It's bad enough countering bad publicity of your own making, but even harder to beat criticism that springs from wider social changes. Melody Bartlett asks the experts how brands can stay ahead of popular opinion.

A string of public relations disasters cost Cadbury Schweppes £20m in sales last year. The firm’s failure to label nut content in its Easter eggs, a salmonella outbreak at one of its plants and alleged accounting irregularities in its Nigerian operations all made the news at a time when the business was already struggling with its fat-fuelling image.

The backlash against a company that’s been a British family favourite for over a century brought business leaders out in a sweat. It showed that any firm could fall foul of public opinion if it failed to anticipate its stakeholders’ concerns and be seen to act on them.

Perhaps Cadbury Schweppes’ worst mistake was to hesitate. Waiting months to recall its products after the salmonella contamination didn’t endear it to consumers. And it may cost the business even more. Research by Oxford University shows that most damage can be undone, but only by a quick response. The slower a company’s reaction, the less likely its share price is to recover in the long term. The Impact of Catastrophes on Shareholder Value, by Rory Knight and Deborah Pretty, has good news for rapid movers: after an immediate dip, a firm’s share price will often rise in the long term if it tackles the crisis fast.

“Although all catastrophes have an initial negative impact on value, paradoxically they offer an opportunity for [managers] to demonstrate their talent in dealing with difficult circumstances,” the report states. On the other hand, firms that fail to deal with a crisis in time – “non-recoverers” – usually see their share price decline by about 15 per cent the following year.

For Channel 4, which faced a crisis over its Celebrity Big Brother game show in January, the net effect has been “fairly neutral” so far, according to Nick Baker, its head of publicity.

After the broadcaster started receiving complaints alleging that Shilpa Shetty was being racially abused by a fellow contestant, Jade Goody, it waited a few days before making a public statement. “In a situation such as this you have to be proactive, and maybe it took us a little time to respond,” Baker admits. “But we had to consider our accountability to stakeholders – the audience and the sponsors – before responding.”

When the racism row first made headlines in the Daily Mirror, only 200 complaints had been made to broadcasting watchdog Ofcom – relatively few in this era of e-mail. “The number of complaints built along with the media coverage, so that 10,000 were received between the Tuesday of the story breaking in the Mirror and the Friday of Jade’s eviction,” Baker says.

Channel 4 received 40,000 complaints in total, yet the view-
You need to understand the environment in which you're operating and future-proof your plans,” he says. You may know how your sales compare with your competitors’ or where your company ranks in your sector index, but media activity, NGO campaigning and even government policy will highlight trends long before they hit the sales figures and can be used to help strategic planning, Phillips says. “We use specialist teams – including journalists, media monitors, policy wonks and sector experts – to help clients understand what’s going on around them so that they can formulate strategy.”

A crucial factor in Channel 4’s favour was the show’s system of public voting. “We tried to demonstrate that we were taking appropriate action, but the beauty of Big Brother is that it punishes the baddies. People were allowed to have their say in voting Jade out,” Baker says. “Now we’re reviewing how we handled the problem. We are desperate to preserve Channel 4’s right and ability to broadcast material that pushes boundaries.”

With such a remit, Channel 4 might have anticipated the Big Brother crisis. But many companies are simply blind to what’s going on in the wider world, according to Robert Phillips, brand developer and founding partner at Jackie Cooper Public Relations. “You need to understand the environment in which you’re operating and future-proof your plans,” he says.

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In the late eighties the British Aerosol Manufacturers’ Association (BAMA) responded just in time to pressure from environmentalists to stop using chlorofluorocarbon (CFC) propellants. Jackie Murphy was the association’s public relations consultant at the time.
“We knew we had reached tipping point when Friends of the Earth told us that it was planning an advertising campaign making a direct link between CFCs and the hole in the ozone layer. In a situation like this you have to make a strategic decision – it’s not only about reputation,” says Murphy, who’s now managing director of Flagship Consulting.

The BAMA had been looking at alternative propellants, but, with no scientist prepared to state that CFCs were responsible for ozone depletion, the industry was reluctant to change. Finally, facing the threatened publicity drive, six members made the joint decision to stop using CFCs, launching their new products with a big education and marketing campaign.

“The result was positive for everyone,” Murphy says. “Friends of the Earth’s action was averted and we persuaded the rest of the association to follow suit within two years. British aerosols have been CFC-free since the end of 1989 and, crucially, aerosol sales didn’t drop.”

Investment in R&D can make the difference between satisfying consumers and causing an outcry. “When the healthy eating debate broke out, we found that many companies had already been working on closing the gap between their products and the healthy ideal, so they had a positive story to tell,” Phillips says.

After the 2004 documentary film Super Size Me, in which Morgan Spurlock ruined his health by eating only McDonald’s meals, the fast-food chain realised it was time to alter its menu. Although its sales increased in 2006, McDonald’s aims to stay ahead with new products and invitations for customer feedback.

“As the UK’s most popular family restaurant, McDonald’s gets a lot of attention and there’s a lot of debate about many aspects of our business,” says Lorraine Homer, the company’s spokeswoman. “We felt it was important to take part in that debate and to be open and honest about our food, so we set up a web site (www.makeupyourownmind.co.uk) where anyone with an interest in McDonald’s could ask us any questions.”

The company has recruited consumers via the web site to act as “quality scouts”, posting their feedback online. And, as well as putting more salads on the menu, McDonald’s has introduced sustainably farmed coffee and locally sourced produce.

### CRISIS MANAGEMENT

**DOS AND DON’TS**

**DO:**
- Quickly communicate upwards. Inform the senior management, the corporate communications team and the legal department as appropriate.
- Form a crisis team with specific roles. In a big crisis, try to isolate the team from daily business concerns.
- Prepare a holding statement for your response to media enquiries until the facts are ascertained.
- Gather the relevant facts quickly.
- Consider all audiences – put yourself in their shoes and understand how they might feel.
- Identify allies, experts and supporting materials and deploy them as required.
- Ensure that the crisis team controls the flow of information both in and out of the organisation.
- Create a rapid distribution system to keep internal audiences informed and updated.
- Ensure that your response includes the three Rs: regret, resolution and reform. At times you may also include restitution and responsibility.
- Operate as if the facts are already publicly known – journalists have many sources, including your employees, competitors and the internet.
- Constantly monitor and reappraise the situation.

**DON’T:**
- Think that the problem will go away because no one will find out or because “the facts are wrong”.
- Lie or become combative.
- Allow others to shape your organisation’s reputation.
- Underestimate the power of emotions to drive public and political behaviour.
- Forget that the internet can turn a minor local crisis into a global one in seconds, or that anyone can go online and talk about your problem to the world.
- Avoid telling the truth to protect someone who’s made a bad decision.
- Refuse to make a short-term sacrifice to protect a more significant investment/reputation.
- Ignore how investors and analysts will perceive it.

Source: Kissman Langford.

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**ACTIONS TAKEN AGAINST DISTRUSTED COMPANIES**

<table>
<thead>
<tr>
<th>Action</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refused to buy their products or use their services</td>
<td>73%</td>
<td>90%</td>
</tr>
<tr>
<td>Criticized them to people you know</td>
<td>74%</td>
<td>89%</td>
</tr>
<tr>
<td>Refused to invest in them</td>
<td>64%</td>
<td>75%</td>
</tr>
<tr>
<td>Ignored their attempts to communicate with you</td>
<td>56%</td>
<td>70%</td>
</tr>
<tr>
<td>Investigated more about their activities</td>
<td>62%</td>
<td>73%</td>
</tr>
<tr>
<td>Supported legislation controlling or limiting their activities</td>
<td>40%</td>
<td>55%</td>
</tr>
<tr>
<td>Refused to work for them</td>
<td>41%</td>
<td>53%</td>
</tr>
<tr>
<td>Shared your opinion and experiences on the web</td>
<td>22%</td>
<td>34%</td>
</tr>
<tr>
<td>Actively demonstrated or protested against them</td>
<td>14%</td>
<td>34%</td>
</tr>
</tbody>
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But it’s too early to tell whether these changes are responsible for its improved sales figures, according to Homer.

McDonald’s is not alone. In the 1990s, consumer concerns about commercial fishing practices grew so strong that an episode of The Simpsons focused on the issue. Instead of ignoring it, Birds Eye’s then parent company, Unilever, teamed up with the World Wide Fund for Nature to form the Marine Stewardship Council and establish a code of conduct for responsible fishing. What could have been a reason to bin its frozen fish became a reason to buy it.

Others turn to existing strengths to help them through tricky moments. Publicity stunts have given Sir Richard Branson a strong personal image and, when a Virgin train derailed in February, killing a passenger, the story focused less on poor safety measures and more on the driver’s heroism. Branson’s proactive courting of the press was a key factor in Virgin’s favour, according to PR consultant Michael Bland, who advocates media training for spokespersons, managers, receptionists and switchboard operators.

“Everyone can suffer from reputation inertia. The longer you’re around, the more complacent and vulnerable you become. Firms like Cadbury Schweppes are good examples of this,” Bland says. “The media is a rottweiler: you will get on OK if you feed it. Praising the bravery of the driver was Branson’s masterstroke, giving the press a story while deflecting attention from safety issues.”

It’s possible to turn bad news around, Bland points out. “Remember Clement Freud’s incessant criticism of British Rail sandwiches in the eighties? Making him its sandwich consultant gave BR a fantastic endorsement for its improved catering,” he says.

But the adage that there’s no such thing as bad publicity isn’t always true. When Benetton ran ads in 2000 featuring death row prisoners in the US, it was sued by a couple whose son had been murdered by one of the featured inmates. The case caused a media frenzy. As a result, the firm lost its franchise with Sears, which was worth 80 per cent of its US business.

The Oxford research report concludes that evidence of effective management is the key factor when there’s a public outcry, so it’s vital to keep shareholders and consumers informed.

Two-way communication works in such circumstances, according to Caroline Drummond, Birds Eye’s marketing manager. It was market research that gave the company time to act before things could go seriously wrong in 2005. “We began hearing a message we didn’t want from consumers a few years ago,” she explains. “Their perception was that frozen food was bad for you.”

Birds Eye realised that it was falling victim to wider concerns about healthy eating. Sales across the frozen foods sector were in double-digit decline in 2005 as the UK government’s white paper on obesity and TV “experts” such as Gillian McKeith influenced consumers’ diets. The company responded quickly by promoting the fact that its frozen foods were free of artificial preservatives and colourings. A 2006 billboard campaign showed fish and vegetables partly embedded in ice, with the parts in the ice perfectly preserved and those in the air decomposing. Birds Eye spent £20m on marketing in 2006 and it did the trick: net sales increased by £36m from £441m in 2005 to £477m in 2006. FM

Melody Bartlett is a freelance business journalist and former deputy editor of Business Voice, the magazine of the CBI. A company’s reputation is as fragile and precious as that of a Victorian lady: as soon as a whispering campaign starts it becomes damaged, often beyond repair. But the fact that we can all tell at least one story of substandard quality or appalling customer service from a well-known brand suggests that many firms still act like the heroine of a 19th-century melodrama who has an illicit affair and hopes that no one will find out.

This is foolish, given that the public tends to be even more perceptive than a jealous husband. “It’s hard to remember good customer service and far easier to remember a bad experience. But it’s not good enough that most transactions are neither: they are bland, boring and forgettable,” says Colin Shaw, partner in Beyond Philosophy. He has had a lot of such dull customer experiences because his firm analyses the ways in which companies interact with consumers.

“We get used to going to boards and saying: ‘Your baby’s ugly.’” Shaw says. “But we try to uncover not only the problem but its root cause as well. It’s often not the fault of the people providing the customer experience. They may be struggling with six incompatible systems that were designed 12 years ago, incomplete information from a number of sources and conflicting targets.”

Shaw finds that most companies still view customer service as dealing with complaints. He argues that customers’ perceptions are built from impressions gained from all points of contact: stores, web sites, mailshots, e-mails, advertising, delivery agents and so on, as well as friends’ opinions and reports in the media.

Some of these subconscious impressions can be gleaned by analysing CCTV footage and recorded calls, but some have to be experienced first hand. This is why Shaw and his colleagues undertake “extreme mystery shopping”. In the course of duty they have been known to flood flats and to stage car crashes.

“This creates interesting logistics. We used a flood because it created the maximum amount of work, from hiring dryers to finding electricians and getting the repairs done, but we also had to ensure that we didn’t cause structural damage or fuse all the electrics for the entire building,” he recalls. “We wanted to know how an insurance company would deal with a claim from someone who was at work all day and needed all these things sorting out.”

The car crash was even more complicated because of health and safety regulations and other legal requirements. In the end they crashed the car into a tree stump in a wood.

“We had to think of all the negative consequences first, but we did manage to write it off,” he says proudly. “When we tried to get picked up afterwards and have the car removed and replaced, we had to deal with several different parts of the organisation and the left hand didn’t know what the right was doing.”

Shaw believes that this kind of approach is the only way to understand exactly how your customers see you. “No matter what you’re selling, there has to be trust in the seller as well as the product,” he says. “You might not buy a 1p Mars Bar from a grotty corner shop, but you’d see it as a bargain in Tesco.”