White Paper for Brands on Why Crisis Management Plans are Essential

Advertising and Brand Responsibility, J607 Kim Sheehan

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**[This White Paper looks into why responsible brands should be proactive in building a Crisis Management Plan and why a plan will help the brand short and long term.]**

**Introduction**

When building and sustaining the longevity of a responsible brand, finding success through the good and the bad that may occur is important. Brands will inevitably fall into some kind of trouble along the way. Often times, that “trouble” is referred to as a “Public Relations crisis” (PR crisis). A PR crisis is something that can have a devastating effect on a brand. If a brand is prepared to encounter a crisis before the crisis occurs, the chances to the extent of which the crisis will negatively affect them will be lessened. This is why a Crisis Management Plan is essential. The plan will look different for every brand, but in general, it will help a brand prepare for a crisis before, during, and after it occurs.

**Need/Problem**

One part of being a responsible brand is being transparent and authentic. Showing this can look like a lot of things, but when a brand experiences a crisis, continuing to be transparent and authentic becomes a very important issue that, if done wrong, will have serious implications on a brands continued success. This is why a plan is important to have. The Institute for Public Relations defines a crisis “as a significant threat to operations that can have negative consequences if not handled properly”. Threats related to crises include: (1) public safety, (2) financial loss, (3) reputation loss (Crisis Management). A PR crisis is inevitable for any brand, and since one has the ability to destroy a brand’s reputation, understanding the need to be proactive with a crisis management plan in order to mitigate the potential damage is an integral part in a brand’s long-term success and longevity. According to [Shift Communications](https://www.shiftcomm.com/insights/what-is-crisis-communications/), crisis management is important because it is, “… analogous to putting out a fire … There’s the something you’re responsible for—the fuel. There’s the tide of public opinion—the heat, the energy. There’s your speed of reaction to it—the catalyst. As with real fires, if you deny the fire any one of these sources, you break the chain reaction that causes fire and it burns itself out.”

It is difficult to know when a brand will experience a crisis. Therefore, a crisis management plan involves prevention techniques for pre-crisis, as well as short term and long term responses during and after the crisis occurs. Understanding a crisis management plan as an essential part of the brand will help lessen some of the damage a crisis may inflict. As part of an effective crisis management for a brand not to “burn out” in the fire, the response needs to be appropriate, efficient and authentic. Without a plan in place, this cannot be possible. The question becomes: How can brands mitigate damage and create timely and sincere responses when experiencing a PR crisis?

**Unique Solution/recommendations**

This white paper gives three solutions. The first is to Have a plan and prepare for the worst. No matter how big or small a brand is or the PR Crisis that occurs, a plan will mitigate and lessen potential damage to the brand’s reputation. The second is to build brand to customer connection through personifying your brand. Humans are built for connection. Therefore, maintaining a brand with human characteristics and traits allows humans to connect deeper with the brand and build a bond of trust with the brand. The final recommendation is listen to key audiences as well as the current political and social climate. There are risks in doing so, but there are also rewards involved. Understanding an audience’s feelings, opinions, and voice regarding specific issues surrounding a brand can better inform a brand on strengths, weaknesses, and potential crises, and in turn allows the brand to be better prepared overall.

**Sources/Proof**

On this topic, in order to gain a sufficient understanding of crisis management and PR crises, I will be using the following sources:

1. “Crisis Management and Communications” by W. Timothy Coombs, Ph.D, Associate Professor in Department of Communication Studies Eastern Illinois University.
2. “How PR Crises Impact Brand Reputation”, by Jenna Seter from Clutch.co
3. “Crisis Communication”, by Penn State University, Public Relations Ethics.
4. “Crisis Management and Communications” by Institute for PR.
5. “Crisis Management Examples: Learn From These 5 Brands” by Meg Prater from Brandfolder.com
6. “PR Crisis? 6 Steps to Help Navigate the Storm” by Sammi Caramela. From Business News Daily
7. “Internal data shows Uber’s reputation hasn’t changed much since #DeleteUber” by Faiz Siddiqui from The Washington Post.
8. “The Importance Of Brand Personality” by McAlister Marketing
9. “Nike PR: Year of Two Public Relations Crises” by Ronn Torossian from Everything PR News
10. “Nike and Kaepernick: PR Disaster or Move in the Right Direction?” by Jake Yablonski from The Business Journals

**Background and Importance**:

It is not a matter of *if*, but a matter of *when* a brand will experience some form of a public relation’s crisis. A public crisis can be anything from bad reviews to an ad that is mis-interpreted by the public, to larger scandal involving employees or executives (Caramela). According to Coombs in his research thesis, three interrelated threats that a crisis may create for a brand are, “(1) public safety, (2) financial loss, and (3) reputation loss” (pg. 3). Regardless of the situation, a brand must be able to recover the best they can in order to successfully move forward. Although a brand may embody responsible brand characteristics, such as being authentic, transparent, and impacting consumers in a loyal and consistent way, the reality is that everybody makes mistakes. And, unfortunately, experiencing a crisis might impact these characteristics, so a sufficient crisis management plan will aid in repairing what might be lost in order to continue to be responsible.

A brand must accept and take full responsibility for any PR crisis. There are three parts to a crisis: pre-crisis, the crisis, and post-crisis (Coombs, 3). In all three stages, clear communication is the most important tool in taking responsibility. Providing clear, accurate, timely information to the public, demonstrating authentic empathy and concern, and maintaining good will and a positive image of the brand are key in communication (Arthur W. Page Center). On the other hand, slow and inaccurate information can cause an brand to have bigger issues at hand. Altogether, this type of communication can be understood as “crisis communication”. Crisis communication is a field of study in applied communication that involves strategic messages in consideration to various audiences in moments of pressure due to mistakes (Arthur W. Page Center). The Arthur W. Page Center defines crisis communication as “the collection, processing, and dissemination of information required to address a crisis situation”. This means the company should be in communication with the public during all three stages of a crisis. Pre-crisis communication involves preventing and monitoring potential risks through preparation and training of a crisis management team. It might seem impossible to be in communication prior to a crisis, as a company probably would not anticipate a crisis, but communication prior to any crisis means building trust and relationships with the public, and by doing so, minimizing damage done to brand-customer relationships post-crisis. The crisis stage involves collecting and analyzing information for the crisis team, and creating messages for the public. Finally, the post-crisis stage involves evaluating the crisis team’s effort and providing follow-up messages (Arthur W. Page Center). This is short term and long term. The more consistently a brand communicates, the stronger their brand will be.

In comparing different brands, does a responsible brand have a different approach than a non-responsible brand? In comparing Nike, Pepsi, and Uber, a small mix of “responsible” and not “responsible” brands, one can see slightly different approaches that lead to better or worst long-term outcomes. On an imaginary scale of “PR crisis outcomes” from most successful to least successful in the way each brand handles PR Crises and the response back from stakeholders: Nike has had the most positive outcomes, Pepsi falls somewhere in the middle, and Uber has had the least success. Brands can learn from these three brands.

One can argue that Nike is the leading, socially progressive brand in any responsible brand category. Some Nike PR crisis’ in include: (1) Zion William’s Nike shoe tearing, leading to a knee sprain, (2) The maternity leave crisis, and (3) Perhaps the most memorable PR crisis Nike faced was the backlash from Colin Kaepernick’s ad campaign in wake of Black Lives Matter in 2019. Major uproar arose as people “boycotted” Nike, burned Nike gear, and voiced strong opinions over social media. Despite the backlash, Nike actually saw a 31% increase in sales (Yablonski). Because of this, some may argue this was not a PR crisis. However, by definition, it was. Nike faced negative threats that could have created a negative image on their brand. Nike is known for its controversial and progressive stances on political and social matters. Nike continues to move the line of “comfort”, and in doing so have created a monster of consumer loyalty because of their commitment to transparency, authenticity, and social good regardless of the “norm”. Nike thrives and recovers through their crises because they have a strong PR team that is proactive and takes responsibility by responding timely, thoughtfully, empathetically, and most importantly, with their stakeholders as the number one priority. In response to any crisis, Nike combats the crisis with a response that re-aligns their values and image of a socially responsible brand. They follow with action and change that shows they are truthful and authentic to what their brand values are. This re-establishes trust and loyalty with their customers.

In 2017, both Uber and Pepsi experienced major crises, each of which has exposed their crisis management plan. Whereas Uber is struggling to recover after facing multiple PR crises, Pepsi recovered almost immediately after their Kendall Jenner PR crisis. On top of losing 200,000+ users (Carson, 2017), in seven months post-crisis, Uber dropped 10% in “consumers’ willingness to ride with Uber” according to a Clutch survey (2017). Still in 2019, internal data shows Uber is still struggling to boost its reputation, along with a 40% decrease in net-worth of it’s projected net-worth before their crises (Siddiqui, 2019). However, in seven months’ post-crisis, Pepsi only dropped 2% in “consumers’ willingness to buy Pepsi”. In these two cases, what made the difference? The answer is their crisis management plans. Unlike Uber, Pepsi has a strong withstanding reputation that allowed them to bounce back due to its loyal following (Clutch Report). Pepsi built a strong reputation prior to their PR crisis. On the other hand, Uber did not have a strong, loyal following built up prior to their string of crises. Uber’s reputation, without a strong history of loyalty, quickly spiraled down. In every crisis situation, Uber continued to release statements regarding each incident, however, they lacked action behind their words. Their continued missteps show weak initiative and lack of authenticity with constant broken promises to their customers. Their crisis management, in its entirety, is insufficient, costing them business. Pepsi, however, on top of its strong reputation, implemented an immediate and candid response, amongst other things. Their immediate response in concordance with their history of a strong reputation is representative of a strong crisis management plan. While it still took time for Pepsi to fully recover from this incident, they had better credibility and customer loyalty due to the foundation and history of their company. Whether a brand is a start-up or a large corporation, a crisis management plan is essential in impacting long-term success and strength.

**Recommendations:**

1. Have a plan and prepare for the worst.

As mentioned in the three crisis-stages, an integral part of PR crises is a brand’s crisis management plan and team. Not only will team dedicated to preventing and mending crises will help a brand recover fast and move forward in gaining trust and loyalty from it’s customers and stakeholders when they do experience a crisis, but also can minimize damage by providing preventative measures pre-crisis. If a leading brand such as Nike faces multiple PR crises, any brand can and will face PR crises. According to the Institute for Public Relations, the intention of a crisis management plan is "to prevent or lessen the damage a crisis can inflict on an organization and its stakeholders”. Instead of employees not knowing their roles, scrambling in response to a crisis, a team will have people that can perform to expectations in their dedication crisis management role. This can be seen in many brands throughout the years. Failure to acknowledge and assemble a crisis management plan can have serious consequences to a brand, and in some cases destroy it altogether.

1. Personify your brand and build connection.

Personifying your brand not only strengthens a connection between the brand and customer, but also certain evokes emotions in humans, building stronger brand equity (McAlister Marketing). There are several different types of personalities a brand may have, but regardless of the specific types, it is important that your brand embodies some type of human characteristic(s) because people connect with things or other people that share similar traits and values to them. Humans connection is important, therefore if your brand can reach customers on a humanistic level, the connection of trust and loyalty will be stronger. To do this, your brand must engage it’s customers in all aspects of the brand, as well as intentionally communicate the values and traits of their brand to build trust and keep it. In this case, when a PR crisis occurs, customers will have deeper loyalty to your brand that has built connection based off their personification, than one that has not worked to build the same connection with its customers.

1. Listen to the current climate/key audiences.

It is important to listen and track what audiences and stakeholders are saying about your brand because, at the end of the day, brands survive off of customer loyalty, so it is important to know and understand what people’s opinions are. George Sopko, vice president of Stanton says that it is essential for brands to “establish monitoring systems that quickly uncover negative trends before they become a bigger problem and migrate to the media” (Caramela). In a broader sense, brands should take into consideration the political and social climate as well. Knowing this might save a brand from a PR crisis merely due to the timing of something that may been seen as negative or positive because of issues circulating at different times.

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