limited to: Members of Congress and their staffs; federal agency officials; White House officials and staff.

Media Plan – Paid Advertising

A major challenge was how to take this story to an elite target audience, concentrated in a small geographic area, with a limited budget. The first step was to saturate the media in the Washington DC metro area with carefully placed ads affirming key messages. Blue Worldwide, the advertising division of Edelman, was the creative agency.

1. **Print** was chosen as the principal medium for the paid advertising campaign. Full page ads appeared in *Roll Call*, *National Journal*, *Congressional Quarterly*, *The Hill*, *Express*, and other papers and magazines widely read by Washington policymakers.
2. **Transit advertising** was used, including "car cards" inside DC Metro trains, and large-scale backlit dioramas in Metro stations most frequented by federal government aides and staff members.
3. **Radio spots** ran on four District of Columbia stations: WTOP-AM/FM, WMAL-AM, WGMS-FM and WAMU (NPR).
4. **Banner ads** were posted on websites like Washingtonpostonline.com, Rollcall.com, and NationalJournal.com.

All of the ads drive policymakers to www.steel.org, where they can learn more about the domestic steel industry through fact sheets, position papers, case studies, and other materials.

Schedule and Budget

Advertising launched June 1, 2006. The media buy was focused when Congress was in session. The total campaign budget for 2006 and 2007 was approximately \$3 million, of which media accounted for \$2.78 million. The campaign will continue into 2008.

Creative Executions

Since the launch of the campaign, AISI has unveiled five print advertisements and four supporting radio spots. The ads to date include:

- "The Backbone of America," which discusses the industry's economic importance and impact;
- "The Clean Little Secret," which highlights the industry's positive environmental story;
- "America's Job Engine," focusing on the people behind the industry;
- "The Brains Behind the Brawn," touting the industry's high-tech advancements; and
- "Setting the Standard," which highlights the industry's environmental leadership while noting that other steelmakers around the world need to shoulder their fair share of the responsibility, since global problems require global solutions.

Supplementing the Paid Media Campaign

AISI has used a variety of strategies to extend the reach of the advertising campaign. The key objectives behind these efforts have been, 1) to develop a unified message strategy for all spokespersons, and 2) to utilize third party validators to amplify the industry's message.

Earned Media

- The launch and rationale behind the campaign were announced at a press conference coinciding with AISI's annual meeting. Reuter's wire service and *American Metal Market*, the primary metals trade publication, both filed stories about the launch.
- Press releases reaffirming the campaign's key messages have been developed and issued.
- AISI pitched major media read by opinion leaders to write about the American steel industry's transformation as detailed in the campaign. Major media outlets published significant stories profiling the campaign and its objectives, including *The Wall Street Journal*, *The New York Times*, *The Washington Post* and *National Journal*.
- AISI's Chairman and President went on a New York City media tour, talking to top-tier business and financial media widely read by policymakers about the industry's transformation.

Industry Message Alignment

- AISI works to keep member companies informed about every step of the campaign, to ensure that AISI members are reaffirming key campaign messages in their meetings with congressional representatives.
- A task group of senior member company executives provides input on all creative and strategy decisions.
- Poster-sized reprints of print ads are produced and distributed to AISI's U.S. member companies, who post them in their plants and headquarters.
- Members are running stories about the campaign in their employee publications and talking with their community media about the campaign.

Capitol Hill Communications

- Targeting the knowledge gap about the steel industry's environmental profile, AISI organized and hosted several briefings held on Capitol Hill where the North American steel industry's commitment to a sustainable future was showcased.
- Reprints of articles are incorporated into a "Backbone kit" that was created to use in one-on-one visits to congressional offices.
- News stories in regional media are e-mailed to congressional offices to draw attention to industry progress.

Online Strategies

- AISI joined *National Journal's* Policy Council in 2006 to further AISI policy objectives. The visuals and key messages of the New Steel Campaign have been integrated into AISI's Policy Council site.
- AISI's Web site, www.steel.org plays an active role in the campaign, by providing detailed information in support of key advertising messages.
- AISI conducted an online survey, "Take the Steel Challenge," to test congressional staffers and others on their knowledge of key facts behind the campaign.

BUSINESS RESULTS

Advertising Effectiveness Research

National Journal routinely conducts independent advertising recall and response research on behalf of its advertisers. "The Backbone of America" print ad appeared in their April 21, 2007 issue. Two weeks after publication, interviews were conducted with 50-75 Capitol Hill staffers who had read the publication.

The *National Journal* report to the AISI about "Backbone" included these findings:

1. Recall outperformed the issue average: 56% recalled seeing the ad, compared with 41% average for all ads in that issue.

2. Drawing power outperformed the issue average: 82% of readers who saw the Backbone ad read it, compared with 73% average for all ads in that issue.
3. The imagery worked: Open end responses commented favorably on the backbone imagery, associating it with strength, and recognition of the New Steel logo was high.
4. The message got through: When talking about the message of the ad, readers most frequently referred to the industry's environmentally-conscious efforts and its work to become competitive on a global scale, two of the campaign's key messages.

"Clean Little Secret" ran in a separate issue of *National Journal* and a similar study was conducted. Among the verbatim quotes from respondents:

- "I really see this ad as changing my entire preconception of the steel industry as big, dirty and polluting. It's a great and an effective ad that stresses recycling and environmentally-responsible behavior." – *Communications Director, Senate*
- "This is pretty surprising. I would guess that most Members do not know that this Institute has really made great strides in recycling and reduction of emissions. It's a good ad. I feel favorably towards them." – *Press Secretary, House*
- "I see this as a vital U.S. interest that needs to be supported. I see the benefit of this. They have made some good improvements. The ad has an excellent message." – *Press Assistant, Senate*

Tracking Research

Harris Interactive has conducted four waves of a tracking survey to measure the progress of the campaign in changing attitudes toward the steel industry among Washington opinion elites:

- March 2006
- September 2006
- April 2007
- October 2007

In addition to the 300 regular respondents to the October 2007 survey, we included an oversample of 65 federal government employees, shown as a separate column in the tables below. On most questions, results among this group were even more pronounced than the average.

Seen over time, the results show that the campaign is having an effect in changing attitudes inside the Beltway. Some key findings:

1. The substance of what is being seen and heard recently about the steel industry has improved

What is it you have seen or heard recently about the steel industry? Would that be positive or negative?			
	3/06	10/07	10/07 feds
Positive	25%	54%	40%
Negative	65	27	4

2. There has been a 7-point gain in those aware of steel's leadership in recycling, with a plurality of federal employees getting the message that steel leads the pack.

Which one of the following is the most recycled material in the world?			
	3/06	10/07	10/07 feds
Paper	43%	42%	32%
Steel	18	25	45
Plastics	17	15	6

Aluminum	21	15	14
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- There is a much-improved perception of the steel industry as being *modern, hi-tech, clean and globally competitive*.

Which opinion do you agree with most? The U.S. steel industry is...			
	3/06	10/07	10/07 feds
... old, dirty, outdated and needs trade protection to compete	49%	41%	15%
modern, hi-tech, clean and globally competitive	38	44	71
<i>Net shift</i>		+14	

- On the question of global competitiveness, there has been a significant shift away from the perception that steel is part of the problem, and toward seeing steel as part of the solution.

[When it comes to] A globally competitive U.S. manufacturing sector... Do you think the U.S. Steel Industry is part of the problem or part of the solution?			
	3/06	10/07	10/07 feds
Part of the problem	39%	25%	15%
Part of the solution	51	60	78
<i>Net shift</i>		+23	

Capitol Hill Results

- Unified messaging among industry spokesmen produced higher impact briefings and testimony on the Hill and more effective media interviews.
- Over 100 congressional staff and federal officials attended Hill briefings held in 2006 (automotive advances; environmental).
- The Executive Director of Earth Voice endorsed the steel industry's recycling achievements at a Capitol Hill briefing
- More than 50 face-to-face meetings took place with press secretaries and legislative aides covering key AISI campaign messages and related policy issues.
- National Journal* ranked the AISI micro site #3 among the most accessed sites for 2006. All communications with the House and Senate Steel Caucuses reference the site to drive traffic there, where the New Steel campaign is prominently featured.

Favorable Legislative/Policy Outcomes

The goal of this campaign has been to influence policymakers to pass laws and make other policy decisions favorable to the steel industry. This is happening, as shown by several successes since the campaign began:

- The House of Representatives passed H.R. 1126, which *reauthorizes the Metals Initiative*, a public-private cost-sharing research partnership to develop technologies in the metals industries. The bill re-authorizes \$12 million per year for five years to fund advanced metals research, in partnership with the U.S. Department of Energy.
- Secured a boost of nearly \$2.1 million (to \$3.7 million overall) for the *ITP-Steel program* in the final Department of Energy FY'08 budget approved by President Bush.
- Secured participation of 4 U.S. Senators, 20 Members of Congress, and the Lieutenant Governor of Alabama to testify before the International Trade Commission in support of *helping level the playing field for U.S. steel producers* by maintaining duties against dumping into the

U.S. market. These efforts helped lead to a unanimous decision by the ITC to maintain antidumping orders on hot-rolled steel from China, India, Indonesia, Taiwan, Thailand and Ukraine.

4. Worked with manufacturers to successfully encourage Rep. Gresham Barrett (R-SC) and Rep. John Spratt (D-SC) to introduce a legislative measure (H.R. 2714) to *amend the Non-market Economy Trade Remedy Act of 2007*, with respect to “zeroing” and other technical trade law issues. Also helped garner support from several additional members of the House Steel Caucus to cosponsor the measure, which is aimed at keeping U.S. manufacturers on equal footing with their foreign competitors.
5. Recognizing the steel industry’s commitment to reducing greenhouse gas emissions, joint funding has been authorized by DOE and the National Science Foundation to join with the Auto/Steel Partnership to *fund research into developing the next generation of Advanced High Strength Steels* for application to future vehicles to reduce mass and energy consumption.
6. *New provisions in the Farm Bill*, for which the industry has been lobbying, are expected to *favor canned foods* (an important steel market), because of their nutritional value and safety (non-perishable).

Societal Benefits

In telling the story of the industry’s tremendous achievements toward lightening its environmental impact, an indirect consequence has been a greater formalization of the industry’s commitment to sustainability, including greater focus on data collection and reporting, and collaboration with the global steel industry toward developing a best practices approach for the global steel sector’s environmental performance. This will bring long-term benefits to the global steel industry, to society at large, and to the planet.

Conclusion

These results show that the campaign is succeeding in turning around outdated views, while restoring the reputation of steel as a sustainable and strategic industry, vital to America’s economic and national security. We fully expect that the positive impressions created by this ongoing campaign will continue to lead to sound and fair policies coming out of Washington that will preserve the U.S. steel industry’s ability to compete at home and abroad.

THE AMERICAN IRON AND STEEL INSTITUTE

AISI serves as the voice of the North American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI also plays a lead role in the development and application of new steels and steelmaking technology, including research directed at reducing CO₂ emissions. AISI is comprised of 31 member companies, including integrated and electric furnace steelmakers, and 130 associate and affiliate members who are suppliers to or customers of the steel industry. AISI’s member companies represent approximately 75 percent of both U.S. and North American steel capacity.