

# CRISIS TALKS

In the age of social media and 24-hour news, it seems corporate crises are constantly in the headlines. Whether it's a PR disaster born entirely online, or a serious real-world product recall, a lot can be learned from companies' attempts at damage control. *Marketing's* KRISTIN LAIRD asked five public relations professionals to weigh in on three recent, well-publicized PR crises

## NESTLÉ

### THE ISSUE:

Greenpeace has accused Nestlé of importing palm oil from Indonesian suppliers guilty of destroying rainforests that are home to endangered orangutans. The environmental group released a video online that showed a man eating a Kit Kat bar, which turns out to be made of orangutan fingers that crunch loudly and ooze blood as he chews. Consumers used Nestlé's Facebook page as a forum to openly criticize the company. The comments were welcomed until users started altering the company logo, which Nestlé warned would be deleted.

"Not sure you're going to win friends in the social media space with this sort of dogmatic approach... Social media is about embracing your market, engaging and having a conversation rather than preaching!" posted Paul Griffin, one of 90,000 members of the Nestlé Facebook page.

### THE RESPONSE:

The Nestlé moderator posted this: "Thanks for the lesson in manners. Consider yourself embraced. But it's our page, we set the rules, it was ever thus." After mounting pressure, in May, two months after the Facebook debacle, Nestlé announced it will cancel contracts with any firm found to be destroying rainforests to produce palm oil.

### THE MISSTEP:

Nestlé was too defensive in its response and failed to address the issue. "Brands have to be able to defend themselves in the social media [sphere], but in a constructive way that clarifies the situation," says Ken Evans, senior vice-president, Apex Public Relations. In the case of Nestlé, "not once in those early responses did we hear anything about the issue."

A consumer "bastardizing" a logo shouldn't be a concern for anyone in corporate America, says Daniel Torchia, managing director of Torchia Communications. "Companies need to remember to get off their high horse and realize the logo is not iconography."

### OPPORTUNITIES GAINED/MISSED:

Instead of being combative, Nestlé could have used social media to correct misinformation or provide an internal policy that counters Greenpeace's accusations, says Marion MacKenzie, president of GCI Group, adding that a negative response only works in the environmental group's favour. Nestlé could also have reached out to Greenpeace to help address the issue head on, adds Torchia.

### PR 2.0:

Social networking sites are modern-day focus groups that allow for a two-

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way dialogue with consumers. But corporations need to understand that these channels belong to the public, and not the brand, says Evans. If companies are going to engage with consumers online, they need to accept criticism, "no matter how gratuitous," he says.

People are going to talk about your brand whether you're there or not, adds Debra Weinstein, president of Strategic Objectives. The social media space is the best way to monitor these discussions and be a part of the dialogue.

## TTC

### THE ISSUE:

The Toronto Transit Commission suffered consecutive blows to its reputation late last year and during the early part of 2010: a fare hike was announced, a photo of a sleeping fare collector made the rounds on Twitter, and TTC chair (and one-time mayoral candidate) Adam Giambrone was embroiled in a sex scandal.

### THE RESPONSE:

Though Giambrone's sex scandal made for scintillating headlines, the real issue for riders is customer service. In January, the TTC announced several measures to improve customer service, including an advisory panel made up of customers, TTC employees and other stakeholders. The panel's first report on customer service is expected at the end of June.

In March, the TTC launched an internal investigation after the photo of the sleeping collector went viral, and said the issue would remain private.

The union representing TTC workers held three town meetings in April and May, which were also broadcast on the Rogers community channel and streamed live on the Internet. "We hope people will see that our union is open to criticism, welcomes public dialogue and wants to make things better," said union leader Bob Kinnear, in a statement. "We also hope that the public gains a better understanding of the challenges of our work."

### THE MISSTEP:

Torchia says the TTC needs to do a better job of explaining the need for moves like fare increases. It should also address the challenges of working with a staff of 12,000 and how it goes about training those people, he adds.

The union was quite aggressive with the patron who took the picture of the sleeping ticket-taker, insinuating his ethics were dodgy, says Evans,

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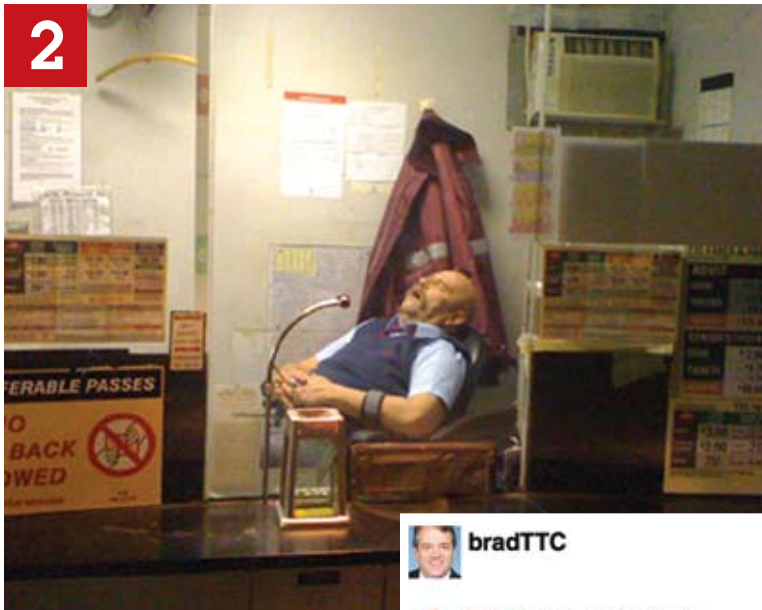


PHOTO: JASON WIELER

referencing a statement issued by Kin-near that read: “It is very discouraging that the picture taker and, apparently, other customers, made no attempt to determine if there was anything wrong with this TTC employee.”

“It was tit for tat rather than try and manage and find a solution to the problem,” says Evans.

#### OPPORTUNITIES GAINED/MISSED:

By building a reasonable level of brand equity, it’s easier for a company to earn public understanding and acceptance after a negative situation, says GCI Group’s MacKenzie. “If [riders] think you’re great, they will probably give you a bit more latitude.” She suggests focusing on the positive, like the TTC’s push on innovation. For instance, riders can now get information about when the next bus or streetcar will arrive via text messages.

In Weinstein’s opinion, the TTC and union made a number of good moves. Holding town hall meetings gave Torontonians a voice and allowed them to join the dialogue to help make the service better for riders, she says.

#### PR 2.0

“[The TTC has] a Facebook page that allows riders to voice opinions,” says Weinstein, and by doing so has “created a bridge of communications.” Brad Ross, TTC’s communications director, also communicates regularly with riders on Twitter.

## TOYOTA

#### THE ISSUE:

Toyota recalled 8.5 million vehicles worldwide in recent months to deal with safety problems involving floor mats, brakes and spare tires, some of which have been linked to fatal accidents. In Canada, the Japanese automaker recalled approximately 270,000 cars and trucks due to faulty gas pedal systems. The recalls are the subject of ongoing congressional hearings in the U.S. At a parliamentary committee in March, Toyota Canada officials admitted they should have notified the public and authorities sooner about safety issues.

#### THE RESPONSE:

Toyota Canada’s managing director Stephen Beatty released an online video in which he outlined the recall’s Canadian implications. A shorter version of the video later appeared on TV. “We knew telling our customers there was no need to worry was simply not good enough,” he says in the four-minute clip. “That’s why Toyota Canada initiated a voluntary safety improvement

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Toyota Canada managing director Stephen Beatty addressing the Toyota recall

campaign to provide the same vehicle improvements as offered in the U.S. for affected models.” Print ads ran in major newspapers nationwide. Toyota Canada executives also appeared on television news shows and embarked on a cross-country tour to demonstrate exactly what went wrong and what they’ve done to fix it.

#### THE MISSTEP:

Primarily, there was a lack of organized disclosure and a slow leak of information. Also, Toyota Canada was attempting in a subtle way to differentiate itself from its parent company, says Scott Reid, senior counsel, Veritas Communications. “At the end of the day you’re Toyota,” he says. “You can’t pretend otherwise. You can’t run from that and your brand is your brand is your brand.”

There was a constant shift of information, which ultimately led to a slow drip of bad news that was confusing to customers, says Weinstein. First it was an issue with the floor mats, then with break pedals. The recall was positioned as a U.S.-only problem and “certainly the problems weren’t specific to one region, it was a global problem,” she says.

MacKenzie says there seemed to be an internal disagreement in terms of the best way to handle the situation and the communications around it. Because of this, Toyota Canada was “behind in the credibility wars from the beginning [and] when you’re aware of something and you don’t move immediately, that’s when you run into difficulty,” she says.

#### OPPORTUNITIES GAINED/MISSED:

Toyota Canada needed to acknowledge the issue early, and aggressively, says Reid. “There’s nothing worse than trying to take the trash to the curb in more than one trip.” In all fairness, there may have been little Toyota Canada could have done in terms of localized communications because it’s tied to the Toyota enterprise, he adds. “This is an interesting example because it begs the question: how much can a subsidiary do on an independent basis if the parent company is flawed?”

The recall puts a huge dent in Toyota’s reputation, which was built on safety and quality, and the crisis communications were confusing at best, says Weinstein. “The way they respond going forward in terms of transparency will play a big role in how the brand is looked at going forward,” she says.

#### PR 2.0:

In a case like this, it’s preferable to manage the crisis communications online, says Apex’s Evans. “In many ways, the media are tracking social media to get tips on these sorts of things among other issues,” he says. Success comes down to “your ability to speak directly to your customer base whose trust has been harmed.”

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