How to Survive A Brand Fail

WHAT IT TAKES FOR MARKETERS TO MINIMIZE FALLOUT AND RECOVER CUSTOMER TRUST. **BY DAN TYNAN**

It was a chicken joke of epic proportions, but it took a while for the punch line to land.

For nearly two weeks last month, nearly 900 KFC franchises in the U.K. were unable to obtain fresh chicken parts thanks to a cock-up with the company's new delivery firm.

KFC U.K. needed to acknowledge the problem, and it knew that the usual bland corporate apology would not satisfy its hangry customers. So the U.K. subsidiary's agency of record, Mother London, decided to go extra crispy. It took out full-page ads in two major dailies succinctly expressing what company executives, franchise owners and its finger-lickin' fans must have been feeling.

By turning its familiar three-letter logo into a playful vulgarity (FCK), KFC both "acknowledged the completeness of its crisis and used subtle appropriate humor to show us it got where customers' heads were at," says Will McInnes, CMO for Brandwatch, a social media listening platform.

But KFC U.K.'s response didn't end there. It used its Twitter feed adroitly, apologizing to customers, answering questions and offering cheeky updates. It set up a website where chicken lovers could find out when their favorite restaurants would reopen. Most important, the restaurant chain did not fall into the trap of offering excuses, pointing fingers or cowering until the crisis had passed.

"The natural instinct is to be defensive and go into some long-winded explanation about what went wrong in the supply chain," says Mike Hatcliffe, a reputation and risk consultant for RockDove Solutions, maker of a mobile crisis management platform. "Instead, they took ownership of it and got there quickly before social media chatter defined the story for them."

EGG ON THEIR FACES

KFC U.K.'s tongue-in-cheek crisis management strategy was intelligent, timely and human. But that makes it a rare bird.

Over the last few years, brands like United Airlines, Equifax, Volkswagen, Wells Fargo and Uber, among others, have endured major public scandals that were made worse by the companies' tone-deaf, ham-fisted responses.

When passengers have been captured on video being dragged from one of your planes, when you've leaked the financial records of 150 million people, or systematically faked automobile emission tests, or created millions of phantom bank accounts, or fostered an environment of rampant sexual harassment, the worst things you can do are deny, blame the victims or hide behind bland policy statements. And yet, that's exactly what these brands did, at least at first.

"I can count on one hand crises that have been well handled over the last three or four years," says Paul Holmes, founder of The Holmes Report, which tracks the public relations industry and publishes an annual list of the worst PR crises. "But that may be because when they're handled well they never become a crisis. The brand's response is a bigger contributor to the overall result than the initial problem."

Why are so many major organizations still so bad at this?

"Very senior executives are often insulated from what's going on around them," says Irv Schenkler, professor of management communication at NYU's Stern School of Business. "Instead of acting on data, they sometimes react instinctively, trying to create a wall about their brand to protect it."

But crisis communications is not rocket science. There are five basic rules each organization needs to follow, says Jonathan Bernstein, president of Bernstein Crisis Management.

Communication has to be prompt and compassionate, he says. It needs to be honest and informative. And in the age of Twitter, Instagram and Facebook, it needs to be interactive—organizations need to quickly and efficiently answer questions stakeholders will have.

Yet for many, the first instinct is to run and hide.

"Playing ostrich is a favorite among a lot of organizations," he says. "And you need to remember when you're playing ostrich what part of you is still exposed."

THE NEED FOR SPEED

Technology has rewritten the rules of crisis management. Every smartphone and social media account can be used to capture scandals as they occur, spread the news and scold the transgressors. Many large organizations are simply not keeping pace, says McInnes.

"Social has accelerated and amplified how any brand has to respond to a crisis," he says. "The stakes are higher, the pace is faster, the drama is greater. It's like everything an old-school communicator used to expect when managing a brand crisis, but with all the worst bits turned up to 11."

The speed at which scandals travel, in turn, influences how quickly consumers expect

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organizations to respond.

"Consumers expect big lumbering organizations to dance elegantly and in time," McInnes adds. "They expect fast responses, transparent answers and a really subtle reading of the room. Those are a tough ask for major brands."

Some brands do better than others. Speedy apologies helped contain the damage for Pepsi and Unilever after both stumbled last year with ads that badly missed their marks.

Last April, Pepsi released a Kendall Jenner ad in which she interrupts a photo shoot to join a protest full of ethnically diverse people, then quells a potential riot by handing a cop a can of soda.

Loosely based on the Black Lives Matter movement, the two-and-a-half minute video provoked a scathing social media backlash, a skit on Saturday Night Live and even a few minutes of tearful drama on Keeping Up With the Kardashians.

Pepsi pulled the ad less than 24 hours after it debuted and issued a mea culpa (including an apology to Jenner), which still failed to smooth the ruffled feathers of many activists.

Similarly, Unilever's Dove was forced to fend off allegations of "racial insensitivity" after it debuted a Facebook ad last October showing a dark-skinned woman removing her shirt to reveal a very pale woman beneath—as if using Dove Body Wash would scrub away all that troublesome pigment.

Social media users were quick to point out similarities to more overtly racist ad campaigns from a less enlightened time. Dove quickly pulled the ad and posted a brief apology on Facebook.

But these self-inflicted wounds still needed time to heal. It took nearly six months for Pepsi to recover its pre-Jenner Buzz score, according to the YouGov BrandIndex, which polls 4,500 consumers each day on their positive or negative perceptions of brands. Dove recovered in roughly two months.

And many brands aren't nearly as media savvy as Pepsi and Unilever, says Hatcliffe, a former senior executive at Ketchum and Ogilvy Public Relations.

"You'd be astonished at how many companies have a crisis management plan that pre-dates social and digital media and is sitting in a three-ring binder on a shelf created by a guy who left the company five years ago," he says. "You'd think major organizations would have a crisis plan, put their teams through drills and update it every year, but that's more rare than you'd think."

VALUES ARE KEY

The best way for brands to protect against a crisis is to have a clear set of values and encourage employees to act on them, says Holmes.

"There are three questions you need to ask your employees," he adds. "Do you understand our values? Do you believe management lives up to our values? Do you feel personally empowered to make decisions based on those values? If employees answer yes to all three, you're pretty well insulated."

Staying true to their values helps protect brands when they feel compelled to take a stand on social issues, such as #MeToo and #BoycottNRA, notes Schenkler.

For example, when Chick-fil-A restaurants came under fire in 2012 after CEO Dan Cathy publicly opposed same-sex marriage, consumer boycotts were mobilized—but so was the restaurant's largely Southern, conservative fan base. (Schenkler notes that, two years later, Cathy said he regretted linking his brand to his stance on gay marriage.)

Likewise, when REI and Patagonia joined a lawsuit opposing the leasing of federally protected lands to oil and mining interests last December, they risked alienating Trump fans, he says. But the brands knew that a majority of their customers would support them, he adds.

Pepsi got in trouble with that ad because it has no real connection to social activism, says Holmes.

"Companies need to earn permission to take a stand before doing so publicly," he says. "Pepsi had done nothing to earn credibility on BLM and social protest before it made that ad. It looked like they were trying to appear 'woke' without making the necessary effort to be woke."

NOWHERE TO HIDE

Given the increasing frequency and speed of modern-day scandals, organizations have started to become more proactive, says Bernstein. Ten years ago, most of the calls he got were from companies in the middle of a crisis; now he says the vast majority are about planning and prevention.

Ultimately, the KFC kerfuffle was pretty minor, says Holmes. No one got hurt, some people just couldn't feed their drumstick habit for a while. McInnes notes that a risqué strategy like "FCK" probably wouldn't fly with KFC's more conservative stakeholders in the U.S., though some other humorous approach might have.

But even when brands handle crises relatively well, they're reluctant to talk about it. Representatives from KFC U.K., Mother London, Pepsi and Unilever declined, or failed to respond to, interview requests for this article.

Most of the time, problems like these can be averted by applying a little common sense, says Holmes.

"If you've done something wrong, apologize. If your company is broken, fix it. If you have values, try to live up to them," he says.

THE GOOD, THE BAD, THE UGLY

HOW DIFFERENT BRANDS RESPONDED TO CRISES.

GOOD

KFC U.K.

The restaurant's cheeky response to a chicken shortage turned an embarrassing screwup into a public relations win. As a result, its reputation is recovering relatively quickly, notes Stephan Shakespeare, co-founder and CEO of YouGov.

BAD

EQUIFAX

Equifax's massive data breach last summer was a tragedy of errors, from withholding information to creating a buggy and insecure website for consumers to check if their data was affected, resulting in a rare 50-state class-action lawsuit.

UGLY

VOLKSWAGEN

VW broke almost every rule of crisis management, from lying about the problems to failing to keep customers and dealers in the loop, when it was found to be cheating on diesel emission tests for nearly 11 million cars.