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HEADLINE: CRISIS MANAGEMENT - THE HEAT IS ON. MARY COWLETT FOLLOWS THE TIMELINE OF A CRISIS FROM CHATROOM RUMOUR TO FULL-BLOWN THREAT TO REPUTATION

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BODY:

At 8.30am, on Monday 31 July, a company director from North London logged onto Barclays' online banking service and suddenly found himself staring at another customer's account details. He swiftly called the Barclays helpdesk, to notify the bank of the problem and was told that someone would call him back.

Despite phoning again, it was not until the Monday afternoon - when the man mentioned a chat with the BBC - that the high street bank appeared to do anything. Sadly for Barclays, by this time it was too late and despite the facts of the matter - only seven of its 1.25 million online customers were affected - the damage was done to Barclays' reputation. The news made headlines and led to a spate of analyses on the safety of internet banking.

The internet offers huge opportunities for building **brands and corporate reputations**, but in return the medium has the capacity to bite back and cause untold devastation. The problem for most PROs is that such attacks can come in many guises, from disgruntled customers and former employees, to pranksters, hackers, pressure groups, journalists, rumour-mongers and i-jackers. For a few hours in June, visitors to the Nike website were surprised to discover that rather than getting the low-down from one of the world's sports giants, they were being redirected to a site demanding 'global justice'.

Unfortunately for Nike, its domain had been hijacked and traffic was temporarily being rerouted to the web pages of an Australian group called S11. This band of anti-capitalism protestors denied all knowledge of the problem.

So what is it about the internet that has changed the corporate communications game? Why is it that web-driven reputation crises cause so much havoc?

'It's not that they are necessarily more damaging, it's just that the internet offers a new form of crisis incubation,' says Jonathan Hemus, Countrywide Porter Novelli director of crisis management. 'It means that the cycle of events has speeded up dramatically. Historically, getting from the 'Why?' to the 'Who's to blame?' could take weeks, now its hours or maybe minutes,' he adds.

Another side to this speed issue is that while information may reach millions around the globe extremely quickly, the web can also act as a time bomb. 'For example, if you have a criticism in a weekly trade magazine, that could potentially be a problem for about three weeks,' says Alison Clark, director of DVisions, a new media marketing company specialising in pay-by-performance online profile building.

'Even with a book, a TV programme or a newspaper, you have an idea of how long issues will hang around. But information posted on the internet is different. It could cause you problems for years and you just don't know when it might become the blue touch paper and ignite,' she adds.

Equal access

The issue of equal access and the internet as a platform for all causes as many worries as the speed of the medium. The anti-capitalist demonstrations earlier this year illustrated just how easy it is for a small band of protesters to use the internet as the driving force for physical action against big business worldwide.

'The internet has been described as 'the means by which every conspirator is given a megaphone',' says Clark. As former head of corporate communications at Wessex Water and a member of the IPR Commission on the impact of the internet on communications, she speaks from experience.

One example of how companies can get themselves into hot water by ignoring the power the individual can wield when using the web is that of Toys'R'Us.

One of the toy retailer's eagle-eyed employees in the US spotted a Cats-R-Us internet site and corporate lawyers fired off a stern letter, giving the site owner 14 days to cease using the name, or face an injunction.

The recipient was a 43-year-old woman from County Durham, running a cat rescue charity. She panicked, contacted a newsgroup asking for legal advice and consequently spawned a consumer boycott of Toys'R' Us in Europe and the US. The chain quickly apologised and gave a donation to the charity.

From accusations of corporate bullying to consumer complaints about levels of service, the internet and its basic premise of a level playing field is rife with dangers.

Most recently this has been highlighted by the growing power and popularity of sites which attack corporations, also known as suck sites since many of the URLs follow a well-known company name with sucks.com (see panel, p17).

While large companies are the primary targets for disgruntled consumers and employees to have their revenge in this way, even the protest and activist groups themselves are not immune to such activity. Greenpeace has its own band of objectors, asking: 'Is Greenpeace really dedicated to protecting the environment ... or to lining the pockets of its friends, allies and leadership?' at

Greenpdollars dollars ce.org.

Such sites are a major source of aggravation for most organisations and can be a huge threat to reputation. But there is a positive side: protestors are gathered into one visible forum, with their complaints and agendas laid bare.

Not all internet activity is as easily identified however. Recently, there have been a spate of corporate attacks by e-mail. Ericsson, The Gap and Red Bull have all been subjected to e-mail pranks. In Ericsson's case this involved a forged e-mail, supposedly from the company's marketing department, promising a free mobile phone. All recipients had to do was forward the message on to eight friends, and after two weeks they would receive a free handset.

Ericsson dealt swiftly with this problem, issuing a rebuttal statement and answering each customer enquiry individually.

Alarming messages that tampons contain asbestos - complete with validation from so-called experts - have been sent via e-mail to millions of women around the world. This urban myth caused a scare so widespread in the US that the Federal Drugs Administration had to step in with a denial of the rumour on its own website.

But do these rumours affect people's purchasing decisions? Freud Communications director Oliver Wheeler doesn't think so. 'Broadly speaking, most people dismiss this stuff as amusing, but unbelievable,' he adds.

In January, Wheeler himself was at the centre of an internet hoax, when client KFC became the victim of an e-mail claiming that the fast-food outlet used genetically mutated poultry.

The message described the birds as 'featherless', 'feetless' and 'beakless', and stated that the animals were fed by tubes. 'We only got 30 calls and there are 400 KFC restaurants in the UK,' says Wheeler. 'So you have to say that as long as you put out the right information at every stage for the consumer - on the website, in the restaurants, and over the phone - then the perceived damage is very limited.'

According to Clive Booth, head of communications at technology specialist Lewis PR, the best way to handle such activity is to ensure that rumours remain in cyberspace. But this is easier said than done.

'Bad management and the complete disregard and understanding for the power of the internet mean that rumours spill over into the real world,' he says.

Earlier this year his agency handled a story, started by The Observer, that a hacker had compromised the security of banking technology specialist Fiserv.

After the media dressingdown received by many banks - including Barclays - over their online security glitches this year, this had the potential to be a huge crisis. However, Lewis and the Fiserv team in the UK and the US, stamped out the story within 36 hours. And despite the problem

originating in a Sunday broadsheet, the rumours were shunned by traditional media.

The PR industry has caught on to the potential of the internet as a source of crisis, and there is much talk of internet monitoring. But this awareness doesn't always seem to be reaching clients and there is some concern in the industry that the full potential horrors and uses of the internet aren't being fully appreciated and action taken as a result.

E-advocates

We've all seen plenty of occasions when a company is already in the traditional media with a crisis brewing, and yet there is no mention of the issue on its website, except perhaps for a statement hidden in the online press release archive.

'In many ways the internet has made crisis management that much more difficult for corporations,' says Booth. 'Information is available instantaneously - and much of it is likely to be misinformation. The window of opportunity during which companies can seize the initiative is narrower than ever before. So it's no longer a case of making the CEO available to the press, saying you're sorry and recalling the product.'

The answer for most web-savvy organisations is to develop 'e-advocates' - former employees, scientists and analysts - who can respond to difficult situations in an instant, as credible, independent sources of expertise.

As recent air and rail disasters demonstrate, these are the commentators that can fill the media information vacuum as crises break.

'We advise clients to try and see crises as an opportunity, perverse though that sounds,' says Mark Bunting, director of online presence services at internet research and communications agency Infonic. 'The one time consumers are really interested in what a company has to say is when something goes wrong,' he adds.

But with potential problems coming from so many different sources, one of the key issues is prioritising audiences and deciding which criticisms matter.

Bunting says: 'There are several questions that we help clients work through in a crisis situation.' These range from 'Is the issue contained within a particular online community or activist network, or has it spread more widely?', to 'What are the facts of the matter?' and 'Do the company's opponents have a fair case?'

The internet is a great tool for delivering direct, immediate responses to emerging issues, but its sheer size can be daunting. And despite the wealth of monitoring software currently available, it can appear unwieldy.

As Burson-Marsteller managing director and head of crisis management Martin Langford says:

'Organisations often feel that they can't get their arms around this mighty beast.'

B-M recently conducted a study in partnership with Roper Starch Worldwide to identify who are the online movers and shakers - the 'e-fluentials' - who shape the opinions and attitudes of the internet community. In the US, this identified approximately eight per cent, or nine million, of today's 109 million internet users with the power to influence the opinions of another 72 million Americans online.

According to the report, these e-fluentials, range from 'Marketing Multipliers' - groups whose opinions are far-reaching and radiate to a level of influence disproportionate to their actual size - to 'Information Sponges' - people who absorb more information than general internet users and glean it from a more diverse array of sources.

Such tools offer a means of mapping the internet scientifically, leaving no excuses for organisations which fail to engage with key stakeholder audiences. 'People still treat the traditional media and the traditional channels of communication with more gravitas than those online,' Langford says. 'Quite frankly, I think that's very short-sighted.'

Despite years of evidence that the internet can not be ignored, it seems that organisations still want to sideline or isolate the medium, rather than embrace it. In terms of managing reputation and pre-empting corporate crises, this is usually an expensive mistake.

As corporate specialist Razor PR director Chris Woodcock says: 'In a crisis, the internet is no longer an option. If a company wants to avoid being blamed and wants to be seen to be doing all it can to rectify a situation, then the internet is a prerequisite. Ignoring cyberspace is not only incompetent, it borders on negligence.'

It's time that PROs and their clients really grasped that it only takes a few hours to damage a company reputation for months or even years to come.

SUCKS.COM SITES TO KEEP YOUR EYES ON

Protesters with placards may not quite be dead yet, but internet complaint sites have become the most popular weapons for disgruntled consumers and employees, and political activists.

There are so many that search engine Yahoo! now even has a directory for complaint sites ([dir.yahoo.com/ Business and Economy/Consumer Economy/Consumer Opinion](http://dir.yahoo.com/Business_and_Economy/Consumer_Economy/Consumer_Opinion)).

There are a number of types of attack sites according to US law firm Thelen Reid and Priest, whose internet law practice group has published a paper on corporate strategies for addressing internet complaint sites (www.thelenreid.com).

Consumer and employee complaint sites make up the vast majority, and may collect stories of bad customer service or products.

Two of the most well-known consumer complaint sites are Chasebanksucks.com (dedicated to 'all those who hate Chase Manhattan Bank' and features an animation of a man urinating on the word 'Chase'. It includes a bulletin board for gripes and an 'insider's guide' to the bank's policies) and Starbucked.com. The latter is the saga of Jeremy Dorosin, a former customer of the ubiquitous coffee bar chain, and his fight against 'corporate greed'.

Employee complaint sites include supermarket chain Wal-Mart, whose suck site walmartsucks.com, was set up by an unhappy employee to complain about the treatment of lower-ranking employees by management.

Another category is political websites targeting companies, typically backed by environmental or other pressure groups. The most infamous of these is McSpotlight.com, which has more than 60 volunteers across the world, and was the subject of the 'McLibel' trial in the UK. The site has remained with very little change despite losing the trial, and also shows the level of sophistication of some corporate-bashing sites.

Another category of broader consumer opinion sites has emerged, which allow consumers to express opinions about various industries. These include epinions.com, which receives about 4,000 postings a day, dooyoo.com, ecomplaints.com and planetfeedback.com. As well as using internet sites, unhappy customers and employees have used e-mail to attack companies.

Microprocessor manufacturer Intel was hit hard by this a few years ago.

The problems started when a professor of mathematics at Lynchberg College Virginia, Dr Thomas R Nicely, discovered an error affecting complex calculations in Intel's new Pentium chip. Although aware of this bug, the company chose not to disclose the problem, believing that the error would only affect a few customers.

Nicely e-mailed a few colleagues with his discovery. Within weeks, the issue had spread through technical newsgroups, the online business and investment community and into the mainstream news. This was unfortunate timing for Intel, which had just launched its worldwide Intel Inside advertising campaign.

In an effort to smooth things over, the company decided to offer replacement chips, but only to those who could prove they carried out complex calculations that would result in the error occurring. Small business and home PC buyers reacted badly, and IBM forced Intel's hand by saying it was suspending shipments of all IT products containing Pentium microprocessors.

Intel finally conceded that a complete U-turn was its only option. It agreed to replace all Pentium chips on demand and issued an apology. The crisis led to a dip in its share price and Intel wrote off pounds 306m providing customers with replacement chips.

TOP TIPS FOR MANAGING A CRISIS ON THE INTERNET

- Have systems in place, such as an internet monitoring service, to track what is being said, where and by whom
- Do not use chatrooms as a marketing tool, but feel free to set the record straight with facts
- If e-mail messages and newsgroup postings are based on misinformation, then, whatever the truth, you have a problem
- Ensure that online customer service systems are swift, interactive and integral to the communications process
- Establish e-advocates - scientists, former employees and experts - who can make positive comment on negative issues
- Preparation is everything - mirror paper-based crises systems online, develop positioning papers, dark sites, and contact details, and keep them updated
- Do the right thing and be seen and heard to be doing the right thing, but at no point speculate
- Don't try and do everything in cyberspace - it is usually better to regard the internet communication route as a fire blanket, never the sole solution
- Keep the corporate website constantly updated, otherwise you may appear secretive or as if you simply don't care
- When it's all over, work out what went wrong and ensure it can never happen again.

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