How to Save Your Brand In the Face of Crisis

When bad things happen, companies need the right strategy for talking their way out of a mess and avoiding a calamitous pummeling of their corporate image. Choosing the best response can spell the difference between a brand’s survival — even enhancement — and its irreversible tarnishing.

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IN 2009 AND 2010, Toyota Motor Corp. was the target of much adverse media attention after a series of accidents due to sudden acceleration incidents and brake faults that led to deaths and injuries. What started as a smoldering issue in 2005 with incidents of unintended acceleration and consumer complaints about sticky accelerators culminated in massive recalls of Toyota vehicles, totaling 8.5 million vehicles recalled by February 2010. It turned out that Toyota knew about possible safety issues much earlier than 2009, but refrained from issuing large-scale recalls. Consumers and media were harshly critical, and included comments such as:

“House Panel Says Toyota Misled Public on Safety”¹ and “Shame on you, Toyota.”²

The Toyota brand’s reputation — which had been closely linked to safety and quality and was a key element in the company’s success — took a serious battering. Toyota management had a choice — to be resigned to this fate or to use effective communication strategies to recover from the crisis. Crises
such as the one Toyota experienced are business disturbances with potentially negative outcomes that stimulate extensive media coverage and marketplace scrutiny. The goal of a communication strategy in the face of a crisis should be to prevent severe damage to the brand’s reputation and eventually to restore consumer trust.

Drawing on scientific research on persuasion, we have assembled a comprehensive crisis communication framework that highlights when specific communication strategies should be used to help a brand recover from a crisis and restore trust and brand image with customers. While other stakeholders, such as investors, need to be considered as well, we focus here on practices in response to customers and consumers in general. And here’s an amazing thing: Recovering from a crisis in the “right” way may sometimes even improve brand image. By the same token, using the “wrong” communication strategy could damage the brand beyond repair.

Events that precipitate crises are, for the most part, unexpected by consumers. If there is no pattern of crisis-prone behavior, then consumers are likely to start thinking about the event and why it happened. When a crisis hits, consumers reading or hearing about it likely ask themselves a predictable set of questions:

- Is this true?
- Who is responsible?
- Was it intentional?
- Will the brand do this again?
- What does this event say about the brand?

Consumer responses to these questions are, in part, based on the brand’s communications before, during and after the crisis.

Navigating the Crisis
With this understanding of the public mind-set, we can provide communication strategies that help consumers answer the questions posed above in a variety of real-world situations. We evaluate the situation along three dimensions:

- The truth/falsity of the accusation of wrongdoing — that is, is the crisis real?
- The severity of the crisis.
- Whether customers (existing and potential) have forged a strong personal identification with the brand.

Our research has generated a comprehensive crisis communication framework that offers the manager an arsenal of communication strategies in different types of situations. (See “About the Research.”)

Is the accusation true? The first question to ask is whether the information provoking the crisis is objectively true, and based on solid facts. Did Toyota really know about its flawed pedals and stuck floor mats or potential problems in the electronic system before the fatal accidents happened? Did the company really try to avoid a large-scale recall, hoping that the issue would blow over? Even if the company believes the accusation is false, managers need to view the accusation from customers’ perspectives. Customers’ beliefs regarding the validity of the event provoking the crisis are likely to be based on whether they themselves or someone they know experienced it, or whether they learned about it from a credible source — e.g., a government agency like the National Highway Traffic Safety Administration. Strikingly credible, for example, was the repeatedly broadcast 911 call by Chris Lastrella when the accelerator in his Lexus got stuck and the car crashed, killing him and the three other occupants of the car in which he was a passenger. At the same time, hearing about an event repeatedly, even if the repeated messages are from sources of dubious repute, will make consumers believe that the event was real. If consumers identify closely with the brand, however, they are likely to question the validity of the transgression in order to protect their positive connection with the brand.

Is the crisis severe? Crisis severity lies in the eyes of the beholder, in this case the consumer. From the company or brand management’s standpoint, the incident that sets off a crisis could seem minor. Yet, it could be magnified by circumstances or by media buzz. Nestlé S.A., for example, underestimated the perceived severity of the situation after traces of ink were found in its baby milk formula in various European countries in 2005. Chairman and CEO Peter Brabeck-Letmathe publicly called the problem a “storm in a teacup.” According to Nestlé, and later confirmed by the European Commission, there was no danger to health from drinking the milk. But in the eyes of consumers and the affected countries’ food safety agencies, the problem was dire — and from a communications standpoint, that was the perception that mattered.
Do customers identify with the brand? The appropriate communication strategy also depends on whether customers identify strongly with the brand. In fact, customer identification is one of the best forms of insurance against the possibly devastating effects a crisis can have for an organization. Identified customers show loyalty to their brand, share values with it and feel emotionally attached to it. In contrast, customers who do not identify with the brand will devote less attention to examining carefully whether the information is true—they will tend to believe an accusation on its face, especially if it comes from a credible source. Further, they are more likely to think that the problem may also affect other parts of the brand or the company. However, if the transgression is very severe, identification might not buffer against the ill effects of a crisis, and the brand image takes a hit even among identified customers.

The Communication Arsenal

Having established the key questions about the situation, a manager can then select the appropriate communications approach. The Crisis Communication Network summarizes the decision tree that is the basis of our framework. (See “Crisis Communication Network,” p. 60.) Just as a mechanic shouldn’t reach for a hammer when the task at hand is to drill a hole, managers need to assess their situation accurately before picking a weapon from the communications arsenal. And as the Crisis Communication Network makes clear, these approaches are best used in various synergistic combinations.

Come Clean

If the brand is truly at fault and the crisis is severe, the only viable option is for management to apologize quickly, express sympathy with the aggrieved parties and accept responsibility. In this era of enhanced transparency, vigilant media and citizen journalists, trying to cover up a real transgression is futile. The goals are to reduce customers’ perceptions of the brand’s responsibility and intentionality, and to make clear that this will not happen again. Accepting responsibility is often inhibited by legal considerations; however, management has to weigh the long-term effects of brand damage against potentially shorter-term monetary damages due to litigation, which might be unpreventable anyway.

All the bad news has to be communicated quickly and, if possible, all at once. Steadily trickling information serves as a constant reminder of the crisis and aggravates negative perceptions of the brand. Transparency is essential. All the efforts undertaken to contain the situation, as well as the regulations and safety procedures that will prevent similar accidents from happening, have to be communicated. This information has to be clear, understandable and free of jargon.

In a severe crisis, the company’s top manager has to step up and serve as the first spokesperson. Crisis communication has to help consumers make sense of the event and affirm that management is dedicated to preventing these types of events from occurring again. If this information is made compelling, customers may even end up with stronger attitudes toward the brand than they had before the crisis hit.

While words of apology and sympathy are necessary, they may not be sufficient. Corrective action may be necessary as well. After all, consumers may be influenced by what a company says. But even more, they are influenced by what it does and whether it lives up to its words. In severe crises, giving those affected by the situation clear and understandable instructions on how to handle the situation and where to get help is essential. In the case of a product recall, this involves detailed instructions about how to get the product replaced or fixed, as well as corrective action.

The Toyota crisis exemplifies good and bad aspects when trying to “come clean.” First, it demonstrates the detrimental effects of neither acting
nor communicating swiftly and openly when faced with a severe problem. Despite the fact that there were indications of safety problems for a long time, Toyota did not openly acknowledge them until it was heavily pressured by NHTSA. Although the company’s management apologized and expressed sympathy, it did so inertly. Toyota president and CEO Akio Toyoda communicated his first deep apology to reporters at the Japan National Press Club in Tokyo. Not until four months later was an apology addressed directly at U.S. consumers. Exacerbating the delay, this message came not from Toyoda himself but from Jim Lentz, president and chief operating officer of Toyota Motor Sales U.S.A. Inc., in a video posted on the company’s website. Furthermore, a remedy to fix the problem could not be offered swiftly, and when offered, customers complained that the fix did not work. To make matters worse, in April 2010 NHTSA ordered Toyota to pay a fine of $16.4 million, on the grounds that the company had covered up the defect in the gas pedal in some of its vehicle models and delayed reporting the matter to regulators.

Finally, after much damage had already been done, Toyota seriously started trying to “come clean.” Clearly, the coming clean response involves various activities of communication and action. In addition, to overcome a potential backlash to the brand, this approach should be accompanied by a “polish the halo” strategy, which we will discuss next.

Polish the Halo When an apology becomes necessary, the brand may also need to bolster its image so that less-identified customers (those who do not identify strongly with the brand) do not become even more negative toward the brand or transfer their negative beliefs about certain features to other features of the brand — the “spillover” effect. One way to prevent spillover is to polish the brand image. Less-identified customers interpret information through a broader lens and use their liking for the brand to determine what the information means with respect to other brand features. Brand advertising and public relations activities should accompany or follow the apology, without seeming to excuse the transgression in any way. These actions could bolster brand image immediately in the aftermath of a crisis.

Toyota has followed this strategy. In the context of coming clean, the company started a campaign to bolster its image by launching a TV advertisement stressing its commitment to fixing the problems and reminding consumers of Toyota’s long tradition of safety and quality. Crucially, the ads showed only Toyota factories in the United States, thereby implicitly focusing consumer attention on the numerous American jobs Toyota provides.

The polish the halo strategy has the advantage of working even without consumers extensively processing the message. This makes it a viable choice in cases in which customers invest less attention in the specifics of the crisis. This strategy is of special importance for customers who do not identify with the brand and who are unlikely to generate their own arguments to refute it.

Polishing the halo works best when the customers can be convinced that the company’s intentions are good. For example, did Toyota abandon its strict adherence to quality controls in favor of conquering an ever larger market share? Consumers could infer that
Toyota puts maximizing its profits ahead of its customers’ safety, so these types of accidents were inevitable and will be in the future. Or they could consider this event a one-time transgression. If consumers believe there is a recurring pattern of transgressions, they are likely to abandon the brand altogether.

It’s important to realize that no amount of polishing the halo can inoculate a brand against future severe crises. The massive Gulf of Mexico oil spill in April 2010 from an offshore oil rig owned by BP p.l.c. provides a sad illustration. For many years, BP had been attempting to rebrand itself as a company that also invests heavily in alternative energy. The Gulf spill strengthens associations of the BP brand with “Bad Petroleum.” The image of a green, virtuous, “Beyond Petroleum” company was blown to pieces with the explosion of the Deepwater Horizon and the seemingly unstoppable gushing of oil into a cherished natural environment.

The “Not Just Me” Response

In many cases, a company’s transgression, while real, is not something unique to the brand under attack — the same thing could happen to any other brand. If consumers understand this, they are less likely to generalize from the crisis to other aspects of the brand. Consumers need to be provided with information to consider whether the crisis-provoking event was unique to the brand. For example, could market conditions have provoked this crisis for any competing brand as well? Cues should be provided that help consumers construct a narrative that absolves the brand of sole responsibility for the event. This message can help consumers put the transgression in perspective and lead the way to brand forgiveness.

Take, for example, the case of Dell Inc. and its laptop computer batteries. In 2006, reports of combustible Dell laptops spread rapidly. The computer maker acknowledged the threat to its customers’ safety and voluntarily recalled 4.2 million laptops. More importantly, it pointed out that the cause of the explosions was malfunctioning batteries — and that those batteries were manufactured by Sony Corp. Just a few weeks later, other computer makers also started recalling laptops that ran on Sony batteries, vindicating Dell’s early recall as the right thing to do, and making Dell appear particularly service oriented and concerned about customers’ safety. In the end, most of the public blame was laid not on Dell but on Sony, which was accused of taking too long to accept responsibility, disclose information and coordinate the global recall. The “not just me” response should be especially effective with identified customers. These customers are prone to counterargument and just need to be provided with ammunition in the form of informational cues.

Inoculation

This is the only strategy that requires anticipating a crisis. The idea is to prepare consumers for a negative event by communicating a small dose of the accusation together with counterarguments that refute it — and to do this before the accusation breaks. Inoculation is particularly effective if the crisis is likely to be severe and likely to receive a lot of media coverage. If you believe that even identified consumers will begin to question your brand when the news hits, then it is wise to adopt this preemptive strategy. Anticipate the criticism and prepare consumers with counterarguments prior to the attack. The inoculation message acts like a vaccine and prevents the “crisis virus” from attacking the brand. Consumers are fortified by the message and ready to counterargue when the crisis hits. Inoculation is useful even if the crisis-provoking event is true — in this case, the role of the message is to make consumers believe that the crisis is not as severe as it will be made to seem in the media.

The effectiveness of the inoculation strategy was
shown in a study of Wal-Mart Stores Inc. Consumers who read an advertisement by the retailer that contained messages like “Wal-Mart is accused of paying employees poverty wages, but … our average wage for full-time hourly store associates is almost twice the federal minimum wage” were less likely to believe an accusation on the wage issue than consumers who had not received this kind of statement. Interestingly, the inoculation even spilled over to other accusations, and made people less likely to believe assertions about Wal-Mart having nothing to do with the company’s wage practices.13

The “Yes, but …” Response Management can reduce the power of accusations by augmenting a “come clean” approach with a forthright explanation of the reasons for the crisis, along with an argument that downplays the damage done. Justification is especially needed for customers who do not identify with the brand, because they will not generate these excuses for themselves. Unless persuaded otherwise, these customers are likely to believe that the transgression was intentional and that the brand is to blame. Further, they may believe that this is the “true face” of the brand and that similar events are likely to occur again. Providing reasons why the transgression occurred could make these customers’ attributions of blame less severe and help keep them in the brand franchise.

Rebuttal The communication strategies discussed above all apply when the crisis is truly the consequence of something the company has done wrong. But there are also instances in which the brand is not at fault. In this case, the lack of response by the company might be interpreted as a confession. If the crisis precipitated by such a false accusation is severe, the company under attack must defend itself with a point-by-point rebuttal of the spurious allegation. In 1993, for example, PepsiCo Inc. was confronted with multiple claims that it had sold cans containing foreign objects such as syringes. The issue quickly escalated into a national news story. With a crisis plan for product tampering in place and the support of the Food and Drug Administration, which had found no health hazards related to the claims, the crisis was brought to an end within eight days. Pepsi’s most vivid communication instrument was a video news release that showed the process of a can-filling line, which persuasively demonstrated that it was impossible for objects to enter the cans during production. The video was broadcast by the media, including those outlets that had originally spread the claims. This example shows the relevance of speed, which is greatly boosted by good preparation, persuasive depiction of disproof and the importance of the support of a trusted third party (in this case, the FDA).

The rebuttal response can also work for crises that are not in reality very serious, but that are in danger of being perceived as severe — especially by customers who lack a strong identification with the brand. Consumers who do identify with the brand, in contrast, are likely to spontaneously question the validity of an attack and can generate their own counterarguments. They are less apt to need help to counterargue when the crisis is not severe.

The rebuttal response requires good preparation. If the disproof cannot be presented persuasively, it might just appear defensive and backfire. If the rebuttal is directed at the source of the attack, it can be communicated in the form of a “vilify the accuser” response, which we describe next.

Vilify the Accuser If a false allegation is severe, it might be necessary not just to lay out a defensive argument but to go on the offense. The idea here is to decrease the credibility of a claim by discrediting the source of the accusation. This strategy should be used with caution, because it could backfire if it is viewed as being unfair or defensive. Even in minor cases, vilifying the accuser could be useful in communicating to less-identified customers (though it would be unnecessary with highly identified customers).

During the Toyota crisis, a Southern Illinois University professor claimed that he could induce unintended acceleration in Toyota vehicles without leaving any trace, thereby suggesting flaws in the cars’ electronics. Toyota discredited the professor’s research report and called it a manipulation that could be contrived only in the laboratory. The company supported its rebuttal with its own research, conducted by an expert and backed by a statement from a Stanford University professor. Toyota prepared a detailed video demonstrating its findings and discrediting the source of the allegation, and effectively spread the vilification in the news media.
**Denial** Under certain situations, a company could use a strategy of flat denial. This approach makes sense when the following holds: The accusation against the brand is not true; target consumers identify with the brand; and these consumers do not perceive the crisis to be severe. Other constraints also apply. Denial should be used if the accusations have gained traction, are clearly linked to the brand and are widely reported in the media. Otherwise, denial could be seen as an admission of guilt. In general, the claim that the reported transgression did not in reality occur, or that the brand has nothing to do with it, has to be viewed as plausible.

Take the rumor that started in 1996 claiming that fashion designer Tommy Hilfiger had appeared on “The Oprah Winfrey Show” stating that he wished people of color would not wear his clothes. As the rumor spread on the Internet and consumers were called to boycott the brand, the company was forced to react. The company addressed the rumor on online discussion boards and created a section on its own website denying the claim. Hilfiger hired outside experts to try to trace the source of this rumor. Winfrey herself denied the allegations on her show in 1999 and posted a statement on her website that Hilfiger had never appeared on her show. The rumor proved so persistent, however, that in May 2007 Hilfiger did appear on the show in another attempt to make clear that the allegations were false. His appearance on the show and the support by Winfrey (who called the rumor “a big fat lie that never happened”) seemed to lay the rumor to rest.

Trustworthiness of the brand’s denial message is critical. Some ways to make this response ring true include providing a narrative that absolves the brand completely and using tactics that increase message credibility. Message credibility can be enhanced by spokesperson characteristics, such as expert status or unbiasedness. Getting a third-party expert to speak in favor of the brand, such as the representatives of the FDA who supported PepsiCo in rebutting the syringe rumor, greatly enhances a denial’s credibility.

The effectiveness of a denial strategy will work best for identified customers. Customers who do not identify with the brand are unlikely to devote much attention to such a narrative; for them, a polish the halo approach may be more effective.

**Conclusion**

The goal of communication during a crisis is to diffuse the episode’s negative impact. The company embroiled in such a crisis should aim to explain to consumers why the problem arose, and why the brand should not be viewed more negatively as a result of the event. Companies have to manage consumers’ attributions of blame, as well as their thoughts about the future of the brand, by providing them with a clear narrative that answers their questions about the crisis. By choosing wisely from the communication arsenal we have described, companies can avert backlash from consumers and perhaps even strengthen the brand when a crisis hits.

The Toyota example offers several valuable lessons for managers. The first and most important is the imperative for speed. In a 24-hour news cycle and given the ubiquity of powerful, real-time communication tools, companies should be ready to react almost immediately when a crisis breaks. Toyota’s reluctance to come clean quickly made matters worse.

This leads to the second lesson. Companies should have a detailed plan on hand at all times—a protocol that lays out step by step what should be done in case of a crisis. This plan should include designating who will act as spokespersons during a crisis, a list of the relevant media contacts and boilerplate press release wording (which will, of course, need to be refined and made specific to address the particular crisis). The crisis communication plan should also include a detailed account of how to interact with people who might be harmed in a crisis. Again, Toyota’s reluctance to come clean quickly made matters worse.

The third point concerns the role of the CEO. Especially in severe crises, the apology should come directly from the CEO and not some lower-ranking official. Ideally, the CEO should also be the first person at the company to issue a statement. Although Toyota CEO Akio Toyoda did communicate to U.S. consumers, he did so much too late in the crisis. This delay raised speculation that he initially did not consider the unintended acceleration problem to be important enough to warrant his attention.

Fourth, hoping for a crisis to blow over without the public taking note will almost never work. This seems
to have been Toyota’s initial intention, and that passivity and hunkering down made matters worse. Once a crisis breaks, affected companies have to come clean. There is no way around that. After much wavering in the beginning, Toyota finally seriously tried to come clean, and it combined this strategy with a “polish the halo” response. Due to the belated and initially botched response to the crisis, however, Toyota will have a hard time regaining its lost reputation. 

Despite all the criticism, Toyota has a great advantage: It had built a favorable reputation and strong customer-brand identification before the crisis hit. Therefore, if the crisis is managed well going forward and, importantly, the technical fixes for the cars prove effective, Toyota has a good chance of recovering from the crisis. A survey conducted in February/March of 2010 compared the feelings of Toyota car owners about Toyota’s handling of this crisis with the feelings of owners of other makes of vehicles. Toyota owners, the survey showed, believed more strongly that Toyota appropriately handled issues with respect to the brake pedal recall; they were more likely to say they believed that this incident is an outlier. Also, Toyota owners did not believe they would be less likely to buy a Toyota vehicle in the future because of this incident, and they considered Toyota to be one of the most reliable automotive brands.14

As this article has made clear, when facing a crisis, companies have a number of response strategies to choose from. It is essential that companies gauge the customers’ perception of the crisis correctly. As some of the examples in this article show, there often is a difference between how management sees a crisis and how its customers see it. Once the characteristics of a crisis are identified (e.g., its validity, its severity, identification of affected customers), a response strategy can be chosen. However, since crises are complex and dynamic, this framework is not a cookie-cutter solution, but a starting point to help companies ask the right questions and come up with effective communications to reduce damage to the brand.

**REFERENCES**

13. Einwiller, “Preventing Damage from Accusations.”