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**Section A: Student Details**

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**SECTION B: PROGRAMME AND MODULE DETAILS**

**Degree Programme :** MA International Public Relations and Global Communication Management

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**SECTION C: ASSIGNMENT DETAILS**

**Assignment Question #3**

Entrepreneur Warren buffet once wisely said “it takes 20 years to build a reputation and five minutes to ruin it.” In a world that is becoming increasingly globalized through ever-evolving technology, this statement could not be more true. Yet it is because of this globalization through technology that can become detrimental to a company’s reputation. As Benoit explains, “it is not whether the business is in fact responsible for the offensive act, but whether the firm is thought to be responsible for it by the relevant audience” (Benoit, 1997: 178). It is with this statement one is lead to believe that it is not possible to completely control one’s reputation, and crisis situations are not completely avoidable. However, it is possible to rebuild a reputation after a crisis if using reputation management properly. It is important to note the use of the word ‘completely,’ as it shows that although it is possible to control one’s representation to an extent, it is not possible to fully control a reputation and crisis situations can still happen. Yet with proper reputation management, crisis situations can be handled in a way that does not completely ruin one’s reputation.

Before one can analyze how reputation management can be used to handle or attempt to prevent a crisis situation, one must first understand what a crisis situation actually is. Regester and Larkin explain that a crisis is “an event which causes the company to become the subject of widespread, potentially unfavourable attention from the international and national media and other groups such as customers, shareholders, employees and their families, politicians, trade unionists and environmental pressure groups who, for one reason or another, have a vested interest in the activities of the organisation” (2005, p.43). This definition shows just how many people a crisis situation can affect, as it does not just involve the company or the audience, but rather everyone else that come in contact with the company in some shape or form. Coombes and Holladay explain that a crisis “relies on four criteria: unpredictability, threat to stakeholder expectations, impact on organizational performance, and potential for negative outcomes” (2012, p. 97). These four criteria show just how easily a crisis situation can arise.

Now that a crisis situation has been defined, one must first understand that reputation is built from trust. This is becoming increasingly difficult as today’s society is growing increasingly suspicious and gaining their trust is becoming more difficult. More importantly, however, is the notion that the public feel companies have a responsibility that extends beyond just delivering goods at the lowest possible price” (Regester and Larkin, 2008: p. 12). Audiences are becoming increasingly concerned with a brands image and role surrounding issues such as societal and environmental (Regester and Larkin). For this reason, building and maintaining trust and reputation is becoming an increasingly difficult task. Organizations and individuals must ensure their image reflects what their audiences believe in. Staying quiet and passive over an event or situation can be just as harmful to a reputation as taking a political or controversial stance. In other words, transparency is incredibly important. When faced with a crisis situation, a company or individual must be completely honest, transparent and up-front about what happened, why it happened, and the plans for resolving the situation. Pill gave the analogy of glass, where reputation is transparent and easily shattered, just like glass. Furthermore, in order to understand why completely controlling one’s reputation is not possible, one must first understand at what reputation is and how it relates to public relations. Theaker (2012) explains that “an image is an immediate, or fleeting, impression, whereas reputation is an assessment or judgment developed over time that relates to an organization’s historical and future performance” (p. 129). Theaker (2012) continues to explain that reputation “is bound up with trust, visibility, distinctiveness, authenticity, transparency, consistency and responsiveness” (pg. 129).

L’Etang supports the claim that reputation is centered around trust through the argument that public relations “in itself cannot control reputation . . . reputation is variable, largely multi-perspectival and largely formed outside the organization in response to organizational acts (behavior) and rhetorical positioning” (2013, p.29). L’Etang further explains that public relations “cannot construct ‘an image’ of an organization and then control its consumption, but it can engage organizational communication in the co-creation of identity through ongoing discussion and debate” (2013, p. 29). In other words, an organization’s or individual’s reputation is based on an audiences’ opinion, and this opinion is based on the organization/individuals behaviors. Since actions speak louder than words when it comes to reputation, the audience holds the power of a company / individuals reputation, that company / individual must understand what the audience values, and try to reflect that.

While it is possible to influence an audience’s perception of an organization or individual, it is not possible to control this perception. False statements can be spread about an organization, and with the digital media that exists today, these false statements can spread like wildfire. For this reason, laws like the defamation exist, as it allows for an individual or business to attempt to fix a damaged reputation through lawsuits. In the United Kingdom, everyone is perceived to have a reputation that is good and has value. By going to court over defamation, one can not only regain any potential losses caused by the defamatory statement, but also regain their reputation by having the lawsuit publically broadcasted. Yet just a company or individual can file a lawsuit for ruined reputation, a company or individual can be sued for the same reason. Although companies and individuals should not fear publishing statements, all parties should always use extreme caution whenever publishing anything directed at a specific group or individual, and ensure that what is being said it true—this includes having evidence to prove the truth of the statement. Although a defamation lawsuit can help rebuild a reputation, it is not always the best plan of action, as these lawsuits can be long drawn out and costly. Furthermore, once a reputation is damaged, it will take a lot more than a lawsuit to rebuild the audiences trust. If the defamation lawsuit is lost, it can end up being more detrimental to the reputation. It is with this reason that maintaining proper reputation management is incredibly important at all times.

Globalized companies are more susceptible to crisis situations and ruining of reputation as it needs to abide by both local and international expectations. What one location may value, another may not, creating a large margin for something to go wrong if everything is not communicated adequately and thoroughly. While many would think language is what creates a barrier for globalized companies, it is becoming less of a problem with modern technology, (Pill, MCT-518 lecture notes, 2018). Instead, cultural differences revolving around topics such as education, religion and humor is what can become detrimental to a company’s reputation if not careful attention and mindfulness is paid (Pill). Pill uses the example Coca-Cola’s Dasani failed campaign launch in the United Kingdom to explain this importance of understanding audience in a different region. Not only did Dasani represent something the UK audience did not value—bottled tap water—but also featured an advertisement with a slogan that meant something completely different than what was intended—“spunk” is slang for “seaman.” In attempts to fix its reputation, Coca-Cola released a statement that explained the scientific process for purifying the Thames water. This response created more backlash, as the statement implied that the Thames water—where many get their tap water from—was not already filtered. Through this statement, Coca-Cola tried proving a point instead of acknowledging a problem, which lead to bigger problems with the reputation of Dasani’s brand and is what lead to the loss of billions of pounds. Dasani’s unsuccessful launch shows how globalized companies can easily ruin its reputation by not understanding the audience.

A company’s reputation is important as it is what builds trust, and a good reputation brings many benefits to a company. Thomas explains in the International Public Relations theory class that “it is important for stakeholders, from customers to employees to consumer advocates, to feel good about an organization, and it is important to build a good reputation to sustain an organization through tough times” (2018). Having a good reputation “attracts more and better candidates for employment, pay less for supplies, gain essentially free press coverage that is worth as much if not more than advertising, and accrue other benefits that actually contribute to profits” (Thomas, 2018).

Although avoiding crisis situations that damage reputation is not possible, it is possible to rebuild one’s image. In Thomas’ International Public Relations theory class, there were five proposed strategies to accomplish restoring an image. The first would be denial—either simply denying the accusations or by shifting the blame. Another strategy includes evading responsibility—such as claiming it was an accident or one’s intentions were good. The strategy of reducing offensiveness of an event can also aid in restoring an image, as well as using corrective actions and mortification. Yet in order for these strategies to be successful, any public statement must come from someone who has power, as it is this person the public will trust most.

Examples of advertising that has backfired on an organization includes Pepsi’s commercial featuring Kendall Jenner in 2017. This ad featured influencer Kendall Jenner in an advertisement that included a form of protest that took place in a public setting. When met by police officers blocking the protesters path, Jenner stepped forward, giving the officers a can of Pepsi and thus resolving any tension. While Pepsi had the best intentions with this advertisement, it was met with a lot of controversy and resulted many voicing on social media their disapproval of what they thought was Pepsi making light of serious situations. Many began taking to social media to voice their plans to boycott all Pepsi products. This example shows how quickly a brands image can be ruined. Not only was Pepsi’s image ruined, but so was Jenner’s. Pepsi responded by pulling the ad a day after airing with a public apology claiming there was no intention to make light of a serious issue. Pepsi’s CEO Indra Nooyi explained in an interview with Fortune’s Beth Kowitt five months later that she pulled the advertisement despite not understanding what went wrong with the commercial, because “there are people on both sides, but at the end of the day, [their] goal [was] not to offend anybody.” This response shows the importance of not only understanding who one’s audience is, but understanding that there can be multiple perspectives and multiple audiences. It is because of Pepsi’s quick actions and diplomatic response that the company did not receive as big of a backlash as it could have. Jenner, on the other hand, stayed quiet and waited to respond until doing so publically on her family’s reality television show. Even then, Jenner did not admit to any wrong-doings, and tried playing victim. This response created more backlash for her reputation.

Another example of how a brands reputation can be ruined can be seen through Samsung’s exploding Galaxy Note 7 phones in 2017. This crisis was due to an accidental situation that was ultimately out of their control—the batteries suffered from malfunctions that were ultimately the supplier’s faults, and not Samsung’s. Samsung reacted quickly to the exploding phones by recalling the phones—the first incident was reported in September, and by October it had recalled over two million phones and discontinued it (Forbes). Samsung also released a statement explaining the manufacturing and design flaw that resulted in the battery over-heating and causing phones to explode. Samsung’s quick and transparent response was what saved their reputation.

Starbucks is a company that constantly receives backlash for a myriad of reasons, but is constantly able to resolve these issues. One of the most recent examples took place back in spring 2018, where two customers who arrested. In response, Starbucks not only issued a public apology to the two customers arrested, changed its policy allowing for patrons to sit in a Starbucks without buying anything, but also issued an anti-bias training for many employees in the United States. For the anti-bias training, Starbucks enlisted the help of social justice activists and policy advocates. In doing so, Starbucks changed what was an incredibly reputation-damaging situation into one that rebuilt trust by taking actions that reflected the brands image—“inspire and nurture the human spirit . . . [and creating a space] where everyone is welcome” (Starbucks.com).

While it not possible to completely prevent any crisis situation from happening, using reputation management consistently and sensibly makes it is possible to prevent complete damage to a reputation and allow for rebuilding of the brands reputation and audiences’ trust. A company or individual can do so by maintaining transparency and understanding the who audience is and what they want on both a local and global scale—as was seen with Coca-Cola’s company, Dasani. With proper reputation management strategies, any company and / or individual will be able to survive any crisis management. As was seen with the company examples of Pepsi, Samsung and Apple, responding quickly to any situation will lessen the damage that might be done. Ensuring all statements are true will further aid in preserving audience trust and brand reputation. Maintaining trust is vital for any company or public figure, and although a crisis situation may not always be their fault, properly handling the situation will be the only thing that will allow the audience to continue trusting the company/public figure. Although a reputation can be destroyed in five minutes, it is always possible for reputation to be built back up, even if it takes another 20 years.

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